COUNTY OF MERCED

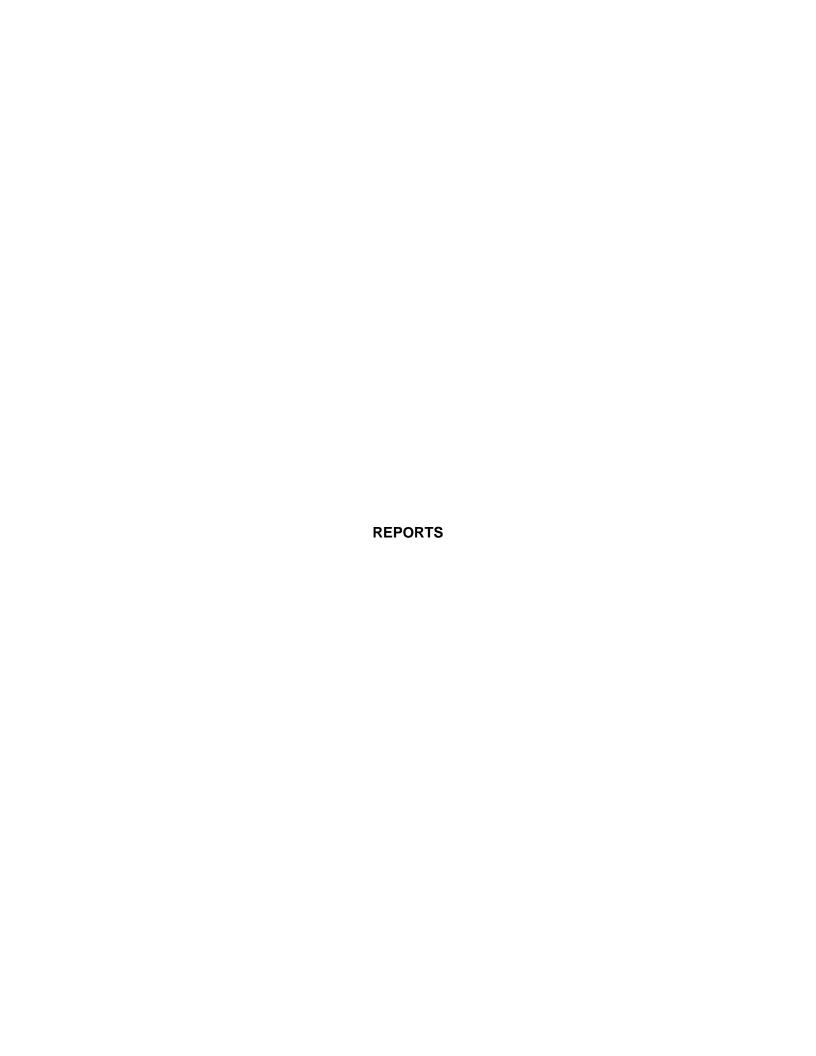
SINGLE AUDIT REPORTS (OMB CIRCULAR A-133)

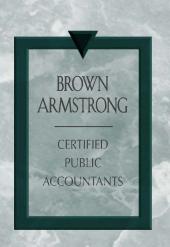
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

COUNTY OF MERCED SINGLE AUDIT REPORTS (OMB CIRCULAR A-133) FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

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, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 31, 2013. 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

Management of the County is responsible for establishing and maintaining effective 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

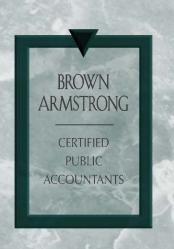
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

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

BROWN ARMSTRONG ACCOUNTANCY CORPORATION

Brown Armstrong Secountaincy Corporation

Bakersfield, California January 31, 2013



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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

Compliance

We have audited County of Merced's (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 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 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the 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 to determine the 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 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

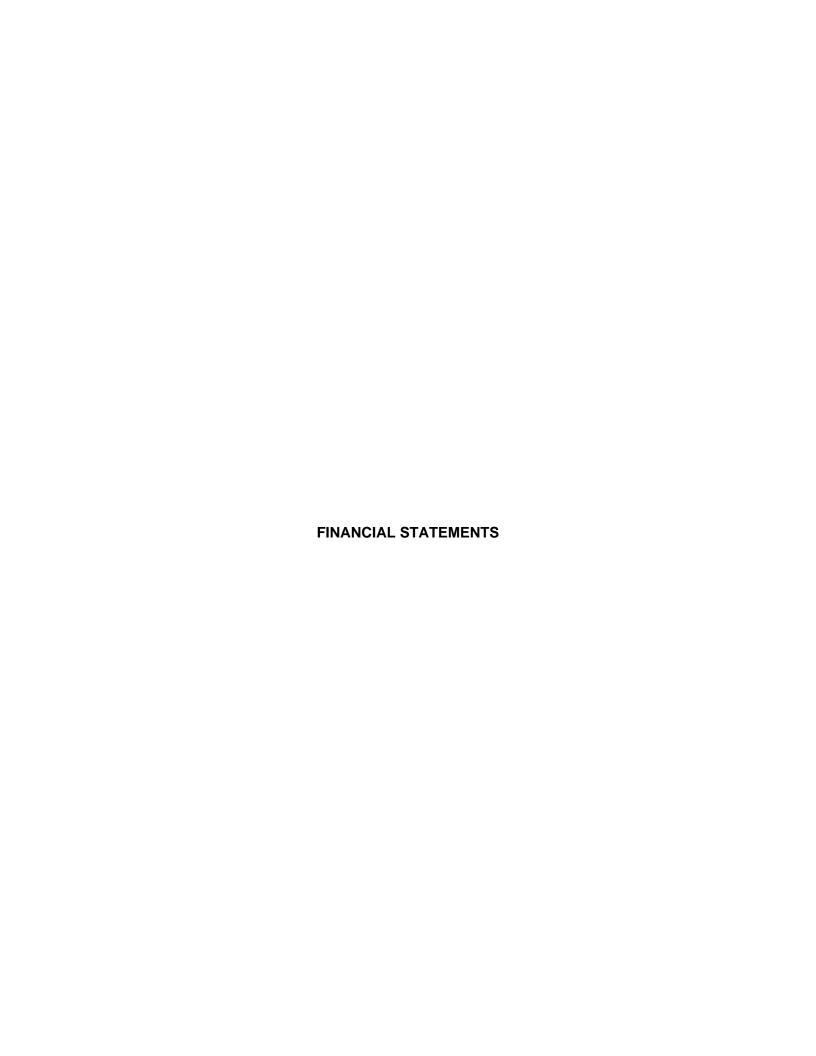
We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated January 31, 2013. Our audit was 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 management, Board of Supervisors, others within the County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG ACCOUNTANCY CORPORATION

Scountancy Corporation

Bakersfield, California February 25, 2013



FEDERAL GRANTOR Pass-through Grantor Program Title	Federal C.F.D.A. Number	Contract or Program Number	Total Federal Expenditures						
U.S. DEPARTMENT OF AGRICULTURE									
Direct Programs									
ARRA - Community Facilities Loans and Grants	10.766	2010281	\$ 123,840						
Passed Through California Department of Food and Agriculture									
Plant and Animal Disease, Pest Control, and Animal Care	10.025	10-0625	1,715						
Plant and Animal Disease, Pest Control, and Animal Care	10.025	10-0577	2,300						
Plant and Animal Disease, Pest Control, and Animal Care	10.025	11-0326-SF	2,434						
Plant and Animal Disease, Pest Control, and Animal Care	10.025	JD10-6924	4,010						
Plant and Animal Disease, Pest Control, and Animal Care	10.025	11-0271-SF	6,407						
Plant and Animal Disease, Pest Control, and Animal Care	10.025	10-0226	12,412						
Plant and Animal Disease, Pest Control, and Animal Care	10.025	10-0028SF	14,761						
Plant and Animal Disease, Pest Control, and Animal Care	10.025	11-0541-SF	26,172						
Plant and Animal Disease, Pest Control, and Animal Care	10.025	10-0083-SF	30,697						
Plant and Animal Disease, Pest Control, and Animal Care	10.025	11-0015	42,273						
Plant and Animal Disease, Pest Control, and Animal Care	10.025	10-0076-SF	45,252						
Plant and Animal Disease, Pest Control, and Animal Care	10.025	10-0123-SF	85,635						
Plant and Animal Disease, Pest Control, and Animal Care	10.025	10-0338	120,556						
Subtotal			394,624						
Senior Farmers Market Nutrition Program	10.576	AP-1112-31	10,000						
Inspection Grading and Standardization	10.162	10-0456	2,463						
Passed Through California Department of Education									
School Breakfast Program	10.553	01936-SN-24-R	56,072						
National School Lunch Program	10.555	01936-SN-24-R	85,935						
Subtotal- Child Nutrition Cluster			142,007						
D 17 10 17 1 D 1 1 1 0 1									
Passed Through California Department of Social Services	40 = 04 4		444.004						
State Administrative Matching Grants for Food Stamp Program	10.561 *	Merced (County 24)	144,634						
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561 *	Merced (County 24)	7,560,955						
Subtotal			7,705,589						
Total U.S. Department of Agriculture			8,378,523						
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
Direct Programs									
Supportive Housing Program	14.235	CA 0780B9T200901	72,565						
Community Development Block Grants/State's Program	14.228	B-11-UN-06-0009	1,262,359						
Passed Through California Department of Housing and									
Community Development									
Community Development Block Grants/State's Program	14.228	10-STBG-6729	88,105						
Community Development Block Grants/State's Program	14.228	09-NSPI-6064	187,842						
Subtotal			1,538,306						
HOME Investment Partnerships Program	14.239	10-HOME-6846	218,861						
HOME Investment Partnerships Program	14.239	Program Income	9,459						
Subtotal			228,320						
Total U.S. Department of Housing and Urban Development			1,839,191						
			(Continued)						

^{*} Major Program

FEDERAL GRANTOR Pass-through Grantor Program Title	Federal C.F.D.A. Number	Contract or Program Number	Total Federal Expenditures
U.S. DEPARTMENT OF JUSTICE			
Direct Programs			
DEA Cannabis Eradication	16.XXX	2011-35	60,000
State Criminal Alien Assistance Program	16.606	2011-AP-BX-0128	175,809
Passed Through California Corrections Standards Authority			
Juvenile Accountability Block Grants	16.523	CSA 199-11	20,169
Passed Through California Emergency Management Agency			
Crime Victim Assistance	16.575	AT10 07 0240	62,920
Crime Victim Assistance	16.575	UV10010240	75,379
Crime Victim Assistance	16.575	UV11020240	81,421
Crime Victim Assistance	16.575	VW11290240	95,591
Crime Victim Assistance	16.575	AT11 08 0240	109,739
Subtotal			425,050
Direct Programs	40 700	0044 B L BV 0400	10.015
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-3482	42,648
ARRA-Edward Byrne Memorial Justice Assistance Grant	16.804	2009-SB-B9-2679	7,607
Passed Through California Emergency Management Agency	40.700	B044000040	400.005
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC11220240	188,695
ARRA-Edward Byrne Memorial Justice Assistance Grant	16.804	ZP09010240	65,731
ARRA-Edward Byrne Memorial Justice Assistance Grant Subtotal- JAG Program Cluster	16.804	ZA09010240	146,439 451,120
•			
Total U.S. Department of Justice			1,132,148
U.S. DEPARTMENT OF LABOR			
Passed Through California Employment Development Department			
WIA Adult Program	17.258 *	K282484	808
WIA Adult Program	17.258 *	K282484	729,844
WIA Adult Program	17.258 *	K178669	796,615
WIA Youth Activities	17.258 *	K282484	1,140,107
Passed Through Stanislaus County			
ARRA-WIA Adult Program	17.258 *	2011216	15,441
WIA Adult Program	17.258 *	2011173	32,906
Subtotal			2,715,721
Passed Through California Employment Development Department			
WIA Youth Activities	17.259 *	K178669	100,000
WIA Youth Activities	17.259 *	K178669	277,764
Subtotal			377,764
ARRA-WIA Dislocated Worker	17.260 *	K074150	135,216
WIA Dislocated Worker	17.260 *	K178669	647,126
WIA Dislocated Worker	17.260 *	K282484	913,708
Passed Through Tulare County			
WIA Dislocated Worker	17.260 *	2011162	115,583
Subtotal			1,811,633
Passed Through South Bay Workforce Investment Board			
WIA National Emergency Grants	17.277 *	2011172	126,251
			(Continued)

FEDERAL GRANTOR Pass-through Grantor Program Title	Federal C.F.D.A. Number	Contract or Program Number	Total Federal Expenditures
U.S. DEPARTMENT OF LABOR (Continued)			
Passed Through California Employment Development Department WIA Dislocated Worker Formula Grants WIA Dislocated Worker Formula Grants WIA Dislocated Worker Formula Grants Subtotal	17.278 * 17.278 * 17.278 *	K178669 K282484 K178669	81,821 130,035 844,086 1,055,942
Subtotal- WIA Cluster			6,087,311
Total U.S. Department of Labor			6,087,311
U.S. DEPARTMENT OF TRANSPORTATION Direct Programs Airport Improvement Program Airport Improvement Program Subtotal	20.106 20.106	3-06-0364-12 3-06-0364-13	139,210 86,641 225,851
Passed Through California Department of Transportation Highway Planning and Construction ARRA-Highway Planning and Construction Highway Planni	20.205 20.205 20.205 20.205 20.205 20.205 20.205 20.205 20.205 20.205 20.205 20.205 20.205 20.205 20.205 20.205 20.205 20.205	BRLO - 5939 (081) BRLO - 5939 (083) BRLO - 5939 (084) BRLO - 5939 (082) HPLU - 0484 (004) CML - 5939 (086) HRRRL - 5939 (067) ESPL-5939 (069) BRLOZB 5939 (048) BRLO - 5939 (077) BRLS - 5939 (078) CML - 5939 (076) HPLU - 0484 (003) BRLS - 5939 (070) CML - 5939 (075) RPHP21L - 0484 (001)	2,148 8,680 14,399 17,764 22,687 27,354 31,421 54,202 55,754 69,437 101,665 110,767 113,814 182,041 455,487 734,532 2,002,152 2,228,003
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	26832	53,939
Total U.S. Department of Education			53,939
U.S. ELECTION ASSISTANCE COMMISSION Passed Through California Secretary of State			
Help America Vote Act Requirements Payments	90.401	09G30319	62,042
U.S. Election Assistance Commission Research Grants	90.403	11G27119	4,751
Total U.S. Election Assistance Commission			66,793
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Passed Through California Department of Aging Title VII, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	AP-1112-31	2,228
Title VII, Long-Term Care Ombudsman Services for Older Individuals	93.042	AP-1112-31	17,532
Title III, Part D, Disease Prevention and Health Promotion Services	93.043	AP-1112-31	9,883
* Major Program			(Continued)

FEDERAL GRANTOR Pass-through Grantor Program Title	Federal C.F.D.A. Number	Contract or Program Number	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
Passed Through California Department of Aging (Continued)			
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	AP-1112-31	217,012
Title III, Part C - Nutrition Services	93.045	AP-1112-31	406,986
Nutrition Services Incentive Program	93.053	AP-1112-31	54,446
Subtotal- Aging Cluster			678,444
National Family Caregiver Support - Title III, Part E	93.052	AP-1112-31	97,096
Affordable Care Act - Medicare Improvements for Patients and Providers	93.518	2M-1112-31	2,909
Medical Assistance Program	93.778	2004211	655,348
Passed Through California Department of Social Services			
Medical Assistance Program	93.778	Merced (County 24)	69,709
Medical Assistance Program	93.778	Merced (County 24)	330,286
Medical Assistance Program	93.778	Merced (County 24)	522,885
Medical Assistance Program	93.778	Merced (County 24)	699,629
Medical Assistance Program	93.778	Merced (County 24)	1,384,197
Medical Assistance Program	93.778	Merced (County 24)	10,467,536
Passed Through California Department of Health Services			
Medical Assistance Program	93.778	Merced (County 24)	121,270
Medical Assistance Program	93.778	Merced (County 24)	292,360
Passed Through California Department of Alcohol and Drug Programs			
Medical Assistance Program	93.778	07-NNA24	202,925
Passed Through California Department of Health Care Services			
Medical Assistance Program	93.778	Merced (County 24)	672,032
Passed Through California Department of Mental Health			
Medical Assistance Program	93.778	Merced (County 24)	603,457
Passed Through California Department of Public Health			
Medical Assistance Program	93.778	2011-24	69,900
Subtotal			16,091,534
Pass Through California Department of Aging			
Centers For Medicare and Medicaid Services	93.779	2M-1112-31	11,077
Centers For Medicare and Medicaid Services	93.779	HI-1112-31	103,597
Subtotal			114,674
Passed Through California Department of Alcohol and Drug Programs			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	07-NNA24	2,500
Block Grants for Prevention and Treatment of Substance Abuse	93.959	10-NNA24	3,000
Block Grants for Prevention and Treatment of Substance Abuse	93.959	07-NNA24	8,780
Block Grants for Prevention and Treatment of Substance Abuse	93.959	10-NNA24	10,536
Block Grants for Prevention and Treatment of Substance Abuse	93.959	07-NNA24	15,108
Block Grants for Prevention and Treatment of Substance Abuse	93.959	10-NNA24	15,141
Block Grants for Prevention and Treatment of Substance Abuse	93.959	07-NNA24	32,376
Block Grants for Prevention and Treatment of Substance Abuse	93.959	10-NNA24	38,832
Block Grants for Prevention and Treatment of Substance Abuse	93.959	07-NNA24	109,845
Block Grants for Prevention and Treatment of Substance Abuse	93.959	10-NNA24	131,040
Block Grants for Prevention and Treatment of Substance Abuse Block Grants for Prevention and Treatment of Substance Abuse	93.959 93.959	07-MMA24 10-MMA24	381,802
Subtotal	93.939	TO-IVIIVIA24	455,760 1,204,720
			1,204,120
Passed Through California Department of Child Support Services Child Support Enforcement	93.563	Merced (County 24)	6,035,143
••		. , ,	(Continued)
* Major Program			(Continued)

^{*} Major Program

FEDERAL GRANTOR Pass-through Grantor Program Title	Federal C.F.D.A. Number	Contract or Program Number	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
Passed Through California Department of Health Care Services Children's Health Insurance Program	93.767	Merced (County 24)	125,641
Passed Through California Department of Mental Health Projects for Assistance in Transition from Homelessness (PATH)	93.150	Merced (County 24)	99,936
Block Grants For Community Mental Health Services	93.958	Merced (County 24)	856,179
Passed Through California Department of Public Health Public Health Emergency Preparedness	93.069	EPO 11-24	204,832
Project Grants and Cooperative Agreements for Tuberculosis	93.116	Merced (County 24)	13,016
Immunization Cooperative Agreements	93.268	10-95384	91,275
Pregnancy Assistance Fund Program	93.500		30,996
Affordable Care Act - Maternal, Infant and Early Childhood Home Visiting Program	93.505	2011-24	145,880
National Bioterrorism Hospital Preparedness Program	93.889	EPO 11-24	181,057
HIV Care Formula Grants	93.917	10-95272	79,550
HIV/AIDS Surveillance HIV/AIDS Surveillance HIV/AIDS Surveillance Subtotal	93.944 93.944 93.944	10-95272 2011-24 2011-24	18,488 87,430 141,788 247,706
Passed Through California Department of Social Services Guardianship Assistance	93.090	Merced (County 24)	108,719
Promoting Safe and Stable Families Promoting Safe and Stable Families Subtotal	93.556 93.556	Merced (County 24) Merced (County 24)	10,728 325,149 335,877
Temporary Assistance for Needy Families	93.558 * 93.558 * 93.558 * 93.558 * 93.558 * 93.558 *	Merced (County 24)	62,481 381,795 1,164,719 1,839,061 6,868,329 10,990,220 36,577,261
Subtotal - Temporary Assistance for Needy Families Cluster			57,883,866
Refugee and Entrant Assistance - State Administered Programs	93.566	Merced (County 24)	900
Community - Based Child Abuse Prevention Grants	93.590	Merced (County 24)	35,407
Child Welfare Services - Programs	93.645	Merced (County 24)	274,140
			(Continued)

^{*} Major Program

FEDERAL GRANTOR Pass-through Grantor	Federal C.F.D.A.	Contract or Program	Total Federal
Program Title	Number	Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			,
Passed Through California Department of Social Services (Continued)			
Foster Care - Title IV-E	93.658	Merced (County 24)	2,824
Foster Care - Title IV-E	93.658	Merced (County 24)	6,545
Foster Care - Title IV-E	93.658	Merced (County 24)	12,055
Foster Care - Title IV-E	93.658	Merced (County 24)	51,959
Foster Care - Title IV-E	93.658	Merced (County 24)	62,951
Foster Care - Title IV-E	93.658	Merced (County 24)	71,884
Foster Care - Title IV-E	93.658	Merced (County 24)	157,971
Foster Care - Title IV-E	93.658	Merced (County 24)	159,338
Foster Care - Title IV-E	93.658	Merced (County 24)	404,765
Foster Care - Title IV-E	93.658	Merced (County 24)	1,579,776
Foster Care - Title IV-E	93.658	Merced (County 24)	3,002,239
Foster Care - Title IV-E	93.658	Merced (County 24)	3,545,874
Subtotal			9,058,181
Adoption Assistance	93.659	Merced (County 24)	259,144
Adoption Assistance	93.659	Merced (County 24)	1,984,719
Subtotal	33.033	Werced (Oddrity 24)	2,243,863
Social Services Block Grant	93.667	Merced (County 24)	274,160
		, , ,	
Chafee Foster Care Independence Program	93.674	Merced (County 24)	160,008
Pass-through California Department of Secretary of State	00.047	44000400	7 700
Voting Access for Individuals with Disabilities-Grants to States	93.617	11G26122	7,769
Passed Through Public Health Institute			
Community Transformation Grants and National Dissemination and			
Support for Community Transformation Grants	93.531	1017729	48,552
Support of Community Transformation Cranto	00.001	20	.0,002
Total U.S. Department of Health and Human Services			96,761,673
U.S. DEPARTMENT OF HOMELAND SECURITY			
Direct Programs			
Assistance to Firefighters Grants	97.044	EMW-2010-FO-0995	161,784
			·
Passed Through California Emergency Management Agency	a= aa.	50 10/	
State Domestic Preparedness Equipment Support Program	97.001	2009-EO-MX-0004	993,250
Emergency Management Performance Grants	97.042	2010-EP-0044	48,334
Emergency Management Performance Grants	97.042	2011-0048	141,040
Energency wanagement chemianoc oranto	37.042	2011 0040	141,040
Subtotal			189,374
Passed Through California Emergency Management Agency (Continued)			
Homeland Security Grant Program	97.067	2007-008	3,329
Homeland Security Grant Program	97.067	2008-0006	88,489
Homeland Security Grant Program	97.067	2011-SS-0077	101,132
Homeland Security Grant Program	97.067	2010-0085	139,845
Homeland Security Grant Program	97.067	2009-019	191,554
Subtotal			524,349
 			
Total U.S. Department of Homeland Security			1,868,757
Total Expanditures of Endard Awards			¢ 440 440 000
Total Expenditures of Federal Awards			\$ 118,416,338

^{*} Major Program

COUNTY OF MERCED NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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 within the Merced County Comprehensive Annual Financial Report. 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 the Department of Workforce Investment using the accrual basis of accounting. Within the Comprehensive Annual Financial Report (CAFR), the basic financial statements 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	Pr	Amount ovided to precipients
California Department of Alcohol and Drug	Drug Medi-Cal	93.778	Aegis Medical Systems Inc.	10-NNA24	\$	427,676
State Employment Development Department State Employment Development Department State Employment Development Department	WIA Youth Activities WIA Youth Activities WIA Youth Activities	17.259 17.259 17.259	MCOE MCOE MCOE	K178669/K282484 - I K178669/K282484 - II K178669		340,000 361,250 87,652
					\$	1,216,578

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.

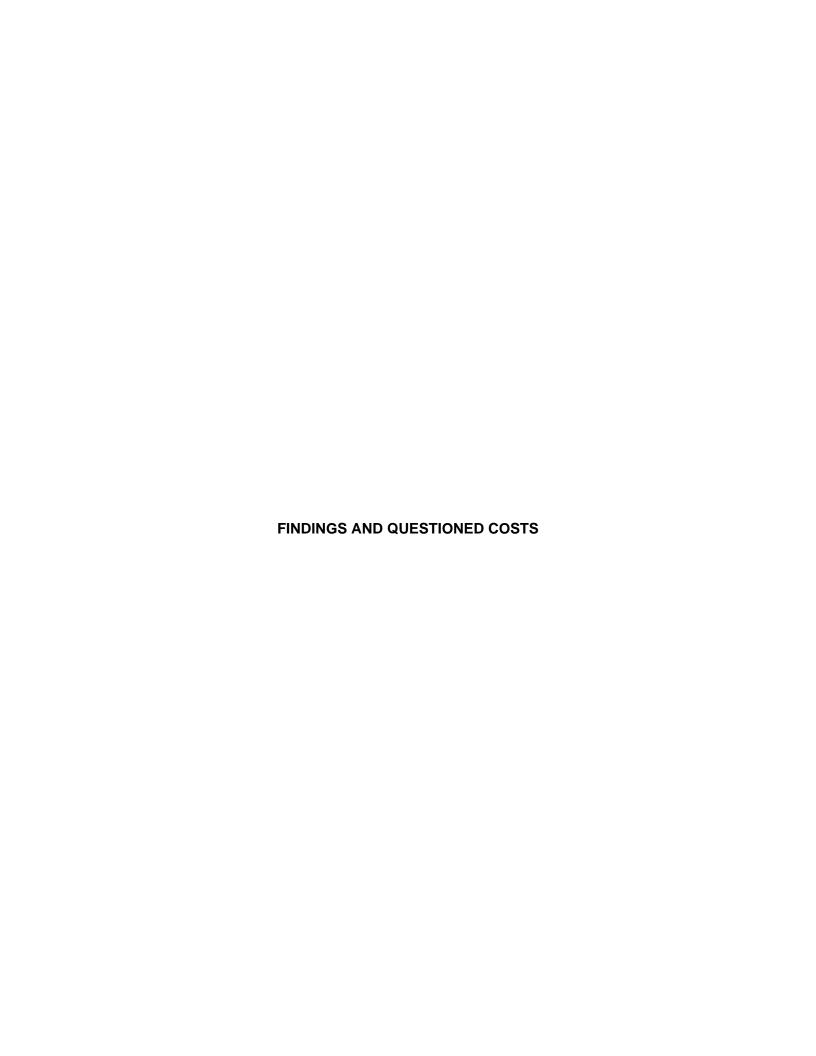
			CONTRACT				
LOCAL PROGRAM TITLE	DD COD AM	0554 "	OR PROGRAM		EDERAL		STATE
LOCAL PROGRAM TITLE	PROGRAM	C.F.D.A. #	NUMBER	EXP	NDITURES	EXP	NDITURES
HICAP State Contract (11/12)	HICAP	93.779	HI -1112-31	\$	103,597	\$	156,133
HICAP State Contract (1/1/11-6/30/12)	HICAP - MIPPA 2 (AAA) AoA	93.779	2M-1112-31		11,077		-
HICAP State Contract (1/1/11-6/30/12)	HICAP - MIPPA 2 (AAA) AoA	93.518	2M-1112-31		2,909		-
Title III/VII State Contract (10/11)	Nutrition Services	93.045	AP-1112-31		406,986		41,820
Title III/VII State Contract (10/11)	NSIP	93.053	AP-1112-31		54,446		-
Title III/VII State Contract (10/11)	Family Caregiver Support IIIE	93.052	AP-1112-31		97,096		-
Title III/VII State Contract (10/11)	Elder Abuse Title VII	93.041	AP-1112-31		2,228		-
Title III/VII State Contract (10/11)	Imbudsman Title VII	93.042	AP-1112-31		17,532		-
Title III/VII State Contract (10/11)	Disease Prev. & Promo. Svcs Title IIID	93.043	AP-1112-31		9,883		-
Title III/VII State Contract (10/11)	Support Services & Senior Centers Title IIIB	93.044	AP-1112-31		217,012		-
Title III/VII State Contract (10/11)	Senior Farmers Market	10.576	AP-1112-31		10,000		-
Title III/VII State Contract (10/11)	Ombudsman Volunteer Recruitment Initiative	State only	AP-1112-31		-		16,468
				\$	932,766	\$	214,421

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 no continuing compliance requirements with respect to the loans rendered under the programs other than to repay the loans.

The following is a summary of the loan programs maintained by the County and their balances at June 30, 2012:

	C.F.D.A. Number	June 30, 2012 Amount Outstanding		ew Loans led During Year Ended e 30, 2012
Community Development Block Grants/State's Programs	14.228	\$ 2,407,217	\$	54,675
HOME Investment Partnership Program	14.239	4,350,088		221,742
		\$ 6,757,305	\$	276,417



COUNTY OF MERCED SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Section I – <u>Summary of Auditor's Results</u>

Financial Statements					
Type of auditor's report issued:			qualified	t	
Internal control over financial reporting:					
Material weakness identified?			Yes	Χ	No
 Significant deficiencies identified that are no considered to be material weaknesses? 	t		Yes	X	None Reported
Noncompliance material to financial statements no	oted?		Yes	Χ	_ No
Federal Awards					
Internal control over major federal programs:					
Material weakness identified?			Yes	Χ	No
 Significant deficiencies identified that are no considered to be material weaknesses? 	t		Yes	X	None reported
Type of auditor's report issued on compliance for r federal programs:	major	Und	qualified	t	
Any audit findings disclosed that are required to be accordance with Section 510(a) of OMB Circular A			Yes	X	_ No
Identification of major programs:					
CFDA Number(s)	Name of Federa	al Prog	gram or	Clust	er
10.561 17.258/17.259/17.260/17.277/17.278 93.558	Food Stamps WIA Cluster (Inc Temporary Assi				
Dollar threshold used to distinguish between type	A and type B progr	rams:	\$3,00	0,000	
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, 2012

None.