

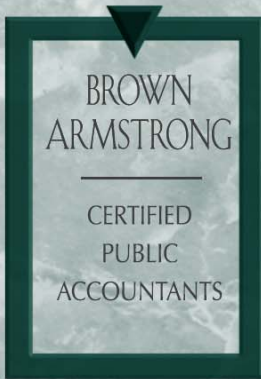
COUNTY OF MERCED
SINGLE AUDIT REPORTS
(UNIFORM GUIDANCE)
FOR THE FISCAL YEAR
ENDED JUNE 30, 2016

**COUNTY OF MERCED
SINGLE AUDIT REPORTS
(UNIFORM GUIDANCE)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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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

BAKERSFIELD OFFICE (MAIN OFFICE)

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

7673 N. INGRAM AVENUE
SUITE 101
FRESNO, CA 93711
TEL 559.476.3592
FAX 559.476.3593

PASADENA OFFICE

260 S. LOS ROBLES AVENUE
SUITE 310
PASADENA, CA 91101
TEL 626.204.6542

STOCKTON OFFICE

5250 CLAREMONT AVENUE
SUITE 150
STOCKTON, CA 95207
TEL 209.451.4833

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Merced, California (the County), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 9, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

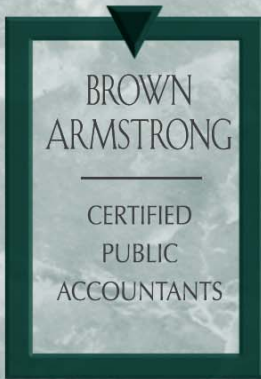
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
March 9, 2017



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 THE UNIFORM GUIDANCE

Honorable Board of Supervisors
of the County of Merced

BAKERSFIELD OFFICE (MAIN OFFICE)

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

7673 N. INGRAM AVENUE
SUITE 101
FRESNO, CA 93711
TEL 559.476.3592
FAX 559.476.3593

PASADENA OFFICE

260 S. LOS ROBLES AVENUE
SUITE 310
PASADENA, CA 91101
TEL 626.204.6542

STOCKTON OFFICE

5250 CLAREMONT AVENUE
SUITE 150
STOCKTON, CA 95207
TEL 209.451.4833

Report on Compliance for Each Major Federal Program

We have audited the County of Merced's (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *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, 2016. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

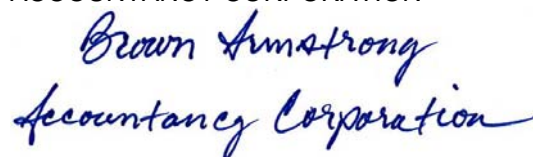
Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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 year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 9, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bakersfield, California
March 9, 2017

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation".

FINANCIAL STATEMENTS

**COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FEDERAL GRANTOR Pass-Through Grantor Program Title	Federal C.F.D.A. Number	Contract or Program Number	Passed Through to Sub-recipients	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	14-0464-SF/2008013	\$ -	\$ 14,227
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-0506/2008013	-	3,766
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-0412-SF/2006217	-	670
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-0380-SF/2006217	-	819
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-0206/2004201	-	48,533
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-0157-SF/2000138	-	82,058
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-0520-SF/2010115	-	97,850
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-0553-SF/2010115	-	31,755
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-0549-SF/2010106	-	51,077
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-0574-SF/2010106	-	39,113
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-0188/2004201	-	25,857
Subtotal			-	395,725
Senior Farmers Market Nutrition Program	10.576	A-1516-31	-	10,000
Passed Through California Department of Education				
School Breakfast Program	10.553	01936-SN-24-R	-	40,502
National School Lunch Program	10.555	01936-SN-24-R	-	63,794
Subtotal - Child Nutrition Cluster			-	104,296
Passed Through California Department of Aging				
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561	A-1516-31	-	9,927
Passed Through California Department of Public Health				
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561	13-20526 (HE 1514/HE 1618)	-	893,686
Passed Through California Department of Social Services				
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561	Merced (County 24)	-	6,622,851
Subtotal			-	7,526,464
<i>Total U.S. Department of Agriculture</i>			-	8,036,485
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Direct Programs				
Supportive Housing Program	14.235	CA 0780L9T201406	-	56,251
Supportive Housing Program	14.235	CA 0984L9T201402	-	138,330
Subtotal			-	194,581
<i>Total U.S. Department of Housing and Urban Development</i>			-	194,581
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Direct Programs				
Drug Enforcement Agency (DEA) Cannabis Eradication	16.XXX	LOA 2016-30	-	4,458
Drug Enforcement Agency (DEA) Cannabis Eradication	16.XXX	LOA 2015-37	-	77,183
State Criminal Alien Assistance Program	16.606	2015 SCAAP	-	38,021
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0351	-	5,440
Passed Through California Board of State and Community Corrections				
Edward Byrne Memorial Competitive Grant Program	16.808	BSCC 602-15	-	10,044
Edward Byrne Memorial Competitive Grant Program	16.808	BSCC 222-15	-	4,560
Subtotal			-	14,604

(Continued)

**COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FEDERAL GRANTOR Pass-Through Grantor Program Title	Federal C.F.D.A. Number	Contract or Program Number	Passed Through to Sub-recipients	Total Federal Expenditures
U.S. DEPARTMENT OF JUSTICE (Continued)				
Passed Through California Office of Emergency Services				
Crime Victim Assistance	16.575	CHAT XT	-	32,084
Crime Victim Assistance	16.575	AT 14-11-0240	-	39,773
Crime Victim Assistance	16.575	VW15330240	-	182,810
Crime Victim Assistance	16.575	XV15010240	-	21,045
Crime Victim Assistance	16.575	UV14050240	-	89,779
Subtotal			-	365,491
<i>Total U.S. Department of Justice</i>			-	505,197
U.S. DEPARTMENT OF LABOR				
Passed Through California Employment Development Department (EDD)				
Employment Service/Wagner-Peyser Funded Activities	17.207	K597235	-	164,906
Employment Service/Wagner-Peyser Funded Activities	17.207	11770	-	5,641
Subtotal			-	170,547
Passed Through California EDD				
Workforce Investment Act (WIA) Adult Program	17.258	K698371	-	679,670
WIA Adult Program	17.258	K594770	-	125,000
WIA Adult Program	17.258	2016012	-	3,803
WIA Adult Program	17.258	K594770	-	158,580
Subtotal			-	967,053
Passed Through California EDD				
WIA Youth Program	17.259	K594770	439,705	586,327
WIA Youth Program	17.259	K698371	284,144	447,271
Subtotal			723,849	1,033,598
Passed through California EDD				
Workforce Investment Act (WIA) National Emergency Grants	17.277	2015010	-	146,448
Passed Through California EDD				
WIA Dislocated Worker Formula Grants	17.278	K698371	-	876,154
WIA Dislocated Worker Formula Grants	17.278	K698371	-	126,155
WIA Dislocated Worker Formula Grants	17.278	K698371	-	47,933
WIA Dislocated Worker Formula Grants	17.278	K491027	-	365,871
WIA Dislocated Worker Formula Grants	17.278	K491027	-	128,308
WIA Dislocated Worker Formula Grants	17.278	K594770	-	715,000
WIA Dislocated Worker Formula Grants	17.278	K594770	-	44,766
WIA Dislocated Worker Formula Grants	17.278	2016012	-	3,444
WIA Dislocated Worker Formula Grants	17.278	2015135	-	17,867
Subtotal			-	2,325,498
Subtotal - WIA Cluster			723,849	4,472,597
<i>Total U.S. Department of Labor</i>			723,849	4,643,144

(Continued)

**COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FEDERAL GRANTOR Pass-Through Grantor Program Title	Federal C.F.D.A. Number	Contract or Program Number	Passed Through to Sub-recipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Direct Programs				
Airport Improvement Program	20.106	3-06-0364-14	-	477
Airport Improvement Program	20.106	3-06-0364-15	-	9,596
Airport Improvement Program	20.106	3-06-0364-016-2013	-	13,021
Airport Improvement Program	20.106	3-06-0364-017-2014	-	674,055
Subtotal			-	697,149
Passed Through California Department of Transportation				
Highway Planning and Construction	20.205	HSIPL-5939(096)	-	298,956
Highway Planning and Construction	20.205	ATPL-5939(104)	-	31,992
Highway Planning and Construction	20.205	CML-5939(098)	-	222,038
Highway Planning and Construction	20.205	BRLO-5939(081)	-	1,184,942
Highway Planning and Construction	20.205	CML-5939(097)	-	262,360
Highway Planning and Construction	20.205	CML-5939(090)	-	586,716
Highway Planning and Construction	20.205	BRLS-5939(102)	-	10,736
Highway Planning and Construction	20.205	BRLO-5939(091)	-	87,799
Highway Planning and Construction	20.205	BRLO-5939(083)	-	72,405
Highway Planning and Construction	20.205	HSIPL-5939(089)	-	33,039
Highway Planning and Construction	20.205	BRLS-5939(070)	-	50,055
Highway Planning and Construction	20.205	BRLO-5939(092)	-	45,844
Highway Planning and Construction	20.205	BRLO-5939(082)	-	64,289
Highway Planning and Construction	20.205	BRLS-5939(078)	-	254,185
Highway Planning and Construction	20.205	BRLO-5939(100)	-	24,042
Highway Planning and Construction	20.205	BRLO-5939(077)	-	168,870
Highway Planning and Construction	20.205	BRLO-5939(084)	-	125,365
Highway Planning and Construction	20.205	BRLO-5939(101)	-	22,357
Highway Planning and Construction	20.205	BRLO-5939(103)	-	21,679
Highway Planning and Construction	20.205	BRLO-5939(106)	-	48,874
Highway Planning and Construction	20.205	BRLO-5939(107)	-	49,310
Highway Planning and Construction	20.205	STPLR-7500(229)	-	18,613
Highway Planning and Construction	20.205	HSIPL-5939(111)	-	187
Subtotal			-	3,684,653
<i>Total U.S. Department of Transportation</i>			-	4,381,802
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed Through California Department of Rehabilitation				
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	2014030	-	59,455
<i>Total U.S. Department of Education</i>			-	59,455
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed Through California Department of Aging				
Title VII, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	A-1516-31	-	3,078
Title VII, Long-Term Care Ombudsman Services for Older Individuals	93.042	A-1516-31	-	23,721
Title III, Part D, Disease Prevention and Health Promotion Services	93.043	A-1516-31	-	6,890
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	A-1516-31	-	202,418
Title III, Part C - Nutrition Services	93.045	A-1516-31	-	436,855
Nutrition Services Incentive Program	93.053	A-1516-31	-	63,140
Subtotal - Aging Cluster			-	702,413
National Family Caregiver Support - Title III, Part E	93.052	A-1516-31	-	100,846

(Continued)

**COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FEDERAL GRANTOR Pass-Through Grantor Program Title	Federal C.F.D.A. Number	Contract or Program Number	Passed Through to Sub-recipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u>				
Passed through California Department of Public Health				
Hospital Preparedness Program and Public Health Emergency Preparedness	93.074	14-10519 (HE 1386/HE 1458)	-	185,213
Hospital Preparedness Program and Public Health Emergency Preparedness	93.074	14-10519 (HE 1386/HE 1458)	-	210,683
Hospital Preparedness Program and Public Health Emergency Preparedness	93.074	14-10627 (HE 1436)	-	9,900
Hospital Preparedness Program and Public Health Emergency Preparedness	93.074	14-10627 (HE 1436)	-	66,686
Subtotal			-	472,482
Direct Programs				
Partnership to Improve Community Health	93.331	2015014 (HE 1438/HE 1583)	-	1,239,811
Passed through California Department of Secretary of State				
Voting Access for Individuals With Disabilities Grants to States	93.617	14G26123	-	20,000
Passed through California Department of Public Health				
State and Local Public Health Actions to Prevent Obesity, Diabetes, and Heart Disease	93.757	14-10715 (HE1534)	-	449,399
Passed Through California Department of Social Services				
Medical Assistance Program	93.778	Merced (County 24)	-	490,783
Medical Assistance Program	93.778	Merced (County 24)	-	90,817
Passed Through California Department of Aging				
Medical Assistance Program	93.778	2004211	-	748,710
Passed Through California Department of Health Care Services				
Medical Assistance Program	93.778	2007030 (HE 1578)	-	1,012,324
Medical Assistance Program	93.778	2007030 (HE 1578)	-	194,514
Medical Assistance Program	93.778	2007030 (HE 1578)	-	152,704
Medical Assistance Program	93.778	13-90008 (HE1306)	-	114,323
Medical Assistance Program	93.778	Merced (County 24)	-	673,135
Medical Assistance Program	93.778	Merced (County 24)	-	17,699,523
Medical Assistance Program	93.778	10-NNA24	-	920,843
Medical Assistance Program	93.778	10-NNA24	891,081	1,015,402
Passed Through California Department of Public Health				
Medical Assistance Program	93.778	2007203 (HE 1598)	-	496,808
Subtotal			891,081	23,609,886
Passed Through California Department of Aging				
State Health Insurance Assistance Program	93.324	HI-1516-31/2014055	-	94,033
Medicare Enrollment Assistance Program	93.071	MI-1516-31/2014048	-	11,348
Subtotal			-	105,381
Passed Through California Department of Health Care Services				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	10-NNA24	-	36,703
Block Grants for Prevention and Treatment of Substance Abuse	93.959	10-NNA24	-	328,949
Subtotal			-	365,652
Passed Through California Department of Child Support Services				
Child Support Enforcement	93.563	Merced (County 24)	-	5,736,439
Passed Through California Department of Health Care Services				
Children's Health Insurance Program	93.767	2007030 (HE 1578)	-	193,599
Passed Through California Department of Health Care Services				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	93-15	-	55,960
Block Grants For Community Mental Health Services	93.958	78767951	-	701,680

(Continued)

**COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FEDERAL GRANTOR Pass-Through Grantor Program Title	Federal C.F.D.A. Number	Contract or Program Number	Passed Through to Sub-recipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Passed Through California Department of Public Health				
Project Grants and Cooperative Agreements for Tuberculosis	93.116	2007230 (HE 1527)	-	38,324
Immunization Cooperative Agreements	93.268	15-10433 (HE 1532)	-	88,544
Pregnancy Assistance Fund Program	93.500	2007203 (HE 1598)	-	28,123
Affordable Care Act - Maternal, Infant, and Early Childhood Home Visiting Program	93.505	2015102 (HE 1520)	-	728,995
Preventive Health Services - Sexually Transmitted Disease Control Grants	93.977	15-10257 (HE1531)	-	100
Maternal and Child Health Services Block Grant to the States	93.994	2007203 (HE 1598)	-	229,465
HIV Care Formula Grants	93.917	13-20059 (HE 1530)	-	61,055
HIV Care Formula Grants	93.917	15-10489 (HE 1544)	-	4,801
Subtotal			-	65,856
Passed Through California Department of Social Services				
Guardianship Assistance	93.090	Merced (County 24)	-	394,930
Subtotal			-	394,930
Promoting Safe and Stable Families	93.556	Merced (County 24)	-	301,553
Promoting Safe and Stable Families	93.556	Merced (County 24)	-	13,608
Subtotal			-	315,161
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	1,201,503
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	17,930,161
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	826,310
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	2,533,799
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	2,530,144
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	406,855
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	30,182,819
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	87,155
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	749,708
Subtotal			-	56,448,454
Community - Based Child Abuse Prevention Grants	93.590	Merced (County 24)	-	19,089
Foster Care - Title IV-E	93.658	CSA 199-12	-	605,917
Foster Care - Title IV-E	94.658	Merced (County 24)	-	173,108
Foster Care - Title IV-E	93.658	Merced (County 24)	-	76,986
Foster Care - Title IV-E	93.658	Merced (County 24)	-	3,086,098
Foster Care - Title IV-E	93.658	Merced (County 24)	-	491,250
Foster Care - Title IV-E	93.658	Merced (County 24)	-	110,513
Subtotal			-	4,543,872
Adoption Assistance	93.659	Merced (County 24)	-	217,072
Adoption Assistance	93.659	Merced (County 24)	-	3,014,158
Subtotal			-	3,231,230
Chafee Foster Care Independence Program	93.674	Merced (County 24)	-	124,207
<i>Total U.S. Department of Health and Human Services</i>			891,081	100,043,587

(Continued)

**COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FEDERAL GRANTOR Pass-Through Grantor Program Title	Federal C.F.D.A. Number	Contract or Program Number	Passed Through to Sub-recipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Passed Through California Governor's Office of Emergency Services Emergency Management Performance Grants	97.042	2015-0229	-	180,490
Homeland Security Grant Program	97.067	2015-0228	10,225	68,489
Homeland Security Grant Program	97.067	2014-0093	96,841	276,381
Subtotal			107,066	344,870
<i>Total U.S. Department of Homeland Security</i>			107,066	525,360
<i>Total Expenditures of Federal Awards, Excluding Federal Loan Balances Carried Forward from Prior Year</i>			<u>\$ 1,721,996</u>	<u>\$ 118,389,611</u>
Federal Loan Balances Carried Forward from Prior Year				
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Direct Programs:				
Economic Adjustment Assistance	11.307	N/A	\$ -	\$ 205,799
Community Development Block Grants/State's Program	14.228	N/A	-	1,887,358
Home Investment Partnership Program	14.239	N/A	-	3,665,039
<i>Total Federal Loan Balances Carried Forward from Prior Year</i>			-	5,758,196
<i>Total Expenditures of Federal Awards, Including Federal Loan Balances Carried Forward from Prior Year</i>			<u>\$ 1,721,996</u>	<u>\$ 124,147,807</u>

**COUNTY OF MERCED
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 (CAFR). 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 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	Amount Provided to Subrecipients
State Employment Development Department	WIA Youth Activities	17.259	Merced County Office of Education	K594770	\$ 439,705
State Employment Development Department	WIA Youth Activities	17.259	Merced County Office of Education	K698371	284,144
California Department of Alcohol and Drug	Drug Medical	93.778	Aegis Medical Systems Inc.	10-NNA24	891,081
California Governor's Office of Emergency Services	Homeland Security Grant Program	97.067	City of Merced	2014-0093	25,305
California Governor's Office of Emergency Services	Homeland Security Grant Program	97.067	City of Los Banos	2014-0093	29,910
California Governor's Office of Emergency Services	Homeland Security Grant Program	97.067	City of Livingston	2014-0093	25,776
California Governor's Office of Emergency Services	Homeland Security Grant Program	97.067	City of Atwater	2014-0093	10,850
California Governor's Office of Emergency Services	Homeland Security Grant Program	97.067	City of Gustine	2014-0093	5,000
California Governor's Office of Emergency Services	Homeland Security Grant Program	97.067	City of Atwater	2015-0228	10,225
					\$ 1,721,996

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 the 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 the 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 EXPENDITURES</u>	<u>STATE EXPENDITURES</u>
HICAP State Contract	HICAP	93.324	HI-1516-31	\$ 94,033	\$ 163,542
MIPPA State Contract	MIPPA	93.071	MI-1516-31	11,348	-
Title III/VII State Contract	Nutrition Services	93.045	A-1516-31	436,855	44,639
Title III/VII State Contract	NSIP	93.053	A-1516-31	63,140	-
Title III/VII State Contract	Family Care Support III E	93.052	A-1516-31	100,846	-
Title III/VII State Contract	Elder Abuse Title VII B	93.041	A-1516-31	3,078	-
Title III/VII State Contract	Ombudsman Title VII A	93.042	A-1516-31	23,721	-
Title III/VII State Contract	Disease Prev. & Promo. Svcs Title III D	93.043	A-1516-31	6,890	-
Title III/VII State Contract	Supp Svcs & Sr, Ctrs Title III B	93.044	A-1516-31	202,418	4,880
Title III/VII State Contract	Sr, Farmers Market	10.576	A-1516-31	10,000	-
Title III/VII State Contract	Ombudsman Special Deposit Fund (SDF)	State only	A-1516-31	-	12,001
Title III/VII State Contract	Ombudsman Skilled Nursing Fac Quality & Acctability Fund	State only	A-1516-31	-	9,272
Title III/VII State Contract	Ombudsman PHL & C	State only	A-1516-31	-	1,952
SNAP-ED-AAA	SNAP-ED-AAA	10.561	A-1516-31	9,927	-
				<u>\$ 962,256</u>	<u>\$ 236,286</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 no continuing compliance requirements with respect to the loans rendered under the programs other than to repay the loans, except for the Economic Development Administration Revolving Loan Funds, which do impose continuing compliance requirements in addition to repayment of the loans.

The following is a summary of the loan programs maintained by the County and their balances at June 30, 2016:

	<u>C.F.D.A. Number</u>	<u>June 30, 2016 Amount Outstanding</u>
Economic Adjustment Assistance	11.307	\$ 205,799
Community Development Block Grants/ State's Programs	14.228	1,887,358
HOME Investment Partnership Program	14.239	<u>3,665,039</u>
		<u>\$ 5,758,196</u>

NOTE 6 – DISCLOSURE

The County has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

FINDINGS AND QUESTIONED COSTS

**COUNTY OF MERCED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major federal programs:

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

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ___ Yes X No

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
93.558	Temporary Assistance for Needy Families
93.659	Adoption Assistance
93.331	Partnerships to Improve Community Health

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

Auditee qualified as low-risk auditee? X Yes ___ No

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

**COUNTY OF MERCED
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

None.