

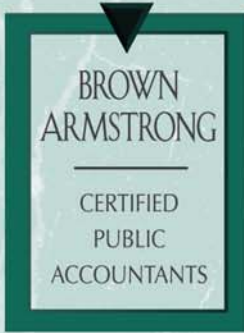
COUNTY OF MERCED
SINGLE AUDIT REPORTS
(UNIFORM GUIDANCE)
FOR THE FISCAL YEAR
ENDED JUNE 30, 2017

**COUNTY OF MERCED
SINGLE AUDIT REPORTS
(UNIFORM GUIDANCE)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

TABLE OF CONTENTS

	<u>Page</u>
<u>Reports</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	3
<u>Financial Statements</u>	
Schedule of Expenditures of Federal Awards	5
Notes to the Schedule of Expenditures of Federal Awards	11
<u>Findings and Questioned Costs</u>	
Schedule of Findings and Questioned Costs	13
Status of Prior Year Findings and Questioned Costs	14

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

10 RIVER PARK PLACE
EAST SUITE 208
FRESNO, CA 93720
TEL 559.476.3592

LAGUNA HILLS OFFICE

23272 MILL CREEK DRIVE
SUITE 255
LAGUNA HILLS, CA 92653
TEL 949.652.5422

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, 2017, 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 6, 2018.

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*.

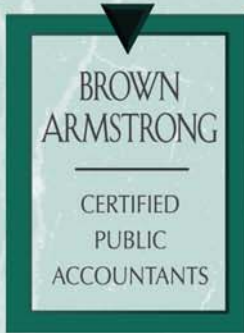
Purpose of this Report

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 6, 2018



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Board of Supervisors
of the County of Merced

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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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, 2017.

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

10 RIVER PARK PLACE
EAST SUITE 208
FRESNO, CA 93720
TEL 559.476.3592

LAGUNA HILLS OFFICE

23272 MILL CREEK DRIVE
SUITE 255
LAGUNA HILLS, CA 92653
TEL 949.652.5422

STOCKTON OFFICE

5250 CLAREMONT
AVENUE
SUITE 150
STOCKTON, CA 95207
TEL 209.451.4833

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.

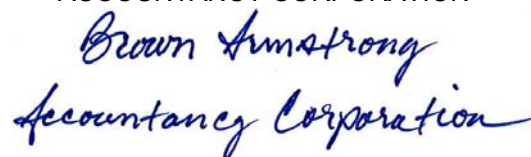
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 6, 2018, 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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

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

Bakersfield, California
March 6, 2018

FINANCIAL STATEMENTS

**COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR Pass-Through Grantor Program Title	Federal C.F.D.A. Number	Contract or Program Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through California CASA				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	KB-1617-24/2016159	\$ -	\$ 11,357
Passed Through California Department of Food and Agriculture				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-0506-SF/2008013	-	7,143
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-0444-SF/2008013	-	2,997
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-0388-SF/2006217	-	1,268
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-0206/2004201	-	16,762
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-0067-1/2004201	-	60,103
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-0418-SF/2000138	-	72,002
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-0157-SF/2000138	-	35,334
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-0553-SF/2010115	-	74,811
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-0582-SF/2010115	-	84,253
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-0574-SF/2010106	-	18,195
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-0618-SF/2010106	-	50,009
Subtotal			-	434,234
Passed Through California Department of Education				
School Breakfast Program	10.553	01936-SN-24-R	-	39,810
National School Lunch Program	10.555	01936-SN-24-R	-	63,070
Subtotal - Child Nutrition Cluster			-	102,880
Passed Through California Department of Aging				
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561	SP -1516-31	-	9,557
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561	HI-1617-31	-	3,473
Passed Through California Department of Public Health				
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561	16-10178 (HE 1692)	-	845,974
Passed Through California Department of Social Services				
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561	CFL 16/17-64	-	7,242,696
Subtotal			-	8,101,700
Passed Through California Department of Food and Agriculture				
Senior Farmers Market Nutrition Program	10.576	AP-1617-31	-	10,000
Passed Through California Department of Forestry				
Cooperative Forestry Assistance	10.664	7FG16072	-	20,000
<i>Total U.S. Department of Agriculture</i>			-	8,668,814
U.S. DEPARTMENT OF COMMERCE				
Direct Programs				
Economic Adjustment Assistance - Administrative and Other	11.307	07-49-02639/07-39-02988	-	468,519
<i>Total U.S. Department of Commerce</i>			-	468,519
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs				
Supportive Housing Program	14.235	CA0780L9T201507	-	74,181
Supportive Housing Program	14.235	CA0984L9T20503	-	68,931
Subtotal			-	143,112
<i>Total U.S. Department of Housing and Urban Development</i>			-	143,112
U.S. DEPARTMENT OF JUSTICE				
Direct Programs				
Drug Enforcement Agency (DEA) Cannabis Eradication	16.XXX	LOA 2016-30	-	62,492
Drug Enforcement Agency (DEA) Cannabis Eradication	16.XXX	LOA 2017-29	-	18,816
Subtotal			-	81,308
Passed Through California Governor's Office of Emergency Services				
Crime Victim Assistance	16.575	VW16340240	-	238,884
Crime Victim Assistance	16.575	XV15010240	-	177,987
Crime Victim Assistance	16.575	XC16010240	-	75,970
Subtotal			-	492,841

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR Pass-Through Grantor Program Title	Federal C.F.D.A. Number	Contract or Program Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF JUSTICE (Continued)				
Direct Programs				
State Criminal Alien Assistance Program	16.606	2016 SCAAP	-	61,411
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0523	-	19,798
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0351	-	3,247
Subtotal			-	23,045
Passed Through California Board of State and Community Corrections				
Edward Byrne Memorial Competitive Grant Program	16.808	BSCC 222-15	-	7,193
Edward Byrne Memorial Competitive Grant Program	16.808	BSCC 602-15	-	47,226
Subtotal			-	54,419
<i>Total U.S. Department of Justice</i>				
			-	713,024
U.S. DEPARTMENT OF LABOR				
Passed Through California Employment Development Department (EDD)				
Employment Service/Wagner-Peyser Funded Activities	17.207	K597235	-	169,154
Employment Service/Wagner-Peyser Funded Activities	17.207	11770	-	5,641
Subtotal			-	174,795
Passed Through California EDD				
Workforce Investment Act (WIA) Adult Program	17.258	K698371	-	499,115
WIA Adult Program	17.258	K7102042	-	19,409
WIA Adult Program	17.258	K7102042	-	735
WIA Adult Program	17.258	K7102042	-	980
WIA Adult Program	17.258	K7102042	-	778,135
WIA Adult Program	17.258	2016012	-	24,005
WIA Adult Program	17.258	2016268	-	6,174
WIA Adult Program	17.258	2017151	-	3,258
Subtotal			-	1,331,811
Passed Through California EDD				
WIA Youth Program	17.259	K698371	370,939	801,697
WIA Youth Program	17.259	K7102042	368,711	363,047
Subtotal			739,650	1,164,744
Passed through California EDD				
Workforce Investment Act (WIA) National Emergency Grants	17.277	2015010	-	39,360
Workforce Investment Act (WIA) National Emergency Grants	17.277	K7102042	-	7,274
Subtotal			-	46,634
Passed Through California EDD				
WIA Dislocated Worker Formula Grants	17.278	K698371	-	377,604
WIA Dislocated Worker Formula Grants	17.278	K698371	-	79,685
WIA Dislocated Worker Formula Grants	17.278	K698371	-	8,952
WIA Dislocated Worker Formula Grants	17.278	K698371	-	232,372
WIA Dislocated Worker Formula Grants	17.278	K698371	-	28,529
WIA Dislocated Worker Formula Grants	17.278	K698371	-	51,393
WIA Dislocated Worker Formula Grants	17.278	K698371	-	21,131
WIA Dislocated Worker Formula Grants	17.278	K7102042	-	21,855
WIA Dislocated Worker Formula Grants	17.278	K7102042	-	926,053
WIA Dislocated Worker Formula Grants	17.278	K7102042	-	70,380
WIA Dislocated Worker Formula Grants	17.278	2016012	-	11,637
Subtotal			-	1,829,591
Subtotal - WIA Cluster			739,650	4,372,780
<i>Total U.S. Department of Labor</i>				
			739,650	4,547,575

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

**COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR Pass-Through Grantor Program Title	Federal C.F.D.A. Number	Contract or Program Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs				
Airport Improvement Program	20.106	3-06-0364-14	-	143,185
Airport Improvement Program	20.106	3-06-0364-017-2014	-	62,049
Airport Improvement Program	20.106	3-06-0364-016-2013	-	61,831
Subtotal			-	267,065
Passed Through California Department of Transportation				
Highway Planning and Construction	20.205	HSIPL-5939(096)	-	5,227
Highway Planning and Construction	20.205	ATPL-5939(104)	-	1,922,077
Highway Planning and Construction	20.205	CML-5939(098)	-	3,309
Highway Planning and Construction	20.205	BRLO-5939(081)	-	1,952
Highway Planning and Construction	20.205	CML-5939(097)	-	4,017
Highway Planning and Construction	20.205	BRLS-5939(102)	-	33,892
Highway Planning and Construction	20.205	BRLO-5939(091)	-	46,821
Highway Planning and Construction	20.205	BRLO-5939(083)	-	114,376
Highway Planning and Construction	20.205	HSIPL-5939(089)	-	45,724
Highway Planning and Construction	20.205	BRLS-5939(070)	-	142,515
Highway Planning and Construction	20.205	BRLO-5939(092)	-	43,888
Highway Planning and Construction	20.205	BRLO-5939(082)	-	102,326
Highway Planning and Construction	20.205	BRLS-5939(078)	-	51,453
Highway Planning and Construction	20.205	BRLO-5939(100)	-	59,292
Highway Planning and Construction	20.205	BRLO-5939(077)	-	34,228
Highway Planning and Construction	20.205	BRLO-5939(084)	-	1,213,206
Highway Planning and Construction	20.205	BRLO-5939(101)	-	41,586
Highway Planning and Construction	20.205	BRLO-5939(103)	-	32,997
Highway Planning and Construction	20.205	BRLO-5939(106)	-	78,579
Highway Planning and Construction	20.205	BRLO-5939(107)	-	96,885
Highway Planning and Construction	20.205	STPLR-7500(229)	-	62,048
Highway Planning and Construction	20.205	ATPL-5939 (109)	-	23,094
Highway Planning and Construction	20.205	ATPL-5939 (108)	-	27,963
Highway Planning and Construction	20.205	HRRR -5939 (112)	-	113,484
Highway Planning and Construction	20.205	HSIPL-5939(111)	-	33,480
Highway Planning and Construction	20.205	SSARPL-5939 (113)	-	14,578
Subtotal			-	4,348,997
<i>Total U.S. Department of Transportation</i>			-	4,616,062
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Passed Through California State Library				
Grants to States	45.310	40-8673	-	7,769
<i>Total Institute of Museum and Library Services</i>			-	7,769
U.S. DEPARTMENT OF EDUCATION				
Passed Through California Department of Rehabilitation				
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	2014030	-	22,651
<i>Total U.S. Department of Education</i>			-	22,651
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-1617-31	-	3,070
Title VII, Long-Term Care Ombudsman Services for Older Individuals	93.042	AP-1617-31	-	24,180
Title III, Part D, Disease Prevention and Health Promotion Services	93.043	AP-1617-31	-	9,641
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	AP-1617-31	-	204,059
Title III, Part C - Nutrition Services	93.045	AP-1617-31	-	460,102
Nutrition Services Incentive Program	93.053	AP-1617-31	-	52,039
Subtotal - Aging Cluster			-	716,200
National Family Caregiver Support - Title III, Part E	93.052	AP-1617-31	-	112,195
Medicare Enrollment Assistance Program	93.071	MI-1517-31	-	14,131

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

**COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR Pass-Through Grantor Program Title	Federal C.F.D.A. Number	Contract or Program Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Passed through California Department of Public Health				
Hospital Preparedness Program and Public Health Emergency Preparedness	93.074	14-10519 (HE 1386/HE 1458)	-	195,911
Hospital Preparedness Program and Public Health Emergency Preparedness	93.074	14-10519 (HE 1386/HE 1458)	-	224,704
Hospital Preparedness Program and Public Health Emergency Preparedness	93.074	14-10367 (HE 1481)	-	3,640
Subtotal			-	424,255
Passed Through California Department of Social Services				
Guardianship Assistance	93.090	Merced (County 24)	-	522,506
Passed Through California Department of Public Health				
Project Grants and Cooperative Agreements for Tuberculosis	93.116	2007230 (HE 1681/1751)	-	60,925
Passed Through California Department of Health Care Services				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	93-15	-	66,332
Immunization Cooperative Agreements	93.268	15-10433 (HE 1532)	-	91,019
Passed Through California Department of Aging				
State Health Insurance Assistance Program	93.324	HI-1617-31	-	163,140
Direct Program				
Partnership to Improve Community Health	93.331	2015014 (HE 1583 / HE 1807)	-	1,458,948
Passed Through California Department of Public Health				
Pregnancy Assistance Fund Program	93.500	2007203 (HE 1598)	-	3,000
Pregnancy Assistance Fund Program	93.500	2007203 (HE 1598)	-	28,123
Subtotal			-	31,123
Affordable Care Act - Maternal, Infant, and Early Childhood Home Visiting Program	93.505	2015102 (HE1662)	-	429,988
Passed Through California Department of Social Services				
Promoting Safe and Stable Families	93.556	Merced (County 24)	-	327,677
Promoting Safe and Stable Families	93.556	Merced (County 24)	-	13,942
Subtotal			-	341,619
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	1,087,922
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	1,127,943
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	967,342
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	247,422
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	10,785,111
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	2,361,695
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	6,883,240
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	719,813
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	27,121,197
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	80,222
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	342,663
Subtotal			-	51,724,570
Passed Through California Department of Child Support Services				
Child Support Enforcement	93.563	Merced (County 24)	-	5,419,727
Passed Through California Department of Social Services				
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	Merced (County 24)	-	2,482
Community - Based Child Abuse Prevention Grants	93.590	Merced (County 24)	-	19,133
Stephanie Tubbs Jones Child Welfare Services Program	93.645	CWS CFL 16/17-30	-	254,774

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

**COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR Pass-Through Grantor Program Title	Federal C.F.D.A. Number	Contract or Program Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Foster Care - Title IV-E	93.658	CSA 199-12	-	1,091,819
Foster Care - Title IV-E	93.658	Merced (County 24)	-	155,314
Foster Care - Title IV-E	93.658	CWS CFL 16/17-30	-	3,899,526
Foster Care - Title IV-E	93.658	CWS CFL 16/17-30	-	123,336
Foster Care - Title IV-E	93.658	CWS CFL 16/17-30	-	35,648
Foster Care - Title IV-E	93.658	CWS CFL 16/17-30	-	36,335
Foster Care - Title IV-E	93.658	CWS CFL 16/17-36	-	18,983
Foster Care - Title IV-E	93.658	CFL 16/17 - 09	-	28,251
Foster Care - Title IV-E	93.658	CFL 14/15 - 12	-	178,488
Foster Care - Title IV-E	93.658	Merced (County 24)	-	37,822
Foster Care - Title IV-E	93.658	Merced (County 24)	-	18,600
Foster Care - Title IV-E	93.658	Merced (County 24)	-	162,122
Foster Care - Title IV-E	93.658	Merced (County 24)	-	2,903,375
Foster Care - Title IV-E	93.658	Merced (County 24)	-	393,000
Foster Care - Title IV-E	93.658	Merced (County 24)	-	38,569
Subtotal			-	9,121,188
Adoption Assistance	93.659	Merced (County 24)	-	193,962
Adoption Assistance	93.659	CFL 13/14-27	-	53,271
Adoption Assistance	93.659	Merced (County 24)	-	3,105,546
Adoption Assistance	93.659	Merced (County 24)	-	52,762
Subtotal			-	3,405,541
Passed Through California Department of Social Services				
Social Services Block Grant	93.667	CWS CFL 16/17-30	-	405,531
Passed Through California Governor's Office of Emergency Services				
Social Services Block Grant	93.667	XT 15010240	-	34,091
Social Services Block Grant	93.667	XT 15010240	-	35,483
Social Services Block Grant	93.667	XT 15010240	-	38,120
Subtotal			-	513,225
Passed Through California Department of Social Services				
Chafee Foster Care Independence Program	93.674	Merced (County 24)	-	119,806
Passed through California Department of Public Health				
State and Local Public Health Actions to Prevent Obesity, Diabetes, and Heart Disease	93.757	14-10715 A01 (HE 1667/1715)	-	641,967
Passed Through California Department of Health Care Services				
Children's Health Insurance Program	93.767	2007030 (HE1728)	-	201,167
Passed Through California Department of Social Services				
Medical Assistance Program	93.778	CWS CFL 16/17-30	-	1,765,613
Medical Assistance Program	93.778	CWS CFL 16/17-30	-	304,469
Medical Assistance Program	93.778	Merced (County 24)	-	68,088
Medical Assistance Program	93.778	CFL 16/17 -55	-	1,930,322
Medical Assistance Program	93.778	Merced (County 24)	-	93,877
Passed Through California Department of Aging				
Medical Assistance Program	93.778	2004211	-	720,480
Passed Through California Department of Health Care Services				
Medical Assistance Program	93.778	13-90008 (HE 1306)	-	201,318
Medical Assistance Program	93.778	2007030 (HE1728)	-	885,526
Medical Assistance Program	93.778	2007030 (HE1728)	-	233,060
Medical Assistance Program	93.778	2007030 (HE1728)	-	142,461
Medical Assistance Program	93.778	2017058 (HE 1812)	-	29,030
Medical Assistance Program	93.778	Merced (County 24)	-	719,617
Medical Assistance Program	93.778	10-NNA24	913,144	1,393,525
Medical Assistance Program	93.778	MC/1931	-	17,748,071

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR Pass-Through Grantor Program Title	Federal C.F.D.A. Number	Contract or Program Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Passed Through California Department of Public Health				
Medical Assistance Program	93.778	201624 (HE 1688)	-	282,972
Medical Assistance Program	93.778	201624 (HE 1689)	-	297,618
Subtotal			<u>913,144</u>	<u>26,816,047</u>
Passed Through California Department of Public Health				
HIV Care Formula Grants	93.917	15-11063 (HE1661)	-	94,100
HIV Care Formula Grants	93.917	16-10376 (HE 1691)	-	7,694
Subtotal			<u>-</u>	<u>101,794</u>
Passed Through California Department of Health Care Services				
Block Grants For Community Mental Health Services	93.958	78767951	-	570,449
Block Grants for Prevention and Treatment of Substance Abuse	93.959	10-NNA24	-	328,949
Block Grants for Prevention and Treatment of Substance Abuse	93.959	10-NNA24	-	698,039
Subtotal			<u>-</u>	<u>1,026,988</u>
Passed Through California Department of Public Health				
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	201624 (HE 1688)	-	148,703
Maternal and Child Health Services Block Grant to the States	93.994	201624 (HE 1689)	-	84,858
Subtotal			<u>-</u>	<u>233,561</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>913,144</u>	<u>104,641,791</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through California Governor's Office of Emergency Services				
Emergency Management Performance Grants	97.042	2016-0010	-	180,209
Homeland Security Grant Program	97.067	2014-0093	-	150,000
Homeland Security Grant Program	97.067	2015-0228	205,364	276,327
Homeland Security Grant Program	97.067	2016-0102	-	67,692
Subtotal			<u>205,364</u>	<u>494,019</u>
<i>Total U.S. Department of Homeland Security</i>			<u>205,364</u>	<u>674,228</u>
<i>Total Expenditures of Federal Awards, Excluding Federal Loan Balances Carried Forward from Prior Year</i>			<u>\$ 1,858,158</u>	<u>\$ 124,503,545</u>
Federal Loan Balances Carried Forward from Prior Year				
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs:				
Economic Adjustment Assistance	11.307	N/A	\$ -	\$ 124,644
Community Development Block Grants/State's Program	14.228	N/A	-	2,622,327
HOME Investment Partnership Program	14.239	N/A	-	4,026,579
<i>Total Federal Loan Balances Carried Forward from Prior Year</i>			<u>-</u>	<u>6,773,550</u>
<i>Total Expenditures of Federal Awards, Including Federal Loan Balances Carried Forward from Prior Year</i>			<u>\$ 1,858,158</u>	<u>\$ 131,277,095</u>

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

**COUNTY OF MERCED
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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	K698371	\$ 370,939
State Employment Development Department	WIA Youth Activities	17.259	Merced County Office of Education	K7102042	368,711
California Department of Alcohol and Drug	Medical Assistance Program	93.778	Aegis Medical Systems Inc.	10-NNA24	913,144
California Governor's Office of Emergency Services	Homeland Security Grant Program	97.067	City of Atwater	FY15 SHSGP	4,500
California Governor's Office of Emergency Services	Homeland Security Grant Program	97.067	City of Livingston	FY15 SHSGP	6,034
California Governor's Office of Emergency Services	Homeland Security Grant Program	97.067	City of Los Banos	FY15 SHSGP	52,848
California Governor's Office of Emergency Services	Homeland Security Grant Program	97.067	City of Merced	FY15 SHSGP	141,982
					<u>\$ 1,858,158</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 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-1617-31	\$ 163,140	\$ 114,857
HICAP State Contract	SMP	State only	2016248	-	3,000
MIPPA State Contract	MIPPA	93.071	MI-1517-31	14,131	-
Title III/VII State Contract	Nutrition Services	93.045	AP-1617-31	460,102	46,570
Title III/VII State Contract	NSIP	93.053	AP-1617-31	52,039	-
Title III/VII State Contract	Family Care Support III E	93.052	AP-1617-31	112,195	-
Title III/VII State Contract	Elder Abuse Title VII B	93.041	AP-1617-31	3,070	-
Title III/VII State Contract	Ombudsman Title VII A	93.042	AP-1617-31	24,180	-
Title III/VII State Contract	Disease Prev. & Promo. Svcs Title III D	93.043	AP-1617-31	9,641	-
Title III/VII State Contract	Supp Svcs & Sr, Ctrs Title III B	93.044	AP-1617-31	204,059	5,075
Title III/VII State Contract	Sr, Farmers Market	10.576	AP-1617-31	10,000	-
Title III/VII State Contract	Ombudsman Special Deposit Fund (SDF)	State only	AP-1617-31	-	12,130
Title III/VII State Contract	Ombudsman Skilled Nursing Fac Quality & Acctability Fund	State only	AP-1617-31	-	9,642
Title III/VII State Contract	Ombudsman PHL & C	State only	AP-1617-31	-	2,030
SNAP-ED-AAA	SNAP-ED-AAA	10.561	SP-1617-31	9,557	-
SNAP-ED-AAA	Prior Year SNAP ED	10.561	SP-1617-31	3,473	-
				<u>\$ 1,065,587</u>	<u>\$ 193,304</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, 2017:

	<u>C.F.D.A. Number</u>	<u>June 30, 2017 Amount Outstanding</u>
Economic Adjustment Assistance	11.307	\$ 124,644
Community Development Block Grants/State's Programs	14.228	2,622,327
HOME Investment Partnership Program	14.239	<u>4,026,579</u>
		<u>\$ 6,773,550</u>

NOTE 6 – INDIRECT COST RATE 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, 2017**

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>
20.205	Highway Planning and Construction
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.658	Foster Care – Title IV-E

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, 2017**

None.