

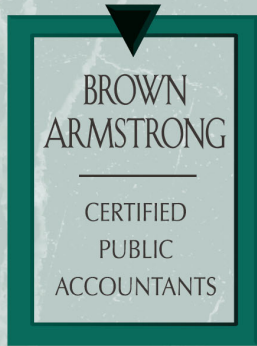
COUNTY OF MERCED
SINGLE AUDIT REPORTS
(UNIFORM GUIDANCE)
FOR THE FISCAL YEAR
ENDED JUNE 30, 2019

**COUNTY OF MERCED
SINGLE AUDIT REPORTS
(UNIFORM GUIDANCE)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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REPORTS



BROWN ARMSTRONG

Certified Public Accountants

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

Honorable Board of Supervisors
of the County of Merced

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We have audited, 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 fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 18, 2020.

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 instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

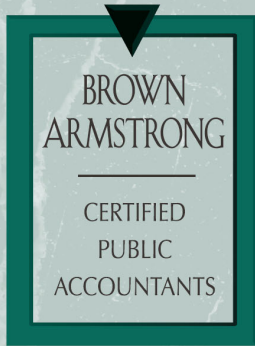
Purpose of this Report

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
February 18, 2020



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 fiscal year ended June 30, 2019. 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 fiscal year ended June 30, 2019.

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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.

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.

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 fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated February 18, 2020, 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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
February 18, 2020

FINANCIAL STATEMENTS

**COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 Department of Food and Agriculture				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-0428-001-SF	\$ -	\$ 84,556
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-0293-008-SF	-	54,525
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-0549-027-SF	-	74,883
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-0418-SF	-	31,805
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-0453-023-SF	-	64,875
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-0154-011-SF	-	5,727
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-0299-011-SF	-	8,501
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-0124	-	25,644
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-0200	-	47,111
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-0213-006-SF	-	748
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-0295-006-SF	-	480
Subtotal			-	398,855
Passed Through California Department of Public Health				
Farmer's Market and Local Food Promotion Program	10.168	16FMPPCA0030 (HE 1736)	-	96,663
Passed Through California Department of Education				
School Breakfast Program	10.553	01936-SN-24-R	-	31,856
National School Lunch Program	10.555	01936-SN-24-R	-	49,962
Subtotal - Child Nutrition Cluster			-	81,818
Passed Through California Department of Aging				
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561	SP-1819-31/SP-1718-31	-	65,607
Passed Through California Department of Public Health				
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561	16-10178 (HE 1815)	-	457,469
Passed Through California Department of Social Services				
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561	Merced (County 24)	-	7,983,459
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561	Merced (County 24)	-	212,444
Subtotal			-	8,718,979
Passed Through California Department of Food and Agriculture				
Senior Farmers Market Nutrition Program	10.576	AP-1819-31	-	10,000
Passed Through California Department of Forestry				
Cooperative Forestry Assistance	10.664	7FG18069	-	20,000
<i>Total U.S. Department of Agriculture</i>			-	9,326,315
U.S. DEPARTMENT OF COMMERCE				
Direct Programs				
Economic Adjustment Assistance - Administrative and Other	11.307	07-49-02693/07-39-02988	-	4,607
<i>Total U.S. Department of Commerce</i>			-	4,607
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs				
Supportive Housing Program	14.235	CA0780L9T201608	-	63,127
Supportive Housing Program	14.235	CA0984L9T201604	-	144,295
Subtotal			-	207,422
<i>Total U.S. Department of Housing and Urban Development</i>			-	207,422
U.S. DEPARTMENT OF JUSTICE				
Direct Programs				
Domestic Cannabis Eradication Suppression Program	16.XXX	LOA 2017-28	-	82,081
Passed Through California Governor's Office of Emergency Services				
Crime Victim Assistance	16.575	VW17350240	-	81,291
Crime Victim Assistance	16.575	VW18360240	-	280,029
Crime Victim Assistance	16.575	XV15010240	-	211,352
Crime Victim Assistance	16.575	XT 15010240	-	143,156
Crime Victim Assistance	16.575	XC16010240	-	148,431
Subtotal			-	864,259
<i>Total U.S. Department of Justice</i>			-	946,340

(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, 2019

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 LABOR				
Passed Through California Employment Development Department (EDD)				
Employment Service/Wagner-Peyser Funded Activities	17.207	K7102042	-	758
Employment Service/Wagner-Peyser Funded Activities	17.207	11522/11770	-	5,641
Subtotal			-	6,399
Passed Through California EDD				
Workforce Innovation and Opportunity Act (WIOA) National Emergency Grants	17.277	K7102042		4,044
WIOA National Emergency Grants	17.277	K8106644		225,000
WIOA National Emergency Grants	17.277	K9110025	-	234,908
Subtotal			-	463,952
Passed Through California EDD				
WIOA Adult Program	17.258	K7102042	-	177,778
WIOA Adult Program	17.258	K7102042	-	389
WIOA Adult Program	17.258	K8106644	-	619,949
WIOA Adult Program	17.258	K8106644	-	387,262
WIOA Adult Program	17.258	K8106644	-	187,932
WIOA Adult Program	17.258	K9110025	-	885,358
Passed Through Stanislaus County				
WIOA Adult Program	17.258	2017253	-	51,237
Passed Through Fresno County				
WIOA Adult Program	17.258	2018085	-	12,937
Subtotal			-	2,322,842
Passed Through California EDD				
WIOA Youth Program	17.259	K8106644	774,544	1,098,934
WIOA Youth Program	17.259	K9110025	207,142	227,101
Subtotal			981,686	1,326,035
Passed Through California EDD				
WIOA Dislocated Worker Formula Grants	17.278	K8106644	-	331,632
WIOA Dislocated Worker Formula Grants	17.278	K8106644	-	11,201
WIOA Dislocated Worker Formula Grants	17.278	K8106644	-	131,857
WIOA Dislocated Worker Formula Grants	17.278	K9110025	-	1,099,377
WIOA Dislocated Worker Formula Grants	17.278	K9110025	-	28,285
WIOA Dislocated Worker Formula Grants	17.278	K9110025	-	121,310
Subtotal			-	1,723,662
Subtotal - WIOA Cluster			981,686	5,372,539
<i>Total U.S. Department of Labor</i>			981,686	5,842,890

(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, 2019

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	3-06-0364-020-2017	-	108,064
Airport Improvement Program	20.106	3-06-0364-017-2014	-	7,534
Subtotal			-	115,598
Passed Through California Governor's Office of Emergency Services				
Highway Planning and Construction	20.205	BRLS-5939 (070)	-	28,250
Passed Through California Department of Transportation				
Highway Planning and Construction	20.205	BRLO-5939(103)	-	37,753
Highway Planning and Construction	20.205	BRLO-5939(101)	-	88,232
Highway Planning and Construction	20.205	CML - 5939(124)	-	37,418
Highway Planning and Construction	20.205	STPLR-7500(229)	-	616,756
Highway Planning and Construction	20.205	BRLO-5939(077)	-	72,948
Highway Planning and Construction	20.205	FERP16-5939(126)	-	22,443
Highway Planning and Construction	20.205	BRLO-5939(100)	-	36,114
Highway Planning and Construction	20.205	ATPL - 5939 (120)	-	142,562
Highway Planning and Construction	20.205	BRLO-5939(078)	-	2,512,786
Highway Planning and Construction	20.205	HRRRL-5939(118)	-	55,670
Highway Planning and Construction	20.205	FERPL16-5939(125)	-	53,538
Highway Planning and Construction	20.205	BRLO-5939(82)	-	64,773
Highway Planning and Construction	20.205	BRLO-5939(92)	-	98,058
Highway Planning and Construction	20.205	BRLO-5939(070)	-	1,663,619
Highway Planning and Construction	20.205	BRLO-5939(083)	-	53,951
Highway Planning and Construction	20.205	BRLO-5939(102)	-	29,942
Highway Planning and Construction	20.205	HSIPL - 5939 (111)	-	34,616
Highway Planning and Construction	20.205	BRLO - 5939(091)	-	81,679
Highway Planning and Construction	20.205	ATPL - 5939 (119)	-	76,977
Highway Planning and Construction	20.205	BROL-5939(107)	-	61,577
Highway Planning and Construction	20.205	HRRRL - 5939 (112)	-	52,191
Highway Planning and Construction	20.205	HSIPL - 5939 (116)	-	42,858
Highway Planning and Construction	20.205	BRLS - 5939 (106)	-	63,554
Highway Planning and Construction	20.205	ATPL - 5939 (104)	-	39,583
Highway Planning and Construction	20.205	ATPL - 5939 (108)	-	1,726,396
Highway Planning and Construction	20.205	CML - 5939 (117)	-	27,472
Subtotal			-	7,821,716
Passed Through California Office of Traffic Safety				
State and Community Highway Safety	20.600	EM19003	-	90,000
<i>Total U.S. Department of Transportation</i>				8,027,314
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Passed Through California State Library				
Grants to States	45.310	Merced (County 24)	-	9,610
<i>Total Institute of Museum and Library Services</i>				9,610
U.S. DEPARTMENT OF EDUCATION				
Passed Through California Department of Rehabilitation				
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	2014030	-	57,645
<i>Total U.S. Department of Education</i>				57,645
U.S. ELECTION ASSISTANCE COMMISSION				
Passed Through California Secretary of State				
Help America Vote Act Requirements Payments Formula Grant	90.401	17G26123	-	15,163
Help America Vote Act Requirements Payments Formula Grant	90.401	18G26124	-	11,338
<i>Total U.S. Election Assistance Commission</i>				26,501
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-1819-31	-	3,107
Title VII, Long-Term Care Ombudsman Services for Older Individuals	93.042	AP-1819-31	-	31,294
Title III, Part D, Disease Prevention and Health Promotion Services	93.043	AP-1819-31	-	17,780
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	AP-1819-31	-	273,563
Title III, Part C - Nutrition Services	93.045	AP-1819-31	-	503,072
Nutrition Services Incentive Program	93.053	AP-1819-31	-	50,327
Subtotal - Aging Cluster			-	826,962
National Family Caregiver Support - Title III, Part E	93.052	AP-1819-31	-	134,085
Medicare Enrollment Assistance Program	93.071	MI-1819-31	-	21,692

(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, 2019**

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 Public Health Emergency Preparedness	93.069	17-10171 (HE1851)	-	205,215
Passed Through California Department of Social Services Guardianship Assistance	93.090	Merced (County 24)	-	672,533
Passed Through California Department of Public Health Project Grants and Cooperative Agreements for Tuberculosis	93.116	2018167 (HE 1929/2026)	-	51,380
Passed Through California Department of Health Care Services Projects for Assistance in Transition from Homelessness (PATH)	93.150	93-15	-	89,948
Passed Through California Department of Public Health Immunization Grant	93.268	17-10072 (HE 1881)	-	94,796
Passed Through California Department of Aging State Health Insurance Assistance Program	93.324	HI-1718-31	-	44,375
Passed Through California Department of Public Health Pregnancy Assistance Fund Program	93.500	201824 (HE 1882)	-	191,308
Affordable Care Act - Maternal, Infant, and Early Childhood Home Visiting Program	93.505	15-10164 (HE 1950)	-	391,799
Passed Through California Department of Social Services Promoting Safe and Stable Families	93.556	Merced (County 24)	-	313,583
Promoting Safe and Stable Families	93.556	Merced (County 24)	-	10,527
Subtotal			-	324,110
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	1,535,545
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	149,668
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	10,858,451
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	2,706,637
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	2,192,014
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	1,600,231
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	944,824
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	1,273,782
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	159,225
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	25,207
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	24,568,924
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	83,855
Temporary Assistance for Needy Families	93.558	Merced (County 24)	-	684,521
Subtotal			-	46,782,884
Passed Through California Department of Child Support Services Child Support Enforcement	93.563	Merced (County 24)	-	5,729,466
Passed Through California Department of Social Services Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	Merced (County 24)	-	5,107
Community - Based Child Abuse Prevention Grants	93.590	Merced (County 24)	-	19,109
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Merced (County 24)	-	247,598

(Continued)

FEDERAL GRANTOR	Federal	Contract	Passed	Total
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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, 2019**

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	-	370,173
Foster Care - Title IV-E	93.658	Merced (County 24)	-	4,572,695
Foster Care - Title IV-E	93.658	Merced (County 24)	-	402
Foster Care - Title IV-E	93.658	Merced (County 24)	-	55,255
Foster Care - Title IV-E	93.658	Merced (County 24)	-	6,259
Foster Care - Title IV-E	93.658	Merced (County 24)	-	981
Foster Care - Title IV-E	93.658	Merced (County 24)	-	98,468
Foster Care - Title IV-E	93.658	Merced (County 24)	-	1,730
Foster Care - Title IV-E	93.658	Merced (County 24)	-	17,020
Foster Care - Title IV-E	93.658	Merced (County 24)	-	26,052
Foster Care - Title IV-E	93.658	Merced (County 24)	-	94,616
Foster Care - Title IV-E	93.658	Merced (County 24)	-	112,237
Foster Care - Title IV-E	93.658	Merced (County 24)	-	136,685
Foster Care - Title IV-E	93.658	Merced (County 24)	-	9,171
Foster Care - Title IV-E	93.658	Merced (County 24)	-	155,944
Foster Care - Title IV-E	93.658	Merced (County 24)	-	123,181
Foster Care - Title IV-E	93.658	Merced (County 24)	-	193,556
Foster Care - Title IV-E	93.658	Merced (County 24)	-	3,025,140
Foster Care - Title IV-E	93.658	Merced (County 24)	-	393,000
Subtotal			-	9,392,565
Adoption Assistance	93.659	Merced (County 24)	-	477,268
Adoption Assistance	93.659	Merced (County 24)	-	49,040
Adoption Assistance	93.659	Merced (County 24)	-	3,328,890
Adoption Assistance	93.659	Merced (County 24)	-	74,716
Subtotal			-	3,929,914
Passed Through California Department of Social Services Social Services Block Grant	93.667	Merced (County 24)	-	270,354
Passed Through California Department of Social Services Chafee Foster Care Independence Program	93.674	Merced (County 24)	-	105,390
Passed Through California Department of Public Health State and Local Public Health Actions to Prevent Obesity, Diabetes, and Heart Disease	93.757	14-10715 A03 (HE 1904)	-	91,956
Passed Through California Department of Health Care Services Children's Health Insurance Program	93.767	2007030 (HE1862)	-	141,859
Passed Through California Department of Social Services Medical Assistance Program	93.778	Merced (County 24)	-	748,957
Medical Assistance Program	93.778	Merced (County 24)	-	226,855
Medical Assistance Program	93.778	Merced (County 24)	-	132,809
Medical Assistance Program	93.778	Merced (County 24)	-	1,535,922
Medical Assistance Program	93.778	Merced (County 24)	-	21,094,595
Medical Assistance Program	93.778	Merced (County 24)	-	464,650
Medical Assistance Program	93.778	Merced (County 24)	-	94,955
Passed Through California Department of Aging Medical Assistance Program	93.778	2004211	-	664,239
Passed Through California Department of Health Care Services Medical Assistance Program	93.778	2007030 (HE1976)	-	530,649
Medical Assistance Program	93.778	2018265 (HE1976)	-	207,449
Medical Assistance Program	93.778	2018265 (HE1976)	-	181,490
Medical Assistance Program	93.778	2018265 (HE1976)	-	29,509
Medical Assistance Program	93.778	2013077	-	489,684
Medical Assistance Program	93.778	17-94084	-	397,968
Medical Assistance Program	93.778	17-94084	1,032,223	1,086,980

(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, 2019

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	201824 (HE 1883)	-	176,132
Medical Assistance Program	93.778	201824 (HE 1882)	-	313,830
Subtotal			<u>1,032,223</u>	<u>28,376,673</u>
Passed Through California Department of Public Health				
National Bioterrorism Hospital Preparedness Program	93.889	17-10171 (HE1851)	-	102,360
		15-11063/18-10876 (HE1661/2029)	-	94,678
HIV Care Formula Grants	93.917	16-10376 (HE 1691)	-	9,875
HIV Care Formula Grants	93.917		-	-
Subtotal			<u>-</u>	<u>104,553</u>
Passed Through California Department of Health Care Services				
Block Grants For Community Mental Health Services	93.958	78767951	-	899,817
Block Grants for Prevention and Treatment of Substance Abuse	93.959	17-94141	57,460	328,949
Passed Through California Department of Public Health				
Preventive Health Services - Sexually Transmitted Disease Control Grants	93.977	15-10257 (HE1531)	-	11,351
Maternal and Child Health Services Block Grant to the States	93.994	201824 (HE 1883)	-	148,713
<i>Total U.S. Department of Health and Human Services</i>			<u>1,089,683</u>	<u>99,789,002</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through California Governor's Office of Emergency Services				
Emergency Management Performance Grants	97.042	2018-0008	-	118,217
Homeland Security Grant Program	97.067	2016-0102	16,070	87,090
Homeland Security Grant Program	97.067	2017-0083	74,842	118,927
Homeland Security Grant Program	97.067	2018-0054	-	5,400
Subtotal			<u>90,912</u>	<u>211,417</u>
<i>Total U.S. Department of Homeland Security</i>			<u>90,912</u>	<u>329,634</u>
<i>Total Expenditures of Federal Awards, Excluding Federal Loan Balances Carried Forward from Prior Year</i>			<u>\$ 2,162,281</u>	<u>\$ 124,567,280</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	\$ -	\$ 72,371
Community Development Block Grants/State's Program	14.228	N/A	-	2,297,116
HOME Investment Partnership Program	14.239	N/A	-	3,734,606
<i>Total Federal Loan Balances Carried Forward from Prior Year</i>			<u>-</u>	<u>6,104,093</u>
<i>Total Expenditures of Federal Awards, Including Federal Loan Balances Carried Forward from Prior Year</i>			<u>\$ 2,162,281</u>	<u>\$ 130,671,373</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, 2019**

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	WIOA Youth Activities	17.259	Merced County Office of Education	K8106644	\$ 774,544
State Employment Development Department	WIOA Youth Activities	17.259	Merced County Office of Education	K9110025	207,142
California Department of Health Care Services	Medical Assistance Program	93.778	Aegis Medical Systems Inc.	17-94084	981,752
California Department of Health Care Services	Medical Assistance Program	93.778	CSMA	17-94084	50,471
California Department of Health Care Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959	CSMA	17-94141	57,460
California Governor's Office of Emergency Services	Homeland Security Grant Program	97.067	City of Gustine	2016-0102	16,070
California Governor's Office of Emergency Services	Homeland Security Grant Program	97.067	City of Merced	2017-0083	50,988
California Governor's Office of Emergency Services	Homeland Security Grant Program	97.067	City of Dos Palos	2017-0083	4,936
California Governor's Office of Emergency Services	Homeland Security Grant Program	97.067	City of Gustine	2017-0083	918
California Governor's Office of Emergency Services	Homeland Security Grant Program	97.067	City of Atwater	2017-0083	18,000
					\$ 2,162,281

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.

LOCAL PROGRAM TITLE	PROGRAM	C.F.D.A. #	CONTRACT OR PROGRAM NUMBER	FEDERAL EXPENDITURES	STATE EXPENDITURES
HICAP State Contract	HICAP	93.324	HI-1718-31	\$ 44,375	\$ 180,852
HICAP State Contract	SMP	State only	18241	-	3,500
MIPPA State Contract	MIPPA	93.071	MI-1819-31	21,692	-
Title III/VII State Contract	Nutrition Services	93.045	AP-1819-31	503,072	49,264
Title III/VII State Contract	NSIP	93.053	AP-1819-31	50,327	-
Title III/VII State Contract	Family Care Support IIIE	93.052	AP-1819-31	134,085	-
Title III/VII State Contract	Elder Abuse Title VII B	93.041	AP-1819-31	3,107	-
Title III/VII State Contract	Ombudsman Title VII A	93.042	AP-1819-31	31,294	-
Title III/VII State Contract	Disease Prev. & Promo. Svcs Title IIID	93.043	AP-1819-31	17,780	-
Title III/VII State Contract	Supp Svcs & Sr, Ctrs Title IIIB	93.044	AP-1819-31	273,563	60,386
Title III/VII State Contract	Sr, Farmers Market	10.576	AP-1819-31	10,000	-
Title III/VII State Contract	Ombudsman Special Deposit Fund (SHF)	State only	AP-1819-31	-	7,404
Title III/VII State Contract	Ombudsman Skilled Nursing Fac Quality & Acctability Fund	State only	AP-1819-31	-	9,185
Title III/VII State Contract	Ombudsman PHL & C	State only	AP-1819-31	-	1,934
SNAP-ED-AAA	SNAP-ED AAA	10.561	SP-1819-31	7,030	-
SNAP-ED-AAA	Prior Year SNAP ED	10.561	SP-1718-31	58,577	-
				<u>\$ 1,154,902</u>	<u>\$ 312,525</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, 2019:

	C.F.D.A. Number	June 30, 2019 Amount Outstanding
Economic Adjustment Assistance	11.307	\$ 72,371
Community Development Block Grants/State's Programs	14.228	2,297,116
HOME Investment Partnership Program	14.239	3,734,606
		<u>\$ 6,104,093</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 for over 99% of its federal grants. The County elected to use the 10 percent de minimus indirect cost rate for the following programs:

<u>Program Title</u>	<u>Federal C.F.D.A. Number</u>	<u>Federal Expenditures</u>
Crime Victim Assistance	16.575	\$ 81,291
Crime Victim Assistance	16.575	280,029
Crime Victim Assistance	16.575	211,352
Crime Victim Assistance	16.575	<u>148,431</u>
Total		<u>\$ 721,103</u>

FINDINGS AND QUESTIONED COSTS

**COUNTY OF MERCED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes 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
93.563	Child Support Enforcement
93.659	Adoption Assistance

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

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

**COUNTY OF MERCED
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Prior Year Financial Statement Findings

Finding 2018-FS01 — Year-End Accruals for Expenditure Items

Condition

During our search for unrecorded liabilities testing, we discovered two disbursements made after the year-end relating to one of the County's Departments were not accrued as fiscal year 2019 liability and expenditure items.

Criteria

Government Accounting Standards require that expenditures be accrued and recorded in the period they incurred.

Cause of Condition

The Department over looked the cash disbursements made after the year-end and failed to accrue the items for goods and services that were provided before the end of the fiscal year.

Potential Effect of Condition

Accounts payable and related expenditures were materially understated.

Recommendation

We recommend that the County enforce the year-end accrual policy and request all Departments to review all significant disbursements subsequent to the year-end to ensure that all significant transactions relating to goods and services provided prior to the end of the year are accrued.

Management Response

The County agreed to our recommendation. The County Auditor-Controller's Office will improve oversight over the Departments to ensure that the County year-end accrual and closing policy and procedures are followed.

Current Year Status

Implemented.