

COUNTY OF INYO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2016



COUNTY OF INYO

Single Audit Report
For the Year Ended June 30, 2016

Table of Contents

	<u>Page</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>	1-2
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by Uniform Guidance	3-5
Schedule of Expenditures of Federal Awards.....	6-8
Notes to Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs.....	10-11
Summary Schedule of Prior Audit Findings	12
Supplementary Schedule of the Governor's Office of Emergency Services Grant Expenditures	13



**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**

Board of Supervisors and Grand Jury
County of Inyo
Independence, California

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Inyo (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 21, 2017. Our audit includes a reference to other auditors who audited the financial statements of First 5 Inyo County, a discretely presented component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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*.

Board of Supervisors and Grand Jury
County of Inyo

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Roseville, California
March 21, 2017



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Supervisors and Grand Jury
County of Inyo
Independence, California

Report on Compliance for Each Major Federal Program

We have audited the County of Inyo's (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 (CFR) 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 above. 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2016, and have issued our report thereon dated March 21, 2017, which contained an unmodified opinion on those financial statements. We did not audit the financial statements of First 5 Inyo County, which is a discretely presented component unit of the County. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for First 5 Inyo County are based solely on the reports of the other auditors. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with

Board of Supervisors and Grand Jury
County of Inyo

auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Matters

The Schedule of the California Emergency Management Agency Grant Expenditures has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

CliftonLarsonAllen LLP

Roseville, California
March 21, 2017

COUNTY OF INYO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Agriculture</u>				
Passed through California Dept. of Food & Agriculture:				
Asian Defoliating Moth	10.025	15-431	\$ 3,351	\$ --
Exotic Fruit Fly	10.025	14-0511	2,759	--
Subtotal CFDA Number 10.025			<u>6,110</u>	<u>--</u>
Invasive Plant Management	10.680	14-001	<u>2,241</u>	<u>--</u>
Passed through State Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CalFresh)	10.561		<u>544,581</u>	<u>--</u>
Passed through State Department of Public Health:				
SNAP Education	10.561		<u>59,444</u>	<u>--</u>
Subtotal CFDA Number 10.561			<u>604,025</u>	<u>--</u>
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		<u>292,753</u>	<u>--</u>
Total U.S. Department of Agriculture			<u>\$ 905,129</u>	<u>\$ --</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed through State Department of Housing and Urban Development:				
HOME Investment Partnership Program	14.239		<u>780,000</u>	<u>--</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 780,000</u>	<u>\$ --</u>
<u>U.S. Department of Justice</u>				
Direct Programs:				
2015 Domestic Cannabis Eradication/Suppression Program	16.000	2016-130	<u>5,000</u>	<u>--</u>
Passed through California Emergency Management Agency:				
Crime Victim Witness Assistance Program	16.575	VW 15 24 0140	<u>68,566</u>	<u>--</u>
Total U.S. Department of Justice			<u>\$ 73,566</u>	<u>\$ --</u>
<u>U.S. Department of Labor</u>				
Passed through Kern County:				
Workforce Investment Act - Adult Program	17.258		<u>16,373</u>	<u>--</u>
Total U.S. Department of Labor			<u>\$ 16,373</u>	<u>\$ --</u>
<u>U.S. Department of Transportation</u>				
Passed through State Department of Transportation:				
Airport Improvement Program	20.106	AIP -03-06-0024-015-2013	41,276	--
Airport Improvement Program	20.106	AIP -03-06-0024-014-2013	16,242	--
Airport Improvement Program	20.106	AIP -03-06-0024-016-2014	1,603,143	--
Airport Improvement Program	20.106	AIP -03-06-0126-010-2014	80,317	--
Airport Improvement Program	20.106	AIP -03-06-0126-009-2014	59,931	--
Airport Improvement Program	20.106	AIP -03-06-0126-011-2015	90,185	--
Airport Improvement Program	20.106	AIP -03-06-0108-007-2015	269,354	--
Airport Improvement Program	20.106	AIP -03-06-0024-017-2015	976,120	--
Subtotal CFDA Number 20.106			<u>3,136,568</u>	<u>--</u>
Highway Planning and Construction	20.205	RSTPLE-5948-(059)	15,949	--
Highway Planning and Construction	20.205	RSTPLE-5948-(064)	1,198,383	--
Highway Planning and Construction	20.205	BRLO-5948-(074)	104,431	--
Highway Planning and Construction	20.205	BRLO-5948-(075)	29,180	--
<u>U.S. Department of Transportation (continued)</u>				

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF INYO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures	Expenditures to Subrecipients
Passed through State Department of Transportation (continued):				
Highway Planning and Construction	20.205	BRLO-5948-(076)	92,796	--
Highway Planning and Construction	20.205	BRLO-5948-(085)	17,054	--
Highway Planning and Construction	20.205	RPSTPLE-5948(077)	592,789	--
Highway Planning and Construction	20.205	RPSTPLE-5948(080)	3,452	--
Subtotal CFDA Number 20.205			<u>2,054,034</u>	<u>--</u>
Public Transportation Emergency Relief Program	20.527		4,648	--
Total U.S. Department of Transportation			<u>\$ 5,195,250</u>	<u>\$ --</u>
<u>U.S. Department of Energy</u>				
Direct Program:				
Yucca Mountain Oversight Grant	81.065		134,602	--
Total U.S. Department of Energy			<u>\$ 134,602</u>	<u>\$ --</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through State Department of Child Support Services:				
Child Support Enforcement	93.563		746,236	--
Passed through State Department of Social Services:				
Promoting Safe and Stable Families	93.556		12,568	--
Temporary Assistance for Needy Families	93.558		864,235	--
Community-Based Child Abuse Prevention Grants	93.590		48,303	--
Stephanie Tubbs Jones Child Welfare Services Program	93.645		25,132	--
Foster Care - Title IV-E	93.658		590,092	--
Adoption Assistance Program	93.659		22,074	--
Social Services Block Grant	93.667		17,217	--
Chafee Foster Care Independence Program	93.674		13,452	--
Subtotal Pass-Through			<u>1,593,073</u>	<u>--</u>
Passed through State Department of Aging:				
Title VII Elder Abuse Prevention	93.041		665	--
Title VII Ombudsmen	93.042		20,152	--
Title III - Part D - Prevention Services	93.043		2,706	--
Title III - Part B - Supportive Services	93.044		136,680	--
Title III - Part C - Nutrition Services	93.045		254,152	--
Title III - Part E - NFCSP	93.052		25,864	--
Nutrition Services Incentive Program	93.053		43,384	--
Subtotal Pass-Through			<u>483,603</u>	<u>--</u>
Passed through State Department of Public Health:				
Maternal and Child Health Federal Consolidated Programs	93.110		87,712	--
Immunization Grants	93.268		39,438	--
CARES Programs - AIDS	93.940		57,748	--
HIV/AIDS Surveillance	93.944		5,052	--
Public Health Emergency Preparedness	93.069		235,112	--
Subtotal Pass-Through			<u>425,062</u>	<u>--</u>
Passed through State Department of Health Care Services:				
California Children's Service - Admin	93.767		36,980	--
California Children's Service - Treatment	93.768		11,257	--
Subtotal			<u>48,237</u>	<u>--</u>

U.S. Department of Health and Human Services (continued)

Passed through State Department of Health Care Services (continued):

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF INYO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures	Expenditures to Subrecipients
Medical Assistance Program	93.778		623,660	--
Medical Administrative Services	93.778		73,728	--
Subtotal CFDA 93.778			<u>697,388</u>	<u>--</u>
Maternal and Child Health Services Block Grant to the States	93.994		<u>36,385</u>	<u>--</u>
Passed through the State Department of Mental Health: Block Grants for Community Mental Health Services	93.958		<u>161,275</u>	<u>--</u>
Passed through State Department of Alcohol and Drug Abuse Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959		<u>357,279</u>	<u>--</u>
Total U.S. Department of Health and Human Services			<u>\$ 4,548,538</u>	<u>\$ --</u>
Federal Emergency Management Agency				
Passed through Governor's Office of Emergency Services: Pre-Disaster Mitigation	97.047	2014-0005	<u>51,840</u>	<u>--</u>
Total Federal Emergency Management Agency			<u>\$ 51,840</u>	<u>\$ --</u>
U.S. Department of Homeland Security				
Passed through Governor's Office of Homeland Security: State Homeland Security Program (HSGP)	97.067	2015-0078	57,335	--
State Homeland Security Program (SHSP)	97.067	2014-0093	48,349	--
Subtotal CFDA Number 97.067			<u>105,684</u>	<u>--</u>
Total U.S. Department of Homeland Security			<u>\$ 105,684</u>	<u>\$ --</u>
Total Expenditures of Federal Awards			<u>\$ 11,810,982</u>	<u>\$ --</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF INYO

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Inyo for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 3: CATALOG OF FEDERAL DOMESTIC (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2016 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier and the word "unknown" were used.

NOTE 4: LOANS WITH CONTINUING COMPLIANCE REQUIREMENT

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of June 30, 2016 as follows:

Federal CFDA #	Program Title	Amounts Outstanding	
		July 1, 2015	June 30, 2016
14.239	HOME Investment Partnerships Program	\$ 780,000	\$ 780,000

NOTE 5: DEPARTMENT OF AGING FEDERAL/STATE SHARE

The California Department of Aging (CDA) requires agencies who receive CDA funding to display state-funded expenditures discretely along with federal expenditures. The County expended the following state and federal amounts under these grants:

US Department of Health and Human Services

Passed through California Department of Aging

Title VII Elder Abuse Prevention	93.041	\$ --	\$ 665
Title VII Ombudsmen	93.042	20,119	20,152
Title III - Part D - Prevention Services	93.043	-	2,706
Title III - Part B - Supportive Services	93.044	8,943	136,680
Title III - Part C - Nutrition Services	93.045	241,109	254,152
Title III - Part E - NFCSP	93.052	-	25,864
Nutrition Services Incentive Program	93.052	-	43,384
Total		\$ 270,171	\$ 483,603

NOTE 6: INDIRECT COST RATE

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

COUNTY OF INYO

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Section 1

Financial Statements

Summary of Auditor's Results

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Internal controls over major program: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None Reported |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |

4. Identification of major programs:

CFDA Number

Name of Federal Program

20.106

Airport Improvement Program

- | | |
|---|------------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs. | \$ 750,000 |
| 6. Auditee qualified as a low-risk auditee? | Yes |

COUNTY OF INYO

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Section 2

Financial Statement Findings

None Reported

Section 3

Federal Awards Findings and Questioned Costs

None Reported

COUNTY OF INYO

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2015

There were no findings noted for the year ended June 30, 2015.

**SUPPLEMENTARY SCHEDULE
OF
THE GOVERNOR'S OFFICE OF
EMERGENCY SERVICES**

COUNTY OF INYO

Supplementary Schedule of the
Governor's Office of Emergency Services
Grants Expenditures
For the Year Ended June 30, 2016

The following represents expenditures for the Governor's Office of Emergency Services (Cal OES) programs for the year ended June 30, 2016. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2015	For the Year Ended June 30, 2016	Cumulative As of June 30, 2016	Federal Share	State Share	County Share
Victim Witness Assistance Program - VW 1524 0140						
Personnel services	\$ 83,064	\$ 84,373	\$ 167,437	\$ 34,964	\$ 50,409	\$ --
Operating expenses	17,772	22,428	40,200	21,428	--	--
Equipment	--	12,174	12,174	12,174	--	--
Totals	\$ 100,836	\$ 118,975	\$ 219,811	\$ 68,566	\$ 50,409	\$ --
2014 Homeland Security Grant - 027-0001						
Personnel services	\$ --	\$ 7,135	\$ 7,135	\$ 7,135	\$ --	\$ --
Operating expenses	--	1,217	1,217	1,217	--	--
Equipment	--	39,997	39,997	39,997	--	--
Totals	\$ --	\$ 48,349	\$ 48,349	\$ 48,349	\$ --	\$ --
2015 Homeland Security Grant - 027-0000						
Personnel services	\$ 1,226	\$ 7,776	\$ 9,002	\$ 7,232	\$ 4,408	\$ --
Operating expenses	69	42,134	42,203	39,185	--	--
Equipment	29,592	11,833	41,425	10,919	--	--
Totals	\$ 30,887	\$ 61,743	\$ 92,630	\$ 57,335	\$ 4,408	\$ --
Pre-Disaster Mitigation - 0258						
Operating expenses	\$ --	\$ 51,840	\$ 51,840	\$ 51,840	\$ --	\$ --
Totals	\$ --	\$ 51,840	\$ 51,840	\$ 51,840	\$ --	\$ --