

COUNTY OF INYO
SINGLE AUDIT REPORT
JUNE 30, 2009

COUNTY OF INYO

Single Audit Report
For the Year Ended June 30, 2009

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**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 the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Inyo, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated April 5, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Inyo's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Board of Supervisors and Grand Jury
County of Inyo

Internal Control Over Financial Reporting (continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County of Inyo in a separate letter dated April 5, 2010.

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



Roseville, California
April 5, 2010



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the County of Inyo, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County of Inyo's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Inyo's management. Our responsibility is to express an opinion on the County of Inyo's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Inyo's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Inyo's compliance with those requirements.

In our opinion, the County of Inyo complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the County of Inyo is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Inyo's internal control over compliance with the requirements that could have a direct and material

Board of Supervisors and Grand Jury
County of Inyo

Internal Control Over Compliance (continued)

effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 of Inyo's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Inyo as of and for the year ended June 30, 2009, and have issued our report thereon dated April 5, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Board of Supervisors and Grand Jury
County of Inyo

The Supplementary Schedule of the California Emergency Management Agency Grant Expenditures, on page 17, has not been subjected to auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

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

A handwritten signature in cursive script that reads "Gallina LLP".

Roseville, California
April 5, 2010

COUNTY OF INYO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed through State Department of Social Services:			
Supplemental Nutrition Assistance Program	10.551	* --	\$ 1,779,908
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	* --	<u>203,775</u>
<i>Subtotal Supplemental Nutrition Assistance Program Cluster</i>			<u>1,983,683</u>
Passed through State Department of Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	--	<u>268,804</u>
Passed through State Controller's Office:			
Secure Payments for States and Counties Containing Federal Lands	10.665	--	<u>215,927</u>
Total U.S. Department of Agriculture			<u>\$ 2,468,414</u>
<u>U.S. Department of the Interior</u>			
Direct Program:			
Payments in Lieu of Taxes	15.226	* --	<u>1,582,560</u>
Total U.S. Department of the Interior			<u>\$ 1,582,560</u>
<u>U.S. Department of Justice</u>			
Direct Program:			
Domestic Cannabis Eradication/Suppression Program	16.000	2008-24	39,000
Passed through California Emergency Management Agency:			
Victim Witness Assistance Program	16.575	VW08170140	26,124
Anti-Drug Abuse Enforcement Program	16.738	DC08190140	<u>117,772</u>
Subtotal			<u>143,896</u>
Total U.S. Department of Justice			<u>\$ 182,896</u>

* Major Program

COUNTY OF INYO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Labor</u>			
Passed through Kern County:			
Workforce Investment Act - Title I Adult Formula	17.258	--	\$ 51,139
ARRA - Workforce Investment Act - Youth	17.259	--	8,595
<i>Subtotal WIA Cluster</i>			<u>59,734</u>
 Total U.S. Department of Labor			 <u>\$ 59,734</u>
 <u>U.S. Department of Transportation</u>			
Passed through State Department of Transportation (Division of Aeronautics):			
Airport Improvement Program	20.106	AIP 3-06-010-8-02	\$ 8,349
Airport Improvement Program	20.106	AIP 3-06-010-8-03	1,462
Airport Improvement Program	20.106	AIP 3-06-010-8-04	806,434
Airport Improvement Program	20.106	AIP 3-06-010-8-05	31,237
Airport Improvement Program	20.106	AIP 3-06-0126-06	5,370
Subtotal CFDA 20.106			<u>852,852</u>
 Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	STPLER-5948(047)	1,187
Highway Planning and Construction	20.205	RSTPLE-5948(059)	48,698
Highway Planning and Construction	20.205	BRLO-5948-001	7,088
Highway Planning and Construction	20.205	BRLO-5948-051	1,331
Regional Surface Transportation Funds	20.205	--	673,353
Subtotal CFDA 20.205			<u>731,657</u>
 Passed through California Emergency Management Agency:			
FY 2008 Hazardous Materials Emergency Preparedness Grant Program	20.703	7033-150, 027-00000-14	14,850
 Total U.S. Department of Transportation			 <u>\$ 1,599,359</u>
 <u>U.S. Department of Energy</u>			
Direct Programs:			
U.S. Department of Energy Cooperative Agreement	81.065	*	358,224
Yucca Mountain Oversight Grant	81.065	*	689,377
Subtotal Direct Programs			<u>1,047,601</u>

* Major Program

COUNTY OF INYO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Energy</u> (continued)			
Passed through State Controller's Office:			
Federal Geothermal Program	81.000	--	\$ 512,819
Total U.S. Department of Energy			<u>\$ 1,560,420</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through County of Mono Child Support Services :			
Child Support Enforcement	93.563 *	--	<u>479,553</u>
Passed through State Department of Social Services:			
Family Preservation and Support Services	93.556	--	3,933
Temporary Assistance for Needy Families	93.558	--	1,455,213
Child Welfare Services – State Grants	93.645	--	62,600
Subtotal			<u>1,521,746</u>
Foster Care - Title IV-E:			
Foster Care - Title IV-E GYM PT	93.658 *	--	218,310
Foster Care – Title IV-E	93.658 *	--	582,602
ARRA - Foster Care - Title IV-E	93.658 *	--	5,740
Subtotal CFDA 93.658			<u>806,652</u>
Child Welfare Services - Title XX	93.667	--	15,021
Independent Living	93.674	--	24,589
Subtotal			<u>39,610</u>
Adoption Assistance	93.659	--	12,993
ARRA- Adoption Assistance	93.659	--	1,288
Subtotal CFDA 93.659			<u>14,281</u>
Passed through State Department of Public Health:			
Immunization Program	93.268	--	10,000
Immunization Program	93.268	--	25,276
Subtotal			<u>35,276</u>

COUNTY OF INYO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Health and Human Services</u> (continued)			
Passed through State Department of Health Care Services:			
Maternal and Child Health Services	93.110	--	\$ 215,805
California Children's Services	93.767	--	45,674
Medical Assistance Program	93.778 *	--	342,503
ARRA - Medical Assistance Program	93.778 *	--	24,529
Children's Health and Disability Program	93.994	--	<u>99,536</u>
Subtotal			<u>728,047</u>
Passed through the State Department of Mental Health:			
Substance Abuse and Mental Health Services Administration (SAMHSA)	93.958	--	<u>162,552</u>
Passed through State Department of Alcohol and Drug Abuse Programs:			
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	--	<u>309,578</u>
Total Department of Health and Human Services			<u>\$ 4,097,295</u>
<u>U.S. Department of Homeland Security</u>			
Passed through California Emergency Management Agency:			
FY 2006 Emergency Management Grant Program (EMPG)	97.042	--	<u>\$ 22,850</u>
Passed through Governor's Office of Homeland Security:			
FY 2006 Homeland Security Grant Program (SHSP)	97.073	--	5,416
FY 2006 Homeland Security Grant Program (SHSP)	97.073	--	110,413
FY 2006 Homeland Security Grant Program (SHSP)	97.073	--	<u>91,278</u>
Subtotal CFDA 97.073			<u>207,107</u>
Total U.S. Department of Homeland Security			<u>\$ 229,957</u>
Total Expenditures of Federal Awards Excluding Loans			<u><u>\$ 11,780,635</u></u>

* Major Program

COUNTY OF INYO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>Beginning Federal Loan Balances With a Continuing Compliance Requirement</u>			
<u>U.S. Department of Housing and Urban Development</u>			
Passed through State Department of Housing and Community Development:			
HOME Investment Partnerships Program	14.239	--	<u>\$ 780,000</u>
Federal Loan Balances with a Continuing Compliance Requirement			<u>780,000</u>
Total Expenditures of Federal Awards Including Loans			<u><u>\$ 12,560,635</u></u>

COUNTY OF INYO

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Note 1: **Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Inyo. The County of Inyo reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies is included in the schedule.

Note 2: **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is prepared on a modified accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 3: **Relationship to Financial Statements**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements. Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General and Special Revenue funds.

Note 4: **Subrecipients**

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County provided federal awards to subrecipients as follows:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Amount Provided to Subrecipients</u>
17.258	Workforce Investment Act – Title I Adult Formula	\$ 8,272

Note 5: **Pass-Through Entities' Identifying Number**

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

COUNTY OF INYO

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Note 6: **Program Clusters**

Federal programs, which must be audited together as a program cluster, include the following:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Federal Expenditures</u>
<u>Supplemental Nutrition Assistance Program (SNAP) Cluster:</u>		
10.551	Supplemental Nutrition Assistance Program	\$ 1,779,908
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	<u>203,775</u>
	TOTAL	<u>\$ 1,983,683</u>

Note 7: **Loans with Continuing Compliance Requirement**

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of June 30, 2009 as follows:

<u>Federal CFDA#</u>	<u>Program Title</u>	<u>Amount Outstanding</u>	
		<u>July 1, 2008</u>	<u>June 30, 2009</u>
14.239	HOME Investment Partnerships Program	\$ 780,000	\$ 780,000

COUNTY OF INYO

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Section 1

Summary of Auditor's Results

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | 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 not considered to be material weaknesses? | None Reported |
| 2. Type of auditor's report issued on compliance for major program: | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | No |
| 4. Identification of major program: | |

CFDA Number

Name of Federal Program

SNAP Cluster

10.551

Supplemental Nutrition Assistance
Program – Food Stamps

10.561

State Administrative Matching Grants
for the Supplemental Nutrition
Assistance Program

15.226

Payments in Lieu of Taxes

81.065

Yucca Mountain Oversight Grant

93.563

Child Support Enforcement

93.658

Foster Care – Title IV-E

93.778

Medical Assistance Program

COUNTY OF INYO

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Section 1 (continued)

Federal Awards

Summary of Auditor's Results

- | | |
|---|------------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs. | \$ 353,419 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | Yes |

Section 2

Financial Statement Findings

None Reported.

Section 3

Federal Awards and Questioned Costs

None Reported.

COUNTY OF INYO

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

<u>Program</u>	<u>Findings/Noncompliance</u>
N/A	None reported.

COUNTY OF INYO

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2009

Audit Reference Number	Status of Prior Year Audit Findings
N/A	None reported.

**SUPPLEMENTARY SCHEDULE
OF
THE CALIFORNIA EMERGENCY
MANAGEMENT AGENCY GRANT EXPENDITURES**

COUNTY OF INYO

Supplementary Schedule of the
California Emergency Management Agency Grant Expenditures
For the Year Ended June 30, 2009

California Emergency Management Agency Grants

The following represents expenditures for California Emergency Management Agency (Cal EMA) programs for the year ended June 30, 2009. 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, 2008	For the Year Ended June 30, 2009	Cumulative As of June 30, 2009	Federal Share	State Share	County Share
<u>DC08190140 - Anti-Drug Abuse Enforcement Program</u>						
Personal services	\$ 252,456	\$ 74,494	\$ 326,950	\$ 74,494	\$ --	\$ --
Operating expenses	147,613	43,278	190,891	43,278	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ 400,069</u>	<u>\$ 117,772</u>	<u>\$ 517,841</u>	<u>\$ 117,772</u>	<u>\$ --</u>	<u>\$ --</u>
<u>VB08060140 - Vertical Prosecution Program</u>						
Personal services	\$ 107,477	\$ 47,335	\$ 154,812	\$ --	\$ 47,335	\$ --
Operating expenses	45,094	--	45,094	--	--	--
Equipment	20,144	--	20,144	--	--	--
Totals	<u>\$ 172,715</u>	<u>\$ 47,335</u>	<u>\$ 220,050</u>	<u>\$ --</u>	<u>\$ 47,335</u>	<u>\$ --</u>
<u>VW08170140 - Victim Witness Assistance Program</u>						
Personal services	\$ 218,405	\$ 69,889	\$ 288,294	\$ 26,124	\$ 43,765	\$ --
Operating expenses	8,871	--	8,871	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ 227,276</u>	<u>\$ 69,889</u>	<u>\$ 297,165</u>	<u>\$ 26,124</u>	<u>\$ 43,765</u>	<u>\$ --</u>