

**COUNTY OF INYO**  
**SINGLE AUDIT REPORT**  
**JUNE 30, 2012**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**COUNTY OF INYO**

Single Audit Report  
For the Year Ended June 30, 2012

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 with Requirements That Could Have a Direct and Material Effect on to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	3-4
Schedule of Expenditures of Federal Awards.....	5-8
Notes to Schedule of Expenditures of Federal Awards .....	9
Schedule of Findings and Questioned Costs.....	11-12
Summary Schedule of Prior Audit Findings .....	13-14
Supplementary Schedule of the California Emergency Management Agency Grant Expenditures .....	15

**THIS PAGE INTENTIONALLY LEFT BLANK**



**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 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, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 22, 2013. Our report was modified to include a reference to other auditors. 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. Other auditors audited the financial statements of the First 5 Inyo County as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing on internal control over financial reporting or compliance and other matters that are reported on separately by other auditors.

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 *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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, 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*.

Board of Supervisors and Grand Jury  
County of Inyo

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.

A handwritten signature in cursive script that reads "Gallina LLP". The signature is written in black ink on a white background.

Roseville, California  
March 22, 2013



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. 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 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, 2012.

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 effect on a major federal program in order to determine our auditing procedures 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance 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.

Board of Supervisors and Grand Jury  
County of Inyo

Schedule of Expenditures of Federal Awards

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 of Inyo as of and for the year ended June 30, 2012, and have issued our report thereon dated March 22, 2013 which contained unqualified opinions on those financial statements. We did not audit First 5 Inyo County for the year ended June 30, 2012.

Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for First 5 Inyo are based on the report of the other auditors. Our audit was performed for the purpose of forming opinions 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of the County's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the County's compliance but not to provide an opinion on the effectiveness of the County's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Inyo's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.



Roseville, California  
March 22, 2013



**COUNTY OF INYO**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Agriculture</u>			
<u>Direct Program:</u>			
Community Facility Loans & Grants	10.766		\$ 30,468
Passed through State Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	--	340,374
Passed through State Department of Food & Agriculture:			
ARRA - Wildland Fire Management	10.688	--	63,365
Plant and Animal Disease, Pest Control, and Animal Care	10.025		11,161
Subtotal Pass through:			74,526
Passed through State Department of Health Care Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	--	360,703
Passed through State Controller's Office:			
Schools and Roads - Grants to States	10.665	--	231,611
Total U.S. Department of Agriculture			\$ 1,037,682
<u>U.S. Department of the Interior</u>			
<u>Direct Program:</u>			
Payments in Lieu of Taxes	15.226		1,610,415
Total U.S. Department of the Interior			\$ 1,610,415
<u>U.S. Department of Justice</u>			
<u>Direct Programs:</u>			
Bulletproof Vest Partnership Program	16.607		11,790
COPS Technology Grant	16.710		145,199
Subtotal Direct Programs			156,989
Passed through California Emergency Management Agency:			
Crime Victim Witness Assistance Program	16.575	VW10190140	34,513
Crime Victim Witness Assistance Program	16.575	UV10010140	113,687
Subtotal CFDA Number 16.575			148,200
Passed through California Emergency Management Agency (continued):			
Evidenced-Based Probation Supervision Program	16.738	ZP09010140	12,070
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC10210140	97,373
Subtotal Pass-Through			257,643
Total U.S. Department of Justice			\$ 414,632

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, 2012

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 - Adult Program	17.258	--	\$ 154,915
Total U.S. Department of Labor			\$ 154,915
<u>U.S. Department of Transportation</u>			
Passed through State Department of Transportation (Division of Aeronautics):			
Airport Improvement Program	20.106	AIP 03-06-0024-012-2008	8,262
Airport Improvement Program	20.106	AIP 03-06-0126-007-2008	4,326
Airport Improvement Program	20.106	AIP-03-06-0126-008-2011	21,271
Airport Improvement Program	20.106	AIP 03-06-0108-006-2011	14,214
Subtotal CFDA 20.106			48,073
Highway Planning and Construction	20.205	BRLO-5948-(073)	39,515
Highway Planning and Construction	20.205	BRLO-5948-(001)	70,670
Highway Planning and Construction	20.205	BRLO-5947-(051)	336,348
Highway Planning and Construction	20.205	BRLO-5947-(075)	4,109
Highway Planning and Construction	20.205	BRLO-5947-(074)	5,729
Highway Planning and Construction	20.205	BRLO-5947-(076)	5,139
Highway Planning and Construction	20.205	BRLO-5947-(077)	13,204
Highway Planning and Construction	20.205	--	673,353
Subtotal CFDA 20.205			1,148,066
Total U.S. Department of Transportation			\$ 1,196,139
<u>U.S. Department of Energy</u>			
Direct Programs:			
Yucca Mountain Oversight Grant	81.065		144,174
Passed through State Controller's Office:			
Energy Efficiency & Conservation Block Grant Program	81.128	--	\$ 54,686
Federal Geothermal Program	81.000	--	70,000
Subtotal			124,686
Total U.S. Department of Energy			\$ 268,860
<u>U.S. Department of Health and Human Services</u>			
Passed through California Department of Child Support Services :			
Child Support Enforcement	93.563	--	700,881

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, 2012

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 (continued)</u>			
Passed through State Department of Social Services:			
Promoting Safe and Stable Families	93.556	--	\$ 6,314
Temporary Assistance for Needy Families	93.558	--	1,259,407
Community-Based Child Abuse Prevention Grants	93.590	--	25,556
Stephanie Tubbs Jones Child Welfare Services Program	93.645	--	16,909
Social Services Block Grant	93.667	--	68,242
Chafee Foster Care Independence Program	93.674	--	16,413
Subtotal			<u>1,392,841</u>
Foster Care - Title IV-E:			
Foster Care - Title IV-E	93.658	--	661,343
ARRA - Foster Care - Title IV-E	93.658	--	77
Subtotal CFDA 93.658			<u>661,420</u>
Adoption Assistance Program	93.659	--	11,820
Subtotal Department of Social Services			<u>2,066,081</u>
Passed through State Department of Public Health:			
Maternal and Child Health Federal Consolidated Programs	93.110	--	137,062
Immunization Grants	93.268	--	29,005
HIV Prevention Activities - Health Department Based	93.940	--	59,034
HIV/AIDS Surveillance	93.944	--	5,472
Subtotal			<u>230,573</u>
Passed through State Department of Health Care Services:			
Children's Health Insurance Program	93.767	--	40,091
Medical Assistance Program	93.778	--	433,256
Maternal and Child Health Services Block Grant to the States	93.994	--	55,480
Subtotal			<u>528,827</u>
Passed through the State Department of Mental Health:			
Block Grants for Community Mental Health Services	93.958	--	167,839
Passed through State Department of Alcohol and Drug Abuse Programs:			
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	--	398,049
Total U.S. Department of Health and Human Services			<u>\$ 4,092,250</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, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Homeland Security</u>			
Passed through Governor's Office of Homeland Security:			
State Homeland Security Program (SHSP)	97.073	FY 2009	\$ 7,779
State Homeland Security Program (SHSP)	97.073	FY 2010	73,802
State Homeland Security Program (SHSP)	97.073	FY 2011	325
Subtotal CFDA 97.073			81,906
Total U.S. Department of Homeland Security			\$ 81,906
Total Expenditures of Federal Awards			\$ 8,856,799

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, 2012

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 are 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: **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.

NOTE 5: **LOANS WITH CONTINUING COMPLIANCE REQUIREMENT**

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of June 30, 2012 as follows:

Federal CFDA#	Program Title	Amount Outstanding	
		July 1, 2011	June 30, 2012
14.239	HOME Investment Partnerships Program	\$ 780,000	\$ 780,000

**THIS PAGE INTENTIONALLY LEFT BLANK**

**COUNTY OF INYO**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2012

**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 programs:  |               |
| All Major Programs  | 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 programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.561	State Administrative Matching Grants for the Supplemental nutrition Assistance Program
15.226	Payments in Lieu of Taxes
93.110	Maternal and Child Health Federal Consolidated Programs
93.558	Temporary Assistance for Needy Families
93.658	Foster Care – Title IV-E
93.778	Medical Assistance Program
93.958	Block Grants for Community Mental Health Services

**COUNTY OF INYO**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2012

**Section 1 (continued)**

Federal Awards

Summary of Auditor's Results

- |   |            |
|---|------------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs.       | \$ 300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No         |

**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, 2011

**Reference Number:** 11-SA-1  
**Federal Program Title:** Recovery Act of 2009 – Wildland Fire Management  
**CFDA Number(s):** 10.688  
**Federal Agency:** U.S. Department of Agriculture  
**Pass-Through Entity:** State Department of Food and Agriculture  
**Compliance Requirement:** Activities Allowed or Unallowed and Allowable Costs/Cost Principles

**Recommendation:**

We recommend that Department employees who perform any work on functions for this grant prepare, sign and submit to a member of management signed timesheets at the end of each pay period. We also recommend that a member of management receive, review and sign as the authorizing official timesheets received from employees for each pay period.

**Status:**

Implemented

**COUNTY OF INYO**

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2011

**Reference Number:** 11-SA-2  
**Federal Program Title:** Recovery Act of 2009 – Wildland Fire Management  
**CFDA Number(s):** 10.688  
**Federal Agency:** U.S. Department of Agriculture  
**Pass-Through Entity:** State Department of Food and Agriculture  
**Compliance Requirement:** Special Tests and Provisions

**Recommendation:**

We recommend the Department establish and maintain internal controls that will allow for the proper identification and tracking of the Department's ARRA fund expenditures.

**Status:**

Implemented

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

**COUNTY OF INYO**

Supplementary Schedule of the  
California Emergency Management Agency Grant Expenditures  
For the Year Ended June 30, 2012

**California Emergency Management Agency Grants**

The following represents expenditures for California Emergency Management Agency (Cal EMA) programs for the year ended June 30, 2012. 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, 2011	For the Year Ended June 30, 2012	Cumulative As of June 30, 2012	Federal Share	State Share	County Share
<b><u>Anti-Drug Abuse Enforcement Program - DC11220140</u></b>						
Personal services	\$ 34,823	\$ 38,200	\$ 73,023	\$ 38,200		\$ --
Operating expenses	94,835	59,143	153,978	59,143		--
Totals	<u>\$ 129,658</u>	<u>\$ 97,343</u>	<u>\$ 227,001</u>	<u>\$ 97,343</u>		<u>\$ --</u>
<b><u>Victim Witness Assistance Program VW11200140</u></b>						
Personal services	\$ 78,278	\$ 78,278	\$ 156,556	\$ 34,513	\$ 43,765	\$ 8,628
Operating expenses					--	--
Totals	<u>\$ 78,278</u>	<u>\$ 78,278</u>	<u>\$ 156,556</u>	<u>\$ 34,513</u>	<u>\$ 43,765</u>	<u>\$ 8,628</u>
<b><u>Unserved Victim Advocacy &amp; Outreach Program UV11020140 &amp; UV10010140</u></b>						
Personal services	\$ 40,217	\$ 85,002	\$ 125,219	\$ 85,002	\$ --	
Operating expenses	15,520	28,685	44,205	28,685	--	25,986
Totals	<u>\$ 55,737</u>	<u>\$ 113,687</u>	<u>\$ 169,424</u>	<u>\$ 113,687</u>	<u>\$ --</u>	<u>\$ 25,986</u>
<b><u>ZP09010140 - Evidenced-Based Probation Supervisiion Program</u></b>						
Personal services	\$ --	\$ 2,293	\$ 2,293	\$ 2,293	\$ --	\$ --
Operating expenses	--	7,718	7,718	7,718	--	--
Equipment	--	2,059	2,059	2,059	--	--
Totals	<u>\$ --</u>	<u>\$ 12,070</u>	<u>\$ 12,070</u>	<u>\$ 12,070</u>	<u>\$ --</u>	<u>\$ --</u>