

**COUNTY OF INYO
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2018**



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CliftonLarsonAllen

CliftonLarsonAllen LLP
925 Highland Pointe Drive, Suite 450
Roseville, CA 95678-5423
916-784-7800 | fax 916-784-7850
CLAconnect.com

**INDEPENDENT AUDITORS' 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
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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 30, 2019. 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. The First 5 Inyo County report included a qualified opinion for the governmental activities opinion unit because the net pension liability and the other postemployment benefits (OPEB) liability had not been recorded and the amounts could not be determined. This report does not include the results of the other auditors' 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.

Board of Supervisors
County of Inyo

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.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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
May 30, 2019



CliftonLarsonAllen

CliftonLarsonAllen LLP
925 Highland Pointe Drive, Suite 450
Roseville, CA 95678-5423
916-784-7800 | fax 916-784-7850
CLAconnect.com

**INDEPENDENT AUDITORS' 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
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, 2018. 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. The County's basic financial statements include the operations of First 5 Inyo County for the year ended June 30, 2018, a discretely presented component unit which may have received federal awards, and which are not included in the schedule of expenditures of federal awards for the year ended June 30, 2018. Our audit described below did not include the operations of this entity. Other auditors were engaged to perform the audit of the First 5 Inyo County, if required, in accordance with Uniform Guidance.

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.

Auditors' 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 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, 2018.

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, 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, 2018 and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated May 30, 2019, which contained a qualified opinion on those financial statements. The First 5 Inyo County audit report included a qualified opinion for the governmental activities opinion unit because the net pension liability and the other postemployment benefits (OPEB) liability had not been recorded and those amounts could not be determined. 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 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.



CliftonLarsonAllen LLP

Roseville, California
May 30, 2019

COUNTY OF INYO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed through California Dept. of Food & Agriculture: Animal & Plant Health Inspection Service	10.025	170081	\$ 2,627	\$ -
Passed through California Department of Social Services: State Administrative Matching Grants for the Supplemental Administrative Matching Grant for CalFresh	10.561	--	558,386	-
Passed through California Department of Public Health: Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		342,764	-
Total U.S. Department of Agriculture			<u>\$ 903,777</u>	<u>\$ -</u>
U.S. Department of Housing and Urban Development				
Passed through State Department of Housing and Urban Development: HOME Investment Partnership Program	14.239		780,000	-
Total U.S. Department of Housing and Urban Development			<u>\$ 780,000</u>	<u>\$ -</u>
U.S. Department of Justice				
Direct Program: 2018 Domestic Cannabis Eradication/Suppression Program	16.000	2016-130	7,000	-
Passed through California Emergency Management Agency: Crime Victim Witness Assistance Program	16.575	VW16 25 0140	42,529	-
Crime Victim Witness Assistance Program	16.575	VW17 26 0140	78,705	-
Subtotal CFDA 16.575			<u>121,234</u>	<u>-</u>
Total U.S. Department of Justice			<u>\$ 128,234</u>	<u>\$ -</u>
U.S. Department of Labor				
Passed through Kern County: Workforce Investment Act - Adult Program	17.258	--	11,799	-
Total U.S. Department of Labor			<u>\$ 11,799</u>	<u>\$ -</u>
U.S. Department of Transportation				
Passed through California Department of Transportation:				
Airport Improvement Program	20.106	AIP -03-06-0024-015-2013	22,609	-
Airport Improvement Program	20.106	AIP -03-06-0126-009-2014	24,794	-
Airport Improvement Program	20.106	AIP -03-06-0024-017-2015	93,165	-
Airport Improvement Program	20.106	AIP -03-06-0024-018-2016	6,854	-
Airport Improvement Program	20.106	AIP -03-06-0126-012-2016	116,823	-
Airport Improvement Program	20.107	AIP -03-06-0024-019-2017	1,680,028	-
Subtotal Program			<u>1,944,273</u>	<u>-</u>
Highway Planning and Construction	20.205	RSTPLE-5948-(059)	20,520	-
Highway Planning and Construction	20.205	BRLO-5948-(074)	122,676	-
Highway Planning and Construction	20.205	BRLO-5948-(075)	6,613	-
Highway Planning and Construction	20.205	BRLO-5948-(076)	26,821	-
Highway Planning and Construction	20.205	BRLO-5948-(085)	13,818	-
Highway Planning and Construction	20.205	HSIPL-5948-(090)	8,626	-
Highway Planning and Construction	20.205	RPSTPLE-5948(080)	509	-
Subtotal CFDA 20.205			<u>199,583</u>	<u>-</u>
Public Transportation Emergency Relief Program	20.527	CA2013-6-EO-ER-24MO(001)	5,499	-
Public Transportation Emergency Relief Program	20.527	CA2017-2-EO-ER-32L0(001)	14,075	-
Public Transportation Emergency Relief Program	20.527	CA2017-2 Fed. Proj. -32L0(047)	16,049	-
Subtotal CFDA 20.527			<u>35,623</u>	<u>-</u>
Metropolitan & Statewide & Non Metropolitan Transportation planning	20.514	Sustainable Communities 5304	91,691	-
Total U.S. Department of Transportation			<u>\$ 2,271,170</u>	<u>\$ -</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF INYO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Energy				
Direct Program:				
Yucca Mountain Oversight Grant	81.065	--	32,587	-
Total U.S. Department of Energy			<u>\$ 32,587</u>	<u>\$ -</u>
U.S. Department of Health and Human Services				
Passed through Centers for Disease Control & Prevention:				
Epidemiology & Laboratory Capacity for Infectious Diseases	93.323	--	7,346	-
Passed through California Department of Child Support Services :				
Child Support Enforcement	93.563	--	689,922	-
Passed through California Department of Social Services:				
Promoting Safe and Stable Families	93.556	--	6,249	-
Temporary Assistance for Needy Families	93.558	--	903,854	-
Community-Based Child Abuse Prevention Grants	93.590	--	39,744	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	--	125,620	-
Foster Care - Title IV-E	93.658	--	563,541	-
Adoption Assistance Program	93.659	--	33,042	-
Chafee Foster Care Independence Program	93.674	--	5,577	-
Passed through State Department of Aging:				
Title VII Elder Abuse Prevention	93.041	--	685	-
Title VII Ombudsmen	93.042	--	19,276	-
IIID Prevention Services	93.043	--	2,669	-
IIIE: NFCSP	93.052	--	72,308	-
IIB: Supportive Services	93.044	--	127,335	-
Title III, Part C, Nutrition Services	93.045	--	145,538	-
Nutrition Services Incentive Program	93.053	-	39,667	-
Subtotal Aging Cluster			<u>312,540</u>	<u>-</u>
Passed through California Department of Public Health:				
Maternal and Child Health Federal Consolidated Programs	93.110	--	68,907	-
Immunization Grants	93.539	--	39,543	-
CARES Program-Ryan White AIDS Consortium	93.940	--	20,912	-
AIDS Surveillance	93.944	--	4,966	-
Public Health Emergency Preparedness	93.069	--	207,177	-
Passed through State Department of Health Care Services:				
California Children's Service-Admin	93.767	--	24,833	-
California Children's Service-Treatment	93.767	--	4,818	-
Subtotal CFDA 93.767			<u>29,651</u>	<u>-</u>
Medi-Cal Assistance Program	93.778	--	568,217	-
Medi-Cal Administrative Services	93.778	--	104,867	-
Subtotal Medicaid Cluster			<u>673,084</u>	<u>-</u>
Maternal and Child Health Services Block Grant to the States	93.994	--	35,465	-
Passed through the State Department of Mental Health:				
SAMHSA: Substance Abuse Mental Health Svc. Admin	93.958	--	236,713	-
Passed through State Department of Alcohol and Drug Abuse:				
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	--	571,176	-
Total Department of Health and Human Services			<u>\$ 4,669,967</u>	<u>\$ -</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF INYO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Homeland Security				
Passed through Governor's Office of Emergency Services:				
State Homeland Security Program (EMPG)	97.042	2017-0007, CalOES ID:027-0000	22,443	-
State Homeland Security Program (HSGP)	97.067	2015-0078, CalOES ID:027-0000	35,060	-
State Homeland Security Program (HSGP)	97.067	2016-0102, CalOES ID:027-0000	12,500	-
Subtotal CFDA 97.067			<u>47,560</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>\$ 70,003</u>	<u>\$ -</u>
Total Expenditures of Federal Awards			<u>\$ 8,867,537</u>	<u>\$ -</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF INYO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

NOTE 1 REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the County of Inyo, but not its discretely presented component unit, First 5 Inyo County. 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 of Expenditures of Federal Awards. 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). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

NOTE 2 BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. The accompanying Schedule of Expenditures of Federal Awards, is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in the notes to the County financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowed or are limited as to reimbursement. In addition, the outstanding balance of prior year's loans that have significant continuing compliance requirements have been included in total federal expenditures.

NOTE 3 CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or Beta.Sam.gov. 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 INDIRECT COST RATE

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

NOTE 5 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree or can be reconciled with amounts reported in the related federal financial assistance reports.

COUNTY OF INYO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

NOTE 6 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree or can be reconciled with amounts reported in the County's basic financial statements.

NOTE 7 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 8 LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS

The County participates in certain federal award programs that sponsor revolving loan programs, which are administered by the County. These programs require servicing arrangements with the County. The funds are returned to the programs upon repayment of the principal and interest. In accordance with Section 200.510 of the Uniform Guidance, the County has reported the outstanding balance of loans from previous years that have significant continuing compliance requirements as of June 30, 2018, along with the value of total outstanding and new loans made during the current year.

The programs listed below had the following aggregate, federally funded loans outstanding at June 30, 2018:

Federal CFDA No.	Program Title	SEFA June 30, 2018	FY 17/18 Paydowns	Financial Statements Balance June 30, 2018
14.239	HOME Investment Partnership Program	\$ 780,000	\$ -	\$ 780,000

**COUNTY OF INYO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Qualified opinion for First 5 Inyo County, a discretely presented component unit, unmodified for all other opinion units.
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
14.239	HOME Investment Partnerships Program
20.106	Airport Improvement Program
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes x no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with Government Auditing Standards.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).