



**COUNTY OF INYO
INDEPENDENCE, CALIFORNIA**

SINGLE AUDIT REPORT

**FOR THE YEAR ENDED
JUNE 30, 2021**

**COUNTY OF INYO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</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
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance, Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and Supplemental Schedule of the California Office of Emergency Services (CALOES) Grants Expenditures	3
Schedule of Expenditures of Federal Awards.....	5
Notes to the Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs.....	9
Summary Schedule of Prior Audit Findings	12
Supplemental Schedule of the California Office of Emergency Services (CALOES) Grants Expenditures.....	14
Corrective Action Plan.....	15



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

To the 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Inyo, California (the County), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 13, 2023. Our report 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 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) as a basis for designing 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

570 N. Magnolia Avenue, Suite 100
Clovis, CA 93611

tel 559.299.9540
fax 559.299.2344

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 financial statements. 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*.

The County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Price Pange & Company

Clovis, California
January 13, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE, SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY THE UNIFORM GUIDANCE AND SUPPLEMENTAL SCHEDULE OF THE
CALIFORNIA OFFICE OF EMERGENCY SERVICES (CALOES) GRANTS EXPENDITURES

To the Board of Supervisors
County of Inyo
Independence, California

Report on Compliance for Each Major Federal Program

We have audited the County of Inyo, California's (the County) compliance with the types of compliance requirements described in the *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, 2021. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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

570 N. Magnolia Avenue, Suite 100
Clovis, CA 93611

tel 559.299.9540
fax 559.299.2344

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 a 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 and Supplemental Schedules

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Inyo, California, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated January 13, 2023, 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 related deferred inflows/deferred outflows of resources 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 had been furnished to us, and our opinion, 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. The accompanying Supplemental Schedule of California Office of Emergency Services Grants Expenditures are presented for purposes of additional analysis as required by CalOES and are 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 and the supplemental schedule of California Office of Emergency Services Grants Expenditures are fairly stated in all material respects in relation to the basic financial statements as a whole.

Price Pange & Company

Clovis, California
January 13, 2023

COUNTY OF INYO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed through California Department of Food and Agriculture State Administrative Matching Grants for the Supplemental Plant & Animal Disease, Pest Control and Animal Care	10.025	20-0142	\$ -	\$ 10,660
Passed through State Department of Social Services: Administrative Matching Grant for CalFresh (SNAP) Programs	10.561		-	1,000,547
Passed through the State Department of Rural Development Rural Development	10.76		-	145,478
Passed through California Department of Public Health: Special Supplemental Nutrition Program for Women, Infants and Children	10.557	N/A	-	350,171
Total U.S. Department of Agriculture			-	<u>1,506,856</u>
U.S. Department of Housing and Urban Development				
Passed through the State Department of Housing and Urban Development: HOME Investment Partnership Program	14.239	N/A	-	780,000
Total U.S. Department of Housing and Urban Development			-	<u>780,000</u>
U.S. Department of Justice				
Direct Programs: 2018 Domestic Cannabis Eradication/Suppression Program		2020-17	-	12,404
Total Direct Programs			-	<u>12,404</u>
Passed through the California Emergency Management Agency: Crime Victim Witness Assistance Program	16.575	VW20 29 0140	-	64,509
Crime Victim Witness Assistance Program	16.575	VW19 28 0141	-	160,598
Subtotal ALN 16.575			-	225,107
Total U.S. Department of Justice			-	<u>237,511</u>
U.S. Department of Labor				
Passed through Kern County: Workforce Investment Act - Adult Program	17.258	N/A	-	69,152
Total U.S. Department of Labor			-	<u>69,152</u>
U.S. Department of Transportation				
Passed through California Department of Transportation: Airport Improvement Program	20.106	AIP-03-06-0024-021-2019	-	1,360,461
Airport Improvement Program	20.106	AIP-3-06-0024-024-2020	-	7,349,776
Airport Improvement Program	20.106	AIP-3-06-0024-025-2020	-	240,299
Airport Improvement Program	20.106	AIP-3-06-0024-03-2020	-	939
Airport Coronavirus Response Grant Program	20.106	ACRGP 3-06-0024-026-2021	-	13,000
Subtotal ALN 20.106			-	8,964,475
Highway Planning and Construction	20.205	BRLO-5948-(074)	-	18,369
Highway Planning and Construction	20.205	BRLO-5948-(076)	-	59,633
Highway Planning and Construction	20.205	HSIPL-5948-(094)	-	35,974
Subtotal Highway Planning and Construction Cluster			-	113,977
Total U.S. Department of Transportation			-	<u>9,078,452</u>
U.S. Department of the Treasury				
Direct Program: COVID-19 Coronavirus Relief Fund	21.019		-	1,263,206
Total U.S. Department of the Treasury			-	<u>1,263,206</u>
U.S. Department of Energy				
Direct Program: Yucca Mountain Oversight Grant	81.065	--	-	84,474
Total U.S. Department of Energy			-	<u>84,474</u>
Election Assistance Commission				
Direct Program: Help America Vote Act - Election Security Grant	90.404	18G27114	-	8,847
Help America Vote Act - Election Security Grant	90.404	20G26114	-	37,637
Total Election Assistance Commission			-	<u>46,484</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF INYO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021
(Continued)

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services				
Passed through California Department of Child Support Services:				
Child Support Enforcement	93.563	--	-	610,652
Subtotal Pass-Through			-	610,652
Passed through California Department of Social Services:				
Promoting Safe and Stable Families	93.556	--	-	6,705
Temporary Assistance for Needy Families	93.558	--	-	741,061
Refugee Admin	93.566	--	-	967
Community-Based Child Abuse Prevention Grants	93.590	--	-	28,379
Stephanie Tubbs Jones Child Welfare Services Program	93.645	--	-	277,569
Foster Care - Title IV-E	93.658	--	-	487,415
Adoption Assistance Program	93.659	--	-	55,795
Chafee Foster Care Independence Program	93.674	--	-	336
Subtotal Pass-Through			-	1,598,227
Passed through State Department of Aging:				
Title VII Ombudsmen	93.042	--	-	27,380
III E: NFCSP	93.052	--	-	22,309
III B: Supportive Services	93.044	N/A	-	102,097
Title III, Part C, Nutrition Services	93.045	N/A	-	233,511
Nutrition Services Incentive Program	93.053	N/A	-	40,896
Subtotal Aging Cluster			-	426,193
Passed through State Department of Public Health:				
Maternal and Child Health Federal Consolidated Programs	93.110	--	-	117,935
Immunization Grants	93.268	--	-	80,472
CARES Program-Ryan White AIDS Consortium	93.917	--	-	13,069
Public Health Emergency Response	93.069	--	-	101,429
Public Health Emergency Preparedness	93.354	--	-	177,716
Health Emergency Preparedness	93.074	--	-	100,618
Health Emergency Response	93.075	--	-	31,785
Public Health Emergency Response ELC #1 Heluna Health	93.323	--	-	150,000
Public Health Emergency Response ELC#2 Expansion	93.323	--	-	214,877
Public Health Emergency Response ELC#3			-	6,714
Subtotal Pass-Through			-	994,615
Passed through State Department of Health Care Services:				
California Children's Service-Admin	93.767	--	-	74,787
California Children's Service-Treatment	93.767	--	-	25,501
Subtotal ALN 93.767			-	100,288
Medi-Cal Assistance Program	93.778	--	-	639,968
Medi-Cal Administrative Services	93.778	--	-	187,467
Subtotal Medicaid Cluster			-	827,435
Maternal and Child Health Services Block Grant to the States	93.994	--	-	43,150
Passed through the State Department of Mental Health:				
SAMHSA: Substance Abuse Mental Health Svc. Admin	93.958	--	-	337,717
Passed through State Department of Alcohol and Drug Abuse:				
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	--	-	432,264
Total Department of Health and Human Services			-	5,370,541
U.S. Department of Homeland Security				
Passed through Governor's Office of Emergency Services:				
State Homeland Security Program (EMPG)	97.042	2020-0006, CalOES ID:027-00000	-	75,894
State Homeland Security Program (EMPG)	97.042	2019-0003, CalOES ID:027-0000	-	43,502
State Homeland Security Program (HSGP)	97.067	2018-0054, CalOES ID:027-0000	-	67,016
State Homeland Security Program (HSGP)	97.067	2019-0035, CalOES ID:027-0000	-	12,500
Total U.S. Department of Homeland Security			-	198,912
Total Expenditures of Federal Awards			\$ -	\$ 18,635,588

See accompanying notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF INYO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

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 (ALN) NUMBERS

The program titles and ALN numbers were obtained from the federal or pass-through grantor or Beta.Sam.gov. When no ALN 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.

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.

**COUNTY OF INYO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021, 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, 2021:

Federal ALN No.	Program Title	SEFA June 30, 2021	FY20/21 Paydowns	Financial Statements Balance June 30, 2021
14.239	HOME Investment Partnership Program	\$ 780,000	\$ -	\$ 780,000

NOTE 9 – CALIFORNIA DEPARTMENT OF AGING SUMMARY

The table below summarizes the Federal pass-through expenditures incurred by Title as required by the California Department of Aging:

	Federal ALN Number	Total
Title VII Ombudsmen	93.042	\$ 27,380
IIIE: NFCSP	93.052	22,309
IIIB: Supportive Services	93.044	102,097
Title III, Part C, Nutrition Services	93.045	233,511
Nutrition Services Incentive Program	93.053	40,896
Total		<u>\$ 426,193</u>

**COUNTY OF INYO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor's report issued:

Qualified opinion for First 5 Inyo County, a discretely presented component unit, unmodified for all other opinion units.

Internal control over financial reporting:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? X Yes _____ None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? _____ Yes X No

Identification of major programs:

ALN Number

20.106

21.019

93.778

Name of Federal Program or Cluster

Airport Improvement Program

COVID-19 Coronavirus Relief Fund

Medical Assistance Program

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

\$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

COUNTY OF INYO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021
(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2021-001 – Payroll Allocation (Significant Deficiency)

Criteria: A strong system of internal controls and management review requires that general ledger account balances be properly reconciled to a subsidiary ledger or other adequate supporting documentation on a periodic basis, as well as during the year-end financial close process in order to accurately and completely close the current year general ledger in a timely manner. Management is responsible for maintaining its accounting records in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Condition: During the audit of the County's financial statements, we identified a misstatement related to the allocation of the County's payroll liability. Initially the full payroll liability was sitting in the General Fund and required an adjusting journal entry to correctly allocate it to the other funds.

Cause: COVID-19 caused unforeseen delays as County staff had to work remotely and/or quarantine at various points over time which resulted in significant delays. Additionally, items such as ongoing training of County staff affected the County's ability to effectively close their books, both of which contributed to the misstatement.

Effect: The payroll liability by was initially misstated as described above, which required a journal entry to be posted subsequent to receiving the County's final trial balance.

Recommendation: We recommend the County update the closing checklist to include a posting and review of the allocated payroll liability amounts as part of the year-end close.

Management's Response: See Corrective Action Plan.

Finding 2021-002 – Accounts Receivable (Significant Deficiency)

Criteria: A strong system of internal controls and management review requires that general ledger account balances be properly reconciled to a subsidiary ledger or other adequate supporting documentation on a periodic basis, as well as during the year-end financial close process in order to accurately and completely close the current year general ledger in a timely manner. Management is responsible for maintaining its accounting records in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Condition: During the audit of the County's financial statements, we identified misstatements related to the accuracy and completeness of the County's receivables. Adjusting entries were required for both the Grant Programs fund and Solid Waste fund to correct the respective receivable balance in each fund.

Cause: COVID-19 caused unforeseen delays as County staff had to work remotely and/or quarantine at various points over time which resulted in significant delays. Additionally, items such as ongoing training of County staff affected the County's ability to effectively close their books, both of which contributed to the misstatement.

Effect: The accounts receivable balance for the funds noted above were initially misstated, which required a journal entry to be posted subsequent to receiving the County's final trial balance.

Recommendation: We recommend the County review the receivable balance for these specific funds next year to ensure they are appropriately supported and recorded as part of the year-end close. In addition, we recommend the County update the closing checklist and related responsibilities for receivables as deemed necessary to improve the accuracy of receivables for next year over all funds.

Management's Response: See Corrective Action Plan.

**COUNTY OF INYO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reportable.

**COUNTY OF INYO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENT FINDINGS

Finding 2020-001 Capital Assets Reconciliation (Material Weakness)

Criteria: The County's year-end financial closing process was not complete or accurate as it relates to Capital Assets. The lack of a complete and proper close resulted in audit adjustments during the annual audit.

Condition: As described in the California State Controller's "2015 Internal Control Guidelines", an effective internal control system and timely financial reporting of all financial activity provides reasonable assurance for the safeguarding of assets, the reliability of financial information, and compliance with laws and regulations.

Cause: Capital asset information is maintained in the County's accounting system. The system generated schedules for capital assets were not fully reconciled to the General Ledger during the closing process. In addition, there were adjustments/transfers of assets that were not properly reflected in the accounting system. This is partially due to the County having significant disruptions as a result of the COVID-19 pandemic.

Effect: Capital assets were initially materially misstated, which required journal entries to be posted subsequent to receiving the County's final trial balance.

Recommendation: We recommend that the County perform the following steps in order to address the matters described above:

- Create a closing checklist to assist with the preparation of audit schedules that are complete, accurate, and reconcile to the County's general ledger account balances.
- Consider reconciling capital assets on a monthly basis.
- Provide additional training to departmental staff so they are aware of how to record all capital asset activity.

Current Year Status: Implemented.

**COUNTY OF INYO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2020-002 Revenue Recognition (Material Weakness)

Criteria: The County's year-end financial closing process was not complete or accurate as it relates to Revenue Recognition over funding received from the State of California. The lack of a complete and proper close resulted in audit adjustments during the annual audit.

Condition: As described in the California State Controller's "2015 Internal Control Guidelines", an effective internal control system and timely financial reporting of all financial activity provides reasonable assurance for the safeguarding of assets, the reliability of financial information, and compliance with laws and regulations.

Cause: In prior years the County has not had a proper practice of accruing and/or not recognizing certain revenues in the correct period. This is due to how revenues are treated and recorded throughout the year and at year-end as part of the closing process. Additionally, in the current year the County experienced significant disruptions as a result of the COVID-19 pandemic.

Effect: Due From Other Governments, Unavailable Revenues, and Revenues were initially materially misstated, which required journal entries to be posted subsequent to receiving the County's final trial balance.

Recommendation: We recommend that the County create a closing checklist to assist with the preparation of audit schedules that are complete, accurate, and reconcile to the revenue information provided by the California State Controller's Office.

Current Year Status: Implemented.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reportable.

**COUNTY OF INYO
SUPPLEMENTAL SCHEDULE OF THE CALIFORNIA OFFICE
OF EMERGENCY SERVICES (CALOES) GRANTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2021**

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2020	For the Year Ended June 30, 2021	Cumulative As of June 30, 2021	Federal Share	State Share	County Share
2018 HSGP						
2018-0054						
Personal services	\$ -	\$ 21,088	\$ 21,088	\$ 21,088	\$ -	\$ -
Operating expenses	26,412	-	26,412	26,412	-	-
Equipment	-	45,928	45,928	45,928	-	-
Total	<u>\$ 26,412</u>	<u>\$ 67,016</u>	<u>\$ 93,428</u>	<u>\$ 93,428</u>	<u>\$ -</u>	<u>\$ -</u>
2019 HSGP						
2019-0035						
Personal services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expenses	59,907	12,500	72,407	72,407	-	-
Equipment	-	-	-	-	-	-
Total	<u>\$ 59,907</u>	<u>\$ 12,500</u>	<u>\$ 72,407</u>	<u>\$ 72,407</u>	<u>\$ -</u>	<u>\$ -</u>
2019 EMPG						
2019-0003						
Personal services	\$ 61,534	\$ (103)	\$ 61,431	\$ 61,431	\$ -	\$ -
Operating expenses	4,712	24,385	29,097	29,097	-	-
Equipment	-	19,220	19,220	19,220	-	-
Total	<u>\$ 66,246</u>	<u>\$ 43,502</u>	<u>\$ 109,748</u>	<u>\$ 109,748</u>	<u>\$ -</u>	<u>\$ -</u>
2020 EMPG						
2020-0006						
Personal services	\$ -	\$ 72,031	\$ 72,031	\$ 72,031	\$ -	\$ -
Operating expenses	-	3,863	3,863	3,863	-	-
Equipment	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 75,894</u>	<u>\$ 75,894</u>	<u>\$ 75,894</u>	<u>\$ -</u>	<u>\$ -</u>
Victim Witness Assistance Program						
VW 20 29 0140						
Personal services	\$ -	\$ 152,112	\$ 152,112	\$ 138,916	\$ 13,196	\$ -
Operating expenses	-	26,682	26,682	21,682	5,000	-
Equipment	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 178,794</u>	<u>\$ 178,794</u>	<u>\$ 160,598</u>	<u>\$ 18,196</u>	<u>\$ -</u>
Victim Witness Assistance Program						
VW 19 28 0140						
Personal services	\$ 146,537	\$ 54,493	\$ 201,030	\$ 54,493	\$ -	\$ -
Operating expenses	33,622	10,016	43,638	10,016	-	-
Equipment	-	-	-	-	-	-
Total	<u>\$ 180,159</u>	<u>\$ 64,509</u>	<u>\$ 244,668</u>	<u>\$ 64,509</u>	<u>\$ -</u>	<u>\$ -</u>

Amy Shepherd
Auditor-Controller
ashepherd@inyocounty.us

(760) 878-0343
(760) 872-2700
(760) 876-5559
FAX: (760) 878-0391



COUNTY OF INYO
OFFICE OF THE AUDITOR-CONTROLLER
P. O. Drawer R
Independence, California 93526

County of Inyo

**CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2021**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001	<p>The county recently started using a payroll utility through the financial system to calculate the accrued payroll at year-end to get the most accurate percentage of payroll that should be allocated to the fiscal year. Unfortunately, there have been some technical issues with the payroll utility, one of which caused the posting of the entire payroll liability for year-end 2021 to fall to the General Fund. Staff spent a significant amount of time ensuring the correct total amount was posted but overlooked the posting strategy, which resulted in the payroll liability all totaling to one fund. To correct this action, we have requested the financial system vendor fix the payroll utility, which is</p>	Immediately	Amy Shepherd, Auditor-Controller

	<p>currently still requiring a workaround. In addition, we have put an additional check in place to review the subsidiary ledger as part of the regular process. As a final point of reconciliation, an analytical review will be performed to compare the payroll liability at year-end to the prior year.</p>		
<p>2022-002</p>	<p>The County has limited resources that have a background in accounting or an understanding of generally accepted accounting principles. Currently, County Departments are requested to identify accounts receivables along with the fiscal year they were earned. To ensure revenue is correctly reported, we require departments to certify they have reviewed revenues for year-end closing and that they are correctly posted, and to identify outstanding receivables. In addition, there will be an additional focus on grants and enterprise funds to ensure their revenue is posted in the correct fiscal year.</p>	<p>At the close of Fiscal Year 22-23</p>	<p>Amy Shepherd, Auditor-Controller</p>

Amy Shepherd-Auditor-Controller