

County of Inyo | CA

Single Audit Report

For the Year Ended June 30, 2025



PRICE PAIGE & COMPANY
Certified Public Accountants

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**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 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, 2025, and the related notes to the financial statements, which collectively comprise County's basic financial statements and have issued our report thereon dated April 16, 2026.

Report on 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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 County's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002 and 2025-003 that we consider to be material weaknesses.

Report on 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*.

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

tel 559.299.9540
fax 559.299.2344

The County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
April 16, 2026



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

Opinion on Each Major Federal Program

We have audited the County of Inyo, California’s (the County) compliance with the types of compliance requirements identified as subject to audit 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, 2025. 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.

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, 2025.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County’s federal programs.

570 N. Magnolia Avenue, Suite 100
Clovis, CA 93611
tel 559.299.9540
fax 559.299.2344

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Schedule

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated April 16, 2026, 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 performed 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.

Price Pange & Company

Clovis, California
April 16, 2026

COUNTY OF INYO | FOR THE YEAR ENDED JUNE 30, 2025

Schedule of Expenditures of Federal Awards

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal ALN	Pass-Through Entity Identifying Number	Federal Expenditures
Federal Emergency Management Agency (FEMA)			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4683DRCAP00013321	\$ <u>83,363</u>
Total Federal Emergency Management Agency (FEMA)			<u>83,363</u>
U.S. Department of Agriculture			
Passed through State of California, Department of Food and Agriculture: Animal and Plant Health Inspection Svs- CA 24 Asian Defoliator Survey	10.025	--	<u>620</u>
Passed through State Department of Social Services: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Subtotal SNAP Cluster	10.561	--	<u>752,481</u> <u>752,481</u>
Passed through California Department of Public Health: Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	--	<u>403,970</u>
Community Facilities Loans and Grants	10.766	--	<u>156,116</u>
Total U.S. Department of Agriculture			<u>1,313,187</u>
U.S. Department of Housing and Urban Development			
Passed through the State Department of Housing and Urban Development: Housing Trust Fund	14.267	CA2023I9T302100	50,000
HOME Investment Partnership Program Outstanding Loan	14.239	--	<u>380,000</u>
Total U.S. Department of Housing and Urban Development			<u>430,000</u>
U.S. Department of Justice			
Passed through the California Emergency Management Agency: Crime Victim Witness Assistance Program	16.575	VW23 31 0140	86,857
Crime Victim Witness Assistance Program Subtotal ALN 16.575	16.575	VW24 02 9001	<u>87,350</u> <u>174,207</u>
Total U.S. Department of Justice			<u>174,207</u>
U.S. Department of Labor			
Passed through Kern County: Workforce Investment Act - Adult Program (WIOA) Subtotal WIOA Cluster	17.258	--	<u>85,655</u> <u>85,655</u>
Total U.S. Department of Labor			<u>85,655</u>
U.S. Department of Transportation			
Passed through California Department of Transportation:			
Airport Improvement Program	20.106	AIP 3-06-0024-025-2020	3,354
Airport Improvement Program	20.106	AIP 3-06-0126-018-2023	134,336
Airport Improvement Program	20.106	AIP-3-06-0024-029-2024	365,169
Airport Improvement Program	20.106	AIP-3-06-0024-030-2024	730,649
Airport Improvement Program	20.106	AIP-3-06-0024-031-2024	23,469
Airport Improvement Program	20.106	AIP-3-06-0024-032-2024	140,795
Airport Improvement Program	20.106	AIP-3-06-0024-033-2025	34,333
Airport Improvement Program	20.106	AIP-3-06-0024-034-2025	<u>3,325</u>
Subtotal ALN 20.106			<u>1,435,430</u>

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

COUNTY OF INYO | FOR THE YEAR ENDED JUNE 30, 2025

**Schedule of Expenditures of Federal Awards
(Continued)**

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal ALN	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation			
Passed through California Department of Transportation:			
Highway Planning and Construction	20.205	HSIP-5948-(107)	6,336
Highway Planning and Construction	20.205	BRLO-5948-(074)	7,299
Highway Planning and Construction	20.205	BRLO-5948-(076)	<u>3,721,165</u>
Subtotal ALN 20.205			<u>3,734,800</u>
Total U.S. Department of Transportation			<u>5,170,230</u>
U.S. Department of the Treasury			
Direct Program:			
Local Assistance and Tribal Consistency Funds	21.032	--	<u>290,000</u>
Total U.S. Department of the Treasury			<u>290,000</u>
The Institute of Museum and Library Services			
Passed through California State Library:			
Library Services and Technology Act	45.311	LS-249951-OLS-21	<u>37,225</u>
Total Institute of Museum and Library Services			<u>37,225</u>
U.S. Department of Energy			
Direct Program:			
Yucca Mountain Oversight Grant	81.065	--	<u>36,584</u>
Total U.S. Department of Energy			<u>36,584</u>
U.S. Department of Health and Human Services			
Passed through California Department of Child Support Services:			
Child Support Services	93.563	--	<u>807,772</u>
Subtotal Pass-Through			<u>807,772</u>
Passed through California Department of Social Services:			
Promoting Safe and Stable Families	93.556	--	12,937
Refugee Admin	93.566	--	907
Temporary Assistance for Needy Families	93.558	--	754,208
Community-Based Child Abuse Prevention Grants	93.590	--	28,215
Stephanie Tubbs Jones Child Welfare Services Program	93.645	--	12,799
Foster Care - Title IV-E	93.658	--	619,862
Adoption Assistance Program	93.659	--	187,359
CWS TITLE XX	93.667	--	22,956
Chafee Foster Care Independence Program	93.674	--	<u>1,420</u>
Subtotal Pass-Through			<u>1,640,663</u>
Passed through State Department of Aging:			
Title VII Elder Abuse Prevention	93.041	--	690
Title III: AP Admin	93.041	--	66,430
Title VII Ombudsmen	93.042	--	40,907
Title IIIB: Supportive Services	93.044	--	114,791
Title III, Part C, Nutrition Services	93.045	--	239,758
Title IIIE: National Family Caregiver Support	93.052	--	6,181
Nutrition Services Incentive Program	93.053	--	<u>25,725</u>
Subtotal Aging Cluster			<u>494,482</u>

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

COUNTY OF INYO | FOR THE YEAR ENDED JUNE 30, 2025

Schedule of Expenditures of Federal Awards

(Continued)

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal ALN	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed through State Department of Public Health:			
Maternal and Child Health Federal Consolidated Programs	93.110	--	119,257
VPD Prevention & Control Immunization Grant	93.268	--	33,551
COVID 19 - Immunization Grant #3	93.268	--	37,170
Public Health Emergency Preparedness	93.354	--	75,760
Health Emergency Preparedness	93.354	--	47,343
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) #2	93.323	--	108,585
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) #2 Expansion	93.323	--	3,324
California Equitable Recovery Initiative (CERI)	93.391	--	26,623
California Strengthening Public Health Initiative (CASPHI)	93.967	--	77,194
Subtotal Pass-Through			<u>528,807</u>
Passed through State Department of Health Care Services:			
California Children's Service-Admin	93.767	--	64,907
California Children's Service-Treatment	93.767	--	9,629
Subtotal ALN 93.767			<u>74,536</u>
Maternal and Child Health Services Block Grant to the States	93.994	--	<u>18,261</u>
Medical Assistance Program	93.778	--	707,066
Medical Assistance Program - Administrative Services	93.778	--	185,782
Providing Access and Transforming Health (PATH) Initiative Justice Involved	93.778	--	54,749
Providing Access and Transforming Health (PATH) Initiative Justice Involved	93.778	--	151,968
Subtotal Medicaid Cluster			<u>1,099,565</u>
Passed through the State Department of Mental Health:			
Block Grants for Community Mental Health (MHBG)	93.958	--	334,881
COVID-19 Block Grants for Community Mental Health (MHBG) ARPA	93.958	--	15,628
Subtotal Pass-Through			<u>350,509</u>
Passed through the Inyo County Office of Education:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Mental Health Services Oversight & Accountability	21.027	Inyo County Office of Education	<u>146,012</u>
Subtotal Pass-Through			<u>146,012</u>
Passed through State Department of Alcohol and Drug Abuse:			
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	--	432,264
COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse CRSSA	93.959	--	91,575
Subtotal Pass-Through			<u>523,839</u>
Total Department of Health and Human Services			<u>5,684,446</u>
U.S. Department of Homeland Security			
Passed through Governor's Office of Emergency Services:			
State Homeland Security Program (EMPG)	97.042	2023-0006, CalOES ID:027-0000	11,687
State Homeland Security Program (EMPG)	97.042	2024-0050, CalOES ID:027-0000	105,798
State Homeland Security Program (HSGP)	97.067	2021-0081, CalOES ID:027-0000	32,865
State Homeland Security Program (HSGP)	97.067	2022-0043, CalOES ID:027-0000	25,059
State Homeland Security Program (HSGP)	97.067	2023-0042, CalOES ID:027-0000	27,629
State Homeland Security Program (HSGP)	97.067	2024-0042, CalOES ID:027-0000	59,939
Total U.S. Department of Homeland Security			<u>262,977</u>
Total Expenditures of Federal Awards			<u>\$ 13,567,874</u>

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

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 (the County), 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 – ASSISTANCE LISTING NUMBERS (ALN)

The program titles and ALNs were obtained from the federal or pass-through grantor. When no ALN 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

For the fiscal year ended June 30, 2025, the County did not elect to use the de minimis indirect cost rate allowed under the Uniform Guidance, which was 10% of modified total direct costs through September 30, 2024, and increased to 15% effective October 1, 2024.

NOTE 5 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree or can be reconciled, in all material respects, 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, in all material respects, with amounts reported in the County’s basic financial statements.

COUNTY OF INYO | FOR THE YEAR ENDED JUNE 30, 2025

Notes to the Schedule of Expenditures of Federal Awards
(Continued)

NOTE 7 – PASS-THROUGH ENTITIES’ IDENTIFYING NUMBERS

When federal awards are 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 has 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, the County has indicated “--” as the pass-through identifying number.

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, 2025, 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, 2025:

Federal Assistance Listing Number	Program Title	SEFA June 30, 2025	FY24/25 Paydowns	Financial Statements Balance June 30, 2025
14.239	HOME Investment Partnership Program	\$ 380,000	\$ -	\$ 380,000

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:

	<u>Federal ALN</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services		
Passed through State Department of Aging:		
Title VII Elder Abuse Prevention	93.041	\$ 690
Title III: AP Admin	93.041	66,430
Title VII Ombudsmen	93.042	40,907
Title IIIB: Supportive Services	93.044	114,791
Title III, Part C, Nutrition Services	93.045	239,758
Title IIIE: National Family Caregiver Support	93.052	6,181
Nutrition Services Incentive Program	93.053	<u>25,725</u>
 Total		 <u>\$ 494,482</u>

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?

 X Yes No

Significant deficiencies identified that

are not considered to be material weaknesses?

 Yes X 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 2 CFR section 200.516(a)?

 Yes X No

Identification of Major Programs:

Federal Assistance Listing Number

10.561

20.205

93.778

Name of Federal Program or Cluster

State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
Highway Planning and Construction
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

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2025-001 – Improper Grant Revenue Recognition (Material Weakness)

Criteria:

In accordance with generally accepted accounting principles, including GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, grant revenue should be recognized only when all applicable eligibility requirements have been met. Amounts received in advance of meeting eligibility requirements should be reported as unearned revenue until such requirements are satisfied.

Condition:

During our audit, we identified misstatements in grant revenue recognition within the General Fund and Grant Programs Fund that required audit adjustments after the County provided its final trial balance.

Cause:

The County did not sufficiently evaluate grant agreements to determine whether funding was advance-based or reimbursement-based and whether applicable eligibility requirements had been met before recognizing revenue.

Effect:

As a result, revenue and unearned revenue were misstated, including the following:

- Grant Programs Fund revenues were overstated, and unearned revenues were understated, by approximately \$200,000.
- General Fund revenues were overstated by approximately \$1,200,000.
- General Fund revenues were understated by approximately \$1,043,000.
- Beginning fund balance of the General Fund was overstated by approximately \$1,632,000 due to revenue overstatement and unearned revenue understatement in the prior fiscal year.

Recommendation:

We recommend the County strengthen internal controls over grant accounting and revenue recognition. Specifically, management should:

- Review grant agreements to determine the nature of funding, including whether grants are advance-based or reimbursement-based.
- Verify that all eligibility and expenditure requirements have been met before recognizing revenue.
- Implement a documented review of year-end grant receivables, revenue, and unearned revenue balances.

Management's Response:

See Corrective Action

Finding 2025-002 – Misstatement of Due From Other Governments and Unavailable Revenue (Material Weakness)

Criteria:

Under the modified accrual basis of accounting, receivables from other governments and the related revenue should be recognized only when the amounts are measurable and available. Amounts that do not meet the availability criterion should be reported as unavailable revenue (deferred inflows of resources).

Condition:

During our audit, we identified two instances in which "Due from Other Governments" and "Unavailable Revenue" were improperly recorded in governmental funds, requiring audit adjustments after the County provided its final trial balance.

COUNTY OF INYO | FOR THE YEAR ENDED JUNE 30, 2025

Schedule of Findings and Questioned Costs

(Continued)

Cause:

The misstatements resulted from inadequate review procedures and insufficient application of modified accrual revenue recognition requirements, including the assessment of availability.

Effect:

As a result, receivables and deferred inflows of resources were misstated, including the following:

- Grant Programs Fund receivables and unavailable revenues were understated by approximately \$74,000.
- National Opioid Settlement Fund unavailable revenues were understated by approximately \$267,000, and receivables were overstated by approximately \$183,000.

Recommendation:

We recommend management strengthen internal controls over year-end financial reporting by:

- Implementing a more detailed review of receivables and related revenue recognition at year-end.
- Evaluating whether amounts meet the availability criterion under the modified accrual basis before recognizing revenue.
- Providing additional training to personnel responsible for recording receivables, deferred inflows, and revenue.

Management's Response:

See Corrective Action

Finding 2025-003 – Misclassification of Expenditures Between Funds (Material Weakness)

Criteria:

Expenditures should be recorded in the appropriate fund based on the nature and purpose of the transaction. Proper fund classification is necessary to ensure accurate financial reporting in accordance with generally accepted accounting principles.

Condition:

During our audit, we identified a material misclassification of expenditures that had been recorded in the General Fund but should have been recorded in the Solid Waste Fund. The misclassified expenditures related to closure and post-closure costs were identified after the County provided its final trial balance.

Cause:

The misclassification resulted from inadequate review controls over fund-level coding and classification of expenditures, particularly for nonroutine transactions.

Effect:

As a result, expenditures in the General Fund were overstated, and expenditures in the Solid Waste Fund were understated, by approximately \$349,000.

Recommendation:

We recommend management strengthen controls over fund classification by implementing a more detailed review of expenditure coding, particularly for specialized, unusual, or nonroutine transactions such as closure and post-closure costs.

Management's Response:

See Corrective Action

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

FINANCIAL STATEMENT FINDINGS

Finding 2024-001 – Improper Revenue Recognition (Material Weakness)

Condition:

During our audit of the County’s financial statements for the year ended June 30, 2024, we identified a material audit adjustment related to grant revenue recognition within the Water System Fund. The County recorded \$279,000 in grant revenue, rather than recording it as unearned revenue (a liability). The balance should have been reported as unearned revenue until the funds were spent for their intended purpose.

Criteria:

Under Generally Accepted Accounting Principles (GAAP), as established by the Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, revenues from grants should be recognized only when all eligibility requirements have been met. For advance-funded grants, amounts received before eligibility requirements are met should be reported as unearned revenue (a liability) until those conditions are satisfied.

Cause:

The misstatement occurred because grant receipts were recorded as revenue upon receipt, without determining whether the eligibility requirements had been met. The County’s procedures for reviewing grant terms did not adequately identify the distinction between advance-based and reimbursement-based grants.

Effect:

The County’s Water System Fund overstated revenues and understated unearned revenue (liability), which required a journal entry to be posted subsequent to receiving the County’s final trial balance.

Recommendation:

We recommend that the County personnel, with responsibility for recording revenue, strengthen their internal controls over grant accounting. Specifically:

- Require that grant agreements be reviewed to determine whether grant funds are advance-based or reimbursement-based.
- Ensure that all eligibility and expense requirements are verified before revenue is recognized.

Current Year Status: Not Implemented.

COUNTY OF INYO | FOR THE YEAR ENDED JUNE 30, 2025

Summary Schedule of Prior Audit Findings
(Continued)

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Finding 2024-002 Completeness of the Schedule of Expenditures of Federal Awards

Condition: During our audit of the Schedule of Expenditures of Federal Awards (SEFA) for the year ended June 30, 2024, we noted that the SEFA was not complete and required multiple adjustments as certain federal program expenditures were either omitted or not correctly stated.

The following programs were initially misstated and have been corrected:

Assistance Listing Number	Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Total Adjustment: Overstatement/ (Understatement)
93.558	Temporary Assistance for Needy Families	\$ 187,141
93.658	Foster Care - Title IV-E	256,860
93.659	Adoption Assistance Program	(137,017)
93.778	Medi-Cal Assistance Program	<u>486,939</u>
	Total adjustment to SEFA	<u>\$ 793,923</u>

Criteria:

Title 2 CFR Section 200.302(b)(2) of the Uniform Guidance requires that grantees provide accurate, current, and complete disclosure of the financial results of each Federal award or program, which includes expenditures of federal awards of grants that are presented in the SEFA.

Cause:

The initially misstated SEFA resulted from insufficient review procedures and lack of reconciliation between the SEFA and the underlying accounting records and grant documentation prior to submission for audit.

Effect:

An incomplete SEFA may result in the omission of material federal programs from the audit, increasing the risk that noncompliance with federal requirements may not be detected and reported. Additionally, it may lead to inaccurate reporting to federal agencies and affect the County's compliance with Single Audit requirements.

Recommendation:

We recommend the County update and review its procedures related to the preparation of the SEFA to ensure that all costs are included in accordance with *Title 2 CFR Section 200.302(b)(2) of the Uniform Guidance*.

Status: Implemented

COUNTY OF INYO | FOR THE YEAR ENDED JUNE 30, 2025

Supplemental Schedule of the California Office of Emergency Services (CALOES) Grants Expenditures

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through	For the Year Ended	Cumulative As of	Federal Share	State Share	County Share
	June 30, 2024	June 30, 2025	June 30, 2025			
FY 2020 HSGP						
2020-0095						
Personnel services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expenses	20,933	-	20,933	-	-	-
Equipment	-	-	-	-	-	-
Totals	\$ 20,933	\$ -	\$ 20,933	\$ -	\$ -	\$ -
2022-0005 EPMG						
610191						
Personnel services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expenses	14,883	-	14,883	-	-	-
Equipment	36,273	-	36,273	-	-	-
Totals	\$ 51,156	\$ -	\$ 51,156	\$ -	\$ -	\$ -
2021 HSGP 2021-0081						
623721						
Personnel services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expenses	10,365	10,407	20,772	10,407	-	-
Equipment	7,000	22,458	29,458	22,458	-	-
Totals	\$ 17,365	\$ 32,865	\$ 50,230	\$ 32,865	\$ -	\$ -
Victim Witness Assistance Program						
VW 23 31 0140						
Personnel services	\$ 144,461	\$ 62,784	\$ 207,245	\$ 62,784	\$ -	\$ -
Operating expenses	33,308	24,073	57,381	24,073	-	-
Equipment	-	-	-	-	-	-
Totals	\$ 177,769	\$ 86,857	\$ 264,626	\$ 86,857	\$ -	\$ -
Victim Witness Assistance Program						
VW 24 02 9001						
Personnel services	\$ -	\$ 184,157	\$ 184,157	\$ 87,350	\$ 96,807	\$ -
Operating expenses	-	13,060	13,060	-	13,060	-
Equipment	-	-	-	-	-	-
Totals	\$ -	\$ 197,217	\$ 197,217	\$ 87,350	\$ 109,867	\$ -

COUNTY OF INYO | FOR THE YEAR ENDED JUNE 30, 2025

Supplemental Schedule of the California Office of Emergency Services (CALOES) Grants Expenditures
(Continued)

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2024	For the Year Ended June 30, 2025	Cumulative As of June 30, 2025	Federal Share	State Share	County Share
FY 2022 HSGP						
2022-0043						
Personnel services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expenses	19,690	15,225	34,915	15,225	-	-
Equipment	-	9,834	9,834	9,834	-	-
Totals	<u>\$ 19,690</u>	<u>\$ 25,059</u>	<u>\$ 44,749</u>	<u>\$ 25,059</u>	<u>\$ -</u>	<u>\$ -</u>
Victim Witness Assistance Program						
VW 22 32 0140						
Personnel services	\$ 50,327	\$ -	\$ 50,327	\$ -	\$ -	\$ -
Operating expenses	19,326	-	19,326	-	-	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ 69,653</u>	<u>\$ -</u>	<u>\$ 69,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FY 2023 HSGP						
2023-0042						
Personnel services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expenses	20,150	27,629	47,779	27,629	-	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ 20,150</u>	<u>\$ 27,629</u>	<u>\$ 47,779</u>	<u>\$ 27,629</u>	<u>\$ -</u>	<u>\$ -</u>
FY 2023 EMPG						
2023-0006						
Personnel services	\$ 66,767	\$ 6,000	\$ 72,767	\$ 3,000	\$ -	\$ 3,000
Operating expenses	23,442	17,373	40,815	8,687	-	8,686
Equipment	21,343	-	21,343	-	-	-
Totals	<u>\$ 111,552</u>	<u>\$ 23,373</u>	<u>\$ 134,925</u>	<u>\$ 11,687</u>	<u>\$ -</u>	<u>\$ 11,686</u>
FY 2024 EMPG						
2023-0050						
Personnel services	\$ -	\$ 141,746	\$ 141,746	\$ 70,874	\$ -	\$ 70,873
Operating expenses	-	69,848	69,848	34,924	-	34,924
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 211,594</u>	<u>\$ 211,594</u>	<u>\$ 105,798</u>	<u>\$ -</u>	<u>\$ 105,797</u>
FY 2024 EMPG						
2024-0088						
Personnel services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expenses	-	59,939	59,939	59,939	-	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 59,939</u>	<u>\$ 59,939</u>	<u>\$ 59,939</u>	<u>\$ -</u>	<u>\$ -</u>
HMGP-SWPP						
Personnel services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expenses	92,826	-	92,826	-	-	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ 92,826</u>	<u>\$ -</u>	<u>\$ 92,826</u>	<u>\$ -</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

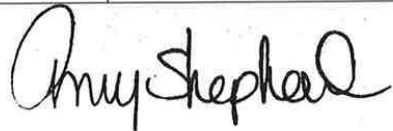
**CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2025**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2025-001	<p><u>Probation Department:</u></p> <p>We agree with the findings and should have recognized the CalAim Grant (1373300) funding as advanced revenue.</p> <p>The Probation Department will conduct a comprehensive review of all applicable accounting guidelines, county policies, and grant documentation to ensure the accurate classification and identification of revenue associated with future grant funding. The Department will formally notify the Auditor-Controller upon receipt of any advance revenue to ensure that all such funds are recorded in accordance with established financial standards.</p> <p><u>Health and Human Services:</u></p> <p>Review all HHS trusts to determine which trusts contain grant advance deposits. Update Trust Tracking spreadsheet to identify whether or not a trust contains grant advances.</p> <p>Add quarterly tasks to analyst task list to review trusts containing advances, ensuring advances are deposited in 2200 Deferred Revenue and revenue has been recognized in operating budgets.</p>	<p>Corrective Action to begin FY25/26</p> <p>Completed 04-17-2026</p> <p>Added to task list today 04-17-2026. Q3 review to be completed by 04-30-2026.</p>	<p>Jeffrey Thomson, Chief Probation Officer</p> <p>Lyndsey Garrett, Management Analyst HHS Fiscal</p>

COUNTY OF INYO | FOR THE YEAR ENDED JUNE 30, 2025

Corrective Action Plan
(Continued)

	<p>Prepare PowerPoint with HHS Trust Revenue Recognition guidelines.</p> <p>Complete journal entries for FY25-26 deposits</p>	<p>Document prepared 04-17-2026 for review by Auditor-Controller's office. PowerPoint will be prepared and delivered to analysts on 04-28-2026.</p> <p>To be completed by EOD 04-17-2026.</p>	
2025-002	<p>Inyo-Mono Broadband Consortium – Future Deposit Accounting</p> <p>For future receipts and deposits administrative staff will work closely with program staff that are submitting the claims and fiscal staff who are receiving the receivables to make sure that the correct fiscal years are represented and accounted for correctly. All backup will be provided in the future to make sure that the receipts are appropriately allocated.</p>	On going	Denelle Carrington, Asst CAO
2025-003	<p>Management agrees with the findings and will reinforce a secondary review of final postings.</p>	Already in place	Amy Shepherd-Auditor Controller



Amy Shepherd
Auditor-Controller