

COUNTY OF MONO
SINGLE AUDIT REPORT
JUNE 30, 2010
REVISED MARCH 16, 2011

COUNTY OF MONO

Single Audit Report
For the Year Ended June 30, 2010

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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***

Board of Supervisors
County of Mono
Bridgeport, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Mono (County), as of and for the year ended June 30, 2010, which collectively comprise the County's financial statements and have issued our report thereon dated January 2, 2011. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

Board of Supervisors
County of Mono

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 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items FS-10-01, FS-10-02, and FS-10-03 to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County of Mono in a separate letter dated January 2, 2011.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses, and, accordingly, we express no opinion on them.

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

Gallina LLP

Roseville, California
January 2, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Supervisors
County of Mono
Bridgeport, California

Compliance

We have audited the compliance of the County of Mono, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The County of Mono's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Mono's management. Our responsibility is to express an opinion on the County of Mono's compliance based on our audit.

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

As described in item SA-10-01 in the accompanying schedule of findings and questioned costs the County did not comply with requirements regarding subrecipient monitoring that are applicable to its Community Development Block Grant Program (CFDA No. 14.228). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Board of Supervisors
County of Mono

In our opinion, except for the noncompliance described in the preceding paragraph, the County of Mono complied, in all material respects, with the 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, 2010. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item SA-10-02.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 10-SA-01 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 10-SA-02 to be a significant deficiency.

Board of Supervisors
County of Mono

The County of Mono's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County of Mono's responses and, accordingly, we express no opinion on the responses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, and business-type activities, each major fund, and the aggregate remaining fund information of the County of Mono as of and for the year ended June 30, 2010, and have issued our report thereon dated January 2, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Supplementary Schedule of the California Emergency Management Agency beginning on page 25 have not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

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

Gallina LLP

Roseville, California
January 2, 2011

COUNTY OF MONO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through USDA Forest Service			
Forest Service-Humbolt Toiyabe	10.304	3-LE-11046000-003	\$ 5,000
Forest Service-Inyo National Forest	10.304	06-LE-11051360-023	11,437
Subtotal CFDA 10.304			<u>16,437</u>
Passed through State Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	--	305,306
Passed through State Controller's Office:			
Schools and Roads - Grants to States	10.665*	PL 106-363	<u>286,116</u>
Total U.S. Department of Agriculture			<u>\$ 607,859</u>
<u>U.S. Department of Commerce</u>			
Passed through the State Department of Public Health			
CDC H1N1 PHER Phase 1 FA1	11.206*	--	78,608
CDC H1N1 PHER Phase 1 FA2	11.206*	--	21,140
CDC H1N1 PHER Phase II	11.206*	--	102,547
CDC H1N1 PHER Phase III	11.206*	--	119,399
Subtotal CFDA 11.206			<u>321,694</u>
Hospital Preparedness Program H1N1	11.133L	--	<u>27,164</u>
Low-Power Television & Translator Upgrade Program	11.559	06-09-U90139	20,000
Low-Power Television & Translator Upgrade Program	11.559	--	19,494
Subtotal CFDA 11.559			<u>39,494</u>
Subtotal Pass Through			388,352
Passed through Santa Ana Police Department:			
Public Safety Interoperable Communications	11.555*	--	<u>131,908</u>
Total U.S. Department of Commerce			<u>\$ 520,260</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through State Department of Housing and Community Development:			
Community Development Block Grant/State's Program	14.228*	05-STBG-1384	262,032
HOME Grant	14.239	06-HOME-2359	191,100
Total U.S. Department of Housing and Urban Development			<u>\$ 453,132</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

* Major Program

COUNTY OF MONO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of the Interior</u>			
Direct Program:			
Payments in Lieu of Taxes	15.226*	--	\$ 948,671
<u>U.S. Department of Justice</u>			
Direct Programs:			
State Criminal Alien Assistance Program	16.606	--	2,487
Domestic Cannabis Eradication & Suppression Program	16.579	2009-32	10,000
Subtotal			<u>12,487</u>
Passed through California Emergency Management Agency:			
Victim Witness Assistance Program	16.575	VW09190260	32,717
Anti Drug Abuse Program	16.738		147,259
Subtotal			<u>179,976</u>
ARRA - JAGR - CalEMA Offender Tax Recovery Act	16.804	ZA09010260	15,953
ARRA - JAGR - CalEMA Offender Tax Recovery Act	16.804	ZO09010260	44,778
Subtotal CFDA 16.804			<u>60,731</u>
Subtotal Pass Through			<u>240,707</u>
Total U.S. Department of Justice			\$ <u>253,194</u>
<u>U.S. Department of Labor</u>			
Passed through Employment Development Department via Kern County ETR:			
Workforce Investment Act - Adult	17.258	--	17,714
ARRA - Workforce Investment Act - Adult	17.258	--	5,127
Subtotal CFDA 17.258			<u>22,841</u>
Workforce Investment Act - Youth	17.259	--	17,714
ARRA - Workforce Investment Act - Youth	17.259	--	10,988
Subtotal CFDA 17.259			<u>28,702</u>
Workforce Investment Act - Dislocated Worker	17.260	--	27,836
ARRA Workforce Investment Act - Dislocated Worker	17.260	--	20,515
Subtotal CFDA 17.260			<u>48,351</u>
Total U.S. Department of Labor			\$ <u>99,894</u>
<u>U.S. Department of Transportation</u>			
Direct Program:			
Airport Improvement Program	20.106*	3-06-0030-07	111,153
Airport Improvement Program	20.106*	3-06-0119-04	817,264
Subtotal			<u>928,417</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

* Major Program

COUNTY OF MONO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Transportation (continued)</u>			
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205*	09-955141L	\$ 229,725
ARRA - Highway Planning and Construction	20.205*	09-955153	340,000
Subtotal Pass Through			<u>569,725</u>
Total U.S. Department of Transportation			<u>\$ 1,498,142</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through California Department of Aging Via Inyo County:			
Aging Title III Part B	93.044	--	19,392
Aging Title III Part C	93.045	--	54,555
Aging Title III Part D	93.043	--	679
Aging Title III Part E	93.052	--	16,524
Subtotal Pass Through			<u>91,150</u>
Passed through State Department of Social Services:			
Family Preservation and Support Services	93.556	--	11,740
Temporary Assistance for Needy Families	93.558	--	586,622
Subtotal			<u>598,362</u>
Child Support Enforcement	93.563*	--	677,769
ARRA - Child Support Enforcement	93.563*	--	83,769
Subtotal CFDA 93.563			<u>761,538</u>
Child Welfare Services – State Grants	93.645	--	12,949
Foster Care – Title IV-E	93.658	--	112,382
ARRA - Foster Care – Title IV-E	93.658	--	3,327
Subtotal CFDA 93.658			<u>115,709</u>
Adoption Assistance	93.659	--	2,555
ARRA - Adoption Assistance	93.659	--	287
Subtotal CFDA 93.659			<u>2,842</u>
In-Home Supportive Services	93.667	--	79,907
Independent Living	93.674	--	22,324
Subtotal			<u>102,231</u>
Subtotal Pass Through			<u>1,593,631</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

* Major Program

COUNTY OF MONO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Health and Human Services (continued)</u>			
Passed through State Department of Health Care Services:			
Medical Assistance Program	93.778	--	283,915
HIV Care Formula Grants	93.917	--	7,500
Children's Health and Disability Prevention	93.994	--	50,324
Subtotal			<u>341,739</u>
Immunization	93.268	--	20,000
Immunization Project	93.268	--	15,000
Subtotal CFDA 93.268			<u>35,000</u>
California Children's Services	93.767	--	118,521
Health Care Program for Children in Foster Care	93.767	--	4,166
Subtotal CFDA 93.767			<u>122,687</u>
Subtotal Pass Through			<u>499,426</u>
Passed through State Department of Public Health:			
Centers for Disease Control and Prevention	93.069	--	109,297
Pandemic Flu	93.069	--	60,458
Subtotal CFDA 93.069			<u>169,755</u>
Maternal and Child Health Services	93.110	--	109,175
Hospital Emergency Preparedness and Response	93.889	--	126,727
Subtotal			<u>235,902</u>
Subtotal Pass Through			<u>405,657</u>
Passed through State Department of Alcohol and Drug Programs:			
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959*	--	380,816
Total U.S. Department of Health and Human Services			<u>\$ 2,970,680</u>
<u>U.S. Department of Homeland Security</u>			
Passed through State Dept. of Boating and Waterways			
Boating Safety Financial Assistance	97.012	2009-07	16,333
Passed through California Emergency Management Agency:			
FY 2008-09 Homeland Security Grant Program - EMPG	97.042	2008-09	90,997
FY 2008-09 Homeland Security Grant Program - SHSP	97.067	2008-09	40,047
FY 2008-09 Homeland Security Grant Program - LETPP	97.067	2008-09	81,656
Total U.S. Department of Homeland Security			<u>\$ 229,033</u>
Total Expenditures of Federal Awards			<u>\$ 7,580,865</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

* Major Program

COUNTY OF MONO

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2010

Note 1: **General**

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

Note 2: **Basis of Accounting**

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

Note 3: **Relationship to Financial Statements**

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

Note 4: **Pass-Through Entities' Identifying Number**

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

Note 5: **Subrecipients**

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

Federal CFDA	Program Title	Amount Provided to Subrecipients
14.228	Community Development Block Grant/State's Program	\$ 262,032
14.239	HOME Grant	191,100
93.563	Child Support Enforcement	545,680

COUNTY OF MONO

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Note 6: **Program Clusters**

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

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Federal Expenditures</u>
<u>WIA Cluster:</u>		
17.258	Workforce Investment Act – Adult	\$ 22,841
17.259	Workforce Investment Act – Youth	28,702
17.260	Workforce Investment Act – Dislocated Worker	<u>48,351</u>
	TOTAL	<u>\$ 99,894</u>
<u>Aging Cluster:</u>		
93.044	Aging Title III Part B	\$ 19,392
93.045	Aging Title III Part C	<u>54,555</u>
	TOTAL	<u>\$ 73,947</u>

Note 7: **Department of Aging Federal/State Share**

The California Department of Aging (CDA) requires agencies who receive CDA funding to display state-funded expenditures discretely along with federal expenditures. The County expended the following state and federal amounts under these grants:

<u>CFDA</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
93.043	\$ 679	\$ --
93.044	19,392	--
93.045	54,555	41,959
93.052	<u>16,524</u>	<u>3,970</u>
	TOTAL	<u>\$ 45,929</u>

COUNTY OF MONO

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Section 1

Summary of Auditor's Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditor's report issued: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|---|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 2. Type of auditor's report issued on compliance for major programs: | Unqualified for all major programs except for Community Development Block Grants program which was qualified. |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | Yes |

COUNTY OF MONO

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

4. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.665	Schools and Roads – Grants to States
11.206	Center for Disease Control H1N1 Public Health Emergency Readiness
11.555	Public Safety Interoperable Communications
14.228	Community Development Block Grant/State’s Program
15.226	Payments in Lieu of Taxes
20.106	Airport Improvement
20.205	Highway Planning and Construction
93.563	Child Support Enforcement

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

Section 2

Financial Statement Findings

Accounts Receivable	Finding FS-10-01
Deferred Revenue – Unavailable	Finding FS-10-02
Capital Assets Tracking & Reporting	Finding FS-10-03

Section 3

Federal Award Findings and Questioned Costs

CFDA 14.228	Finding SA-10-01
CFDA 11.206	Finding SA-10-02

COUNTY OF MONO

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

<u>Program</u>	<u>Findings/Noncompliance</u>
Finding FS-10-01	<p><u>Accounts Receivable</u> Reporting Requirement: Material Weakness</p> <p><u>Criteria</u></p> <p>During its year-end closing process, the County should establish and enforce policies and procedures to ensure that year-end accruals are properly identified and recorded for all account balances, including revenues and receivables.</p> <p><u>Condition</u></p> <p>During the audit, we noted a significant receipt for services provided during the fiscal year ended June 30, 2010, that was not properly accrued at year-end. The total amount of the related audit adjustment was \$163,178.</p> <p><u>Cause</u></p> <p>Subsequent to year-end, the County did not identify significant revenues that should have been accrued during the year-end closing process.</p> <p><u>Effect of Condition</u></p> <p>By not properly accounting for the revenue received subsequent to year-end, the County is significantly understating its accounts receivable at the end of the year.</p> <p><u>Recommendation</u></p> <p>We recommend that the County enforce its policy that all significant deposits made subsequent to year-end be reviewed to determine the correct period for revenue recognition. By enforcing its policy, the County will improve its year-end closing process for identifying the appropriate year-end accruals and reduce the risk of material misstatement in their annual financial statements.</p>

COUNTY OF MONO

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

<u>Program</u>	<u>Findings/Noncompliance</u>
Finding FS-10-01 (continued)	<u>Management Response</u> The Mono County Auditor-Controller is continuously striving to improve its processes. To this end, a new financial system was implemented on July 1, 2010, which is more user friendly towards departments. The Auditor-Controller has on-going training to educate non-financial users of the system to understand and interpret the system and providing general accounting education to assist departments in recognizing any accruals that should be reported.

COUNTY OF MONO

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

<u>Program</u>	<u>Findings/Noncompliance</u>
Finding FS-10-02	<p><u>Deferred Revenue – Unavailable</u> Reporting Requirement: Material Weakness</p> <p><u>Criteria</u></p> <p>During its year-end closing process, the County should establish and enforce policies and procedures to ensure that only revenues received within the period of availability are recognized as current year revenues on the fund financial statements.</p> <p><u>Condition</u></p> <p>During the audit, we noted a significant amount of revenue that had been properly accrued as a receivable but was not deferred to reflect that the cash had not been received during the period of availability. The total amount of the related audit adjustment was \$786,907.</p> <p><u>Cause</u></p> <p>During the year-end closing process, the County did not sufficiently review receivables to identify those that were not collected during the period of availability.</p> <p><u>Effect of Condition</u></p> <p>By not properly deferring unavailable revenues, the County is overstating its revenues for the year on the fund financial statements.</p> <p><u>Recommendation</u></p> <p>We recommend that the County identify and maintain a schedule of those revenues that have been accrued but the cash has not been received within the period of availability.</p>

COUNTY OF MONO

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Program	Findings/Noncompliance
Finding FS-10-02 (continued)	<u>Management Response</u> <p>The Mono County Auditor-Controller is continuously striving to improve its processes. To this end, a new financial system was implemented on July 1, 2010, which is more user friendly towards departments. The Auditor-Controller has on-going training to educate non-financial users of the system to understand and interpret the system and providing general accounting education to assist departments in recognizing any accruals that should be reported in addition to recognize the importance of the 60-day accrual period so that any receivable known to be received after that 60-day period will also have to be deferred.</p>

COUNTY OF MONO

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

<u>Program</u>	<u>Findings/Noncompliance</u>
Finding 10-FS-03	<p><u>Capital Asset Tracking & Reporting</u> Reporting Requirement: Material Weakness</p> <p><u>Criteria</u></p> <p>All expenditures incurred to construct or purchase capital assets should be included in the cost and tracked by the County. Also, internal controls over recording of capital assets should be sufficient to prevent or detect errors.</p> <p><u>Condition</u></p> <p>During our audit we proposed the following adjustments:</p> <ul style="list-style-type: none">- Recorded construction in progress additions not recorded in the County's capital asset system.- Removed construction in progress from the Solid Waste fund that was incorrectly added. <p><u>Cause</u></p> <p>The capital asset system the County uses to account for capital asset balances and transactions is limited in its capability to track and account for projects, costs and balances. The review structure is not sufficient to mitigate these shortfalls.</p> <p><u>Effect or Potential Effect</u></p> <p>Had the above adjustments not been made to the financial statements, expenses on the government-wide statements would be overstated, assets in the Solid Waste Enterprise Fund would be overstated, and assets on the government-wide statements would be understated. We consider these to be material to the financial statements.</p>

COUNTY OF MONO

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

Program	Findings/Noncompliance
Finding 10-FS-03 (continued)	<p data-bbox="532 394 760 428"><u>Recommendation</u></p> <p data-bbox="532 466 1187 499">We recommend the County consider the following:</p> <ul data-bbox="581 504 1430 793" style="list-style-type: none"><li data-bbox="581 504 1328 571">- Migrate capital asset tracking to a new system with the required capabilities<li data-bbox="581 575 1430 680">- Supplement tracking with the use of spreadsheets or additional controls to ensure all costs are adequately tracked and recorded.<li data-bbox="581 684 1406 793">- Implement a more in-depth review process over capital asset balances at year-end to ensure all additions, deletions, and depreciation expense is accurately reported. <p data-bbox="532 831 829 865"><u>Management Response</u></p> <p data-bbox="532 903 1430 1157">In implementing the new financial system, Mono County has also implemented a new Capital Asset reporting system that integrates with the financial system. Instead of merely relying on catching capital improvements as they move through the AP process, our system should catch all capital improvement payments and hold them in suspense so that we can either attribute to a completed project/asset or apply to work in progress.</p>

COUNTY OF MONO

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

<u>Program</u>	<u>Findings/Noncompliance</u>
Finding SA-10-01	<i>Federal Grantor: U.S. Department of Housing and Urban Development</i>
Community Development Block Grant CFDA 14.228	<i>Pass-Through Entity: State Department of Housing and Community Development</i>
Award No. 05-STBG-1384	<i>Compliance Requirement: Subrecipient Monitoring</i>
Year: 09/10	<i>Reporting Requirement: Material Weakness and Material Noncompliance in Relation to a Compliance Requirement</i>

Criteria

The OMB Compliance Supplement states that grantees are responsible for an ongoing monitoring of subrecipients. Subrecipients should be monitored to ensure that the subrecipient is in compliance with the Single Audit compliance requirements. If a subrecipient's total federal expenditures exceed \$500,000, the pass through entity must obtain the subrecipient's Single Audit report and follow up on any findings in the report.

Condition

At the time of fieldwork a Single Audit had not been performed for the subrecipient during the previous two fiscal years.

Cause

Single audits were not performed because neither the County or the subrecipient understood that outstanding loans should be included as federal expenditures when determining whether or not a single audit is required.

Questioned Costs

We do not question any costs. Although the subrecipients were not monitored, we did not find any evidence of subrecipient costs which appeared unallowable.

Perspective

We do not believe any further information would assist in gaining a proper perspective.

COUNTY OF MONO

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

<u>Program</u>	<u>Findings/Noncompliance</u>
Finding SA-10-01 (continued)	<u>Effect of Condition</u>
Community Development Block Grant CFDA 14.228	<p>The County is ultimately responsible for compliance with rules and regulations by its subrecipients. Without regular monitoring, the County might not be aware of problems with compliance or performance by its subrecipients.</p>
	<u>Recommendation</u>
	<p>We recommend that the County develop a subrecipient monitoring plan. Some of the steps in the monitoring process include:</p> <ul style="list-style-type: none">• Develop a monitoring plan at the beginning of each program year in order to match available resources with the needs and capacity of funded subrecipients.• Standardize monitoring procedures - to ensure consistency and thoroughness in monitoring reviews, grantees should use standardized monitoring checklists or guidebooks. Monitoring procedures should also specify the steps to be followed for monitoring visits.
	<u>Corrective Action Plan</u>
	<p>County staff assigned to the program is now aware of the requirements, and a monitoring plan has been developed as a result of this finding. Mammoth Lakes Housing was in the midst of completing the 2009/10 audit at the time this finding came to my attention, and has requested their audit firm to also complete the 2008/09 audit, to bring them into compliance.</p>
	<p>The Financial Analyst at (760) 932-5583 is the contact person for this finding.</p>

COUNTY OF MONO

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Program	Findings/Noncompliance
Finding SA-10-02	
Center for Disease Control H1N1 Public Health Emergency Readiness CFDA 11.206	<i>Federal Grantor:</i> U.S. Department of Justice <i>Pass-Through Entity:</i> California Emergency Management Agency <i>Compliance Requirement:</i> Allowable Costs <i>Reporting Requirement:</i> Significant Deficiency and Material Noncompliance in Relation to a Compliance Supplement Audit Objective
Award No. N/A Year: 09/10	<u>Criteria</u> Amounts charged to federal grants should be for actual allowable expenditures incurred for the purpose of the grant program.
	<u>Condition</u> It was noted during our testing of allowable costs that an expenditure charged to the grant in the amount of \$3,473 was for an expenditure totaling \$424.
	<u>Cause</u> The amount charged to the program was paid for with a credit card. The entire credit card balance was miss-keyed as a program expense rather than the portion of the bill that was actually spent for the program.
	<u>Questioned Costs</u> We do not question any costs. The error was corrected prior to any billings to the grantor.
	<u>Perspective</u> Noncompliance was noted in 1 of 10 items sampled resulting in an error rate of 10%.
	<u>Effect of Condition</u> Expenditures charged to the grant were misstated.

COUNTY OF MONO

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

<u>Program</u>	<u>Findings/Noncompliance</u>
Finding SA-10-02 (continued)	<u>Recommendation</u>
Center for Disease Control H1N1 Public Health Emergency Readiness CFDA 11.206	We recommend that appropriate review be implemented to ensure that all expenditure charged to grants represent actual allowable costs.
	<u>Corrective Action Plan</u>
	The grant was not actually billed for the incorrect amount. This error was caught before the grant billing was made. Reconciliation of the grant tracking Excel spreadsheets was not completed at the time of the Audit. With the implementation of the new Finance System, new grants will be assigned grant numbers so that the grant tracking can be achieved in the Financial System and move away from reliance of Excel spreadsheets.
	The Administrative Services Specialist at (760) 932-5587 is the contact person for this finding.

COUNTY OF MONO

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2010

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

SUPPLEMENTARY SCHEDULE

COUNTY OF MONO

California Emergency Management Agency
 Supplementary Schedule
 For the Year Ended June 30, 2010

California Emergency Management Agency

The following represents expenditures for California Emergency Management Agency programs for the year ended June 30, 2010. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2009	For the Year Ended June 30, 2010	Cumulative As of June 30, 2010	Federal Share	State Share	County Share
<u>CalMMET# MH08.03.0260</u>						
Personal services	\$ 137,271	\$ 99,750	\$ 237,021	\$ --	\$ 99,750	\$ --
Operating expenses	1,500	--	1,500	--	--	--
Equipment	--	19,839	19,839	--	19,839	--
Totals	<u>\$ 138,771</u>	<u>\$ 119,589</u>	<u>\$ 258,360</u>	<u>\$ --</u>	<u>\$ 119,589</u>	<u>\$ --</u>
<u>2008 HSG # 2008-6</u>						
Personal services	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	86,074	40,047	126,121	40,047	--	--
Totals	<u>\$ 86,074</u>	<u>\$ 40,047</u>	<u>\$ 126,121</u>	<u>\$ 40,047</u>	<u>\$ --</u>	<u>\$ --</u>
<u>2009 HSG # 2009-07</u>						
Personal services	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	90,997	90,997	90,997	--	--
Totals	<u>\$ --</u>	<u>\$ 90,997</u>	<u>\$ 90,997</u>	<u>\$ 90,997</u>	<u>\$ --</u>	<u>\$ --</u>
<u>2009 EMPG # 2008-9</u>						
Personal services	\$ 71,500	\$ 71,500	\$ 143,000	\$ 71,500	\$ --	\$ --
Operating expenses	10,156	10,156	20,312	10,156	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ 81,656</u>	<u>\$ 81,656</u>	<u>\$ 163,312</u>	<u>\$ 81,656</u>	<u>\$ --</u>	<u>\$ --</u>

COUNTY OF MONO

California Emergency Management Agency
 Supplementary Schedule
 For the Year Ended June 30, 2010

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2009	For the Year Ended June 30, 2010	Cumulative As of June 30, 2010	Federal Share	State Share	County Share
<u>JAGR; ZO09-01-0260</u>						
Personal services	\$ --	\$ 21,641	\$ 21,641	\$ 21,641	\$ --	\$ --
Operating expenses	--	23,137	23,137	23,137	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 44,778</u>	<u>\$ 44,778</u>	<u>\$ 44,778</u>	<u>\$ --</u>	<u>\$ --</u>
<u>VW09190260</u>						
Personal services	\$ 62,595	\$ 69,736	\$ 132,331	\$ 32,717	\$ 37,019	\$ --
Operating expenses	3,369	4,262	7,631	--	4,262	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ 65,964</u>	<u>\$ 73,998</u>	<u>\$ 139,962</u>	<u>\$ 32,717</u>	<u>\$ 41,281</u>	<u>\$ --</u>