ENC2

COUNTY OF MONO

SINGLE AUDIT REPORT

JUNE 30, 2009

SAR
2/11/10

COUNTY OF MONO

Single Audit Report
For the Year Ended June 30, 2009

Table of Contents

	Page
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*	1-2
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	3-5
Schedule of Expenditures of Federal Awards	6-9
Notes to Schedule of Expenditures of Federal Awards	10-11
Schedule of Findings and Questioned Costs	12-20
Summary Schedule of Prior Audit Findings	21
California Emergency Management Agency Supplementary Schedule	22

GALLINA LLP

CERTIFIED PUBLIC ACCOUNTANTS

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, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 22, 2010. We conducted our audit in accordance with auditing standards 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 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 of Mono's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Mono's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statement is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of

925 Highland Pointe Drive, Suite 450 ▪ Roseville, CA 95678-5418
tel: 916.784.7800 ▪ fax: 916.784.7850 ▪ www.gallina.com

findings and questioned costs as findings 09-FS-1, 09-FS-2, 09-FS-3, 09-FS-4, 09-FS-5 and 09-FS-6 to be a significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider items 09-FS-1, 09-FS-2, 09-FS-3, 09-FS-4, 09-FS-5 and 09-FS-6 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 County of Mono in a separate letter dated January 22, 2010.

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 response and, accordingly, we express no opinion on it.

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

Gallina LLP

Roseville, California
January 22, 2010

GALLINA LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND 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 are applicable to each of its major federal programs for the year ended June 30, 2009. 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.

In our opinion, the County of Mono complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the County of Mono is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Mono's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the

925 Highland Pointe Drive, Suite 450 ▪ Roseville, CA 95678-5418
tel: 916.784.7800 ▪ fax: 916.784.7850 ▪ www.gallina.com

Internal Control Over Compliance (continued)
purpose of expressing our opinion on compliance, 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 of Mono's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards
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 as of and for the year ended June 30, 2009, and have issued our report thereon dated January 22, 2010. 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 California Emergency Management Agency Supplementary Schedule, beginning on page 22, has not been subjected to auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Board of Supervisors
County of Mono

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

Gallina LLP

Roseville, California
January 22, 2010

COUNTY OF MONO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Department of Agriculture			
Passed through State Department of Social Services:			
Supplemental Nutrition Assistance Program	10.551*	--	$ 573,736
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561*	--	277,646
Subtotal			851,382
Passed through State Controller's Office:			
Schools and Roads - Grants to States	10.665*	PL 106-363	277,288
Total U.S. Department of Agriculture			$ 1,128,670
U.S. Department of Commerce			
Direct via National Telecommunications & Information Administration:			
Low-Power Television & Translator DtoA Conversion	11.554	--	1,668
Total U.S. Department of Commerce			$ 1,668
U.S. Department of Housing and Urban Development			
Passed through State Department of Housing and Community Development:			
Community Development Block Grant/State's Program	14.228*	05-STBG-1384	120,222
HOME Grant	14.239	06-HOME-2359	92,751
Total U.S. Department of Housing and Urban Development			$ 212,973
U.S. Department of the Interior			
Direct Program:			
Payments in Lieu of Taxes	15.226*	--	909,446
Total U.S. Department of the Interior			$ 909,446
U.S. Department of Justice			
Direct Programs:			
State Criminal Alien Assistance Program	16.606	--	34,420
Domestic Cannabis Eradication & Suppression Program	16.579	2009-32	493
Subtotal			34,913
Passed through California Emergency Management Agency:			
Victim Witness Assistance Program	16.575	VW08180260	24,597
Anti Drug Abuse Program	16.738	DC08190260	118,088
Subtotal			142,685
Total U.S. Department of Justice			$ 177,598

* Major Program

COUNTY OF MONO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Department of Labor			
Passed through Employment Development Department via Kern County ETR:			
Workforce Investment Act - Adult	17.258	--	$ 33,580
Workforce Investment Act - Youth	17.259	--	33,775
Workforce Investment Act - Dislocated Worker	17.260	--	53,587
Total U.S. Department of Labor			$ 120,942
U.S. Department of Transportation			
Direct Program:			
Airport Improvement Program	20.106	--	6,327
Airport Improvement Program	20.106	--	133,971
Subtotal			140,298
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	EA 09-99511-L	229,725
Passed through California Emergency Management Agency:			
FY08 Hazardous Materials Emergency Preparedness	20.703	7033-150	20,000
Total U.S. Department of Transportation			$ 390,023
U.S. Department of Education			
Passed through State Department of Alcohol and Drug Programs:			
Drug-Free Schools and Communities - State Grants	84.186	SDF 03-39	16,036
Total U.S. Department of Education			$ 16,036
U.S. Election Assistance Commission			
Direct Program:			
Help America Vote Act (HAVA)	90.401	--	6,862
Total Election Assistance Commission			$ 6,862
U.S. Department of Health and Human Services			
Passed through California Department of Aging Via Inyo County:			
Aging Title III Part B	93.044	--	32,273
Aging Title III Part C	93.045	--	33,887
Subtotal			66,160

* Major Program

COUNTY OF MONO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Department of Health and Human Services			
Passed through State Department of Social Services:			
Family Preservation and Support Services	93.556	--	$ 10,000
Temporary Assistance for Needy Families	93.558*	--	655,440
Child Support Enforcement	93.563	--	782,531
Child Welfare Services – State Grants	93.645	--	10,947
Foster Care – Title IV-E	93.658*	--	176,501
ARRA - Foster Care – Title IV-E	93.658*	--	4,963
Adoption Assistance	93.659	--	2,556
ARRA - Adoption Assistance	93.659	--	317
In-Home Supportive Services	93.667	--	76,785
Independent Living	93.674	--	22,330
Subtotal			1,742,370
Passed through State Department of Health Care Services:			
California Children's Services	93.767	--	82,274
Health Care Program for Children in Foster Care	93.767	--	3,625
Medical Assistance Program	93.778	--	222,148
HIV Care Formula Grants	93.917	--	10,033
Children's Health and Disability Prevention	93.994	--	54,847
Subtotal			372,927
Passed through State Department of Public Health:			
Centers for Disease Control and Prevention	93.069	--	166,097
Pandemic Flu	93.069	--	793
Maternal and Child Health Services	93.110	2007-26	77,763
Immunization	93.268	--	5,500
Immunization Project	93.268	--	10,000
Hospital Emergency Prepardness and Response	93.889	--	183,751
Subtotal			443,904
Passed through State Department of Alcohol and Drug Programs:			
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959*	--	291,848
Total U.S. Department of Health and Human Services			$ 2,917,209

* Major Program

COUNTY OF MONO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Department of Homeland Security			
Passed through California Emergency Management Agency:			
FY 2008-09 Homeland Security Grant Program - EMPG	97.042	2008-09	81,656
FY 2008-09 Homeland Security Grant Program - SHSP	97.067	2008-09	96,161
FY 2008-09 Homeland Security Grant Program - LETPP	97.067	2008-09	32,054
Total U.S. Department of Homeland Security			$ 209,871
Total Expenditures of Federal Awards			$ 6,091,298

* Major Program

COUNTY OF MONO

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

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	$ 20,000
14.239	HOME Grant	87,751
93.563	Child Support Enforcement	500,372

Note 6: **Program Clusters**

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

Federal CFDA	Program Title	Federal Expenditures
Food Stamp Cluster:		
10.551	Supplemental Nutrition Assistance Program	$ 573,736
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	277,646
	TOTAL	$ 851,382
WIA Cluster:		
17.258	Workforce Investment Act – Adult	$ 33,580
17.259	Workforce Investment Act – Youth	33,775
17.260	Workforce Investment Act – Dislocated Worker	53,587
	TOTAL	$ 120,942
Aging Cluster:		
93.044	Aging Title III Part B	$ 32,273
93.045	Aging Title III Part C	33,887
	TOTAL	$ 66,160

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:

CFDA	Federal Expenditures	State Expenditures
93.044	$ 32,273	$ --
93.045	33,887	33,728
TOTAL	$ 66,160	$ 33,728

COUNTY OF MONO

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

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	No
3. Noncompliance material to financial statements noted?	No

Federal Awards

1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	No
2. Type of auditor's report issued on compliance for major programs:	Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)?	No

4. Identification of major programs:

CFDA Number	Name of Federal Program
10.551	Supplemental Nutrition Assistance Program
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program
10.665	Schools and Roads – Grants to States
14.228	Community Development Block Grant/State's Program
15.226	Payments in Lieu of Taxes
93.558	Temporary Assistance for Needy Families (TANF)
93.658	Foster Care – Title IV-E

Section 1 (continued)

Federal Awards (continued)	Summary of Auditor's Results
CFDA Number 93.959	Name of Federal Program Block Grants for Prevention and Treatment of Substance Abuse (SAPT)
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 – Year End Review	Finding 09-FS-1
Deferred Revenue – Year End Review	Finding 09-FS-2
Taxes Receivable – Year End Review	Finding 09-FS-3
Duplication of Journal Entries	Finding 09-FS-4
Capital Assets	Finding 09-FS-5
Accounts Payable – Completeness	Finding 09-FS-6

Section 3

Federal Award Findings and Questioned Costs

None reported.

Program	Findings/Noncompliance
Finding 09-FS-1	**Accounts Receivable – Year End Review** Reporting Requirement: Material Weakness

Criteria

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.

Condition

During the audit, we noted a significant receipt for services provided during the fiscal year ended June 30, 2009, that was not properly accrued at year-end. The total amount of the related audit adjustment was $112,637.

Cause

Subsequent to year-end, the County did not identify significant revenues that should have been accrued during the year-end closing process.

Effect of Condition

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.

Recommendation

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.

Program	Findings/Noncompliance
Finding 09-FS-1 (continued)	Management Response Management Response: The County is taking a two step process in correcting this condition. The County is training department staff in recognition of revenues and receivables and is in the process of implementing a new financial system that will better enable departments to track revenues by project and age billings.
Finding 09-FS-2	**Deferred Revenue – Year End Review** Reporting Requirement: Material Weakness Criteria 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. Condition 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 $687,490. Cause During the year-end closing process, the County did not sufficiently review receivables to identify those that were not received during the period of availability. Effect of Condition By not properly deferring unavailable revenues, the County is overstating its revenues for the year on the fund financial statements. Recommendation 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.

Program	Findings/Noncompliance
Finding 09-FS-2 (continued)	Management Response Management Response: As mention in the response to fining 09-FS-1, the County is educating departmental staff who are most familiar with their revenues to identify the differences between a receivable and a deferred revenue.
Finding 09-FS-3	**Taxes Receivable – Year End Review** Reporting Requirement – Material Weakness Criteria During a change in accounting system the County should have adequate planning and controls in place to preserve essential data being migrated from one system to another to ensure consistent and comparable financial reporting. Condition The County implemented a new property tax accounting system during the year which required the migration of tax receivable data from the previous system. Although the aggregate amount of taxes receivable appears to be correct, certain data characteristics were not preserved during the migration. The loss of these characteristics creates an inability to perform comparisons over certain aspects of the balance between the current year and prior year. Cause The County implemented a new property tax accounting system. During the implementation, certain aspects of property tax data were lost. Effect of Condition Loss of data could lead to material misstatements of the financial statements or even the inability to prepare financial statements.

Program	Findings/Noncompliance
Finding 09-FS-3 (continued)	Recommendation The County should implement controls and procedures to ensure that the recording of future property tax data allows for consistency and comparability with the method adopted in the current year. Management Response Management Response: The prior tax system was so old that conversion of certain information to the new system was impossible in that either the information was unavailable in the old system for conversion, or the old system did not keep the information in an extractable format. As the County does not anticipate any tax system changes in the future, this conversion issue should not be a problem in the future.
Finding 09-FS-4	**Duplication of Journal Entries** Reporting Requirement – Material Weakness Criteria Good internal controls require appropriate review of all journal entries to prevent and detect material misstatements. Condition Several journal entries posted during the year end closing process were posted more than once. Cause The review process over journal entries did not identify duplicate entries. Effect or Potential Effect The duplication of journal entries could potentially lead to material misstatement of the financial statements.

Program	Findings/Noncompliance
Finding 09-FS-4 (continued)	Recommendation We recommend that all journal entries be reviewed prior to being posted to ensure account balances are accurate. Management Response Management Response: Journal Entries were not posted more than once. Certain departments had submitted duplicate estimates in such a fashion that it was not perceived to be a duplicate. Again, the County is working on educating departmental staff so that this does not occur in the future.
Finding 09-FS-5	**Capital Assets** Reporting Requirement – Material Weakness Criteria 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. Condition During our audit we proposed the following adjustments: - Removed depreciation expense booked to CIP, a non-depreciable asset category. - Recorded capital asset additions to the Airport Enterprise Fund that were not recorded in the County's capital asset system. - Removed asset from the Motor Pool that was disposed of during the year and not reflected on information provided. Cause 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.

Program	Findings/Noncompliance
Finding 09-FS-5 (continued)	Effect or Potential Effect Had the above adjustments not been made to the financial statements, expenses on the government-wide statements would be overstated, assets in the Airport Enterprise Fund would be understated, and assets on both the internal service funds and on the government-wide statements would be overstated. We consider these to be material to the financial statements. Recommendation We recommend the County consider the following: - Migrate capital asset tracking to a new system with the required capabilities - Supplement tracking with the use of spreadsheets or additional controls to ensure all costs are adequately tracked and recorded. - 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. Management Response Management Response: The County recently moved to the current capital asset system – a tremendous upgrade from Excel. Certain of the problems noted were a result of exporting the information and human error. The County is in the process of implementing a new financial system which also contains an integrated capital assets module. This will hopefully cure system deficiencies beginning in 2010-11.
Finding 09-FS-6	**Accounts Payable - Completeness** Reporting Requirement – Material Weakness Criteria During its year-end closing process, the County should establish and enforce policies and procedures to ensure year-end accruals are properly identified and recorded for all account balances, including expenses and payables.

Program	Findings/Noncompliance
Finding 09-FS-6 (continued)	

Condition

During the audit, we noted two invoices for professional services provided during the fiscal year ended June 30, 2009 that were not properly accrued at year-end. The total amount of the related audit adjustment was $103,122.

Cause

Subsequent to year-end, the Bioterriosm and Solid Waste departments did not properly identify professional services invoices that should have been accrued during the year-end closing process. In addition, the Auditor-Controller's Office did not properly accrue such invoices when they were received by the departments for payment subsequent to year-end.

Effect or Potential Effect

By not properly accounting for professional services invoices received subsequent to year-end, the County is significantly understating its accounts payable liability and expense/expenditure account balances.

Recommendation

We recommend the Auditor-Controller's Office enforce its policy that all significant payments made subsequent to year-end be reviewed by the Auditor-Controller's Office during the payment process prior to posting. In addition, the Bioterriosm and Solid Waste departments need to improve their year-end closing processes for identifying large invoices received subsequent to year-end for services provided during the fiscal year.

Management Response

Management Response: As in previous responses, the County is working on departmental education so that the personnel most familiar with expenditures of a particular department can provide the most accurate information to the Auditor's office. In addition, the new financial system the County is implementing will have an encumbrance capability which should assist in the process.

COUNTY OF MONO

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2009

Audit Reference Number	Status of Prior Year Audit Findings
Finding 08-SA-1 Community Development Block Grant CFDA 14.228 Award No. 05-STBG-1384 Year: 07/08	Recommendation We recommend that the Department develop a procedure to calculate and return interest earned on federal funds in excess of $100 to the grantor, unless instructed otherwise. Further, if the Department wishes to draw federal funds in advance, we recommend that draws be requested only when the Department is prepared to disburse those funds immediately upon receipt. Status Corrected.
Finding 08-SA-2 Foster Care CFDA 93.658 Award No. N/A Year: 07/08	Condition During our audit of the Foster Care program we noted that there was one federally-eligible child that was part of the Wraparound program. We noted that the county claimed not only payments made to eligible placements but also claimed the group home rate when the child was living at home. Recommendation We recommend that the Department amend the claims it has submitted with this incorrect understanding to correct the CA-800s. We also recommend that the county correctly claim these expenditures in the future. Status Corrected.

SUPPLEMENTARY SCHEDULE

COUNTY OF MONO

California Emergency Management Agency
Supplementary Schedule
For the Year Ended June 30, 2009

California Emergency Management Agency

The following represents expenditures for California Emergency Management Agency programs for the year ended June 30, 2009. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

	Expenditures Claimed			Share of Expenditures Current Year		
Program	For the Period Through June 30, 2008	For the Year Ended June 30, 2009	Cumulative As of June 30, 2009	Federal Share	State Share	County Share
DC08190260						
Personal services	$ --	$ --	$ --	$ --	$ --	$ --
Operating expenses	--	118,088	118,088	118,088	--	--
Equipment	--	--	--	--	--	--
Totals	$ --	$ 118,088	$ 118,088	$ 118,088	$ --	$ --
VW08180260						
Personal services	$ --	$ 62,595	$ 62,595	$ 24,597	$ 37,998	$ --
Operating expenses	--	3,369	3,369	--	3,369	--
Equipment	--	--	--	--	--	--
Totals	$ --	$ 65,964	$ 65,964	$ 24,597	$ 41,367	$ --
CalMMET - MH08030260						
Personal services	$ --	$ 137,271	$ 137,271	$ --	$ 137,271	$ --
Operating expenses	--	1,500	1,500	--	1,500	--
Equipment	--	--	--	--	--	--
Totals	$ --	$ 138,771	$ 138,771	$ --	$ 138,771	$ --
VB08060260						
Contract Services	$ --	$ 62,680	$ 62,680	$ --	$ 62,680	$ --
Personnel	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	$ --	$ 62,680	$ 62,680	$ --	$ 62,680	$ --