

TAHOE REGIONAL PLANNING AGENCY

Single Audit Report on Federal Awards

Year Ended June 30, 2014

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**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***

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tahoe Regional Planning Agency
Stateline, Nevada

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, each major fund, and the aggregate remaining fund information of the Tahoe Regional Planning Agency (TRPA), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise TRPA's basic financial statements, and have issued our report thereon dated January 20, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered TRPA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TRPA's internal control. Accordingly, we do not express an opinion on the effectiveness of TRPA'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 TRPA'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify one deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2014-1 that we consider to be a significant deficiency in internal control over financial reporting.

Compliance and Other Matters

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

TRPA's Response to Findings

TRPA's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. TRPA's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TRPA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TRPA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Mary H. Hoff M. C. R. C.".

Irvine, California
January 20, 2015



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tahoe Regional Planning Agency
Stateline, Nevada

Report on Compliance for Each Major Federal Program

We have audited the Tahoe Regional Planning Agency's (TRPA's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on TRPA's major federal program for the year ended June 30, 2014. TRPA's major federal program is identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of TRPA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 TRPA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, TRPA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of TRPA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered TRPA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 TRPA's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of TRPA as of and for the year ended June 30, 2014, and have issued our report thereon dated January 20, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 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 financial statements or to the 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 material respects in relation to the financial statements as a whole.



Irvine, California
January 20, 2015

TAHOE REGIONAL PLANNING AGENCY

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Program Identification Number	Federal Expenditures	Amount Provided to Subrecipients
<u>U.S. Department of Interior</u>				
Passed through United States Fish and Wildlife Service:				
Aquatic Invasive Species Eradication, Inspection, & Prevention:				
Southern Nevada Public Lands Management Act - Round 11-12	15.608	F11AC01355	\$ 1,142,885	-
Aquatic Nuisance Species Task Force	15.608	F12AP00763	19,542	-
Aquatic Nuisance Species Task Force	15.608	F13AS00090	<u>24,273</u>	-
Total U.S. Department of Interior			<u>1,186,700</u>	-
<u>U.S. Department of Transportation</u>				
Direct assistance:				
1/2% funding	20.205	DTFH68-10-E-00051, DTFH68-11-E-00013	4,257,227	3,767,310
Passed through California Department of Transportation:				
Highway Planning and Construction	20.205	13OWPTMPO 74A0147	742,280	-
Southern Nevada Public Lands Management Act - US Highway 50 Corridor	20.205	87A0	84,378	84,378
Passed through Nevada Department of Transportation:				
Highway Planning and Construction	20.205	NM 098-00-804	<u>237,418</u>	-
Total U.S. Department of Transportation			<u>5,321,303</u>	<u>3,851,688</u>
<u>U.S. Environmental Protection Agency</u>				
Passed through State of California Environmental Protection Agency, State Water Resource Control Board:				
319(h) - BMP Effectiveness Monitoring	66.460	08-604-556	181,985	-
Passed through Nevada Division of Environmental Protection:				
Environmental Signs Grant	66.460	DEP S12-001	53,152	-
208 Water Quality Management Plan	66.460	DEP-S13-010	8,217	-
Non-Point Source Implementation	66.460	DEP 12-015	45,565	-
Non-Point Source Implementation	66.460	DEP 13-013	77,789	-
Passed through Aquatic Science Center:				
Sierra Nevada Testing and Development of Wetland and Riparian Ambient Monitoring Program (WRAMP)	66.460	ASC Contract #948	<u>10,442</u>	-
Subtotal CFDA No. 66.460			377,150	-
Passed through Nevada Division of Environmental Protection:				
SNPLMA CWA Special Purpose Activities- Lake Tahoe EIP & TIIMS Round 9, 10	66.436	X7-00T81001	<u>116,804</u>	-
Total U.S. Environmental Protection Agency			<u>493,954</u>	-
Total expenditures of federal awards			<u>\$ 7,001,957</u>	<u>3,851,688</u>

See Note to Schedule of Expenditures of Federal Awards.

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Note to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

(1) **Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards**

Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the Tahoe Regional Planning Agency (TRPA) that are reimbursable under programs of federal agencies providing financial awards. For the purposes of this schedule, financial awards include federal awards received directly from a federal agency, as well as federal funds received indirectly by TRPA from a non-federal agency or other organization. Only the portions of program expenditures reimbursable with such federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum reimbursement authorized or the portion of the program expenditures that were funded with other state, local or other non-federal funds are excluded from the accompanying schedule.

Basis of Accounting

The expenditures included in the accompanying schedule were reported on the accrual basis of accounting. Under the accrual basis of accounting, expenditures are recognized when incurred. Expenditures reported include any property or equipment acquisitions incurred under the federal program.

Subrecipients

TRPA disbursed funds in the amount of \$3,851,688 to the Tahoe Transportation District during the fiscal year ended June 30, 2014.

TAHOE REGIONAL PLANNING AGENCY

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

(A) Summary of Auditors' Results

1. An unmodified opinion was issued by the auditors on the financial statements of the auditee.
2. No material weaknesses in internal control over financial reporting were reported. However, one significant deficiency in internal control over financial reporting was reported. Refer to item 2014-1.
3. No instances of noncompliance which are material to the financial statements of the auditee were reported.
4. No material weaknesses or significant deficiencies in internal control over compliance with respect to major federal programs of the auditee were reported.
5. An unmodified report was issued by the auditors on compliance for the major program.
6. The audit disclosed no findings required to be reported under paragraph .510(a) of OMB Circular A-133.
7. The major program of the auditee was CFDA No. 20.205, U.S. Department of Transportation, Highway Planning and Construction.
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. The auditee met the criteria to be considered a low risk auditee, as defined by OMB Circular A-133, paragraph .530, for the year ended June 30, 2014 for purposes of major program determination.

TAHOE REGIONAL PLANNING AGENCY

Schedule of Findings and Questioned Costs

(Continued)

(B) **Findings Related to the Financial Statements Which are Required to be Reported in Accordance with GAGAS**

2014:1 Need to Refine Formal Year-End Closing Schedule

The audit for the year ended June 30, 2013 identified the need for TRPA to develop a year-end closing schedule that documented those procedures that needed to be performed, including year-end journal entries, identification of personnel responsible for specific tasks, and a timeline for completion of the year-end closing. TRPA did develop a year-end closing schedule, but the schedule needs to be refined to encompass all year-end journal entries and due dates need to be enforced.

The audit for the year ended June 30, 2014 identified 6 journal entries that should have been made as part of the year-end close. While this was an improvement over the 234 auditor identified journal entries from the prior fiscal year, the nature of the entries were such that they should have been made prior to the beginning of audit fieldwork. Additionally, a balanced trial balance was not provided until the last few days of fieldwork, which made the audit process inefficient.

Recommendation

We recommend that TRPA refine its formal year-end closing schedule to incorporate the auditor-identified adjustments, as well as revise the timeline for completion of the year-end closing process so that the audit can be conducted in an efficient manner.

Management Response

TRPA will incorporate the year-end journal entries into the checklist and ensure they are scheduled prior to Audit.

(C) **Findings and Questioned Costs Related to Federal Awards**

There were no findings required to be reported under paragraph .510(a) of OMB Circular A-133.

TAHOE REGIONAL PLANNING AGENCY

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2014

The following is the status of the prior audit findings for the year ended June 30, 2013.

2013-1: Adjustments Detected by the Audit Process

Recommendation

We recommended that TRPA develop a formal year-end closing schedule that indicated specific personnel responsibilities and corresponding time requirements to allow for a year-end close and audit preparation process that would be much less time-consuming and arduous.

Current Year Status

Resolution of this finding is in process. TRPA developed and implemented a formal year-end closing schedule. However, the schedule needs to be refined to incorporate year-end auditor-identified adjustments and update the timeline for completion of the year-end closing process so that the audit can be conducted in an efficient manner. Refer to current year finding 2014-1.

2013-2: Need to Maintain Detailed Listings

Recommendation

We recommended that TRPA establish procedures to ensure that all amounts reported as deposits payable or are being held on behalf of others be reviewed at least on an annual basis to ensure the deposit or other amount held should continue to be held.

Current Year Status

TRPA has updated its detailed listings and implemented procedures so that they are reviewed on at least an annual basis. As such, this finding has been resolved.

2013-3: Compliance with Reporting Requirements

Recommendation

We recommended that TRPA prepare and submit the Federal Funding Accountability and Transparency Act (FFATA) report as required by the Transparency Act.

TAHOE REGIONAL PLANNING AGENCY

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2014

Current Year Status

TRPA attempted to report amounts paid to subrecipients as required by FFATA. However, TRPA's award was not in the system to report against. TRPA is following the guidelines within the FFATA Subrecipient Reporting System to resolve this issue. As TRPA demonstrated due diligence in FFATA reporting, this finding has been resolved.