

TAHOE REGIONAL PLANNING AGENCY
Single Audit Report on Federal Awards
Year Ended June 30, 2020

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Single Audit Report on Federal Awards

Year Ended June 30, 2020

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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, 2020, and the related notes to the financial statements, which collectively comprise TRPA's basic financial statements, and have issued our report thereon dated February 16, 2021.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified one deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001 that we consider to be a significant deficiency.

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 Finding

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 subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Dawn Funn LLP

Irvine, California
February 16, 2021

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

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 Compliance Supplement* that could have a direct and material effect on TRPA's major federal program for the year ended June 30, 2020. TRPA's major federal programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2020.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2020, and have issued our report thereon dated February 16, 2021, 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 the Uniform Guidance 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.

Davis Fann LLP

Irvine, California
February 16, 2021

TAHOE REGIONAL PLANNING AGENCY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

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:				
Fish and Wildlife Management Assistance:				
Southern Nevada Public Lands Management Act - Round 12 Final	15.608	F18AP00268	\$ 47,695	-
Invasive Species:				
Lake Tahoe Restoration Act	15.652	F18CC000767	<u>1,560,765</u>	-
Total U.S. Department of Interior			<u>1,608,460</u>	-
<u>U.S. Department of Agriculture</u>				
U.S. Forest Service:				
Watershed Restoration and Enhancement (Wyden Amendment):				
Meeks Bay Restoration Plan	10.693	19-PA-11051900-019	41,869	-
Lake Tahoe West Restoration Project	10.693	20-PA-11052900-010	<u>8,535</u>	-
Total U.S. Department of Agriculture			<u>50,404</u>	-
<u>U.S. Department of Transportation</u>				
Passed through California Department of Transportation:				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research:				
Highway Planning and Research	20.505	19OWPTMPO 74A0824	716,526	-
FTA-5303	20.505	19OWPTMPO 74A0824	<u>191,727</u>	-
Subtotal CFDA No. 20.505			<u>908,253</u>	-
Passed through Nevada Department of Transportation:				
Highway and Planning Construction Cluster:				
Highway Planning and Research	20.205	PR127-18-804	228,120	-
FTA-5303	20.205	PR127-18-804	31,478	-
Research - MAP 21	20.205	P603-17-816	<u>937</u>	-
Subtotal CFDA No. 20.205			<u>260,536</u>	-
Total U.S. Department of Transportation			<u>1,168,788</u>	-
<u>U.S. Environmental Protection Agency</u>				
Passed through State of Nevada:				
State of Nevada: Non-Point Source Implementation Grants	66.460	DEP 19-037	<u>75,003</u>	-
State of Nevada: NDEP 106	66.419	NDEP #19-036	68,196	-
State of Nevada: NDEP 106	66.419	NDEP #20-025	11,700	-
State of Nevada: NDEP 106	66.419	NDEP #20-013	<u>22,000</u>	-
Subtotal CFDA No. 66.419			<u>101,896</u>	-
Passed through Nevada Division of Environmental Protection:				
US EPA Regional Wetlands Program Development Grants	66.461	99T64901	<u>20,414</u>	-
Total U.S. Environmental Protection Agency			<u>197,313</u>	-
<u>U.S. Army Corps of Engineers</u>				
Lake Tahoe Aquatic Invasive Species Program Phase II	*	PPA 29	<u>132,896</u>	-
Total U.S. Army Corps of Engineers			<u>132,896</u>	-
Total expenditures of federal awards			<u>\$ 3,157,862</u>	-

* No CFDA number because this Federal Award is an agreement, not a grant.

See Note to Schedule of Expenditures of Federal Awards.

TAHOE REGIONAL PLANNING AGENCY

Note to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

(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. TRPA elected to not use the 10% de minimis cost rate and obtained a negotiated indirect cost rate of 75.52% from its cognizant agency.

TAHOE REGIONAL PLANNING AGENCY

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

- | | |
|---|------------|
| 1. Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | Yes |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|--|---------------|
| 1. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | None Reported |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? | No |
| 4. Identification of major programs: | |
| <u>CFDA Number</u> <u>Name of Federal Program or Cluster</u> | |
| 15.652 Invasive Species | |
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 6. Auditee qualified as a low-risk auditee? | Yes |

TAHOE REGIONAL PLANNING AGENCY

Schedule of Findings and Questioned Costs

(Continued)

Section II - Financial Statement Findings

2020-001: Auditor Detected Audit Adjustment

During our audit, we identified a material adjustment to correct unearned revenue that was overstated in the prior year. It had been the practice of TRPA to record as unearned revenue deposit payable amounts that were determined to be abandoned. However, in accordance with the accounting standards, these amounts should be considered revenue at the time they are determined to be abandoned. Auditing standards require the auditors to include an internal control recommendation when there are material audit adjustments.

Recommendation

To minimize auditor detected adjustments and prior period adjustments, TRPA should establish procedures to, whenever possible, identify adjustments in the reporting period in which the related transactions occurred. However, it is recognized that this is not always possible and on occasion TRPA accounting procedures will properly identify adjustments in subsequent periods. We also recommend that TRPA recognize as revenue deposits payable amounts when they are determined to be abandoned.

Management Response

TRPA agrees with the auditor's finding. Abandoned securities exist when the Agency is satisfied that the terms of the permit have been met, the applicant has not requested a return of their project security, and the Agency has exhausted available resources to locate the payee. The Governing Board reviews and approves all abandoned securities. TRPA failed to recognize revenue at the time the Board approved abandonment. The individual securities are relatively small but aggregate to a material amount. We have corrected the error and will recognize revenue upon approval of abandonments in the future.

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs for the year ended June 30, 2020.

TAHOE REGIONAL PLANNING AGENCY

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2020

Summary of Prior Audit Findings and Current Status

There are no audit findings identified in the prior year audit report.