

TAHOE REGIONAL PLANNING AGENCY

Single Audit Report on Federal Awards

Year Ended June 30, 2015

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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, 2015, and the related notes to the financial statements, which collectively comprise TRPA's basic financial statements, and have issued our report thereon dated December 7, 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 a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 that we considered 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*.

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.



Irvine, California
December 7, 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, 2015. 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 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 programs. 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 programs for the year ended June 30, 2015.

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, 2015, and have issued our report thereon dated December 7, 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.

Dennis Fane LLP

Irvine, California
December 7, 2015

TAHOE REGIONAL PLANNING AGENCY

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

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 11-12	15.608	F11AC01355	\$ 361,619	-
Southern Nevada Public Lands Management Act - Round 12 Final	15.608	F15AC00150	3,828	-
Aquatic Nuisance Species Task Force	15.608	F12AP00763	<u>22,745</u>	-
Total U.S. Department of Interior			<u>388,192</u>	-
<u>U.S. Department of Transportation</u>				
Direct assistance:				
Highway Planning and Construction:				
1/2% funding	20.205	DTFH68-11-E-00013, DTFH68-12-E-00037	3,280,487	2,625,604
Passed through California Department of Transportation:				
Highway Planning and Construction	20.205	15OWPTMPO 74A0147	621,938	-
Passed through Nevada Department of Transportation:				
Highway Planning and Construction	20.205	PR229-14-804	<u>210,417</u>	-
Total U.S. Department of Transportation			<u>4,112,842</u>	<u>2,625,604</u>
<u>U.S. Environmental Protection Agency</u>				
Passed through State of California Environmental Protection Agency, State Water Resource Control Board:				
Nonpoint Source Implementation Grants:				
319(h) - BMP Effectiveness Monitoring	66.460	08-604-556	26,682	-
319(h) - BMP Effectiveness Monitoring	66.460	14-428-256	35,964	-
Passed through Nevada Division of Environmental Protection:				
Nonpoint Source Implementation Grants:				
Environmental Signs Grant	66.460	DEP S12-001	39,530	-
208 Water Quality Management Plan	66.460	DEP-S13-010	11,634	-
Non-Point Source Implementation	66.460	DEP 13-013	<u>129,748</u>	-
Subtotal CFDA No. 66.460			243,558	-
Passed through Nevada Division of Environmental Protection:				
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act:				
SNPLMA CWA Special Purpose Activities- Lake Tahoe EIP & TIIMS Round 9, 10	66.436	X7-00T81001	<u>136,388</u>	-
Total U.S. Environmental Protection Agency			<u>379,946</u>	-
Total expenditures of federal awards			<u>\$ 4,880,980</u>	<u>2,625,604</u>

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, 2015

(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 \$2,625,604 to the Tahoe Transportation District during the fiscal year ended June 30, 2015.

TAHOE REGIONAL PLANNING AGENCY

Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

(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, and is identified in this section as items 2015-001.
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 programs.
6. The audit disclosed no findings required to be reported under paragraph .510(a) of OMB Circular A-133.
7. The major programs of the auditee were CFDA No. 20.205, U.S. Department of Transportation, Highway Planning and Construction and CFDA No. 15.608, U.S. Department of Interior, Fish and Wildlife Management Assistance.
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. The auditee did not meet the criteria to be considered a low risk auditee, as defined by OMB Circular A-133, paragraph .530, for the year ended June 30, 2015 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**

2015-001: Adjustments Detected by the Audit Process

Auditing standards require that the auditor include in this report material adjustments detected by the audit process. Material adjustments detected by the audit process included the following:

- Adjustment to increase accounts payable and cash for \$677,993 to properly account for costs incurred during fiscal year 2014-15 and paid in the following fiscal year;
- Adjustment to reduce revenue of \$272,196 that should have been recognized when earned in fiscal year 2011-12; and
- Adjustment of \$281,174 to correctly report accumulated depreciation, which was overstated in prior years.

Recommendation

An important element of controls over financial reporting is for management to identify adjustments necessary for financial statements to be fairly stated. Whenever possible, adjustments should be reflected in the accounting records prior to the start of the audit. When this is not possible, management should identify and communicate to the auditors the potential areas of adjustment that may need to be addressed during the audit process. This is an important element of internal control to reduce the risk of material misstatement.

Management Response

TRPA will create a system to track entries that occur throughout the year that need to be communicated to the auditors for potential areas of adjustment. Adjustments are made to the accounting records prior to the start of the audit whenever possible, but if there is a reason that an entry cannot be made in advance of the audit it will be separately identified and communicated to the auditors.

(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, 2015

The following is the status of the prior audit findings for the year ended June 30, 2014.

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

Recommendation

We recommended 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.

Current Year Status

This finding is considered resolved. TRPA developed and implemented a formal year-end closing schedule. The schedule was refined to incorporate prior year-end auditor-identified adjustments. TRPA also updated the timeline for completion of the year-end closing process so that the audit can be conducted in an efficient manner.