

**COUNTY OF PLUMAS,  
CALIFORNIA**



**SINGLE AUDIT ACT  
REPORTS AND SCHEDULES  
FOR THE YEAR ENDED  
JUNE 30, 2014**

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**COUNTY OF PLUMAS**  
**Single Audit Act**  
**For the Year Ended June 30, 2014**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

Board of Supervisors and the Grand Jury  
County of Plumas  
Quincy, California

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, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Plumas, California, (County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 26, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 the entity'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be 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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. (2014-001 through 2014-006)

### **Compliance and Other Matters**

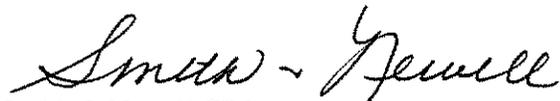
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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.

### **County's Response to Findings**

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Smith & Newell CPAs  
Yuba City, California  
March 26, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133**

To the Board of Supervisors and Grand Jury  
County of Plumas  
Quincy, California

**Report on Compliance for Each Major Federal Program**

We have audited the County of Plumas, California's (County) 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 each of the County's major federal programs for the year ended June 30, 2014. The County'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 the County'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 the County'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 each major federal program. However, our audit does not provide a legal determination of the County's compliance.

To the Board of Supervisors and Grand Jury  
County of Plumas  
Quincy, California

### **Opinion on Each Major Federal Program**

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

### **Report on Internal Control Over Compliance**

Management of the County, 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 the County'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 the County'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.

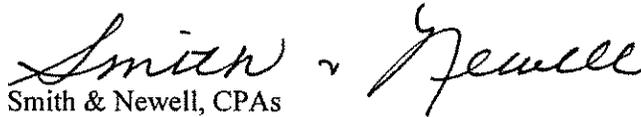
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

To the Board of Supervisors and Grand Jury  
County of Plumas  
Quincy, California

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County of Plumas, California, (County) as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 26, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic 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 all material respects in relation to the basic financial statements as a whole.

A handwritten signature in cursive script, appearing to read "Smith & Newell", is written over the typed name.

Smith & Newell, CPAs  
Yuba City, California  
March 26, 2015

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**COUNTY OF PLUMAS**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2014**

<u>Federal Program/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Agriculture</b>			
Passed through State Department of Food and Agriculture: Forest Health Protection	10.680	10-DG-11052021-037	\$ 520
Passed through State Department of Public Health: Supplemental Nutrition Assistance Program	10.551	13-20097	101,635
Passed through State Department of Social Services: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	CEC-32-2014	248,647
Passed through National Forest Service: Cooperative Forestry Assistance	10.664	11-LE-11051360-206	54,334
Passed through State Controller's Office: Schools and Roads - Grants to States	10.665	1100235A	<u>1,735,914</u>
<b>Total U.S. Department of Agriculture</b>			<u>2,141,050</u>
<b>U.S. Department of Housing and Urban Development</b>			
Passed through State Department of Health Services: Housing Opportunities for Persons with AIDS	14.241	13-20428	<u>26,847</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>26,847</u>
<b>U.S. Department of the Interior</b>			
Direct Program: Payments in Lieu of Taxes	15.226	-	<u>422,425</u>
<b>Total U.S. Department of the Interior</b>			<u>422,425</u>
<b>U.S. Department of Justice</b>			
Direct Program: Drug Court Discretionary Grant Program	16.585	-	36,513
Drug Court Discretionary Grant Program	16.585	-	<u>2,171</u>
Subtotal 16.585			<u>38,684</u>
State Criminal Alien Assistance Program	16.606	-	3,710
Passed through Board of State and Community Corrections: Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 600-12	2,888
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 600-13	<u>51,259</u>
Subtotal 16.738			<u>54,147</u>
Passed through State Emergency Management Agency: Crime Victim Assistance	16.575	VW 1321 0320	<u>44,198</u>
<b>Total U.S. Department of Justice</b>			<u>140,739</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**COUNTY OF PLUMAS**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2014**

<u>Federal Program/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Transportation</b>			
Passed through Federal Aviation Administration:			
Airport Improvement Program	20.106	AIP 3-06-0020-010	\$ 4,500
Airport Improvement Program	20.106	AIP 3-06-0040-015	402,461
Airport Improvement Program	20.106	AIP 3-06-0040-016	4,500
Airport Improvement Program	20.106	AIP 3-06-0191-010	3,949
Airport Improvement Program	20.106	AIP 3-06-0191-011	747
Airport Improvement Program	20.106	AIP 3-06-0191-012	4,500
Subtotal 20.106			<u>420,657</u>
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	BRLO-5909(029)	40,166
Highway Planning and Construction	20.205	BRLO-5909(079)	142,648
Highway Planning and Construction	20.205	BRLO-5909(080)	90,494
Highway Planning and Construction	20.205	BRLO-5909(081)	221,794
Highway Planning and Construction	20.205	BRLO-5909(082)	308,891
Highway Planning and Construction	20.205	BRLO-5909(083)	2,236
Highway Planning and Construction	20.205	BRLO-5909(092)	9,460
Highway Planning and Construction	20.205	BRLO-5909(093)	2,586
Highway Planning and Construction	20.205	BRLO-5909(094)	3,026
Highway Planning and Construction	20.205	BRLO-5909(095)	3,424
Highway Planning and Construction	20.205	BRLO-5909(096)	2,840
Highway Planning and Construction	20.205	BRLO-5909(097)	1,957
Highway Planning and Construction	20.205	BRLO-5909(100)	2,540
Highway Planning and Construction	20.205	BRLO-5909(101)	839
Highway Planning and Construction	20.205	HRRRL-5909(084)	626
Subtotal 20.205			<u>833,527</u>
<b>Total U.S. Department of Transportation</b>			<u>1,254,184</u>
<b>U.S. Department of Health and Human Services</b>			
Direct Program:			
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	-	277,737
Passed through State Department of Social Services:			
Guardianship Assistance	93.090	CEC-32-2014	2,088
Promoting Safe and Stable Families	93.556	CEC-32-2014	10,253
Stephanie Tubbs Jones Child Welfare Services Program	93.645	CEC-32-2014	22,930
Social Services Block Grant	93.667	CEC-32-2014	90,645
Chafee Foster Care Independence Program	93.674	CEC-32-2014	20,394
Temporary Assistance for Needy Families	93.558	CEC-32-2014	716,126
Temporary Assistance for Needy Families	93.558	800-32-2014	320,854
Subtotal 93.558			<u>1,036,980</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**COUNTY OF PLUMAS**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2014**

<u>Federal Program/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services (Continued)</b>			
Passed through State Department of Social Services (Continued):			
Foster Care - Title IV-E	93.658	CEC-32-2014	\$ 453,872
Foster Care - Title IV-E	93.658	800-32-2014	<u>322,145</u>
Subtotal 93.658			<u>776,017</u>
Adoption Assistance	93.659	CEC-32-2014	80,123
Adoption Assistance	93.659	800-32-2014	<u>292,534</u>
Subtotal 93.659			<u>372,657</u>
Passed through State Department of Child Support Services:			
Child Support Enforcement	93.563	Plumas	446,779
Passed through State Department of Aging:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	IIIB-0412-14	44,424
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	IIIC-045-14	144,943
Nutrition Services Incentive Program	93.053	IIIC-045-14	27,218
Passed through State Department of Health Services:			
Medical Assistance Program	93.778	12-89319	286,312
Medical Assistance Program	93.778	CCS	50,759
Medical Assistance Program	93.778	HCPCFC	24,398
Medical Assistance Program	93.778	CHDP	110,127
Medical Assistance Program	93.778	CEC-32-2014	<u>1,017,105</u>
Subtotal 93.778			<u>1,488,701</u>
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children			
	93.197	11-10404	17,918
Children's Health Insurance Program	93.767	CSS	7,879
HIV Care Formula Grants	93.917	13-20065	170,075
Maternal and Child Health Services Block Grant to the States	93.994	MCH	137,969
Passed through State Office of Emergency Services:			
PPHF - Community Transformation Grants and National Dissemination and Support for Community Transformation Grants	93.531	1U58DP003677-03	3,229
Passed through State Department of Emergency Services:			
Public Health Emergency Preparedness	93.069	EPO 13-35	113,376
National Bioterrorism Hospital Preparedness Program	93.889	EPO 13-35	126,874
Passed through State Department of Mental Health:			
Block Grants for Community Mental Health Services	93.958	32	150,209
Passed through State Department of Alcohol and Drug Abuse Programs:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	10-NNA32	<u>375,405</u>
<b>Total U.S. Department of Health &amp; Human Services</b>			<u>5,864,700</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**COUNTY OF PLUMAS**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2014**

<u>Federal Program/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
<b>Department of Homeland Security</b>			
Passed through State Emergency Management Agency: Emergency Management Performance Grants	97.042	2013-0047	\$ 128,998
Homeland Security Grant Program	97.067	2011-0077	83,065
Homeland Security Grant Program	97.067	2012-0123	<u>41,128</u>
Subtotal 97.067			<u>124,193</u>
<b>Total Department of Homeland Security</b>			<u>253,191</u>
<b>Total</b>			<u>\$ 10,103,136</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**COUNTY OF PLUMAS**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2014**

**1. REPORTING ENTITY**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the County of Plumas. The County of Plumas 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 of Expenditures of Federal Awards.

**2. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. The accompanying Schedule of Expenditures of Federal Awards, is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in the notes to the County financial statements.

**3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree or can be reconciled with amounts reported in the related federal financial assistance reports.

**4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree or can be reconciled with amounts reported in the County's basic financial statements.

**5. 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.

**6. PROGRAM CLUSTERS**

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

<u>SNAP Cluster</u>		
10.551	Supplemental Nutrition Assistance Program	\$ 101,635
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	248,647
	Total	<u>\$ 350,282</u>
 <u>Aging Cluster</u>		
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	\$ 44,424
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	144,943
93.053	Nutrition Services Incentive Program	27,218
	Total	<u>\$ 216,585</u>

**COUNTY OF PLUMAS**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2014**

**7. CALIFORNIA EMERGENCY MANAGEMENT AGENCY GRANT EXPENDITURES**

The following schedule represents expenditures for U.S. Department of Justice grants passed through the State of California, Emergency Management Agency (CalEMA), as well as CalEMA funded grant expenditures for the year ended June 30, 2014. This information is included in the County's single audit report at the request of CalEMA.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through	For the Year Through	Cumulative As of	Federal Share	State Share	County Share
	June 30, 2013	June 30, 2014	June 30, 2014			
<b>VW13210320 - Violence Against Women</b>						
Personal services	\$ -	\$ 48,659	\$ 48,659	\$ 43,348	\$ 5,311	\$ -
Operating expenses	-	15,670	15,670	850	14,820	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 64,329</u>	<u>\$ 64,329</u>	<u>\$ 44,198</u>	<u>\$ 20,131</u>	<u>\$ -</u>

**8. CALIFORNIA DEPARTMENT OF AGING (CDA) REPORTING REQUIREMENTS**

The terms and conditions of contracts with CDA require agencies to display state-funded expenditures discretely along with the related federal expenditures. For the fiscal year ended June 30, 2014, the County did not receive any CDA state funded grants. The following schedule is presented to comply with these requirements.

Program	Federal CFDA Number	Total Expenditures	Accrual Adjustments	Confirmed Amount
IIIB Transportation	93.044	\$ 36,424	\$ 1,321	\$ 37,745
IIIB Transportation One Time Only	93.044	8,000	( 1,290)	6,710
IIIC-1 Congregate	93.045	79,850	( 948)	78,902
IIIC-1 Congregate One Time Only	93.045	6,148	-	6,148
IIIC-1 Congregate Nutrition Services Incentive Program	93.053	16,761	-	16,761
IIIC-2 Home Delivered Meals	92.045	53,154	( 948)	52,206
IIIC-2 Home Delivered Meals One Time Only	93.045	5,791	-	5,791
IIIC-2 Home Delivered Meals, Nutrition Services Incentive	93.053	<u>10,457</u>	<u>-</u>	<u>10,457</u>
Total Expenditures of CDA Federal Awards		<u>\$ 216,585</u>	<u>(\$ 1,865)</u>	<u>\$ 214,720</u>

**COUNTY OF PLUMAS**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

<b>Financial Statements</b>	<u><b>Status</b></u>
1. Type of auditor's report issued	Unqualified
2. Internal controls over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	Yes
3. Noncompliance material to financial statements noted?	No
 <b>Federal Awards</b>	
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 OMB Circular A-133 Section 510(a)?	No
4. Identification of major programs:	
10.551 Supplemental Nutrition Assistance Program	
10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	
10.665 Schools and Road - Grants to States	
15.226 Payments in Lieu of Taxes	
20.106 Airport Improvement Program	
20.205 Highway Planning and Construction	
93.563 Child Support Enforcement	
93.658 Foster Care - Title IV-E	
93.659 Adoption Assistance	
5. Dollar threshold used to distinguish between Type A and Type B programs?	\$303,094
6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530?	No

**COUNTY OF PLUMAS**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

Year-End Closing Process	2014-001
Pooled Cash Reconciliation	2014-002
Accounts Payable	2014-003
Accounts Receivable	2014-004
EFT Deposits Lack of Timely Processing	2014-005
Plumas County Transit Activity	2014-006

**SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None

**COUNTY OF PLUMAS**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

**2014-001 Year-End Closing Process (Significant Deficiency)**

**Condition**

At the time of our audit we noted the financial statements presented to us contained misstatements that required adjustments. Many of these adjustments were noted as a part of the audit process and certain adjustments regarding accounts payable were not available until February 2015. This is a repeat of a prior year finding.

**Cause**

The process to close the County's accounting records and produce the annual financial report is labor intensive and the reports produced by the accounting system can required additional analysis and reconciliation.

**Criteria**

Government auditing standards require independent auditors to evaluate all unadjusted misstatement of financial statements. Also producing timely audited financial statements is more difficult when adjustments are not recorded prior to the start of the annual audit.

**Effect of Condition**

The financial statements as presented to us for audit contained misstatements and required adjustments.

**Recommendation**

We recommend that the County strive to record all adjustments in a timely manner so that required adjustments can be recorded prior to the start of the annual audit.

**Corrective Action Plan**

The Auditor agrees that there is a need for expediting the year-end closing and is working with her staff to streamline the process so that the work may be done more timely and efficiently. The current Auditor has been in charge of year-end closing for only two fiscal years, 2012/2013 and 2013/2014. In addition to learning the operations of the office, there were turnovers in two key positions during 2013/2014 that caused her to focus attention on training new staff members. One of the staff members that resigned processed all of the property tax transactions for the County. The Auditor has attended numerous trainings with her staff to gain knowledge of the property tax rules and regulations in order to oversee the property tax functions and train the staff member that was hired to perform the property tax duties. In the future, as the Auditor gains experience with the expectations of the outside auditors and with improved office procedures going forward, the closing process will be finished in a more timely manner.

**COUNTY OF PLUMAS**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

**2014-002 Pooled Cash Reconciliation (Significant Deficiency)**

**Condition**

At the time of fieldwork, we noted that the pooled cash reconciliation prepared by the County Auditor-Controller's office for June 30, 2014 had not been reconciled to cash recorded in the general ledger as of June 30, 2014.

**Cause**

Subsequent to the County completing their pooled cash reconciliation for June 30, 2014 adjustments to pooled cash had been made that were not included in the pooled cash reconciliation provided to us at the time of fieldwork.

**Criteria**

Good internal control requires that all accounts be reconciled on a regular basis and any subsequent adjustments be included in the reconciliation.

**Effect of Condition**

There was an unreconciled difference at the start of fieldwork which required additional work by the County to identify the difference.

**Recommendation**

We recommend that reconciliations be reviewed for accuracy.

**Corrective Action Plan**

The purpose of the reconciliation is to prove the cash on record with the Treasurer (Treasurer's cash) to the cash in the general ledger (Auditor's cash). The total Treasurer's cash is a combination of cash on hand (as counted on 7/1/14), investments, and cash in the bank. Auditor's cash is the balance in the general ledger minus outstanding warrants. The discrepancy in the reconciliation occurred because the report for outstanding warrants was run later in the day after warrants had been cleared. The balance sheet reports only show activity through the requested date (June 30, 2014), but the outstanding warrant report included the July 1, 2014 activity. The general ledger program does not allow back-dated reports to be run. The Auditor's office was able to demonstrate that the reconciled difference was due to outstanding warrants cleared on July 1, 2014. Staff has been instructed to run the reports immediately on the first of each month, and to identify any discrepancies.

**2014-003 Accounts Payable (Significant Deficiency)**

**Condition**

At the time of our audit we noted that accounts payable balances had not been reconciled to supporting schedules and required adjustments to correct the year-end balances.

**COUNTY OF PLUMAS**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

**2014-003 Accounts Payable (Significant Deficiency) (Continued)**

**Cause**

The County did not adequately review payable balances to ensure that they were properly recorded and approximately \$111,970 in adjustments were required to correct year-end balances.

**Criteria**

Good internal control over accounts payable requires that they be reviewed for accuracy and properly adjusted to reflect accurate year-end balances.

**Effect of Condition**

Accounts payable balances were misstated and required adjustment.

**Recommendation**

We recommend that the County improve its internal control system and its policies and procedures in reviewing detail general ledger accounts for accuracy.

**Corrective Action Plan**

The Accounts Payable discrepancy was caused by a software glitch in the general ledger program. The Auditor's office uses a separate fund (Fund 5033) to process Calcard payments and collections from departments for charges made on the county credit cards by county employees and paid for through the trust account. The trust account is used so that credit card payments can be made immediately when the statement arrives, and then reimbursed by the departments as claims from each department are posted. The claims have historically been processed using the accounts payable function of the software, which uses both warrants payable and claims payable as the credit card payments and department reimbursements flow through the system. However, for some undetermined reason, the program failed to clear the accounts payable and cash account entries. The result was a large negative (debit) in accounts payable for Fund 5033, and a large negative cash balance (credit) in Fund 5033. When the error was discovered in August of 2014, staff from the auditor's office and IT contacted Pentamation, the software provider. After much time and effort, the problem was corrected within the system. The adjustment referred to in this finding records the adjustment as of June 30, 2014, and then is reversed in 2014/2015 because the error was fixed within the system in 2014/2015. The expenditures were properly recorded in the applicable departments for 2013/2014, the effect of the software problem only impacted balance sheet accounts for fiscal year 2013/2014.

As of February of 2015 the Auditor changed the way the Calcard is processed, using a journal entry to record the expenditures in the departments and reimburse the credit card fund (5033). This method is much easier and leaves a better audit trail than the previous method.

**2014-004 Accounts Receivable (Significant Deficiency)**

**Condition**

During our audit we noted \$700,549 of revenues that should have been accrued at June 30, 2014, but were not.

**COUNTY OF PLUMAS**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

**2014-004 Accounts Receivable (Significant Deficiency) (Continued)**

**Cause**

The County did not adequately review receivable balances to ensure that they were properly recorded.

**Criteria**

Good internal control over accounts receivable requires that they be accurately stated.

**Effect of Condition**

Accounts receivable balances were misstated and required adjustment.

**Recommendation**

We recommend that the County continue to improve its internal control system and its policies and procedures in reviewing detail general ledger accounts for accuracy.

**Corrective Action Plan**

The revenue accrual referred to in this finding is for two departments, Public Works (Roads), and Social Services.

The deposit in question for the Public Works department is in the amount of \$312,723. This deposit was received in August, 2014. On the remittance advice it is indicated that it is for 2013/2014, however in the two prior fiscal years, the August deposit was not accrued back. The Auditor did not accrue the deposit to 2013/2014 because doing so will result in an extra payment for the 2013/2014 fiscal year and will create a difference in the revenue as compared to prior years (the revenue would reflect thirteen monthly deposits). After discussions with Smith and Newell this adjustment was recorded.

The accruals of revenue for Social Services are the result of a correction that has not been done in past years to the best of this Auditor's knowledge. The remittance advices for these deposits clearly state that they were for 2014/2015, but in detailed pages (not provided to the County Auditor) there were some amounts that were corrections to prior years. While the County Auditor does not question that these are prior year revenue, the detailed information was not provided when the accruals were done. The Auditor will discuss this with all departments and ask that they review their deposits in the future and forward the detailed information so that the accruals can be properly made.

**2014-005 EFT Deposits Lack of Timely Processing (Significant Deficiency)**

**Condition**

During our audit we noted that EFT deposits to the County's bank account were not being processed in the County's general ledger on a timely basis. This is a repeat of a prior year finding.

**COUNTY OF PLUMAS**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

**2014-005 EFT Deposits Lack of Timely Processing (Significant Deficiency) (Continued)**

**Cause**

When the County receives EFT deposits, the deposit to the County's general ledger is not processed until the department or agency prepares a deposit and takes it to the auditor's office. Therefore, EFT deposits recorded in the County's bank account may not be recorded on the general ledger for days.

**Criteria**

Good internal control requires that deposits to the County bank account be processed in the County's general ledger on a timely basis.

**Effect of Condition**

There are monies received before fiscal year-end that were not recorded in the general ledger for up to four days, resulting in the monies being recorded in the general ledger after fiscal year-end.

**Recommendation**

We recommend that the County record all deposits to the County's bank account in a timely manner.

**Corrective Action Plan**

The Auditor's office and Treasurer's office will continue to work to record the EFT's in a more timely manner.

**2014-006 Plumas County Transit Activity (Significant Deficiency)**

**Condition**

During our audit we noted that current year activity, receipt of LTF, STA, FTA 5311 and other monies from the Local Transportation Commission and the expenditure of funds for payments to the transit provider had not been recorded in the Plumas County Transit fund.

**Cause**

The Plumas County Transportation Commission issued checks directly to the transit provider, Plumas Rural Services.

**Criteria**

Generally accepted accounting principles require the activity be properly recorded in each fund.

**Effect of Condition**

Revenues and expenses were misstated and required adjustment.

**COUNTY OF PLUMAS**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

**2014-006 Plumas County Transit Activity (Significant Deficiency) (Continued)**

**Recommendation**

We recommend that the Plumas County Transit Fund properly record the receipt of monies from the Local Transportation Commission and record payments to the transit provider.

**Corrective Action Plan**

All funds have been adjusted through journal entries and all funds from the Transportation Commission will be paid to CSA #12, Plumas County Transit, and then to Plumas Rural Services for operation of the transit system.

**COUNTY OF PLUMAS**  
**Schedule of Prior Year Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

<u>Audit Reference</u>	<u>Status of Prior Year Audit Recommendations</u>
<b>13-FS-01</b>	<p><b>Capital Assets Prior Period Adjustment</b></p> <p><b>Recommendation</b></p> <p>We recommend that the County review the capital assets schedules to ensure that all acquisitions and dispositions are included.</p> <p><b>Status</b></p> <p>Implemented</p>
<b>13-FS-02</b>	<p><b>Capital Asset Disposals</b></p> <p><b>Recommendation</b></p> <p>We recommend that the Transit fund complete the necessary paperwork and submit it to the Board of Supervisors for approval to remove the disposed assets from the depreciation schedule. We further recommend that future capital assets disposals be documented properly and submitted to the Auditor-Controller in a timely manner.</p> <p><b>Status</b></p> <p>Implemented</p>

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