

DEPARTMENT of PUBLIC WORKS

County of Lassen



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2017/79

March 21, 2017

TO: Board of Supervisors

FROM: Larry Millar, Public Works Director
Diana Wemple, Auditor-Controller

SUBJECT: July 1, 2007 – June 30, 2015 Road Fund Audit Report

RECOMMENDATION: 1) Receive July 1, 2007 – June 30, 2015 Road Fund Audit Report 2) Approve repayment plan to transfer \$124,699 from respective budget units to Road Fund 122-1221 over the next four years.

DISCUSSION: Attached is the final Road Fund Audit Report for the period of July 1, 2007 through June 30, 2015 which was completed in February 2017.

Within this audit it was determined that a total of \$124,699.00 of Road Funds had been spent on ineligible expenditures and unreimbursed non-road expenditures during the audit period of July 1, 2007 and June 30, 2015.

The Audit Conclusion stated "Our audit found that the County accounted for and expended Road Fund money in compliance with Article XIX of the California Constitution, the Streets and Highways Code, and the State Controller's Office (SCO) Accounting Standards and Procedures for Counties manual, except for the items shown in Schedule 1 and described in the Findings and Recommendations section of this report. The findings require an adjustment of \$124,699 to the county's accounting records."

The Road Audit consisted of 4 Findings and a Recommendation:

Finding 1: Ineligible expenditures for the removal of railroad track and concrete crossing during FY 2008-09 - County should reimburse the Road Fund \$28,496. See Road Audit for details.

Finding 2: Ineligible expenditures for surveying and mapping on private property located within the City of Susanville incorporated area during FY 2012-13 – County should reimburse the Road Fund \$30,189. See Road Audit for details.

Finding 3: Unreimbursed non-road expenditures. The County did not reimburse the Road Fund for non-road expenditures for the Sheriff Office for fiscal years 2007-08, 2008-09 and 2009-10 – County should reimburse the Road Fund \$18,890. See Road Audit for details. The State Controller Office has permitted expenditures of Road Fund for non-road work as a convenience to the counties, provided the expenditures are billed and reimbursed within 30 to 60 days after completion of the work.

Finding 4: Outstanding non-Road reimbursement from prior SCO audit finding from FY 2005-06 and 2006-07. The county originally incurred \$64,624 of non-road work performed for other county departments, including the Sheriff Office, Community Development Department, and IT Department during FY 2005-06 and 2006-07. In FY 2012-13, the Road Fund collected \$17,500, for a balance due of \$47,124 – County should reimburse the Road Fund \$47,124. See Road Audit for details. The State Controller's Office has permitted expenditures of Road Fund for non-road work as a convenience to the counties, provided the expenditures are billed and reimbursed within 30 to 60 days after completion of the work.

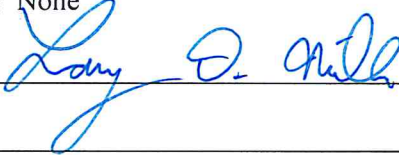
The results of this audit were discussed with the Public Works Director and County Auditor during an exit conference. Upon the receipt of a Draft Audit Report this was brought before the Budget Committee on July 12, 2016. The Budget Committee considered the requested action and approved the concept to provide this to the Board of Supervisors upon the receipt of the Final Audit Report.

ALTERNATIVES: Do not approve

FINANCIAL IMPACT: Reimbursement to Road Fund 122-1221 in the amount of \$124,699. Decrease in respective budget units in the amount of \$124,699.

OTHER AGENCY INVOLVEMENT: None

DEPARTMENTAL APPROVAL:



REVIEWED FOR AGENDA: