

# **PLACER COUNTY**

Audit Report

## **ROAD FUND**

*July 1, 2003, through June 30, 2004*



**JOHN CHIANG**  
California State Controller

January 2007



**JOHN CHIANG**  
**California State Controller**

January 31, 2007

The Honorable Katherine J. Martinis  
Auditor-Controller  
Placer County  
2970 Richardson Drive  
Auburn, CA 95603

Ken Grehm  
Public Works Director  
Placer County  
3091 County Center Drive  
Auburn, CA 95603

Dear Ms. Martinis and Mr. Grehm:

The State Controller's Office (SCO) audited Placer County's Road Fund for the period of July 1, 2003, through June 30, 2004. We also reviewed road-purpose revenues, expenditures, and changes in fund balances for the period of July 1, 1999, through June 30, 2003. The results of this review are included in our audit report.

The county accounted for and expended Road Fund moneys in compliance with Article XIX of the California Constitution, the *Streets and Highways Code*, and the SCO's *Accounting Standards and Procedures for Counties* manual, except for our adjustment of \$260,314. The adjustment occurred because the county incurred unreimbursed non-road expenditures. In addition, we identified procedural findings affecting the Road Fund in this audit report.

The county accounted for and expended fiscal year (FY) 1999-2000 through FY 2003-04 Transportation Equity Act of the 21<sup>st</sup> Century exchange moneys and Senate Bill 1435 allocations from the regional transportation planning agency in compliance with Article XIX of the California Constitution and *Streets and Highways Code* Section 182.6.

If you have any questions, please contact Paul R. Criss, Chief, Financial-Related Audits Bureau, at (916) 324-4941.

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD  
Chief, Division of Audits

JVB/ssa:vb

cc: Grace Kong, Chief  
Local Program Accounting Branch  
Department of Transportation

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# Audit Report

## Summary

The State Controller's Office (SCO) audited Placer County's Road Fund for the period of July 1, 2003, through June 30, 2004. We also reviewed road-purpose revenues, expenditures, and changes in fund balances for the period of July 1, 1999, through June 30, 2003. This review was limited to performing inquiries and analytical procedures to ensure that (1) highway users tax apportionments and road-purpose revenues were properly accounted for and recorded in the Road Fund, (2) expenditure patterns were consistent with the period audited, and (3) unexpended fund balances were carried forward properly. The last day of fieldwork was February 14, 2006.

Our audit and review disclosed that the county accounted for and expended Road Fund moneys in compliance with Article XIX of the California Constitution, the *Streets and Highways Code*, and the SCO's *Accounting Standards and Procedures for Counties* manual, except for our adjustment totaling \$260,314 and the procedural findings identified in this report.

In addition, we audited Transportation Equity Act of the 21<sup>st</sup> Century (TEA-21) exchange moneys and Senate Bill (SB) 1435 allocations from the regional transportation planning agency (RTPA) for fiscal year (FY) 1999-2000 through FY 2003-04 at the request of the California Department of Transportation (Caltrans). The TEA-21- and RTPA-funded projects were verified to be for road-related purposes and are eligible expenditures. The TEA-21 and RTPA moneys received by the county were accounted for and expended in compliance with Article XIX of the California Constitution and *Streets and Highways Code* Section 182.6.

## Background

We conducted an audit of the county's Road Fund in accordance with *Government Code* Section 12410. The Road Fund was established by the county boards of supervisors in 1935, in accordance with *Streets and Highways Code* Section 1622, for all amounts paid to the county out of moneys derived from the highway users tax fund. A portion of the Federal Forest Reserve revenue received by the county is also required to be deposited into the Road Fund (*Government Code* Section 29484). In addition, the county board of supervisors may authorize the deposit of other sources of revenue into the Road Fund. Once moneys are deposited into the Road Fund, it is restricted to expenditures made in compliance with Article XIX of the California Constitution and *Streets and Highways Code* Sections 2101 and 2150.

The Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 created a federal program designed to increase flexibility in federal funding for transportation purposes by shifting the funding responsibility to state and local agencies. The TEA-21 is a continuation of this program. The funds are restricted to expenditures made in compliance with Article XIX of the California Constitution. Caltrans requested that we audit these expenditures to ensure the county's compliance.

## Objectives, Scope, and Methodology

The objectives of our audit and review of the Road Fund, TEA-21 exchange moneys, and RTPA revenues were to determine whether:

- Highway users tax apportionments and TEA-21 exchange moneys and RTPA revenues received by the county were accounted for in the Road Fund, a special revenue fund;
- Expenditures were made exclusively for authorized purposes or safeguarded for future expenditure;
- Reimbursements of prior Road Fund expenditures were identified and properly credited to the Road Fund;
- Non-road-related expenditures were reimbursed in a timely manner;
- The Road Fund cost accounting is in conformance with the SCO's *Accounting Standards and Procedures for Counties* manual, Chapter 9, Appendix A; and
- Expenditures for indirect overhead support service costs were within the limits formally approved in the Countywide Cost Allocation Plan.

Our audit objectives were derived from the requirements of Article XIX of the California Constitution, the *Streets and Highways Code*, the *Government Code*, and the SCO's *Accounting Standards and Procedures for Counties* manual. To meet the objectives, we:

- Gained a basic understanding of the management controls that would have an effect on the reliability of the accounting records of the Road Fund, by interviewing key personnel and testing the operating effectiveness of the controls;
- Verified whether all highway users tax apportionments and TEA-21 exchange moneys and RTPA revenues received were properly accounted for in the Road Fund, by reconciling the county's records to the State Controller's and Caltrans' payment records;
- Analyzed the system used to allocate interest and determined whether the interest revenue allocated to the Road Fund was fair and equitable, by interviewing key personnel and testing a sample of interest calculations;
- Verified that unauthorized borrowing of Road Fund cash had not occurred, by interviewing key personnel and examining the Road Fund cash account entries; and
- Determined, through testing, whether Road Fund expenditures were in compliance with Article XIX of the California Constitution and with the *Streets and Highways Code*, and whether indirect cost allocation plan charges were within the limits approved by the SCO's Division of Accounting and Reporting, County Cost Plan Unit.

We conducted the audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the county's financial statements. Our scope was limited to planning and performing audit procedures necessary to obtain reasonable assurance concerning the allowability of expenditures claimed for reimbursement. Accordingly, we examined transactions on a test basis to determine whether they complied with applicable laws and regulations and were properly supported by accounting records. We considered the county's internal controls only to the extent necessary to plan the audit.

## **Conclusion**

Our audit and review disclosed that the county accounted for and expended Road Fund moneys in compliance with Article XIX of the California Constitution, the *Streets and Highways Code*, and the SCO's *Accounting Standards and Procedures for Counties* manual, except for the item shown in Schedule 1 and described in the Findings and Recommendations section of this report. The finding require an adjustment of \$260,314 to the county's accounting records.

We verified that the TEA-21- and RTPA-funded projects were for road- and transportation-related purposes, and are eligible expenditures. The TEA-21 and RTPA moneys received by the county were accounted for and expended in compliance with Article XIX of the California Constitution and the *Streets and Highways Code*.

## **Follow-up on Prior Audit Findings**

The county has satisfactorily resolved the findings noted in our prior audit report, issued on August 31, 2000.

## **Views of Responsible Officials**

We issued a draft audit report on May 31, 2006. The county responded to our draft audit report in a letter dated June 30, 2006, proposing corrective actions to our findings and recommendations with the exception of Finding 4. The letter is included in this report as an attachment.

## **Restricted Use**

This report is solely for the information and use of county management, the county board of supervisors, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

*Original signed by*

JEFFREY V. BROWNFIELD  
Chief, Division of Audits

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**Schedule 1—  
Reconciliation of Road Fund Balance  
July 1, 2003, through June 30, 2004**

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	<u>Amount</u>
Beginning fund balance per county	\$ 14,686,009
Revenues	<u>25,045,533</u>
Total funds available	39,731,542
Expenditures	<u>(25,453,584)</u>
Ending fund balance per county	14,277,958
SCO adjustments:	
Finding 1—Unreimbursed non-road expenditures	<u>260,314</u>
Ending fund balance per audit	<u>\$ 14,538,272</u>

**Schedule 2—  
Reconciliation of TEA-21 and RTPA Balances  
July 1, 1999, through June 30, 2004**

	<u>Amount</u>
Beginning balance per county	\$ 1,580,560
Revenues:	
TEA-21 exchange funds	2,835,845
RTPA funds	<u>1,910,688</u>
Total revenues	<u>4,746,533</u>
Total funds available	<u>6,327,093</u>
Expenditures:	
Construction	(1,658,288)
Maintenance	(4,668,805)
Other	<u>—</u>
Total expenditures	<u>(6,327,093)</u>
Ending balance per county	—
SCO adjustments	<u>—</u>
Ending balance per audit	<u><u>\$ —</u></u>

Note: The TEA-21 and RTPA moneys have been accounted for and expended within the Road Fund.

# Findings and Recommendations

## **FINDING 1— Unreimbursed non- road expenditures**

During fiscal year (FY) 1999-2000, FY 2000-01, FY 2001-02, FY 2002-03, and FY 2003-04, the county did not reimburse the Road Fund for expenditures incurred on non-road work performed for other county departments and outside parties in the amounts of \$47,700, \$195,642, \$61,990, \$262,577, and \$87,799, respectively. In addition, during this period the county did not reimburse the Road Fund in a timely manner for some of these non-road expenditures.

Road Fund moneys can be expended only for road or road-related purposes as outlined in *Streets and Highways Code* Section 2101 and 2150. The SCO permits expenditures of such moneys for non-road work as a convenience to counties, provided that the counties reimburse the Road Fund in a timely manner (30-60 days after the completion of work).

### Recommendation

The county should reimburse the Road Fund \$655,708 for the expenditures incurred on non-road work performed for other county departments and outside parties. In addition, the county should establish procedures to ensure that it reimburses the Road Fund for non-road work in a timely manner.

### County's Response

The numbers are incorrect in the findings. There are project numbers that were picked up from Road Construction instead of Road Maintenance. There are payments which have been received and not reflected in the Audit. Some were actual revenues that were listed as expenditures and some were other general maintenance expenses which were misclassified as reimbursable.

FY 2000 \$47,700 Revenue rec'd \$34,827, Rd. Const. projects \$8898,  
Re-classified \$3975

FY 2001 \$195,642 Revenue rec'd \$68,896, Rd. Const. projects  
\$33,977, Re-classified \$92,769

FY 2002 \$61,990 Revenue rec'd \$6010, Re-classified \$55,980

FY 2003 \$262,577 Revenue rec'd \$2786, Rd. Const. projects \$117,149  
Re-classified \$142,641

FY 2004 \$87,799 Revenue rec'd \$1106 Rd. Const. projects \$86,649  
Re-classified \$44

SCO's Comment

Based on additional documentation provided by the county subsequent to their written response we made the following adjustments to Finding 1.

FY 2000—Original finding amount of \$47,700 less additional revenue received of \$33,932, less maintenance charges reclassified by the county and agreed to by SCO of \$8,897, leaving an outstanding balance of \$4,871 to be reimbursed to the Road Fund.

FY 2001—Original finding amount of \$195,642 less additional revenue received of \$68,173, less maintenance charges reclassified by the county and agreed to by SCO of \$33,977, leaving an outstanding balance of \$93,492 to be reimbursed to the Road Fund.

FY 2002—Original finding amount of \$61,990 less additional revenue received of \$52,704, leaving an outstanding balance of \$9,286 to be reimbursed to the Road Fund.

FY 2003—Original finding amount of \$262,577 less additional revenue received of \$2,092, less maintenance charges reclassified by the county and agreed to by SCO of \$107,864, leaving an outstanding balance of \$152,621 to be reimbursed to the Road Fund.

FY 2004—Original finding amount of \$87,799 less additional revenue received of \$1,106, less maintenance charges reclassified by the county and agreed to by SCO of \$86,649, leaving an outstanding balance of \$44 to be reimbursed to the Road Fund.

Total, all years—Original finding amount of \$655,708 less additional revenue received of \$158,007, less maintenance charges reclassified by the county and agreed to by SCO of \$237,387, leaving an outstanding balance of \$260,314 to be reimbursed to the Road Fund.

The County reimbursed the Road Fund \$260,314 for non-road related expenditures per journal entry number 40; dated October 25, 2006.

**FINDING 2—  
Unsupported indirect  
overhead charges**

During FY 2001-02 and FY 2002-03, the county expended from the Road Fund \$182,373 and \$233,119, respectively, for unsupported indirect overhead support service costs. These costs exceeded the county's approved A-87 Countywide Cost Allocation Plan amounts.

Road Fund moneys can be expended only for road or road-related purposes as outlined in *Streets and Highways Code* Sections 2101 and 2150. Unsupported indirect overhead costs are not considered road purpose expenditures.

Recommendation

The county should reimburse the Road Fund \$415,492 for unsupported indirect overhead support service costs paid by the Road Fund in excess of the county's approved A-87 Countywide Cost Allocation Plan.

County's Response

There is an annual indirect overhead charge calculated for Department which the amount is then negotiated further with the CEO office on the amount that will be paid. Some years the amount negotiated is higher than the published amount and other years the negotiated amount is less than the published amount. Per the attachment, the Department is in the negative and has not overpaid indirect overhead charges.

SCO's Comment

Overpayment of indirect overhead charges are considered on a year-by-year basis and should not be calculated on a cumulative basis. We will withdraw the dollar finding; however, in the future, the county should not charge the Road Fund for indirect overhead costs in excess of the approved A-87 Countywide Cost Allocation Plan for any given year.

**FINDING 3—  
Identification of Road  
Fund's replacement  
reserves**

Presently, there is no identification of the Road Fund's replacement (inflationary) reserves in the Fleet Operations County Service Fund. During FY 1999-2000, FY 2000-01, FY 2001-02, FY 2002-03 and FY 2003-04, the Fleet Operations County Service Fund did not set up a separate reserve account for the money collected from the Road Fund for replacement costs.

We consider the inflationary factor charges to be unexpended Road Fund moneys and simply transfers to the Fleet Operations County Service Fund that should be accounted for by the county. If the Fleet Operations County Service Fund is ever dissolved, a mechanism must exist to return the accumulated inflationary reserves to the Road Fund and other county funds.

Recommendation

Based on the county's Vehicle Billing Report by Department (excluding pool), Fleet Operations should place \$155,016 in an account for Road Fund Replacement reserves. If this money was spent on replacement vehicles, then those vehicles should be identified and noted as for Road Fund use only. For FY 2005-06, Fleet Operations should track and identify the Road Fund's replacement reserves within the Contributed Capital account in the Fleet Operations County Service Fund balance sheet.

County's Response

The Auditor-Controller's Office, at the direction of the Department, will create a separate general ledger account for the Department to set aside replacement costs for those vehicles directly utilized by Road Division staff. (These vehicles are identified as the small pool of vehicles set aside for management use and other designated staff).

**FINDING 4—  
Revenues not properly  
recorded**

The county did not properly record as revenue certain reimbursements for non-road expenditures in the Road Fund for FY 1999-2000 through FY 2003-04, and inappropriately reduced expenditures by these reimbursement amounts.

The 2004 Governmental GAAP Guide, Section 8.03, discusses “interfund services provided and used (reciprocal interfund activity).” It states that:

If the interfund operating activity is recorded at an amount that approximates the fair value of goods or services exchanges, the provider/seller should record the activity as revenue and the user/purchaser fund should record an expenditure/expense. Any unpaid balance at the end of the period should be reported as an interfund receivable/payable in the fund statement of net assets.

Road Fund services provided to other county funds qualify as reciprocal interfund activity. Therefore, the finding stands.

**Recommendation**

The county should record as revenue in the Road Fund all non-road and road expenditure reimbursements.

**County’s Response**

Based on our research, we do not agree with your finding and have concluded we are properly recording reimbursements of non-road expenditures as a reduction of expenditures.

**SCO’s Comment**

As noted in the original draft report, the 2004 Governmental GAAP Guide, Section 8.03, discusses “interfund services provided and used (reciprocal interfund activity).” It states that:

If the interfund operating activity is recorded at an amount that approximates the fair value of goods or services exchanges, the provider/seller should record the activity as revenue and the user/purchaser fund should record an expenditure/expense. Any unpaid balance at the end of the period should be reported as an interfund receivable/payable in the fund statement of net assets.

Road Fund services provided to other county funds qualify as reciprocal interfund activity. Therefore, the finding stands.

**FINDING 5—  
No documentation for  
the reversal of land  
development charges**

During the first year of using the Performance Accounting System (PAS), the county incorrectly recorded Land Development charges of \$10,027 in the Road Fund in FY 1998-99. We recorded this item as a finding in our last Road Fund audit, issued on August 31, 2000. Gwenda Howell, Department of Public Works' Senior Accountant Auditor, states that this item was reversed out of the Road Fund, but the county could not provide documentation as of February 14, 2006.

Road Fund moneys can be expended only for road or road-related purposes as outlined in *Streets and Highways Code* Sections 2101 and 2150.

Recommendation

The county should provide documentation for the reversal of these ineligible Road Fund expenditures. If the county cannot provide the necessary documentation, it should reimburse the Road Fund \$10,027 for the Land Development charges.

County's Response

The \$10,027 Land Development charges that was incorrectly recorded to the Department has been reversed. These incorrect charges were due to labor corrections and the corrections have been made.

SCO's Comment

The county has provided documentation to verify that this item has been resolved. Therefore, the finding is reversed.

**FINDING 6—  
Excessive accounts  
receivable**

We noted that during FY 2003-04, 84.57% (or \$113,915) of the Road Fund's Accounts Receivable were outstanding for over 121 days (four months). The majority of these receivables were for non-road work and had been turned over to the county's Revenue Services for collection. The county also considered writing off these amounts.

Road Fund moneys can be expended only for road or road-related purposes as outlined in *Streets and Highways Code* Sections 2101 and 2150. The SCO permits expenditures of such moneys for non-road work as a convenience to counties, provided that the counties reimburse the Road Fund in a timely manner (30-60 days after the completion of work).

Recommendation

The county should reimburse the Road Fund for its outstanding (over 60 days) non-road Accounts Receivables. If the county chooses to write off these amounts, it must reimburse the Road Fund. Then the county can write off these amounts so that the Road Fund is not funding non-road work.

County's Response

The Department is currently working with County Executive Office and Auditor-Controller's Office to resolve the issue. As a result of Research conducted by the County's Division of Revenue Services who has been working with us to collect outstanding accounts receivables, the amount of \$134,915 has been reduced to \$91,419.

SCO's Response

Subsequent to the County's written response, the County collected another \$24,642 of outstanding receivables leaving a balance of \$66,777. The County should continue its efforts in collecting outstanding receivables.

**FINDING 7—  
Non-accrual of  
highway users tax**

The county did not accrue the July (June revenue) highway users tax apportionments for FY 1999-2000, FY 2000-01, FY 2002-03, and FY 2003-04 in the Road Fund's financial records. These apportionments for July 2000, 2001, 2003, and 2004 were \$600,237, \$633,993, \$701,948, and \$718,032, respectively.

The SCO's *Accounting Standards and Procedures for Counties* manual and Governmental Accounting Standards Board (GASB) Statement No. 22 prescribe the modified accrual basis of accounting for the Road Fund, a special revenue fund. Under this method, revenues should be accrued when they become both measurable and available at the end of the year.

Recommendation

The county should accrue the July highway users tax apportionment in the Road Fund's financial records.

County's Response

We agree with your finding and will accrue the July 2006 highway users tax apportionment in the Road Fund for the fiscal year ending June 30, 2006.

**FINDING 8—  
High equipment  
clearing variance**

The FY 2003-04 Annual Road Report reported an equipment clearing account variance of 23.27%. The year-end variance for equipment clearing represents an underdistribution of costs to road projects.

The SCO's *Accounting Standards and Procedures for Counties* manual, Chapter 9A, Section 21, prescribes the method to be used in the development and operation of the labor, equipment, shop overhead, inventory, and general road overhead clearing accounts. The acceptable range for equipment variance is +/-10%.

Recommendation

The county should analyze its equipment clearing account and update its equipment rates. In addition, the county should monitor the clearing account variances quarterly to ensure that they are within the SCO's acceptable range.

County's Response

The Department is currently working with the Auditor-Controller's Office in reviewing the equipment clearing account and updating equipment rates. The Department will monitor the clearing account variances quarterly to ensure that the equipment rates are within acceptable ranges of +/- 10%.

**Attachment—  
County's Response to  
Draft Audit Report**

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PLACER COUNTY  
DEPARTMENT OF PUBLIC WORKS

Ken Grehm, Director  
Rick Dondro, Deputy Director

June 30, 2006

Mr. Paul R. Criss  
Chief, Financial-Related Audits Bureau  
State Controller's Office  
Division of Audits  
P.O. Box 942850  
Sacramento, CA 94250-5874

RE: Response to Audit Findings for the period of July 1, 2003 through June 30, 2004

The County Department of Public Works – Road Division (Department), Auditor-Controller's Office, and the County Executive Office (CEO) have reviewed the June 30, 2004 Placer County Road Fund Audit Report (Audit). We are proposing the following corrective actions in response to the findings noted in the June 30, 2004 Audit.

FINDING 1 – Unreimbursed non-road expenditures

The numbers are incorrect in the findings. There are project numbers that were picked up from Road Construction instead of Road Maintenance. There are payments which have been received and not reflected in the Audit. Some were actual revenues that were listed as expenditures and some were other general maintenance expenses which were misclassified as reimbursable.

FY 2000 \$47,700 Revenue rec'd \$34,827, Rd. Const. projects \$8898, Re-classified \$3975

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FY 2003 \$262,577 Revenue rec'd \$2786, Rd. Const. projects \$117,149 Re-classified \$142,641

FY 2004 \$87,799 Revenue rec'd \$1106 Rd. Const. projects \$86,649 Re-classified \$44

FINDING 2 – Unsupported indirect overhead charges

There is an annual indirect overhead charge calculated for the Department which the amount is then negotiated further with the CEO on the amount that will be paid. Some years the amount negotiated is higher than the published amount and other years the negotiated amount is less than the published amount. Per the attachment, the Department is in the negative and has not overpaid indirect overhead charges.

### FINDING 3 – Identification of Road Fund's replacement reserves

The Auditor-Controller's Office, at the direction of the Department, will create a separate general ledger account for the Department to set aside replacement costs for those vehicles directly utilized by Road Division staff. (These vehicles are identified as the small pool of vehicles set aside for management use and other designated staff).

### FINDING 4 – Revenues not properly recorded

First, we do not believe the 2004 Government GAAP Guide should be cited as authoritative guidance. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, paragraph 112, interfund activity should be classified and reported as reciprocal or nonreciprocal activity. Based on our review of the accounting transactions recorded, we believe many of transactions meet the definition of nonreciprocal activity – reimbursements as defined in paragraph 112(b)(2). Unfortunately, we do not have any examples of what transactions you determined are reciprocal activity.

Based on guidance provided by the State Controller's Office on how Counties should record interfund transactions in the annual "Counties Financial Transactions Report", we are required to eliminate all interfund transactions between government funds. The guidance also states "routine service charges provided by a department financed from one governmental fund type to a department financed by another governmental fund type should not be accounted for as revenues". Based on our review of the accounting transactions recorded, we believe for those transactions that do meet the definition of reciprocal activity, we have properly recorded in the general ledger consistent with the State Controller's guidance for the Counties Annual Report.

Based on our research, we do not agree with your finding and have concluded we are properly recording reimbursements of non-road expenditures as a reduction of expenditures.

### FINDING 5 – No documentation for the reversal of land development charges

The \$10,027 Land Development charges that was incorrectly recorded to the Department has been reversed. These incorrect charges were due to labor corrections and the corrections have been made.

### FINDING 6 – Excessive Accounts Receivable

The Department is currently working with County Executive Office and Auditor-Controller's Office to resolve the issue. As a result of research conducted by the County's Division of Revenue Services who has been working with us to collect outstanding accounts receivables, the amount of \$134,915 has been reduced to \$91,419.

### FINDING 7 – Non-accrual of highway users tax

Based on our research, we concluded the County did not properly implement GASB Statement No. 22, *Accounting for Taxpayer-Assessed Tax Revenues*, during the fiscal year ended June 30, 1996. Since June 30, 1996, the County has been consistently recording 12 months of highway users tax. In addition, our external auditors also missed recording this additional accrual.

We agree with your finding and will accrue the July 2006 highway users tax apportionment in the Road Fund for the fiscal year ending June 30, 2006.

Finding 8 – High Equipment Clearing Variance

The Department is currently working with the Auditor-Controller's Office in reviewing the equipment clearing account and updating equipment rates. The Department will monitor the clearing account variances quarterly to ensure that the equipment rates are within acceptable ranges of +/- 10%.

Should you have any questions or require additional information, please do not hesitate to contact me.

Ken Grehm  
Public Works Director  
County of Placer

cc: Katherine J. Martinis  
Cynthia Taylor

**State Controller's Office  
Division of Audits  
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