

**THREE RIVERS LEVEE  
IMPROVEMENT AUTHORITY**

**YELLOW BOOK AND OMB A-133  
REPORTS**

**June 30, 2006**

**THREE RIVERS LEVEE IMPROVEMENT AUTHORITY  
 SCHEDULE OF EXPENSITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2006**

Federal Grantor/Pass Through Grantor/ Program Title	Period	HMPG Project Number	Federal CFDA Number	Total Grant Amount	Federal Expenses
U.S. Dept. of Homeland Security:					
State of California Office of Emergency Services: County of Yuba:					
	2002 -				
Clark Lateral & Clark Slough	10/31/2006	058	97.039	\$ 3,396,600	\$ 1,631,090 *
	1999 -				
South Olivehurst Detention Basin	12/31/2006	068	97.039	3,357,355	<u>1,454,164</u>
Total U.S. Department of Homeland Security					<u>\$ 3,085,254</u>

\*Major Program

*Sandra Carlos*  
ACCOUNTANCY CORP.

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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**

**To the Board of Directors of  
Three Rivers Levee Improvement Authority  
Marysville, CA**

Other auditors audited the financial statements of Three Rivers Levee Improvement Authority, as described in their report on Three Rivers Levee Improvement Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Three Rivers Levee Improvement Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Three Rivers Levee Improvement Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Three Rivers Levee Improvement Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Three Rivers Levee Improvement Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Three Rivers Levee Improvement Authority's financial statements that is more than inconsequential will not be prevented or detected by Three Rivers Levee Improvement Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of

the financial statements will not be prevented or detected by Three Rivers Levee Improvement Authority's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Three Rivers Levee Improvement Authority's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities. This report is not intended to be used and should not be used by anyone other than these specified parties.

*Andra Carlos Accountancy Corp.*

July 28, 2007

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

**To the Board of Directors of  
Three Rivers Levee Improvement Authority  
Marysville, CA**

Compliance

I have audited the compliance of Three Rivers Levee Improvement Authority with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended June 30, 2006. Three Rivers Levee Improvement Authority's major federal programs is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Three Rivers Levee Improvement Authority's management. My responsibility is to express an opinion on Three Rivers Improvement Authority's compliance based on my audit.

I conducted my 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 I 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 Three Rivers Levee Improvement Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Three Rivers Levee Improvement Authority's compliance with those requirements.

In my opinion, Three Rivers Levee Improvement Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

#### Internal Control over Compliance

The management of Three Rivers Levee Improvement Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Three Rivers Levee Improvement Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, 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 Three Rivers Levee Improvement Authority's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Sandra Carlos Accountancy Corp.*

July 28, 2007

**THREE RIVERS LEVEE IMPROVEMENT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006**

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Three Rivers Levee Improvement Authority.
2. No instances of reportable conditions material to the financial statements of Three Rivers Levee Improvement Authority were disclosed during the audit.
3. No instances of noncompliance material to the financial statements of Three Rivers Levee Improvement Authority were disclosed during the audit.
4. No instances of reportable conditions material to the financial statements of Three Rivers Levee Improvement Authority were disclosed during the audit of major federal award programs.
5. The auditor's report on compliance for the major federal award programs for Three Rivers Levee Improvement Authority expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for Three Rivers Levee Improvement Authority.
7. The programs tested as the major program was the Office of Emergency Services and Department of Homeland Security Clark Lateral and Clark Slough Renovation.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Three Rivers Levee Improvement Authority does not qualify as a low-risk auditee.

