

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

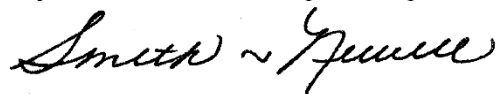
To the Board of Commissioners
First 5 Plumas County
Quincy, California

In planning and performing our audit of the financial statements of First 5 Plumas County (Commission) as of and for the year ended June 30, 2025, in accordance with 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, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The appendix that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated September 30, 2025, on the financial statements of the Commission.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with Commission management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of Commissioners, and others within the Commission and is not intended to be, and should not be, used by anyone other than these specified parties.



Smith & Newell CPAs
Yuba City, California
September 30, 2025

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FIRST 5 PLUMAS COUNTY
Appendix A: Management Letter Comments
For the Year Ended June 30, 2025

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Audit Adjustments

Criteria

Government auditing standards require independent auditors to evaluate all unadjusted misstatements 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.

Condition

At the time of our audit, we noted that the financial statements as presented to us for audit contained misstatements in accounts receivable and accounts payable that required adjustment.

Cause

The Commission had not reconciled and adjusted all balances on the general ledger prior to audit fieldwork.

Effect

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

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is a repeat of a prior year finding.

Recommendation

We recommend that the Commission reconcile all account balances so that required adjustments can be recorded prior to the start of the annual audit.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

FIRST 5 PLUMAS COUNTY
Appendix A: Management Letter Comments
For the Year Ended June 30, 2025

CURRENT YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)

Payroll

Criteria

Good internal control of payroll transactions requires that the District maintain adequate documentation to support withholdings and payments to employees.

Condition

We noted that the Federal income tax withholding for the one employee tested did not agree to the amount authorized by the employee on form W-4.

Cause

The withholding information on form W-4 provided by the employees was not reviewed for accuracy against the payroll system.

Effect

Federal income tax withholding may have been incorrect according to the amount the employees authorized.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that information provided by employees be reviewed for accuracy and compared to what is input into the District's payroll system.

Views of Responsible Officials and Planned Corrective Action

Refer to separate management's corrective action plan for views of responsible officials and management's responses.

FIRST 5 PLUMAS COUNTY
Appendix B: Status of Prior Year Recommendations
For the Year Ended June 30, 2025

STATUS OF PRIOR YEAR RECOMMENDATIONS

Audit Adjustments

Prior Year Recommendation

We recommend that the Commission reconcile all account balances so that required adjustments can be recorded prior to the start of the annual audit.

Status

Not Implemented

Budget

Prior Year Recommendation

We recommend that the Commission control and monitor expenditures so they do not exceed the approved budget. If budget revisions are required, we recommend that the Commission take appropriate action to amend the budget.

Status

Implemented

FIRST 5 PLUMAS COUNTY
Appendix C: Management's Corrective Action Plan
For the Year Ended June 30, 2025

Audit Adjustments

We recommend that the Commission reconcile all account balances so that required adjustments can be recorded prior to the start of the annual audit.

Management's Response: Financial audits must be completed in time for the Commission to approve the audit report while completing annual reports to First 5 California by October 31st. The timing of the audit prevents the most accurate reporting since we have not received all invoices and checks for the year by that time. Some payments and invoices are very late, meaning that they cannot be put into the correct fiscal year, furthering the lack of accuracy in reporting. In addition, it is the busiest time for County Auditors so they are very slow in both deposits and payments.

Responsible Individual: Pamela Becwar

Corrective Action Plan: The Executive Director provides a list of all expected payments to the Fiscal Officer and the Fiscal Officer and the Executive Director will continue to work to make the records as accurate as possible.

Anticipated Completion Date: 10/31/2025

Payroll

We recommend that information provided by employees be reviewed for accuracy and compared to what is input into the District's payroll system.

Management's Response: First 5 Plumas has an MOU with the County of Plumas for payroll services but the Executive Director will take a more active role in ensuring accuracy of accounts and make comparisons, when possible, of payroll documents and payroll system.

Responsible Individual: Pamela Becwar

Corrective Action Plan: The Executive Director and Commission Acting Chair will meet with payroll and Public Health Fiscal Services to review documents for accuracy.

Anticipated Completion Date: 10/31/2025