

CITY OF THOUSAND OAKS, CALIFORNIA

SINGLE AUDIT REPORT

JUNE 30, 2012

CITY OF THOUSAND OAKS, CALIFORNIA

SINGLE AUDIT REPORT

JUNE 30, 2012

CITY OF THOUSAND OAKS

JUNE 30, 2012

TABLE OF CONTENTS

	<u>Page Number</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	3
Schedule of Expenditures of Federal Awards for the Fiscal Year Ended June 30, 2012.....	5
Notes to the Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs for the Fiscal Year Ended June 30, 2012.....	8
Schedule of Prior Year Findings and Questioned Costs for the Fiscal Year Ended June 30, 2011.....	10



CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA
- Deborah A. Harper, CPA

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 Honorable Mayor and Members of the City Council
City of Thousand Oaks, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Thousand Oaks, California, (the City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 17, 2012. We conducted our audit 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.

Internal Control Over Financial Reporting

Management of the City of Thousand Oaks, California, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency, also described in the accompanying schedule of findings and questioned costs as finding 12-1, to be a material weakness:

Audit Adjusting Entry

During our audit we noted that a settlement payment in a material amount which pertained to fiscal year 2011-12 was not accrued, therefore an audit adjusting journal entry was required.



To the Honorable Mayor and Members of the City Council
City of Thousand Oaks, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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.

This report is intended solely for the information and use of management, the audit committee, the City Council, 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.

Lance, Soll & Lingham, LLP

Brea, California
December 17, 2012



CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA
- Deborah A. Harper, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor and Members of the City Council
City of Thousand Oaks, California

Compliance

We have audited the City of Thousand Oaks, California's (the "City") 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 City's major federal programs for the year ended June 30, 2012. The City's major federal programs are 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 the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 City'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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City, complied, in all material respects, with the 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, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 12-2.

Internal Control over Compliance

Management of the City 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 our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 City's internal control over compliance.



To the Honorable Mayor and Members of the City Council
City of Thousand Oaks, California

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.

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 deficiencies, 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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 17, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the audit committee, the City Council, 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.

Lance, Soll & Lughard, LLP

Brea, California
December 17, 2012

CITY OF THOUSAND OAKS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Program:			
Community Development Block Grant*	14.218	B-09-MC-06-0549	\$ 253,322
Community Development Block Grant*	14.218	B-10-MC-06-0549	459,236
Program Total			<u>712,558</u>
Home Investment Partnership Program	14.239	09-HOME-6257	<u>232,731</u>
Total U.S. Department of Housing and Urban Development			<u>945,289</u>
<u>U.S. Department of Justice</u>			
Passed through the County of Ventura:			
Federal Asset Seizure	16.000	CA0560001	65,511
Direct Program:			
Edward Byrne Memorial Justice Assistance Grant	16.738	2011-H3396-CA-DJ	6,450
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.803	2009-F1629-CA-SU	10,424
Program Total			<u>16,874</u>
Total U.S. Department of Justice			<u>82,385</u>
<u>U.S. Department of Transportation</u>			
Passed through the State of California Dept. of Transportation:			
Highway Planning and Construction *			
ARRA -Route 101/23 Interchange	20.205	ESPL-5392(040)	1,943,374
ARRA -Conejo Creek Bike Path	20.205	ESPLCM-5392(039)	57,452
ARRA -Moorpark Rd Repaving	20.205	ESPL-5392(041)	1,194
Signal Synchronization	20.205	STPL-5392(034)	111,810
Signal Synchronization	20.205	CML-5392(033)	216,586
Wendy Rte 101 Interchange	20.205	STPL-5392(038)	2,198,269
Program Total			<u>4,528,685</u>
Passed through the County of Ventura:			
Federal Transit - Formula Grants *			
Municipal Service Center Expansion	20.507	CA90-Y737	3,153
Municipal Service Center Expansion	20.507	CA90-Y399	2,852
Purchase Commuter Vehicles	20.507	CA37-X108-01	160,000
Purchase Commuter Vehicles	20.507	CA37-X153	33,798
Purchase Replacement Bus	20.507	CA-90-Y399-00	64,363
Inner City ADA Para-Transport Via Taxis	20.507	CA-90-Y858-00	61,790
Public Outreach & Marketing	20.507	CA-90-Y858-00	27,383
Bus Maint/DAR Cap Lease	20.507	CA-90-Y858-00	118,609
Bus Stop Enhancements	20.507	CA-90-Y399-00	4,647
Bus Stop Enhancements/Transportation Center Maintenance	20.507	CA-90-Y803	12,601
Transportation Center Maintenance	20.507	CA-90-Y737	12,631
DAR Hours Expansion	20.507	CA-95-X158	25,631
Bus Hours Expansion	20.507	CA-95-X158	60,000
DAR Evening Service	20.507	CA-57-X028	22,541
Rideshare Operational Costs	20.507	CA-37-X153	12,500
Rideshare Operational Costs	20.507	CA-37-X122	7,349
Program Total			<u>629,848</u>

CITY OF THOUSAND OAKS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
Passed through State of California-Office of Traffic Safety:			
State and Community Highway Safety			
Avoid the 14 DUI Campaign	20.600	AL0908	13,253
Sobriety Checkpoint	20.600	SC12430	28,191
Avoid the 14 DUI Campaign	20.600	20553	<u>12,102</u>
Program Total			<u>53,546</u>
Total U.S. Department of Transportation			<u>5,212,079</u>
<u>Environmental Protection Agency</u>			
Passed through the State of California:			
Capitalization Grants for Clean Water State Revolving Funds			
ARRA - Storm Drain Improvements	66.458	C-06-6420-110	<u>4,874</u>
Total U.S. Environmental Protection Agency			<u>4,874</u>
<u>U.S. Department of Energy</u>			
Direct Program:			
ARRA - Energy Efficiency and Conservation Block Grant*	81.128	DE-SC0002320	<u>680,000</u>
Total U.S. Department of Energy			<u>680,000</u>
<u>U.S. Department of Homeland Security</u>			
Passed through State of California-Office of Emergency Services:			
Emergency Management Performance Grants			
2011 Emergency Mgmt Perf Grant	97.042	EMPG 2011	26,903
2009 Homeland Security	97.067	2009-0019	68,000
2010 Homeland Security	97.067	2010-0085	95,817
2010 UASI Grant for Emergency Preparedness	97.067	10UA-T02	6,197
2010 UASI Grant for Emergency Preparedness	97.067	10UA-T03	<u>1,083</u>
Total U.S. Department of Homeland Security			<u>198,000</u>
Total Federal Expenditures			<u><u>\$ 7,122,627</u></u>

* Major Program

Note a: Refer to Note 1 to the schedule of expenditures of federal awards for a description of significant accounting policies used in preparing this schedule.

Note b: There were no federal awards expended in the form of noncash assistance and insurance in effect during the year.

CITY OF THOUSAND OAKS

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Note 1: Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

a. Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the City of Thousand Oaks, California, that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the City from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

b. Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program.

CITY OF THOUSAND OAKS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified Opinion

Internal control over financial reporting:

- Significant deficiencies identified? ___yes X no
- Material weaknesses identified? X yes ___none reported

Noncompliance material to financial statements noted? ___yes X no

Federal Awards

Internal control over major programs:

- Significant deficiencies identified? ___yes X no
- Material weaknesses identified? ___yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified Opinion

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? X yes ___no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
20.205	Highway Planning and Construction
20.507	Federal Transit – Formula Grants
81.128	Energy Efficiency and Conservation Block Grant

Dollar threshold used to distinguish between type A and type B program \$300,000

Auditee qualified as low-risk auditee? ___yes X no

CITY OF THOUSAND OAKS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding Number 12-1

During our audit we noted that a settlement payment in a material amount which pertained to fiscal year 2011-12 was not accrued, therefore an audit adjusting journal entry was required.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding Number 12-2

- Federal Programs:
 - CFDA Number: 20.205
 - Title: Highway Planning and Construction
 - Federal Agency: U.S. Department of Transportation
 - Pass-Through Grantor: California Department of Transportation
- Criteria or specific requirement:
 - OMB guidance 2 CFR § 180.300 requires a participant who enters into a covered transaction with another person to verify that the person with whom it intends to do business is not excluded or disqualified by (a) checking the EPLS; or (b) collecting a certification from that person if allowed by the Federal agency responsible for the transaction; or (c) adding a clause or condition to the covered transaction with that person.
- Condition:
 - The City did not check the EPLS, collect a certification from the entity, or add a clause or condition to the covered transaction with the contractor for the projects.
- Cause:
 - Program employees were unaware of the compliance requirement at the time the contract was approved. After last year's Single Audit was conducted, they began requiring that the project manager check the EPLS website before awarding the contract.
- Effect:
 - The City was unable to substantiate its compliance with this requirement.
- Questioned cost:
 - None. For the items tested, we verified the vendors' names in the EPLS database and no exceptions were noted.
- Recommendation:
 - We recommend that the City include the clause in their standard contracts and implement procedures to ensure the EPLS website is checked prior to awarding the contracts.

CITY OF THOUSAND OAKS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Finding Number 12-2 (Continued)

- Views of responsible officials and planned corrective actions:

Regarding the Single Audit Report Finding on compliance with ARRA requirements for Excluded Parties List System (EPLS) certification, even though there were no noted awards to vendors on the EPLS, the City was not consistent in its procedures and documentation to verify on the EPLS web-site prior to awarding ARRA funded projects.

Corrective Action:

The City's Department Managers shall implement procedures for contracts utilizing ARRA funding to insure this deficiency is corrected as follows:

- Check the EPLS website prior to awarding contracts at: www.epls.gov;
- Print the page from the website and maintain the document in the procurement file;
- Collect a certification from the contractor and maintain the document in the procurement file, and
- Add a clause to the contract that they cannot be a debarred party.

CITY OF THOUSAND OAKS

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding Number 11-1

- Federal Programs:

CFDA Number: 20.205
Title: Highway Planning and Construction
Federal Agency: U.S. Department of Transportation
Pass-Through Grantor: California Department of Transportation

CFDA Number: 81.128
Title: Energy Efficiency Conservation Block Grant
Federal Agency: U.S. Department of Energy
Direct Grantor: U.S. Department of Energy

- Criteria or specific requirement:

OMB guidance 2 CFR § 180.300 requires a participant who enters into a covered transaction with another person to verify that the person with whom it intends to do business is not excluded or disqualified by (a) checking the EPLS; or (b) collecting a certification from that person if allowed by the Federal agency responsible for the transaction; or (c) adding a clause or condition to the covered transaction with that person.

- Condition:

The City did not check the EPLS, collect a certification from the entity, or add a clause or condition to the covered transaction with the contractor for the projects.

- Cause:

Program employees were unaware of the compliance requirement at the time the contract was approved. After last year's Single Audit was conducted, they began requiring that the project manager check the EPLS website before awarding the contract.

- Effect:

The City was unable to substantiate its compliance with this requirement.

- Questioned cost:

None. For the items tested, we verified the vendors' names in the EPLS database and no exceptions were noted.

- Recommendation:

We recommend that the City include the clause in their standard contracts and implement procedures to ensure the EPLS website is checked prior to awarding the contracts.

CITY OF THOUSAND OAKS

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Finding Number 11-1 (Continued)

- Views of responsible officials and planned corrective actions:

Regarding the Single Audit Report Finding on compliance with ARRA requirements for Excluded Parties List System (EPLS) certification, even though there were no noted awards to vendors on the EPLS, the City was not consistent in its procedures and documentation to verify on the EPLS web-site prior to awarding ARRA funded projects.

Corrective Action:

The City's Department Managers shall implement procedures for contracts utilizing ARRA funding to insure this deficiency is corrected as follows:

- Check the EPLS website prior to awarding contracts at: www.epls.gov;
- Print the page from the website and maintain the document in the procurement file;
- Collect a certification from the contractor and maintain the document in the procurement file, and
- Add a clause to the contract that they cannot be a debarred party.