

CITY OF THOUSAND OAKS, CALIFORNIA

SINGLE AUDIT REPORT

JUNE 30, 2014

CITY OF THOUSAND OAKS, CALIFORNIA

SINGLE AUDIT REPORT

JUNE 30, 2014

CITY OF THOUSAND OAKS

JUNE 30, 2014

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' 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 for 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, 2014.....	6
Notes to the Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs for the Fiscal Year Ended June 30, 2014.....	9
Schedule of Prior Year Findings and Questioned Costs for the Fiscal Year Ended June 30, 2013.....	11

INDEPENDENT AUDITORS' 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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Thousand Oaks, California, (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 11, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Solt & Luyhard, LLP

Brea, California
December 11, 2014

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Thousand Oaks' (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, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of 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, 2014.



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

Report on Internal Control over Compliance

Management of the City of Thousand Oaks, California is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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.

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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 11, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements.



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

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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Lance, Soll & Lughard, LLP

Brea, California
December 11, 2014

CITY OF THOUSAND OAKS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<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 Programs:			
Community Development Block Grant	14.218	B-12-MC-06-05-49	\$ 472,100
Total U.S. Department of Housing and Urban Development			<u>472,100</u>
<u>U.S. Department of Justice</u>			
Direct Program:			
Bureau of Justice Assistance:			
Edward Byrne Memorial Justice Assistance Grant	16.738	2011-H3396-CA-DJ	1,075
Edward Byrne Memorial Justice Assistance Grant	16.738	2012-H1500-CA-DJ	3,311
Edward Byrne Memorial Justice Assistance Grant	16.738	BJA-2013-3599	7,280
Passed through the County of Ventura			
Federal Asset Seizure	16.922	CA0560001	<u>117,977</u>
Total U.S. Department of Justice			<u>129,643</u>
<u>U.S. Department of Transportation</u>			
Passed through the State of California			
Department of Transportation:			
Lynn Road Bike Lanes*	20.205	CML-5392(050)	939,487
Lighted Crosswalks*	20.205	SRTSL-5392(035)	324,374
Signal Synchronization*	20.205	CML-5392(033)	22,896
ARRA - Moorpark Road Repaving*	20.205	ESPL-5392(041)	19
Wendy Route 101 Interchange*	20.205	STPL-5392-(038)	2,959,965
Safe Routes to School Program*	20.205	SRTSLNI-5392(042)	11,066
Erbes Road Improvements*	20.205	CML-5392(048)	3,309,719
Route 101/23 Interchange*	20.205	ESPL-5392(040)	137,272
ARRA - Route 101/23 Interchange*	20.205	ESPL-5392(040)	10
Passed through the State of California			
Office of Traffic Safety:			
Sobriety Checkpoint	20.600	SC13430	18,337
Avoid the 14 DUI Campaign	20.600	AL1373	3,539
Passed through the Ventura County Transportation Commission			
Transit Center Master Plan	20.507	CA-90-Y858	21,369
Municipal Service Center Expansion	20.507	CA-90-Y803	102,872
Municipal Service Center Expansion	20.507	CA-90-Y737	66,008
Municipal Service Center Expansion	20.507	CA-90-Y399	87,756
Municipal Service Center Expansion	20.507	CA-95-X196	296,771
DAR Capital Lease	20.507	CA-90-Y991	56,678
DAR Capital Lease	20.507	CA-90-Z055	46,644
Transit Marketing	20.507	CA-90-Y991	10,947
Transit Marketing	20.507	CA-90-Z055	21,985
Bus Stop Maintenance	20.507	CA-90-Y991	40,040
Transit Planning	20.507	CA-90-Z055	45,890
Bus/DAR Maintenance	20.507	CA-90-Z055	101,523
Bus Shelter	20.507	CA-90-Y803	2,463
Bus/DAR Maintenance	20.507	CA-90-Y991	124,693
Bus/DAR Maintenance	20.507	CA-90-Z055	92,088
Evening Rides	20.507	CA-95-X158	38,602
Free Bus Rides DAR/ADA	20.507	CA-57-Y092	13,582
Beach Bus Demo	20.507	CA-90-Z055	7,935
Phone system	20.507	CA-90-Y991	23,261
Extended Bus Hours	20.507	CA-95-X196	34,525
Extended Bus Hours	20.507	CA-95-X158	67,294

CITY OF THOUSAND OAKS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
Morning Rides Demo	20.507	CA-95-X158	15,744
TO Fleet Technology	20.507	CA-95-X196	57,732
Farebox Upgrade	20.507	CA-90-Y991	101,588
Parking Project	20.507	CA-90-Y858	4,272
Tech Upgrade	20.507	CA-90-Z055	12,237
Bus Training	20.507	CA-37-X179	364
Extended Weekend Hours	20.507	CA-95-X196	86,375
Metrolink Demo	20.507	CA-37-X179	20,000
Bus Purchase	20.507	CA-90-Y399	829
Bus Stop Maintenance	20.507	CA-90-Y858	33,347
Transportation Center Parking Expansion	20.507	CA-90-Y858	44,341
Fleet Technology Upgrade	20.507	CA-95-X196	168,569
Total U.S. Department of Transportation			<u>9,575,008</u>
U.S. Department of Homeland Security			
Passed through the County of Ventura			
Office of Emergency Services:			
2013 Emergency Management Performance Grant	97.042	2013-0047-14-00000	27,369
2013 State Homeland Security Grant	97.067	2013-00110	9,905
Total U.S. Department of Homeland Security			<u>37,274</u>
Total Federal Expenditures			<u>\$ 10,214,025</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.

Note c: Total amount provided to subrecipients during the year was \$472,101.

CITY OF THOUSAND OAKS

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

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

a. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "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, 2014

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified Opinion

Internal control over financial reporting:

- Significant deficiencies identified? ___yes Xno
- Material weaknesses identified? ___yes Xnone reported

Noncompliance material to financial statements noted? ___yes Xno

Federal Awards

Internal control over major programs:

- Significant deficiencies identified? ___yes Xno
- Material weaknesses identified? ___yes Xnone 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? ___yes Xno

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B program \$307,783

Auditee qualified as low-risk auditee? ___yes Xno

CITY OF THOUSAND OAKS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

CITY OF THOUSAND OAKS

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding Number 2013-001

- 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 PRIOR YEAR FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding Number 2013-001 (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.
- Status: No similar instance noted in the fiscal year 2013-14.