

**VENTURA COUNTY  
TRANSPORTATION COMMISSION  
SINGLE AUDIT REPORT ON FEDERAL  
AWARDS  
YEAR ENDED JUNE 30, 2013**

**VENTURA COUNTY TRANSPORTATION COMMISSION**

**SINGLE AUDIT REPORT ON FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2013**

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**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**

Board of Commissioners  
Ventura County Transportation Commission  
Ventura, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Ventura County Transportation Commission (Commission), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon October 18, 2013. Our report included an emphasis-of-matter regarding the Commission's adoption of Governmental Accounting Standards Board (GASB) Statement No. 61 – *The Financial Reporting Entity: Omnibus an amendment of GASB Statement No. 14 and No. 34*, GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities*, effective July 1, 2012.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 may have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing on internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rancho Cucamonga, California

October 18, 2013



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

Board of Commissioners  
Ventura County Transportation Commission  
Ventura, California

**Report on Compliance for Each Major Federal Program**

We have audited the Ventura County Transportation Commission's (Commission) 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 Commission's major federal programs for the year ended June 30, 2013. The Commission'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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Commission'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 Commission'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 Commission's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Commission 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, 2013.

**Report on Internal Control Over Compliance**

Management of the Commission 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 Commission'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 Commission'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.

The purpose of the 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.

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

We have audited the financial statements of the governmental activities and each major fund of the Commission as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements. Our report included an emphasis-of-matter regarding the Commission's adoption of Governmental Accounting Standards Board (GASB) Statement No. 61 – *The Financial Reporting Entity: Omnibus an amendment of GASB Statement No. 14 and No. 34*, GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities*, effective July 1, 2012. We have issued our report thereon dated October 18, 2013, which contained unmodified opinions 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 purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic 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 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Rancho Cucamonga, California  
October 18, 2013

**VENTURA COUNTY TRANSPORTATION COMMISSION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Identification Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
<b>U.S. Department of Defense</b>				
Direct Assistance:				
Community Economic Adjustment Planning Assistance:				
Joint Land Use Study	12.610	EN 1202-12-01	\$ 51,120	\$ -
<b>U.S. Department of Transportation</b>				
Passed through the Southern California Association of Governments:				
Metropolitan Planning Program				
Internship	20.505	145.SGG01527.01	21,970	-
Passed through the State of California:				
Highway Planning and Construction:				
Rideshare Grant	20.205	CMLG-6155(076)	131,756	-
Rideshare Grant	20.205	CMLG-6155(080)	174,588	-
Lewis Road Project	20.205	RPMSTPL-6155(055)	393,740	393,740
		Total 20.205	<u>700,084</u>	<u>393,740</u>
Direct Assistance:				
Federal Transit Formula Grant Cluster				
Formula Grants - Urbanized Area Formula Program	20.507	CA-90-Y253	27,818	27,818
Formula Grants - Urbanized Area Formula Program	20.507	CA-90-Y365	21,840	21,840
Formula Grants - Urbanized Area Formula Program	20.507	CA-90-Y399	68,876	68,876
Formula Grants - Urbanized Area Formula Program	20.507	CA-90-Y737	161,824	89,304
Formula Grants - Urbanized Area Formula Program	20.507	CA-90-Y803	430,681	222,126
Formula Grants - Urbanized Area Formula Program	20.507	CA-90-Y858	2,441,471	143,614
Formula Grants - Urbanized Area Formula Program	20.507	CA-90-Y991	2,890,530	459,007
Formula Grants - Urbanized Area Formula Program	20.507	CA-90-Z012	73,890	-
Formula Grants - Urbanized Area Formula Program	20.507	CA-90-Z013	21,512	21,512
Formula Grants - Urbanized Area Formula Program	20.507	CA-90-Z055	7,231	7,231
Formula Grants - Urbanized Area Formula Program	20.507	CA-95-X007	9,328	9,328
Formula Grants - Urbanized Area Formula Program	20.507	CA-95-X130	4,170	-
Formula Grants - Urbanized Area Formula Program	20.507	CA-95-X158	447,509	97,182
Formula Grants - Urbanized Area Formula Program	20.507	CA-95-X196	645,040	642,292
Bus and Bus Facilities Formula grants	20.526	CA-34-0008	213,798	-
		Total 20.507 & 20.526	<u>7,465,518</u>	<u>1,810,130</u>
Direct Assistance:				
Transit Services Programs Cluster				
Job Access - Reverse Commute	20.516	CA-37-X108	160,000	160,000
Job Access - Reverse Commute	20.516	CA-37-X122	134,670	125,819
Job Access - Reverse Commute	20.516	CA-37-X153	98,025	91,345
Job Access - Reverse Commute	20.516	CA-37-X179	42,682	42,682
New Freedom Program	20.521	CA-57-X016	4,106	4,106
New Freedom Program	20.521	CA-57-X028	21,413	21,413
New Freedom Program	20.521	CA-57-X046	25,795	25,795
New Freedom Program	20.521	CA-57-X066	34,704	34,704
New Freedom Program	20.521	CA-57-X092	50,649	50,649
		Total 20.516 & 20.521	<u>572,044</u>	<u>556,513</u>
Total U.S. Department of Transportation			<u>8,759,616</u>	<u>2,760,383</u>
Total Federal Expenditures			<u>\$ 8,810,736</u>	<u>\$ 2,760,383</u>

**VENTURA COUNTY TRANSPORTATION COMMISSION**

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2013**

***NOTE 1 – BASIS OF PRESENTATION***

**A. Scope of Presentation**

The accompanying schedule presents only the expenditures incurred by the Ventura County Transportation Commission (Commission) that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal financial assistance includes both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the Commission 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, which is further described in Note 1 to the Commission's basic financial statements. Under the modified accrual basis of accounting, expenditures are recognized when the Commission 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.

**C. Subrecipients**

During the fiscal year ended June 30, 2013, the Commission provided \$2,760,383 in federal awards to subrecipients.

**VENTURA COUNTY TRANSPORTATION COMMISSION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013**

**I. SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>
Identification of major programs:	

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>20.507 and 20.526</u>	<u>Federal Transit Cluster</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**VENTURA COUNTY TRANSPORTATION COMMISSION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013**

**II. FINANCIAL STATEMENT FINDINGS**

None noted.

**VENTURA COUNTY TRANSPORTATION COMMISSION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted.

**VENTURA COUNTY TRANSPORTATION COMMISSION**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2013**

None reported.