

CITY OF SAN BUENAVENTURA, CALIFORNIA

**SINGLE AUDIT OF FEDERALLY ASSISTED
GRANT PROGRAMS**

JUNE 30, 2015

CITY OF SAN BUENAVENTURA

TABLE OF CONTENTS

June 30, 2015

	<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 - 2
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards	3 - 5
<u>Schedule of Expenditures of Federal Awards and Schedule of Findings and Questioned Costs</u>	
Schedule of Expenditures of Federal Awards	6 - 8
Notes to Schedule of Expenditures of Federal Awards	9 - 10
Schedule of Findings and Questioned Costs	11 - 15
Summary Schedule of Prior Audit Findings	16

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 City Council
of the City of San Buenaventura
San Buenaventura, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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 the City of San Buenaventura, California, (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 15, 2016.

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 City'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding Numbers 2015-001 and 2015-002 that we consider to be significant deficiencies.

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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as Finding Number 2015-003.

City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

White Nelson Dick Evans LLP

Irvine, California
January 15, 2016

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

The Honorable Mayor
and Members of City Council
of the City of San Buenaventura
San Buenaventura, California

Report on Compliance for Each Major Federal Program

We have audited the City of San Buenaventura'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, 2015. The City's major federal programs are identified in the summary of auditors' 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, 2015.

Report on Internal Control over Compliance

Management of the City 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.

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.

Report on 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 San Buenaventura, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 15, 2016, 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.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133
(Continued)**

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.

White Nelson Dick Evans LLP

Irvine, California

March 10, 2016, except for the Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 to which the date is January 15, 2016

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

CITY OF SAN BUENAVENTURA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2015

Federal Grantor / Pass - Through Grantor / Program / Cluster Title	Catalog of Federal Domestic Assistance Number	Program Identification Number	Federal Expenditures
<u>United States Department of Agriculture</u>			
Passed through State of California:			
Child and Adult Care Food Program	10.558	2571-00	\$ 34,962
<u>United States Department of Housing and Urban Development</u>			
Direct Assistance:			
Community Development Block Grants	14.218	B-13-MC-06-0536	651,629
		Program Income	234,221
Total Community Development Block Grants			885,850
HOME Investment Partnerships Program	14.239	M-11-MC-06-0564	119,452
		M-12-MC-06-0564	16,542
		M-13-MC-06-0564	30,934
		M-14-MC-06-0564	12,786
		Program Income	80,989
Total HOME Investment Partnerships Program			260,703
Total United States Department of Housing and Urban Development			1,146,553
<u>United States Department of Justice</u>			
Passed Through City of Oxnard:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0862	18,858
		2011-H3396-CA-DJ	12,155
Total Edward Byrne Memorial Justice Assistance Grant Program			31,013
Direct Assistance:			
Federal Equity Sharing Program	16.922	CA0560800	26,350
Total United States Department of Justice			57,363

(Continued)

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF SAN BUENAVENTURA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

For the year ended June 30, 2015

Federal Grantor / Pass - Through Grantor / Program / Cluster Title	Catalog of Federal Domestic Assistance Number	Program Identification Number	Federal Expenditures
<u>United States Department of Transportation</u>			
Passed through California Department of Transportation:			
Highway Planning and Construction:	20.205		
West side of Cal Street Bridge over Rt 101		RPSTPLE-5026(048)	\$ 64,154
US 101 at California Street North Bound Offramp		STPL-5026(051)	401,007
Safe Route to school widening Telegraph Rd to provide bike lane		SRTSL-5026(052)	33,116
Telegraph Road Resurfacing		STPL-5026(053)	293,422
Rte 126 Bike Path		CML-5026(054)	9,164
Total Highway Planning and Construction			<u>800,863</u>
Passed through Ventura County Transportation Commission:			
Federal Transit Formula Grants - Bus Center and Shelters	20.507	CA-90-Y253-00	5,179
		CA-96-X007-00	5,000
Total Federal Transit Formula Grants - Bus Center and Shelters			<u>10,179</u>
Passed through the State of California Office of Traffic Safety:			
State and Community Highway Safety	20.600	PT14126	4,272
		PT1542	19,081
Total State and Community Highway Safety			<u>23,353</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated			
	20.608	PT1542	43,463
		PT14126	14,031
Passed through UC Berkley:			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	SC14362	5,500
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated			<u>62,994</u>
Total United States Department of Transportation			<u>897,389</u>

(Continued)

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF SAN BUENAVENTURA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

For the year ended June 30, 2015

Federal Grantor / Pass - Through Grantor / Program / Cluster Title	Catalog of Federal Domestic Assistance Number	Program Identification Number	Federal Expenditures
<u>United States Department of Health and Human Services</u>			
Passed through the County of Ventura:			
Special Programs for the Aging Title III, Part C Nutrition Services: Senior Nutrition Westside	93.045	3C-012-071212	\$ 61,738
Program Income Received Directly by the City:			
Special Programs for the Aging Title III, Part C Nutrition Services: Senior Nutrition Program Income - Westside	93.045	Program Income	16,033
Total Special Programs for the Aging Title III Part C Nutrition Services			<u>77,771</u>
Passed through the California Department of Alcohol and Drug Programs: Substance Abuse and Mental Health Services-Projects of Regional and National Significance			
Cal Strategic Prevention Framework	93.243	SPF-SIG 13-15	<u>136,292</u>
Total United States Department of Health and Human Services			<u>214,063</u>
<u>United States Department of Homeland Security</u>			
Passed through California Office of Emergency Services:			
Reimbursement for Firefighting on Federal Property	97.016	CA-VEN	<u>156,418</u>
Passed through the Ventura County Sheriff's Office of Emergency Services:			
Emergency Management Performance Grants	97.042	2014-0070	<u>15,630</u>
Passed through the Ventura County Sheriff's Office of Emergency Services:			
Homeland Security Grant Program Cluster:			
Homeland Security Grant Program	97.067	2013-00110	115,469
State Homeland Security Program	97.073	14-HSGP-Variou	39,721
Total Homeland Security Grant Program Cluster			<u>155,190</u>
Direct Assistance:			
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2013-FH-00444	<u>1,205,313</u>
Total United States Department of Homeland Security			<u>1,532,551</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,882,881</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF SAN BUENAVENTURA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2015

1. GENERAL:

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of San Buenaventura (the City). The City's reporting entity is defined in Note 1 of the notes to the City's financial statements. All financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies to the City is included in the accompanying schedule.

2. BASIS OF ACCOUNTING:

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting for governmental funds and the accrual basis for proprietary funds, which is described in the Note 1 of the notes to the City's financial statements.

3. RELATIONSHIP TO COMPREHENSIVE ANNUAL FINANCIAL REPORT:

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree to amounts reported within the City's Comprehensive Annual Financial Report.

4. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS:

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with amounts reported in federal financial reports.

5. CONTINGENCIES:

Under the terms of federal and state grants, additional audits may be requested by the grantor agencies and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to a request for reimbursement to the grantor agencies.

CITY OF SAN BUENAVENTURA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

For the year ended June 30, 2015

6. FEDERALLY FUNDED LOANS:

The City administers loans, primarily deferred loans, made from funds provided by the following federal programs:

<u>Federal Programs</u>	<u>Loans Expended During the Year Ended June 30, 2015</u>	<u>Loans Outstanding as of June 30, 2015</u>
Community Development Block Grants (CFDA # 14.218)	\$ 199,900	\$ 2,329,339
HOME Investment Partnerships Program (CFDA # 14.239)	\$ 190,126	\$ 3,788,018

7. SUBRECIPIENT:

During the fiscal year ended June 30, 2015, the City disbursed federal funds to the following subrecipients under the Community Development Block Grant program (CFDA #14.218):

	<u>Amount Disbursed</u>
Economic Development Collaborative EDC-VC	\$ 26,000
Habitat For Humanity	21,751
Housing Authority of Ventura	23,905
Housing Rights Center	8,000
Society of St. Vincent De Paul	41,000
Ventura County Library	84,000
Westside Community Development Corp.	27,109
Women's Economic Ventures	<u>50,000</u>
	<u>\$ 281,765</u>

CITY OF SAN BUENAVENTURA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2015

1. SUMMARY OF AUDITORS' RESULTS:

Financial Statements

Type of auditors' report issued:

- Unmodified

Internal control over financial reporting:

Material weaknesses identified? ___ yes X no

Significant deficiencies identified? X yes ___ none reported
 Finding Numbers: 2015-001 and 2015-002

Noncompliance material to financial statements noted: X yes ___ no
 Finding Number: 2015-003

Federal Awards:

Internal control over major programs:

Material weaknesses identified? ___ yes X no

Significant deficiencies identified? ___ yes X none reported

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

- Unmodified

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

___ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	HOME Investment Partnerships Program
97.016	California Emergency Management Agency: Reimbursement for Firefighting on Federal Property
97.067 / 97.073	Homeland Security Grant Program Cluster
97.083	Staffing for Adequate Fire and Emergency Response

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

X yes ___ no

CITY OF SAN BUENAVENTURA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)

For the year ended June 30, 2015

2. FINDINGS - FINANCIAL STATEMENT AUDIT:

Finding Number 2015-001 - Significant Deficiency - Capital Assets

Criteria

Capital project costs should be reviewed and analyzed on an annual basis to determine what costs are eligible for capitalization, what projects have been completed and what amounts need to be transferred to the appropriate capital asset classes and depreciation commenced.

Condition

The City's CIP included several projects that had been completed and placed in service. However, these assets were not transferred out of CIP to their appropriate assets classes and depreciation had not commenced. In addition, the City had not capitalized certain capital expenditures in the prior year.

Effect

Capital assets and related depreciation expense were understated.

Recommendation

We recommend that the City evaluate the existing procedures in place and determine what changes are necessary to ensure that completed projects are identified and reclassified to the appropriate fixed asset classes in a timely manner for completed projects. In addition, we recommend that the City evaluate the existing procedures in place and determine what changes are necessary to ensure that expenditures meeting the City's capitalization policy are identified and recorded as fixed assets in a timely manner.

View of Responsible Officials and Planned Corrective Action

Management agrees with the auditor's assessment and recommendation. The City's Accounting Manager has developed a process in which CIP activity reports will be reviewed by accounting on a monthly basis and any capital project without recent activity will be reviewed with City project managers to determine the status of the project. Status updates will be documented and all projects that have been substantially completed will be transferred from work-in-progress to fixed assets and depreciation will then be initiated.

CITY OF SAN BUENAVENTURA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)

For the year ended June 30, 2015

2. FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED):

Finding Number 2015-002 - Significant Deficiency - Bank Reconciliations

Criteria

An important element of internal control over cash is the completion of the bank reconciliations to allow City staff to identify any differences between the bank balances and general ledger balances and resolve such differences in a timely manner.

Condition

We noted several instances in which the monthly bank reconciliation process was not completed and reviewed in a timely manner. This finding is being repeated from the prior year.

Recommendation

We recommend that the monthly bank reconciliation process be completed and reviewed in a timely manner.

View of Responsible Officials and Planned Corrective Action

Management agrees with the auditor's assessment and recommendation. Management will review the current bank reconciliation process and develop a more efficient and accurate method of reconciling the City's bank accounts.

CITY OF SAN BUENAVENTURA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)

For the year ended June 30, 2015

2. FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED):

Finding Number 2015-003 – Noncompliance - Compliance with Senate Bill 341

Criteria

Senate Bill 341 (SB 341) requires all successor housing entities beginning with the fiscal year ended 2014, to comply with annual report requirements within six months after the end of each fiscal year. The annual report must be posted to the City's website and contain all of the required items as described in Health and Safety Code Section 34176.1 beginning with subsection (f).

Condition

We noted that the City did not produce the required annual report for fiscal year ended June 30, 2014.

Cause

The City was unaware of the requirement of SB 341.

Effect

The annual report required by SB 341 was not posted to the City's website.

Recommendation

We recommend the City implement policies and procedures to ensure compliance with all required elements for SB 341 in the future.

View of Responsible Officials and Planned Corrective Action

Management will establish policies and procedures to ensure compliance with California Senate Bill (SB341) on a going forward basis.

CITY OF SAN BUENAVENTURA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)

For the year ended June 30, 2015

3. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT:

None

CITY OF SAN BUENAVENTURA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended June 30, 2015

There were no findings related to federal programs for the year ended June 30, 2014.