

Ventura County Transportation Commission

Ventura, California

Single Audit and Independent Auditors' Reports

For the Year Ended June 30, 2018



**Ventura County Transportation Commission
Single Audit Report
For the Year Ended June 30, 2018**

Table of Contents

	<u>Page</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 Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	7
Notes to the Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs	10

This page intentionally left blank.



**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 Board of Commissioners
of the 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 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, and each major fund of the Ventura County Transportation Commission (“Commission”), as of and for the year ended June 30, 2018, and the related notes to the financial statements and have issued our report thereon dated November 7, 2018.

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 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 have not been identified

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission’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 Board of Commissioners
of the Ventura County Transportation Commission
Ventura, California
Page 2

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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The PwC Group, LLP

Santa Ana, California
November 7, 2018



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

To the Board of Commissioners
of the 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 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, 2018. The Commission's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 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, 2018.

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 the Uniform Guidance, 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Commission as of and for the year ended June 30, 2018, and have issued our report thereon dated November 7, 2018 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinion on the Commission's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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 basic financial statements and certain other 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Commissioners
of the Ventura County Transportation Commission
Ventura, California
Page 3

The Per Group, LLP

Santa Ana, California
November 7, 2018

This page intentionally left blank.

Ventura County Transportation Commission
Single Audit Report
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Amount Provided to Subrecipients
<u>U.S. Department of Transportation</u>				
Federal Transit Cluster:				
<i>Direct Programs:</i>				
Federal Transit Formula Grant	20.507	CA-90-Y803	\$ 4,826	\$ 1,207
Federal Transit Formula Grant	20.507	CA-90-Y858	1,227	307
Federal Transit Formula Grant	20.507	CA-90-Y991	63,880	15,971
Federal Transit Formula Grant	20.507	CA-90-Z055	1,694	424
Federal Transit Formula Grant	20.507	CA-90-Z074	25,856	6,464
Federal Transit Formula Grant	20.507	CA-90-Z151	131,165	32,795
Federal Transit Formula Grant	20.507	CA-90-Z152	3,401	-
Federal Transit Formula Grant	20.507	CA-90-Z240	244,718	61,181
Federal Transit Formula Grant	20.507	CA-90-Z266	280,061	70,015
Federal Transit Formula Grant	20.507	CA-95-X044	7,053	914
Federal Transit Formula Grant	20.507	CA-95-X196	4,839	627
Federal Transit Formula Grant	20.507	CA-2016-028	821,144	27,019
Federal Transit Formula Grant	20.507	CA-2016-033	138,204	35,105
Federal Transit Formula Grant	20.507	CA-2016-060	1,840,198	529,524
Federal Transit Formula Grant	20.507	CA-2017-037	835,311	3,416
Federal Transit Formula Grant	20.507	CA-2017-066	1,422,443	1,088,825
Federal Transit Formula Grant	20.507	CA-2018-003	2,351,774	1,676,350
Federal Transit Formula Grant	20.507	CA-2018-076	416,728	192,392
			<u>8,594,522</u>	<u>3,742,536</u>
<i>Direct Programs:</i>				
State of Good Repair Grants Program	20.526	CA-2016-082	627	-
State of Good Repair Grants Program	20.526	CA-2017-056	77,443	-
State of Good Repair Grants Program	20.526	CA-2017-080	930,919	-
		Subtotal 20.526	<u>1,008,989</u>	<u>-</u>
		Federal Transit Cluster Total	<u>9,603,511</u>	<u>3,742,536</u>
<i>Passed Through California Department of Transportation:</i>				
Highway Planning and Construction	20.205	CMLG-6155(086)	197,482	-
Highway Planning and Construction	20.205	CMLG-6155(091)	17,109	-
Highway Planning and Construction	20.205	CMLG-6155(095)	35,053	-
Highway Planning and Construction	20.205	STPL-6155(090)	14,215	-
		Highway Planning and Construction Cluster Total	<u>263,859</u>	<u>-</u>

Ventura County Transportation Commission
Single Audit Report
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Amount Provided to Subrecipients
Transit Services Programs Cluster:				
<i>Direct Programs:</i>				
Capital Assistance Elderly and Disabled	20.513	CA-16-0062	76,098	25,006
Capital Assistance Elderly and Disabled	20.513	CA-16-X071	148,970	-
Capital Assistance Elderly and Disabled	20.513	CA-2016-126	48,308	15,108
Capital Assistance Elderly and Disabled	20.513	CA-2018-042	78,400	36,889
		Subtotal 20.513	<u>351,776</u>	<u>77,003</u>
<i>Direct Programs:</i>				
New Freedom Program	20.521	CA-57-X092	10,399	2,601
		Subtotal 20.521	<u>10,399</u>	<u>2,601</u>
		Transit Services Programs Cluster Total	<u>362,175</u>	<u>79,604</u>
		Total U.S. Department of Transportation	<u>10,229,545</u>	<u>3,822,140</u>
		TOTAL EXPENDITURES OF FEDERAL AWARDS	<u>\$ 10,229,545</u>	<u>\$ 3,822,140</u>

Ventura County Transportation Commission
Single Audit Report
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies

A. Reporting Entity

The Ventura County Transportation Commission (the “Commission”) was created in January 1989 under Senate Bill No. 1880 as the successor agency to the Ventura County Association of Governments assuming all the assets and liabilities of that Association. The Commission was reorganized in 2004 under Assembly Bill 2784. The Commission is a transit planning agency governed by a seventeen-member Board of Commissioners (Board) consisting of one representative from each city in the County, all five County Supervisors, two citizens, and one nonvoting state representative.

The Commission is responsible for establishing transportation policies, setting priorities and coordinating activities between the various transportation operators, agencies, cities, and the County of Ventura (County). The Commission’s mission is to improve mobility within the County and to increase funding to meet the County’s transportation needs. The Commission controls and reviews the County’s funding allocations from federal, state and local resources for highway, transit, rail, aviation, bicycle and other transportation projects.

Effective January 13, 1989, the Commission was designated to act as the Airport Land Use Commission (ALUC) by the Ventura County Board of Supervisors and the City Selection Committee.

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 include property and equipment acquisitions incurred under the federal programs. The accompanying Schedule of Expenditures of Federal Awards (Schedule) is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in, the preparation of the Commission’s basic financial statements.

C. Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Commission. Federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through the California Department of Transportation, are included in the Schedule. The Schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the Commission.

D. Indirect Cost Rate

The Commission has not elected to use the 10% de-minimis indirect rate as allowed under the Uniform Guidance.

Ventura County Transportation Commission
Single Audit Report
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Section I – Summary of Auditors’ Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? 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 2 CFR 200.516(a)? No

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number(s)	Expenditures
Federal Transit Cluster	20.507/20.526	\$ 9,603,511
Total Expenditures of All Major Federal Programs		\$ 9,603,511
Total Expenditures of Federal Awards		\$ 10,229,545
Percentage of Total Expenditures of Federal Awards		93.88%

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee in accordance with 2 CFR 200.520? Yes

Ventura County Transportation Commission
Single Audit Report
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2018

Section II – Financial Statement Findings

A. Current Year Financial Statement Findings

No financial statement findings were noted for the year ended June 30, 2018.

B. Prior Year Financial Statement Findings

No financial statement findings were noted for the year ended June 30, 2017.

Section III – Federal Awards Findings and Questioned Costs

C. Current Year Findings and Questioned Costs – Major Federal Award Program Audit

No findings or questioned costs were noted on the Commission’s major programs for the year ended June 30, 2018.

D. Prior Year Findings and Questioned Costs – Major Federal Award Program Audit

No findings or questioned costs were noted on the Commission’s major programs for the year ended June 30, 2017.