

**City of Oxnard
Single Audit Report
For the Fiscal Year Ended
June 30, 2011**

CITY OF OXNARD
Single Audit Report
For the Fiscal Year Ended June 30, 2011

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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**

To the Honorable City Council
City of Oxnard, 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 Oxnard as of and for the year ended June 30, 2011, which collectively comprise the City of Oxnard's basic financial statements and have issued our report thereon dated December 1, 2011. 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 Oxnard is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Oxnard'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 of Oxnard's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Oxnard's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as

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defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Oxnard'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*.

We noted other matters that were reported to management of the City of Oxnard in a separate letter dated December 15, 2011.

This report is intended solely for the information and use of management and the City Council of the City of Oxnard, and the City's 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.



Bakersfield, California
December 15, 2011



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**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**

Independent Auditors' Report

To the Honorable City Council
City of Oxnard, California

Compliance

We have audited the compliance of the City of Oxnard with the types of compliance requirements described in the U.S. *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The City of Oxnard's major federal programs are identified in the summary of auditors' 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 of Oxnard's management. Our responsibility is to express an opinion on the City of Oxnard'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. 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 City of Oxnard'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 City of Oxnard's compliance with those requirements.

In our opinion, City of Oxnard complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

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

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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 of Oxnard's internal control over compliance.

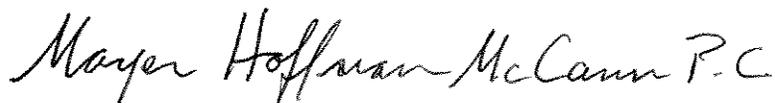
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 Expenditure of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining information of the City of Oxnard as of and for the year ended June 30, 2011, and have issued our report thereon dated December 1, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City of Oxnard's 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 required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management and the City Council of the City of Oxnard, and the City's 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.



Bakersfield, California
December 15, 2011

CITY OF OXNARD

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Contract Number	Expenditures
Federal Grants			
U.S. Department of Housing and Urban Development			
Community Development Block Grant	14.218	B-10-MC-060534	\$ 2,172,175
Community Development Block Grant	14.218	B-09-MC-060534	449,961
Community Development Block Grant	14.218	B-08-MC-060534	11,245
Community Development Block Grant - ARRA	14.253	B-09-MY-060534	29,107
Total CDBG			2,662,488
Neighborhood Stabilization Program	14.228	09-NSP1-6115	244,884
Total Neighborhood Stabilization Program			244,884
Homeless Prevention and Rapid Rehousing Program - ARRA	14.257	S-09-MY-060534	508,420
Total HPRP			508,420
Emergency Shelter Grant	14.231	S-10-MC-060534	114,009
Emergency Shelter Grant	14.231	S-09-MC-060534	6,179
Total Emergency Shelter Grant			120,188
HOME	14.239	M-10-MC-06526	579,912
HOME	14.239	M-09-MC-06526	474,251
HOME	14.239	M-08-MC-06526	104,273
HOME	14.239	M-07-MC-06526	36,239
Total HOME Program			1,194,675
Continuum of Care	14.235	CA0716B9D110802	85,946
Continuum of Care	14.235	CA0716B9D110803	28,776
Continuum of Care	14.235	CA0717B9D110802	51,151
Continuum of Care	14.235	CA16-B311-006	292
Total Continuum of Care			166,165
Total Department of Housing and Urban Development			4,896,820
Bureau of Reclamation			
Ventura Road Utility Improvement - ARRA	15.504	RIOAC35R12	453,159
Great - AWP Project - ARRA	15.504	RIOAC35R12	9,834,058
Water Backbone Phase 1 - ARRA	15.504	RIOAC35R12	2,063,032
5th Street Utility Improvement - ARRA	15.504	RIOAC35R12	844
Total Bureau of Reclamation			12,351,093

CITY OF OXNARD
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Contract Number	Expenditures
US Department of Justice			
Justice Assistance Grant FY10 - Local	16.579	2010-DJ-BX-0330	129,084
Justice Assistance Grant - Local Solicitation - FY09	16.738	2009-DJ-BX-0126	69,002
JAG Grant with Ventura	16.738	2008-DJ-BX-0185	4,667
Justice Assistance Grant	16.738	2006-DJ-BX-0419	12,255
JAG Formula Program - ARRA	16.804	2009-SB-B9-0450	289,527
Total JAG			504,535
COPS Technology Program - FY09	16.710	2008-CKWX0483	36,251
COPS Universal	16.710	2004ULWX0016	2,333
Total COPS			38,584
Total Department of Justice			543,119
US Department of Transportation			
Passed through the State of California/CalTrans:			
Rice /Santa Clara @US101	20.205	STPLN-5129(012)	5,460,447
Rice /Santa Clara @US101	20.205	HPLUL-5129(051)	925,427
Rice /Santa Clara @US101 - ARRA	20.205	ESPL-5129(058) - ARRA	3,032,752
Rice /Santa Clara @US101	20.205	HPLUL-5129(056)	785,149
Rice /Santa Clara @US101	20.205	TILUL-5129(057)	114,202
Rice /Santa Clara @US101	20.205	HPLUL-5129(063)	211,687
Pedestrian and Bike paths	20.205	CML-5129(029)	499,464
Construct Parking Lot - E. Fifth St.	20.205	CML-5129(041)	491,805
Construct Parking Lot - E. 4th St.	20.205	STPL-5129(045)	7,324
Traffic Signal Modifications - ARRA	20.205	ESPL-5129(054)	22,955
Street Improvement - Bartolo Sq North - ARRA	20.205	ESPL-5129(055)	102,471
Street resurface - Bartolo Sq South - ARRA	20.205	ESPL-5129(053)	(46,159)
Traffic Signal - Intersection of Rose Ave. & Emerson Ave.	20.205	HSIPL-5129(059)	72,540
Traffic Signal - Intersection of Saviers Road & Hill Street	20.205	HSIPL-5129(064)	3,337
Traffic Signal - Intersection of Ventura Rd & Devonshire	20.205	HSIPL-5129(065)	361
Construct Sidewalk, Curb Ramps at Various Locations	20.205	SRTSL-5129(061)	11,563
Total Department of Transportation			11,695,325

CITY OF OXNARD
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Contract Number	Expenditures
Institute of Museum and Library Services			
California State Library			
Main Library Homework Center	45.310	40-7605	26,950
Mixteco Project	45.310	40-7606	5,409
Family Place Grant - SOBL	45.310	40-7711	14,288
Total National Endowment for the Humanities			46,647
US Department of Energy (Office of Energy Efficiency & Renewable Energy)			
Citywide Energy Audit - ARRA	81.128	DE-SC0003264	10,626
Illuminated Street Name Sign - ARRA	81.128	DE-SC0003264	168,789
Construct ITS Management Center - ARRA	81.128	DE-SC0003264	320,302
Retrofit City Facilities - ARRA	81.128	DE-SC0003264	838,334
Total US Department of Energy (Office of Energy Efficiency & Renewable Energy)			1,338,051
California Department of Aging			
Senior Nutrition Program FY10-11	93.045	3C-005-071012-R3	97,798
Total California Department of Aging			97,798
Corporation for National and Community Service			
RSVP 31 - FY10-11	94.002	10SRPCA010	74,414
Total Corporation for National and Community Service			74,414
US Department of Homeland Security			
Urban Area Security Grant - FY09	97.008	2009-0019	139,114
Urban Area Security Grant - FY10	97.008	2010-0085	53,008
EMPG Fire Grant 09-10	97.042	2010-0044	90,958
Project Safe Comm Part V-09	97.067	2010-0085	11,928
Homeland Security Grant - FY09	97.073	2009-0019	102,227
Total US Department of Homeland Security			397,235
Total Expenditures of Federal Awards			\$ 31,440,502

CITY OF OXNARD
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2011

I. Summary of significant accounting policies

A. Basis of Accounting

Monies received under the grant programs have been recorded within the special revenue funds of the City of Oxnard. The City utilizes the modified accrual basis of accounting for governmental funds which is described in note 1 of the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards has been prepared accordingly.

B. Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards is prepared from the accounts of the grant programs and, therefore, does not present the financial position or results of operations of the City of Oxnard. The City's reporting entity is defined in note 1 of the notes to the City's basic 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.

C. Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree, in all material respects, with the amounts reported in related federal financial reports.

CITY OF OXNARD
Schedule of Audit Findings and Questioned Costs
For the Year Ended June 30, 2011

Section I – Summary of Auditors’ Results

a) Financial Statements

Type of auditors’ report issued:	<i>Unqualified</i>
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

b) Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditors’ report issued on compliance for major programs:	<i>Unqualified</i>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section. 510(a)	No

c) Identification of major programs

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
CFDA Number 15.504	Water Reclamation and Reuse Program
CFDA Number 81.128	Department of Energy
Dollar threshold used to distinguish between Type A and Type B programs:	\$921,869
Auditee qualified as low-risk auditee?	Yes

CITY OF OXNARD
Schedule of Audit Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2011

Section II – Financial Statement Findings

2011-1 – Increase Resources for GAAP Compliance

Condition

As part of the City's closing procedures, accounting personnel review unpaid invoices at the balance sheet date and subsequent payments after that date to ensure the completeness of accounts payable at the balance sheet date. However, we noted several large invoices related to capital outlay that should have been included in the current year and were not accrued. During the current year, unrecorded amounts were not deemed to be material enough to misstate the financial statements at the respective opinion units. However, this may not necessary hold true in future years.

In addition while performing our subsequent event audit procedures, we noted a large invoice related to CDC that should have been included in the current year and was not accrued. We suggest that the cutoff procedures continue until the financial statements are issued. This will help ensure that all material expenses and the related liabilities are recorded properly in the City's financial statements as of the balance-sheet date.

Recommendation

We suggest that the cutoff amount for the review be extended up to the date of issuance of the CAFR and reviewed more carefully. This will help ensure that all material expenses and the related liabilities are recorded properly in the City's financial statements as of the balance-sheet date and issuance date.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Section IV – A Summary of Prior Year Audit Findings (June 30, 2010) and Current Year Status Follows:

Recent heightened public scrutiny of transactions, recorded by the City, allows no room for error in complying with Generally Accepted Accounting Principles (GAAP). Previously the City maintained a Controller position and a Management Accountant/Auditor position and also entered into consultation, with outside accountants, to a greater extent than the City's practice during this audit period. In order to meet budget savings requirements, both the Controller and Management Accountant/Auditor positions have not been filled. These measures have strained the current resources of the City and increased the chances of errors occurring, and contributed to the requirement for a prior period adjustment to the City's June 30, 2010 financial statements.

Auditee Contact: Marichu Maramba (805) 385-7468