

**SANTA CRUZ COUNTY REGIONAL
TRANSPORTATION COMMISSION**

SINGLE AUDIT REPORT
For the Fiscal Year Ended
June 30, 2021

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
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For the Fiscal Year Ended June 30, 2021

SINGLE AUDIT REPORT

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Moss, Levy & Hartzheim LLP

Certified Public Accountants

**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***

Santa Cruz County Regional Transportation Commission
Santa Cruz, 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, each major fund, and the aggregate remaining fund information of Santa Cruz County Regional Transportation Commission (the Commission), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated March 9, 2022.

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) as a basis for designing 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*.

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 entity'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.

Moss, Kelly & Hartgrain LLP

Santa Maria, California
March 9, 2022

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2021

	Federal Catalog Number	Identifying Number	Amount
<u>U.S. Department of Transportation</u>			
Passed through the State of California Department of Transportation			
Highway Planning and Construction Program *	20.205	ACHN P001(658)	<u>\$ 1,062,852</u>
Total U.S. Department of Transportation			<u>1,062,852</u>
<u>U.S. Department of Homeland Security - Federal Emergency Management Agency</u>			
Passed through the State of California Governor's Office of Emergency Services			
Disaster Public Assistance Grants *	97.036	FEMA-4308-DR-CA-PW-01417(1237)	<u>\$ 3,624,669</u>
Total U.S. Department of Homeland Security - Federal Emergency Management Agency			<u>3,624,669</u>
Total Expenditures of Federal Awards			<u><u>\$ 4,687,521</u></u>

* Denotes major program

The note to the schedule of expenditures of federal awards is an integral part of this statement.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Santa Cruz County Regional Transportation Commission and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the *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 this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The Commission has not elected to use the ten percent de minimus cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.



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

Santa Cruz County Regional Transportation Commission
Santa Cruz, California

Report on Compliance for Each Major Federal Program

We have audited Santa Cruz County Regional Transportation Commission's (the 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 fiscal year ended June 30, 2021. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' 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 Santa Cruz County Regional Transportation 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 fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Santa Cruz County Regional Transportation 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 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. We did identify one significant deficiency in internal controls over compliance as noted in Finding 2021-001.

Santa Cruz County Regional Transportation Commission's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Santa Cruz County Regional Transportation Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Report on Schedule of Expenditure of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Santa Cruz County Regional Transportation Commission, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the Santa Cruz County Regional Transportation Commission's basic financial statements. We issued our report thereon March 9, 2022, 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 purposes of additional analysis as required by the Uniform Guidance 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 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.

Moss, Levy & Halzheim LLP

Santa Maria, California
March 9, 2022

FINDINGS AND RECOMMENDATIONS

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021

Section I – 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 not considered
to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:
Material weaknesses identified? _____ Yes X No

Significant deficiencies identified not considered
to be material weaknesses? _____ 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 the Uniform Guidance,
Section 200.516? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u> <u>20.205</u> <u>97.036</u>	<u>Name of Federal Program</u> <u>Highway Planning and Construction Grant</u> <u>Disaster Public Assistance Grants</u>
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Dollar threshold used to distinguish between Type A
and Type B programs: \$ 750,000

Auditee qualify as low-risk auditee: _____ Yes X No

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021

Financial Statement Findings:

There were no financial statement findings.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021

Federal Award Findings and Questioned Costs:

There were no fiscal year federal award findings or questioned costs.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
SUMMARY OF PRIOR FISCAL YEAR AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021

Financial Statement Findings:

There were no prior fiscal year financial statement findings.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
SUMMARY OF PRIOR FISCAL YEAR AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021

Federal Award Findings and Questioned Costs:

There were no prior fiscal year federal award findings or questioned costs.