



Item #10

December 7, 2016

TO: Gold Coast Transit District Board of Directors

From: Steve L. Rosenberg 
Director of Finance and Administration

RE: Receive and File FY 2015-16 TDA Compliance Audit Reports for GCTD and Each of its Five (5) Members, as Prepared by The Pun Group

I. EXECUTIVE SUMMARY

The Board of Directors has contracted with The Pun Group to audit GCTD's financial operations and prepare GCTD's FY 2015-16 financial statements, as well as to audit TDA compliance by GCTD and its five member jurisdictions that accept TDA from GCTD for public transportation related activities. The Board received and accepted GCTD's financial audit and FY 2015-16 Comprehensive Annual Financial Report on November 2, 2016.

Presented today for the Board's review and information are TDA Compliance Audits for GCTD and each of the five member jurisdictions (Oxnard, Ventura, Ojai, Port Hueneme and the County of Ventura) that receive TDA Article 4 Local Transportation Funds (LTF) from GCTD.

All members were found to be in compliance with respect to all expended funds having been spent on TDA-eligible expenses. GCTD and Ojai were found to be in compliance with TDA farebox recovery ratio requirements. The County of Ventura provides operating funds to five transit service providers; of those, all were found compliant except that for the second consecutive year the Heritage Valley Express was found not to be in compliance with TDA farebox recovery ratio requirements. The Harbor and Beaches Dial-a-Ride, funded by the City of Oxnard, was also found not to be in compliance with TDA farebox recovery ratio requirements; that service was canceled effective July 1, 2016.

In accordance with the administrative process established in 2014 and revised in January 2016 with input from the Technical Advisory Committee (TAC), funds for recurring annual expenses for locally-owned, maintained and operated transit services that were not expended will be considered carryover and will be returned to GCTD as a credit in the fiscal year following completion of the audit.

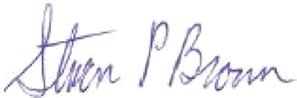
GOLD COAST TRANSIT DISTRICT

Except as noted, the TDA compliance reports express The Pun Group's opinion that GCTD and its five members each complied, in all material aspects, with the compliance requirements of TDA. Copies of the reports are attached to this report and have been provided to all members of the Board.

II. SUMMARY AND RECOMMENDATIONS

IT IS RECOMMENDED that the Board receive and file the FY 2015-16 TDA Compliance Audit Reports for GCTD and each of its five (5) members as prepared by The Pun Group

GENERAL MANAGER'S CONCURRENCE



Steven P. Brown
General Manager

Gold Coast Transit District

Oxnard, California

**Agreed Upon Procedures
Applied on the District's Compliance on
Transportation Development Act – Article 4**

For the Year Ended June 30, 2016



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
of the Gold Coast Transit District
Oxnard, California

We have performed the procedures enumerated below, described in Section 6667 of Article 5.5 of the California Administrative Code, which were agreed to by the Gold Coast Transit District (District), the Ventura County Transportation Commission (Commission), and the State Controller solely to assist you in evaluating the District's compliance with applicable laws, rules, and regulations pursuant to Article 4 of the Transportation Development Act (TDA), and the allocation instructions of the Commission and District for the year ended June 30, 2016. The District's management is responsible for compliance with applicable laws, rules, and regulations pursuant to Article 4 of the Transportation Development Act (TDA), and the allocation instructions of the Commission. Management is responsible for the Schedule of Local Transportation Funding and the Schedule of Changes in Local Transportation Funding Activity of the District for the year ended June 30, 2016. We did not audit these schedules, and accordingly, express no opinion on them.

The agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the District. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purposes for which this report has been requested or for any other purpose.

Our procedures were limited to performing the applicable procedures described in Section 6667 of Article 5.5 of the California Administrative Code, as stated below.

Procedures Performed:

- a. Read the Commission's TDA allocation instructions and read the references cited (Section 99314 and 99313 of the Public Utilities Code (the PUC)) to determine that, as a provider of public transportation, the District's function is consistent with the function required for funding eligibility.
- b. We obtained and read the District's general ledger and chart of accounts, comparing for consistency to the uniform system of accounts and records prescribed by the PUC.
- c. Read Article 4 – Sections 99262 and 99263 (fixed route), which stipulates that TDA funds should be recorded as planning and operations expense. We inspected the District's financial statements and general ledger to determine if TDA funds are recorded as planning and operations expense.
- d. Reviewed the general ledger to determine that 1) the District has not recorded expenses in excess of amounts allocated by the Commission, and 2) based on the accounts charged, the District expended the funds in accordance with the purpose stated in the claims.
- e. Read provisions of PUC Section 99301 and determined that, the District earned interest on the funds and where expended for those purposes for which the funds were allocated.

- f. Read Section 6611.1 – which defines operating costs and uses the same definition as PUC Section 99247, which states that:

"Operating cost" means all costs in the operating expense object classes exclusive of the costs in the depreciation and amortization expense object class of the uniform system of accounts and records adopted by the Controller pursuant to Section 99243, and exclusive of all subsidies for commuter rail services operated under the jurisdiction of the Interstate Commerce Commission and of all direct costs for providing charter services, and exclusive of all vehicle lease costs.

Obtained the District’s operating costs and fare revenue for 2016 from the general ledger and calculated the fare ratio requirement as depicted below:

<u>Description</u>	<u>Fixed Route</u>	<u>Paratransit</u>	<u>Total</u>
Operating revenues:			
Passenger fares for transit services	\$ 3,068,465	\$ 255,046	\$ 3,323,511
Less: Excluded fares*	(83,545)	-	(83,545)
Local support revenues	-	210,109	210,109
Other non-TDA local revenue	1,095,466	-	1,095,466
Total operating revenues	<u>4,080,386</u>	<u>465,155</u>	<u>4,545,541</u>
Operating expenses:			
Operations expense	17,700,456	2,847,428	20,547,884
Less: Excluded costs*	<u>(1,261,143)</u>	<u>(99,128)</u>	<u>(1,360,271)</u>
Total operating expenses	<u>\$ 16,439,313</u>	<u>\$ 2,748,300</u>	<u>\$ 19,187,613</u>
Total fare ratio	<u>24.82%</u>	<u>16.93%</u>	<u>23.69%</u>
Total fare ratio requirement pursuant to Section 99268.5(c)	<u>20.00%</u>	<u>10.00%</u>	<u>20.00%</u>

- * Excluded fares – Fixed Route – Fares attributed to routes operated three (3) years or less.
Excluded costs – Fixed Route – Costs allocated to routes operated three (3) years or less.
Excluded costs – Fixed Route – Cost increases in excess of Cost of Living – PUC 992568.17.
Excluded costs – Paratransit – Increase in ADA costs/Adjusted for cost of living – Section 6633.2 (f)(1)

1. Read Section 6633.2 – which requires that an operator of transit service meet the following conditions for its services to the general public:

The ratio of fare revenues to operating cost shall be at least the greater of the following ratio:

Section 6633.2(a) reads as follows:

Twenty percent (20%) if the claimant is serving an urbanized area, ten percent (10%) if the claimant is serving a non-urbanized area, or an intermediate percentage if determined by the transportation planning agency pursuant to its rules and regulations as adopted pursuant to section 6645.

The District has complied with this provision as presented in the fare ratio requirement for Fixed Route above.

2. Read Section 6633.5 and determined that the District provides service to elderly and handicapped persons as well as the general public. Its services combined shall meet the fare ratio specified in Section 6633.2(a).

The District has complied with this provision as presented in the fare ratio requirement for Total above.

- g. Traced \$3,323,511 to the general ledger fare revenue account, amount agreed.
- h. Traced \$46,258 to the general ledger local support account, amount agreed.
- i. Read Section 6634, noting the requirement that no transit service claimant shall be eligible to receive money from the Local Transportation Fund (LTF) and the State Transit Assistance Fund for operating costs in an amount that exceeds its actual operating costs less certain revenues defined in the regulations.

Performed the following calculation specified in Section 6634 (noting that certain revenue sources are not applicable) and determined that the amounts received are less than the upper limit amount (individually for general and Americans with Disabilities Act (ADA) service and in total). Per Section 6649, the District cannot receive amounts in excess of the amounts the claimant is eligible to receive as evidenced by the claims.

For the year ended June 30, 2016, we performed the following calculation:

Operations expense	<u>\$ 20,547,884</u>
Less:	
Passenger fares for transit services	(3,323,511)
Local support revenues	(46,258)
Other non-TDA local revenue	(799,035)
Federal funding – operating grants	<u>(4,930,720)</u>
Total adjustments	<u>(9,099,524)</u>
Upper limit for local transportation fund revenue recognized	<u><u>\$ 11,448,360</u></u>
Local transportation funds revenue recognized – 2016	<u><u>\$ 10,601,709</u></u>

- j. Read Section 6633.1, the funds received from the Local Transportation Fund (LTF) under Article 4 of the Act shall not exceed 50-percent of the amount that is the sum of the operator's operating cost, capital requirements, and debt service requirements less certain revenues defined in the regulations.

Beginning with the 1980-81 fiscal year, each operator and transit service claimant shall qualify for funding during the fiscal year as specified in this section and in sections 6633.1 to 6633.9. (a) An operator that began operation before July 1, 1974, may qualify under either Public Utilities Code section 99268.1 (the 50-percent expenditure limitation) or 99268.2 (the fare and local support ratios), unless the operator was granted a waiver from the 50-percent expenditure limitation for 1978-79. The following operators were granted such a waiver: South Coast Area Transit (Ventura County), City of Banning, City of Auburn, and City of Napa.

In June 2007, South Coast Area Transit's Joint Powers Agreement was amended to rename the agency to Gold Coast Transit. Then in October 2013, Governor Brown signed into law Assembly Bill AB 664, which formed the Gold Coast Transit District.

- k. Read provisions of PUC Sections 99271, 99272, and 99273 to determine that the District's pension plan is in conformance with the provisions.

- l. Inspected the District and the applicable District's Contracted Paratransit Operator for compliance certificates to verify that the District and the Contracted Paratransit Operator had certification by the Department of the California Highway Patrol and is in compliance with section 1808.1 of the Vehicle Code, as required in Public Utilities Code Section 99251.
- m. Read provisions of PUC sections 99314.6 and 99314.7 and determined that the District has complied with the provisions.
- n. Read Sections 99155 and 99155.5 and published fares to determine that the District offers reduced fares to senior citizens and persons with disabilities.

The Schedule of Local Transportation Funding and the Schedule of Changes in Local Transportation Funding Activity of the District for the year ended June 30, 2016 (Schedules) are presented for purposes of additional analysis and are not required parts of the Agreed-Upon Procedures. The Schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records. We have applied certain limited procedures to the Schedules, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, and other knowledge we obtained during the performance of the agreed-upon procedures. We do not provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to provide any assurance.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the District's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and management of the Gold Coast Transit District as well as the Commission and the State Controller and is not intended to be and should not be used by anyone other than these specified parties.

The PwC Group, LLP

Santa Ana, California
December 15, 2016

City of Ojai, California

**Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code**

Financial Statements and Independent Auditors' Reports

For the Years Ended June 30, 2016 and 2015

City of Ojai, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Financial Statements
For the Years Ended June 30, 2016 and 2015

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of Ojai
Ojai, California

Report on the Financial Statements

We have audited the financial statements of the Transportation Development Act (TDA) Article 4, Section 99260(a) fund (Transportation Development Act Fund) of the City of Ojai, California (City), which comprise of the balance sheets as of June 30, 2016 and 2015, and the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Transportation Development Act Fund of the City, as of June 30, 2016 and 2015, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Honorable Mayor and Members of the City Council
of the City of Ojai
Ojai, California
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Emphasis of Matters

As discussed in Note 1, the financial statements present only the Transportation Development Act Fund of the City and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2016 and 2015, the change in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Transportation Development Act Fund of the City. The Budgetary Comparison Schedules and Schedule of Project Status on pages 17 through 19, respectively, are presented for purposes of additional analysis and are 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 of the Transportation Development Act Fund of the City. This supplemental data 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016, on our consideration of the City's internal control over financial reporting for the Transportation Development Act Fund, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The Perini Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
December 15, 2016



**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***

Independent Auditors' Report

To the Honorable Mayor and Members of the City Council
of the City of Ojai
Ojai, 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 balance sheets of the Transportation Development Act (TDA) Article 4, Section 99260(a) fund (Transportation Development Act Fund) of the City of Ojai, California (City) as of and for the years ended June 30, 2016 and 2015, and the related statements of revenues, expenditures and changes in fund balances, and the related notes to the financial statements, which collectively comprises the Transportation Development Act Fund of the City, and have issued our report thereon dated December 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 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 financial statements of the Transportation Development Act Fund of the City are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including §6666 of Part 21 of the California Code of Regulations, 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*, including §6666 of Part 21 of the California Code of Regulations.

To the Honorable Mayor and Members of the City Council
of the City of Ojai
Ojai, 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 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.

The PwC Group, LLP

Santa Ana, California
December 15, 2016

FINANCIAL STATEMENTS

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City of Ojai, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Balance Sheets
June 30, 2016 and 2015

	Article 4	
<u>ASSETS</u>	2016	2015
Assets:		
Cash and cash equivalents	\$ 50,013	\$ -
Due from other governments	-	9,066
Total assets	\$ 50,013	\$ 9,066
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ -	\$ 9,066
Total liabilities	-	9,066
Fund balance:		
Restricted	50,013	-
Total fund balance	50,013	-
Total liabilities and fund balance	\$ 50,013	\$ 9,066

City of Ojai, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Statements of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended June 30, 2016 and 2015

	Article 4	
	2016	2015
Revenues:		
Local transportation funds allocation	\$ 209,951	\$ 108,791
Interest earnings	13	-
Total revenues	209,964	108,791
Expenditures:		
Operating	159,951	108,791
Capital outlay	-	-
Total expenditures	159,951	108,791
Changes in fund balances	50,013	-
Fund balance:		
Beginning of year	-	-
End of year	\$ 50,013	\$ -

City of Ojai, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

General Information

The accompanying financial statements are intended to reflect the financial position and changes in financial position for the Article 4, Section 99260(a) Transportation Development Act Fund of the City of Ojai, California (City) only and are not intended to present fairly the financial position and results of operations of the City in accordance with accounting principles generally accepted in the United States of America.

Pursuant to Section 99260(a) of the California Public Utilities Code, Article 4 monies are used only for public transportation. Funding for this program is authorized by the County of Ventura and is paid to the City on behalf of the Gold Coast Transit District.

Governmental Fund Financial Statements

The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The City accounts for the activity of the Article 4, Section 99260(a) fund in its Transportation Development Act Fund, which is a Special Revenue Fund that is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.

Measurement Focus and Basis of Accounting

Special Revenue Funds are accounted for using the *current financial resources* measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred.

Revenue Recognition

Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants and contributions, is based on the primary characteristic from which the revenues are received by the City. For the City, funds received under Transportation Development Act Article 4, Section 99260(a) of the Public Utilities Code possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 4, Section 99260(a) are recognized in the period when all eligibility requirements have been met.

Unavailable revenue arises when potential revenues do not meet both the measurable and availability criteria for recognition in the current period. Unavailable revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualified expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unavailable revenue is removed from the balance sheet and revenue is recognized.

City of Ojai, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Fund Balance

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the entity is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. As of June 30, 2016 and 2015, the fund balance for the Transportation Development Act Fund of the City is Restricted.

Restricted fund balance includes amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

Note 2 – Cash and Investments

The City has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The Transportation Development Act Fund's cash and investments balance as of June 30, 2016 and 2015 was \$50,013 and \$0, respectively.

The Transportation Development Act Fund's cash is deposited in the City's internal investment pool, which is reported at fair value. Interest income is allocated on the basis of average cash balances. Investment policies and associated risk factors applicable to the Transportation Development Act Fund are those of the City and are included in the City's basic financial statements.

Note 3 – Restrictions

Funds received pursuant to PUC §99260(a) may only be used for public transportation activities.

Note 4 – Commitments and Contingencies

As of June 30, 2016, in the opinion of the City administration, there were no outstanding matters which would have a significant effect on the financial position of these financial statements.

City of Ojai, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

Note 5 – Transportation Development Act Compliance Requirements

California Public Utilities Code
Chapter 4 – Transportation Development
Article 4 – Claims for Funds
Section 99268.5(c) – Fare Ratio Requirement for Exclusive Services to Elderly and Disabled Persons

In a county which had less than 500,000 population as determined by the 1970 federal decennial census and more than 500,000 in population as determined by the 1980 or 1990 federal decennial census, an operator in the county shall maintain a ratio of fare revenues to operating cost, as defined by subdivision (a) of Section 99247 ("operating cost" means all costs in the operating expense object classes exclusive of the costs in the depreciation and amortization expense object class of the uniform system of accounts and records adopted by the Controller pursuant to Section 99243), at least equal to one-fifth (20%) if serving an urbanized area or one-tenth (10%) if serving a non-urbanized area.

Ojai Trolley

The following information is provided from the City of Ojai’s Transit Fund.

For the years ended June 30, 2016 and 2015, the fare ratio requirement was calculated as follows:

<u>Description</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Operating revenues:		
Passenger fares for transit services	\$ 83,728	\$ 83,039
Local support revenues	205,719	166,194
Total operating revenues	<u>289,447</u>	<u>249,233</u>
Operating expenses:		
Operations expense	701,764	730,955
Total operating expenses	<u>\$ 701,764</u>	<u>\$ 730,955</u>
Total fare ratio	<u>41%</u>	<u>34%</u>
Total fare ratio requirement pursuant to Section 99268.5(c)	<u>20%</u>	<u>20%</u>

For purposes of the fare ratio requirement calculation, only the expenses of the City's bus and paratransit system were included in the operating expenses.

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SUPPLEMENTARY INFORMATION

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City of Ojai, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Local transportation funds allocation	\$ 209,951	\$ 209,951	\$ -
Interest earnings	-	13	13
Total revenues	<u>209,951</u>	<u>209,964</u>	<u>13</u>
Expenditures:			
Operating	159,951	159,951	-
Capital outlay	50,000	-	50,000
Total expenditures	<u>209,951</u>	<u>159,951</u>	<u>50,000</u>
Changes in fund balance	<u>\$ -</u>	50,013	<u>\$ 50,013</u>
Fund balance:			
Beginning of year		<u>-</u>	
End of year		<u>\$ 50,013</u>	

City of Ojai, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Local transportation funds allocation	\$ 108,790	\$ 108,791	\$ 1
Interest earnings	-	-	-
Total revenues	<u>108,790</u>	<u>108,791</u>	<u>1</u>
Expenditures:			
Operating	108,790	108,791	(1)
Capital outlay	-	-	-
Total expenditures	<u>108,790</u>	<u>108,791</u>	<u>(1)</u>
Changes in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance:			
Beginning of year		-	
End of year		<u>\$ -</u>	

City of Ojai, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Schedules of Project Status
For the Years Ended June 30, 2016 and 2015

For the Year Ended June 30, 2016

<u>Project Description</u>	<u>Beginning Balance</u>	<u>Local Transportation Funds Allocation</u>	<u>Allocation Adjustments</u>	<u>Interest Earnings Allocation</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Operating:						
Ojai Trolley	\$ -	\$ 159,951	\$ -	\$ -	\$ 159,951	\$ -
Total operating	<u>\$ -</u>	<u>\$ 159,951</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,951</u>	<u>\$ -</u>
Capital:						
Ojai Trolley Five-Bay Bus Shelter	-	50,000	-	13	-	50,013
Total capital	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>50,013</u>
Total	<u>\$ -</u>	<u>\$ 209,951</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 159,951</u>	<u>\$ 50,013</u>

For the Year Ended June 30, 2015

<u>Project Description</u>	<u>Beginning Balance</u>	<u>Local Transportation Funds Allocation</u>	<u>Allocation Adjustments</u>	<u>Interest Earnings Allocation</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Operating:						
Ojai Trolley	\$ -	\$ 108,791	\$ -	\$ -	\$ 108,791	\$ -
Total operating	<u>\$ -</u>	<u>\$ 108,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,791</u>	<u>\$ -</u>

City of Oxnard, California

**Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code**

Financial Statements and Independent Auditors' Reports

For the Years Ended June 30, 2016 and 2015



City of Oxnard, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Financial Statements
For the Years Ended June 30, 2016 and 2015

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of Oxnard
Oxnard, California

Report on the Financial Statements

We have audited the financial statements of the Transportation Development Act (TDA) Article 4, Section 99260(a) fund (Transportation Development Act Fund) of the City of Oxnard, California (City), which comprise of the balance sheets as of June 30, 2016 and 2015, and the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Transportation Development Act Fund of the City, as of June 30, 2016 and 2015, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Honorable Mayor and Members of the City Council
of the City of Oxnard
Oxnard, California
Page 2

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Transportation Development Act Fund of the City and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2016 and 2015, the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Transportation Development Act Fund of the City. The Budgetary Comparison Schedules and Schedule of Project Status on pages 17 through 19, respectively, are presented for purposes of additional analysis and are 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 of the Transportation Development Act Fund of the City. This supplemental data 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016, on our consideration of the City's internal control over financial reporting for the Transportation Development Act Fund, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
December 15, 2016



**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***

Independent Auditors' Report

To the Honorable Mayor and Members of the City Council
of the City of Oxnard
Oxnard, 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 balance sheets of the Transportation Development Act (TDA) Article 4, Section 99260(a) fund (Transportation Development Act Fund) of the City of Oxnard, California (City) as of and for the years ended June 30, 2016 and 2015, and the related statements of revenues, expenditures and changes in fund balance, and the related notes to the financial statements, which collectively comprises the Transportation Development Act Fund of the City, and have issued our report thereon dated December 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 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 financial statements of the Transportation Development Act Fund of the City are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including §6666 of Part 21 of the California Code of Regulations, 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*, including §6666 of Part 21 of the California Code of Regulations.

To the Honorable Mayor and Members of the City Council
of the City of Oxnard
Oxnard, 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 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.

The PwC Group, LLP

Santa Ana, California
December 15, 2016

FINANCIAL STATEMENTS

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City of Oxnard, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Balance Sheets
June 30, 2016 and 2015

	Article 4	
<u>ASSETS</u>	2016	2015
Assets:		
Cash and cash equivalents	\$ 323,200	\$ 200,967
Due from other governments	-	66,667
Total assets	\$ 323,200	\$ 267,634
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 52,814	\$ -
Total liabilities	52,814	-
Fund balance:		
Restricted	270,386	267,634
Total fund balance	270,386	267,634
Total liabilities and fund balance	\$ 323,200	\$ 267,634

City of Oxnard, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Statements of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended June 30, 2016 and 2015

	Article 4	
	2016	2015
Revenues:		
Local transportation funds allocation	\$ 665,000	\$ 800,002
Interest earnings	1,255	217
Total revenues	666,255	800,219
Expenditures:		
Operating	663,503	500,000
Capital outlay	-	32,585
Total expenditures	663,503	532,585
Changes in fund balance	2,752	267,634
Fund balance:		
Beginning of year	267,634	-
End of year	\$ 270,386	\$ 267,634

City of Oxnard, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

General Information

The accompanying financial statements are intended to reflect the financial position and changes in financial position for the Article 4, Section 99260(a) Transportation Development Act Fund of the City of Oxnard, California (City) only and are not intended to present fairly the financial position and results of operations of the City in accordance with accounting principles generally accepted in the United States of America.

Pursuant to Section 99260(a) of the California Public Utilities Code, Article 4 monies are used only for public transportation. Funding for this program is authorized by the County of Ventura and is paid to the City on behalf of the Gold Coast Transit District.

Governmental Fund Financial Statements

The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The City accounts for the activity of the Article 4, Section 99260(a) fund in its Transportation Development Act Fund, which is a Special Revenue Fund that is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.

Measurement Focus and Basis of Accounting

Special Revenue Funds are accounted for using the *current financial resources* measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred.

Revenue Recognition

Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants and contributions, is based on the primary characteristic from which the revenues are received by the City. For the City, funds received under Transportation Development Act Article 4, Section 99260(a) of the Public Utilities Code possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 4, Section 99260(a) are recognized in the period when all eligibility requirements have been met.

Unavailable revenue arises when potential revenues do not meet both the measurable and availability criteria for recognition in the current period. Unavailable revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualified expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unavailable revenue is removed from the balance sheet and revenue is recognized.

City of Oxnard, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Fund Balance

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the entity is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. As of June 30, 2016 and 2015, the fund balance for the Transportation Development Act Fund of the City is Restricted.

Restricted fund balance includes amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

Note 2 – Cash and Investments

The City has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The Transportation Development Act Fund's cash and investments balance as of June 30, 2016 and 2015 was \$323,200 and \$200,967, respectively.

The Transportation Development Act Fund's cash is deposited in the City's internal investment pool, which is reported at fair value. Interest income is allocated on the basis of average cash balances. Investment policies and associated risk factors applicable to the Transportation Development Act Fund are those of the City and are included in the City's basic financial statements.

Note 3 – Restrictions

Funds received pursuant to PUC §99260(a) may only be used for public transportation activities.

Note 4 – Commitments and Contingencies

As of June 30, 2016, in the opinion of the City administration, there were no outstanding matters which would have a significant effect on the financial position of these financial statements.

City of Oxnard, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 5 – Transportation Development Act Compliance Requirements

California Public Utilities Code
Chapter 4 – Transportation Development
Article 4 – Claims for Funds
Section 99268.5(c) – Fare Ratio Requirement for Exclusive Services to Elderly and Disabled Persons

In a county which had less than 500,000 population as determined by the 1970 federal decennial census and more than 500,000 in population as determined by the 1980 or 1990 federal decennial census, an operator in the county shall maintain a ratio of fare revenues to operating cost, as defined by subdivision (a) of Section 99247 ("operating cost" means all costs in the operating expense object classes exclusive of the costs in the depreciation and amortization expense object class of the uniform system of accounts and records adopted by the Controller pursuant to Section 99243), at least equal to one-fifth (20%) if serving an urbanized area or one-tenth (10%) if serving a non-urbanized area.

Harbor and Beaches Dial-A-Ride

The following information is provided from the City of Oxnard’s Transit Fund. For the year ended June 30, 2016, this was the first year that the City of Oxnard used TDA funds for the expenses of this program.

For the year ended June 30, 2016, the fare ratio requirement was calculated as follows:

Description	June 30, 2016
Operating revenues:	
Passenger fares for transit services	\$ 16,266
Local support revenues	-
Total operating revenues	16,266
Operating expenses:	
Operations expense	163,503
Total operating expenses	\$ 163,503
Total fare ratio	10%
Total fare ratio requirement pursuant to Section 99268.5(c)	N/A

For purposes of the fare ratio requirement calculation, only the expenses of the City's bus and paratransit system were included in the operating expenses, which were reimbursed using TDA funds.

The City of Oxnard used TDA funds for the first time for the Harbor and Beached Dial-A-Ride for the year ended June 30, 2016. As a result, the program is exempt from the fare ratio requirement through the end of the second full-year of service operation, which is through the year ended June 30, 2017.

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SUPPLEMENTARY INFORMATION

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City of Oxnard, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Local transportation funds allocation	\$ 665,000	\$ 665,000	\$ -
Interest earnings	-	1,255	1,255
Total revenues	<u>665,000</u>	<u>666,255</u>	<u>1,255</u>
Expenditures:			
Operating	665,000	663,503	1,497
Capital outlay	267,634	-	267,634
Total expenditures	<u>932,634</u>	<u>663,503</u>	<u>269,131</u>
Changes in fund balance	<u>\$ (267,634)</u>	2,752	<u>\$ 270,386</u>
Fund balance:			
Beginning of year		<u>267,634</u>	
End of year		<u>\$ 270,386</u>	

City of Oxnard, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Local transportation funds allocation	\$ 800,000	\$ 800,002	\$ 2
Interest earnings	-	217	217
Total revenues	<u>800,000</u>	<u>800,219</u>	<u>219</u>
Expenditures:			
Operating	500,000	500,000	-
Capital outlay	300,000	32,585	267,415
Total expenditures	<u>800,000</u>	<u>532,585</u>	<u>267,415</u>
Changes in fund balance	<u>\$ -</u>	267,634	<u>\$ 267,634</u>
Fund balance:			
Beginning of year		<u>-</u>	
End of year		<u>\$ 267,634</u>	

City of Oxnard, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Schedules of Project Status
For the Years Ended June 30, 2016 and 2015

For the Year Ended June 30, 2016

<u>Project Description</u>	<u>Beginning Balance</u>	<u>Local Transportation Funds Allocation</u>	<u>Allocation Adjustments</u>	<u>Interest Earnings Allocation</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Operating:						
Oxnard Transit Center	\$ -	\$ 450,000	\$ -	\$ -	\$ 450,000	\$ -
Bus stop maintenance	-	50,000	-	-	50,000	-
Operate Harbor and Beaches Dial-A-Ride	-	165,000	-	-	163,503	1,497
Total operating	<u>-</u>	<u>665,000</u>	<u>-</u>	<u>-</u>	<u>663,503</u>	<u>1,497</u>
Capital:						
Oxnard Transit Center roof repair and other improvements	267,634	-	-	1,255	-	268,889
Total capital	<u>267,634</u>	<u>-</u>	<u>-</u>	<u>1,255</u>	<u>-</u>	<u>268,889</u>
Total	<u>\$ 267,634</u>	<u>\$ 665,000</u>	<u>\$ -</u>	<u>\$ 1,255</u>	<u>\$ 663,503</u>	<u>\$ 270,386</u>

For the Year Ended June 30, 2015

<u>Project Description</u>	<u>Beginning Balance</u>	<u>Local Transportation Funds Allocation</u>	<u>Allocation Adjustments</u>	<u>Interest Earnings Allocation</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Operating:						
Oxnard Transit Center	\$ -	\$ 450,000	\$ -	\$ -	\$ 450,000	\$ -
Bus stop maintenance	-	50,000	-	-	50,000	-
Total operating	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Capital:						
Oxnard Transit Center roof repair and other improvements	-	300,002	-	217	32,585	267,634
Total capital	<u>-</u>	<u>300,002</u>	<u>-</u>	<u>217</u>	<u>32,585</u>	<u>267,634</u>
Total	<u>\$ -</u>	<u>\$ 800,002</u>	<u>\$ -</u>	<u>\$ 217</u>	<u>\$ 532,585</u>	<u>\$ 267,634</u>

City of Port Hueneme, California

**Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code**

Financial Statements and Independent Auditors' Reports

For the Years Ended June 30, 2016 and 2015



City of Port Hueneme, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Financial Statements
For the Years Ended June 30, 2016 and 2015

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of Port Hueneme
Port Hueneme, California

Report on the Financial Statements

We have audited the financial statements of the Transportation Development Act (TDA) Article 4, Section 99260(a) fund (Transportation Development Act Fund) of the City of Port Hueneme, California (City), which comprise of the balance sheets as of June 30, 2016 and 2015, and the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Transportation Development Act Fund of the City, as of June 30, 2016 and 2015, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Honorable Mayor and Members of the City Council
of the City of Port Hueneme
Port Hueneme, California
Page 2

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Transportation Development Act Fund of the City and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2016 and 2015, the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Transportation Development Act Fund of the City. The Budgetary Comparison Schedules and Schedule of Project Status on pages 15 through 17, respectively, are presented for purposes of additional analysis and are 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 of the Transportation Development Act Fund of the City. This supplemental data 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016, on our consideration of the City's internal control over financial reporting for the Transportation Development Act Fund, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
December 15, 2016



**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***

Independent Auditors' Report

To the Honorable Mayor and Members of the City Council
of the City of Port Hueneme
Port Hueneme, 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 balance sheet of the Transportation Development Act (TDA) Article 4, Section 99260(a) fund (Transportation Development Act Fund) of the City of Port Hueneme, California (City) as of and for the years ended June 30, 2016 and 2015, and the related statements of revenues, expenditures and changes in fund balances, and the related notes to the financial statements, which collectively comprises the Transportation Development Act Fund of the City, and have issued our report thereon dated December 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audits 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 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.

To the Honorable Mayor and Members of the City Council
of the City of port Hueneme
Port Hueneme, California
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Transportation Development Act Fund of the City are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including §6666 of Part 21 of the California Code of Regulations, 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*, including §6666 of Part 21 of the California Code of Regulations.

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.

The PwC Group, LLP

Santa Ana, California
December 15, 2016

FINANCIAL STATEMENTS

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City of Port Hueneme, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Balance Sheets
June 30, 2016 and 2015

	Article 4	
<u>ASSETS</u>	2016	2015
Assets:		
Cash and investments	\$ 87,811	\$ 111,642
Due from other governments	-	10,375
Total assets	\$ 87,811	\$ 122,017
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ -	\$ 550
Total liabilities	-	550
Fund balance:		
Restricted	87,811	121,467
Total fund balance	87,811	121,467
Total liabilities and fund balance	\$ 87,811	\$ 122,017

City of Port Hueneme, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Statements of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended June 30, 2016 and 2015

	Article 4	
	2016	2015
Revenues:		
Local transportation funds allocation	\$ 55,715	\$ 124,501
Interest earnings	443	466
Total revenues	56,158	124,967
Expenditures:		
Operating	9,202	3,500
Capital outlay	80,612	-
Total expenditures	89,814	3,500
Changes in fund balance	(33,656)	121,467
Fund balance:		
Beginning of year	121,467	-
End of year	\$ 87,811	\$ 121,467

City of Port Hueneme, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

General Information

The accompanying financial statements are intended to reflect the financial position and changes in financial position for the Article 4, Section 99260(a) Transportation Development Act Fund of the City of Port Hueneme, California (City) only and are not intended to present fairly the financial position and results of operations of the City in accordance with accounting principles generally accepted in the United States of America.

Pursuant to Section 99260(a) of the California Public Utilities Code, Article 4 monies are used only for public transportation. Funding for this program is authorized by the County of Ventura and is paid to the City on behalf of the Gold Coast Transit District.

Governmental Fund Financial Statements

The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The City accounts for the activity of the Article 4, Section 99260(a) fund in its Transportation Development Act Fund, which is a Special Revenue Fund that is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.

Measurement Focus and Basis of Accounting

Special Revenue Funds are accounted for using the *current financial resources* measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred.

Revenue Recognition

Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants and contributions, is based on the primary characteristic from which the revenues are received by the City. For the City, funds received under Transportation Development Act Article 4, Section 99260(a) of the Public Utilities Code possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 4, Section 99260(a) are recognized in the period when all eligibility requirements have been met.

Unavailable revenue arises when potential revenues do not meet both the measurable and availability criteria for recognition in the current period. Unavailable revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualified expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unavailable revenue is removed from the balance sheet and revenue is recognized.

City of Port Hueneme, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Fund Balance

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the entity is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. As of June 30, 2016 and 2015, the fund balance for the Transportation Development Act Fund of the City is Restricted.

Restricted fund balance includes amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

Note 2 – Cash and Investments

The City has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The Transportation Development Act Fund's cash and investments balance as of June 30, 2016 and 2015 was \$87,811 and \$111,642, respectively.

The Transportation Development Act Fund's cash is deposited in the City's internal investment pool, which is reported at fair value. Interest income is allocated on the basis of average cash balances. Investment policies and associated risk factors applicable to the Transportation Development Act Fund are those of the City and are included in the City's basic financial statements.

Note 3 – Restrictions

Funds received pursuant to PUC §99260(a) may only be used for public transportation activities.

Note 4 – Commitments and Contingencies

As of June 30, 2016, in the opinion of the City administration, there were no outstanding matters which would have a significant effect on the financial position of these financial statements.

SUPPLEMENTARY INFORMATION

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City of Port Hueneme, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Local transportation funds allocation	\$ 55,715	\$ 55,715	\$ -
Interest earnings	-	443	443
Total revenues	<u>55,715</u>	<u>56,158</u>	<u>443</u>
Expenditures:			
Operating	56,993	9,202	47,791
Capital outlay	120,189	80,612	39,577
Total expenditures	<u>177,182</u>	<u>89,814</u>	<u>87,368</u>
Changes in fund balance	<u>\$ (121,467)</u>	<u>(33,656)</u>	<u>\$ 87,811</u>
Fund balance:			
Beginning of year		<u>121,467</u>	
End of year		<u>\$ 87,811</u>	

City of Port Hueneme, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Local transportation funds allocation	\$ 124,500	\$ 124,501	\$ 1
Interest earnings	-	466	466
Total revenues	<u>124,500</u>	<u>124,967</u>	<u>467</u>
Expenditures:			
Operating	30,000	3,500	26,500
Capital outlay	94,500	-	94,500
Total expenditures	<u>124,500</u>	<u>3,500</u>	<u>121,000</u>
Changes in fund balance	<u>\$ -</u>	121,467	<u>\$ 121,467</u>
Fund balance:			
Beginning of year		<u>-</u>	
End of year		<u>\$ 121,467</u>	

City of Port Hueneme, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Schedules of Project Status
For the Years Ended June 30, 2016 and 2015

For the Year Ended June 30, 2016

<u>Project Description</u>	<u>Beginning Balance</u>	<u>Local Transportation Funds Allocation</u>	<u>Allocation Adjustments</u>	<u>Interest Earnings Allocation</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Operating:						
Bus stop maintenance	\$ 26,603	\$ 30,390	\$ -	\$ 98	\$ 9,202	\$ 47,889
Total operating	26,603	30,390	-	98	9,202	47,889
Capital:						
Bus stop amenities	25,096	25,325	-	93	29,011	21,503
Upgrade bus stops and shelters	69,768	-	-	252	51,601	18,419
Total capital	94,864	25,325	-	345	80,612	39,922
Total	\$ 121,467	\$ 55,715	\$ -	\$ 443	\$ 89,814	\$ 87,811

For the Year Ended June 30, 2015

<u>Project Description</u>	<u>Beginning Balance</u>	<u>Local Transportation Funds Allocation</u>	<u>Allocation Adjustments</u>	<u>Interest Earnings Allocation</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Operating:						
Bus stop maintenance	\$ -	\$ 30,001	\$ -	\$ 102	\$ 3,500	\$ 26,603
Total operating	-	30,001	-	102	3,500	26,603
Capital:						
Bus stop amenities	-	25,000	-	96	-	25,096
Upgrade bus stops and shelters	-	69,500	-	268	-	69,768
Total capital	-	94,500	-	364	-	94,864
Total	\$ -	\$ 124,501	\$ -	\$ 466	\$ 3,500	\$ 121,467

City of San Buenaventura, California

**Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code**

Financial Statements and Independent Auditors' Reports

For the Years Ended June 30, 2016 and 2015



City of San Buenaventura, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Financial Statements
For the Years Ended June 30, 2016 and 2015

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the financial statements of the Transportation Development Act (TDA) Article 4, Section 99260(a) fund (Transportation Development Act Fund) of the City of San Buenaventura, California (City), which comprise of the balance sheets as of June 30, 2016 and 2015, and the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the Transportation Development Act Fund of the City, as of June 30, 2016 and 2015, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Honorable Mayor and Members of the City Council
of the City of San Buenaventura
San Buenaventura, California
Page 2

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Transportation Development Act Fund of the City and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2016 and 2015, the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Transportation Development Act Fund of the City. The Budgetary Comparison Schedules and Schedule of Project Status on pages 15 through 17, respectively, are presented for purposes of additional analysis and are 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 of the Transportation Development Act Fund of the City. This supplemental data 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016, on our consideration of the City's internal control over financial reporting for the Transportation Development Act Fund, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
December 15, 2016



**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***

Independent Auditors' Report

To the Honorable Mayor and Members of the 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 financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the balance sheets of the Transportation Development Act (TDA) Article 4, Section 99260(a) fund (Transportation Development Act Fund) of the City of San Buenaventura, California (City) as of and for the years ended June 30, 2016, and the related statements of revenues, expenditures and changes in fund balances, and the related notes to the financial statements, which collectively comprises the Transportation Development Act Fund of the City, and have issued our report thereon dated December 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audits 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 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 financial statements of the Transportation Development Act Fund of the City are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including §6666 of Part 21 of the California Code of Regulations, 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*, including §6666 of Part 21 of the California Code of Regulations.

To the Honorable Mayor and Members of the City Council
of the City of San Buenaventura
San Buenaventura, 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 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.

The PwC Group, LLP

Santa Ana, California
December 15, 2016

FINANCIAL STATEMENTS

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City of San Buenaventura, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Balance Sheets
June 30, 2016 and 2015

	Article 4	
<u>ASSETS</u>	2016	2015
Assets:		
Cash and cash equivalents	\$ 358,973	\$ 230,337
Due from other governments	-	20,834
Total assets	\$ 358,973	\$ 251,171
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 3,906	\$ -
Total liabilities	3,906	-
Fund balance:		
Restricted	355,067	251,171
Total fund balance	355,067	251,171
Total liabilities and fund balance	\$ 358,973	\$ 251,171

City of San Buenaventura, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Statements of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended June 30, 2016 and 2015

	Article 4	
	2016	2015
Revenues:		
Local transportation funds allocation	\$ 253,250	\$ 250,006
Interest earnings	4,091	1,165
Total revenues	257,341	251,171
Expenditures:		
Operating	153,445	-
Capital outlay	-	-
Total expenditures	153,445	-
Changes in fund balance	103,896	251,171
Fund balance:		
Beginning of year	251,171	-
End of year	\$ 355,067	\$ 251,171

City of San Buenaventura, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

General Information

The accompanying financial statements are intended to reflect the financial position and changes in financial position for the Article 4, Section 99260(a) Transportation Development Act Fund of the City of San Buenaventura, California (City) only and are not intended to present fairly the financial position and results of operations of the City in accordance with accounting principles generally accepted in the United States of America.

Pursuant to Section 99260(a) of the California Public Utilities Code, Article 4 monies are used only for public transportation. Funding for this program is authorized by the County of Ventura and is paid to the City on behalf of the Gold Coast Transit District.

Governmental Fund Financial Statements

The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The City accounts for the activity of the Article 4, Section 99260(a) fund in its Transportation Development Act Fund, which is a Special Revenue Fund that is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.

Measurement Focus and Basis of Accounting

Special Revenue Funds are accounted for using the *current financial resources* measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred.

Revenue Recognition

Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants and contributions, is based on the primary characteristic from which the revenues are received by the City. For the City, funds received under Transportation Development Act Article 4, Section 99260(a) of the Public Utilities Code possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 4, Section 99260(a) are recognized in the period when all eligibility requirements have been met.

Unavailable revenue arises when potential revenues do not meet both the measurable and availability criteria for recognition in the current period. Unavailable revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualified expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unavailable revenue is removed from the balance sheet and revenue is recognized.

City of San Buenaventura, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Fund Balance

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the entity is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. As of June 30, 2016 and 2015, the fund balance for the Transportation Development Act Fund of the City is Restricted.

Restricted fund balance includes amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

Note 2 – Cash and Investments

The City has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The Transportation Development Act Fund's cash and investments balance as of June 30, 2016 and 2015 was \$358,973 and \$230,337, respectively.

The Transportation Development Act Fund's cash is deposited in the City's internal investment pool, which is reported at fair value. Interest income is allocated on the basis of average cash balances. Investment policies and associated risk factors applicable to the Transportation Development Act Fund are those of the City and are included in the City's basic financial statements.

Note 3 – Restrictions

Funds received pursuant to PUC §99260(a) may only be used for public transportation activities.

Note 4 – Commitments and Contingencies

As of June 30, 2016, in the opinion of the City administration, there were no outstanding matters which would have a significant effect on the financial position of these financial statements.

SUPPLEMENTARY INFORMATION

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City of San Buenaventura, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Local transportation funds allocation	\$ 253,250	\$ 253,250	\$ -
Interest earnings	-	4,091	4,091
Total revenues	<u>253,250</u>	<u>257,341</u>	<u>4,091</u>
Expenditures:			
Operating	504,421	153,445	350,976
Capital outlay	-	-	-
Total expenditures	<u>504,421</u>	<u>153,445</u>	<u>350,976</u>
Changes in fund balance	<u>\$ (251,171)</u>	103,896	<u>\$ 355,067</u>
Fund balance:			
Beginning of year		<u>251,171</u>	
End of year		<u>\$ 355,067</u>	

City of San Buenaventura, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Local transportation funds allocation	\$ 250,000	\$ 250,006	\$ 6
Interest earnings	-	1,165	1,165
Total revenues	<u>250,000</u>	<u>251,171</u>	<u>1,171</u>
Expenditures:			
Operating	250,000	-	250,000
Capital outlay	-	-	-
Total expenditures	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Changes in fund balance	<u>\$ -</u>	251,171	<u>\$ 251,171</u>
Fund balance:			
Beginning of year		<u>-</u>	
End of year		<u>\$ 251,171</u>	

City of San Buenaventura, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Schedules of Project Status
For the Years Ended June 30, 2016 and 2015

For the Year Ended June 30, 2016

<u>Project Description</u>	<u>Beginning Balance</u>	<u>Local Transportation Funds Allocation</u>	<u>Allocation Adjustments</u>	<u>Interest Earnings Allocation</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Operating:						
Ventura Transportation Center	\$ 251,171	\$ 253,250	\$ -	\$ 4,091	\$ 153,445	\$ 355,067
Total operating	<u>\$ 251,171</u>	<u>\$ 253,250</u>	<u>\$ -</u>	<u>\$ 4,091</u>	<u>\$ 153,445</u>	<u>\$ 355,067</u>

For the Year Ended June 30, 2015

<u>Project Description</u>	<u>Beginning Balance</u>	<u>Local Transportation Funds Allocation</u>	<u>Allocation Adjustments</u>	<u>Interest Earnings Allocation</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Operating:						
Ventura Transportation Center	\$ -	\$ 250,006	\$ -	\$ 1,165	\$ -	\$ 251,171
Total operating	<u>\$ -</u>	<u>\$ 250,006</u>	<u>\$ -</u>	<u>\$ 1,165</u>	<u>\$ -</u>	<u>\$ 251,171</u>

County of Ventura, California

**Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code**

Financial Statements and Independent Auditors' Reports

For the Years Ended June 30, 2016 and 2015



County of Ventura, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Financial Statements
For the Years Ended June 30, 2016 and 2015

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Supervisors
of the County of Ventura
Ventura, California

Report on the Financial Statements

We have audited the financial statements of the Transportation Development Act (TDA) Article 4, Section 99260(a) fund (Transportation Development Act Fund) of the County of Ventura, California (County), which comprise of the balance sheets as of June 30, 2016 and 2015, and the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Transportation Development Act Fund of the County, as of June 30, 2016 and 2015, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Honorable Board of Supervisors
of the County of Ventura
Ventura, California
Page 2

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Transportation Development Act Fund of the County and do not purport to, and do not, present fairly the financial position of the County, as of June 30, 2016 and 2015, the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Transportation Development Act Fund of the County. The Budgetary Comparison Schedules and Schedule of Project Status on pages 19 through 21, respectively, are presented for purposes of additional analysis and are 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 of the Transportation Development Act Fund of the County. This supplemental data 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016, on our consideration of the County's internal control over financial reporting for the Transportation Development Act Fund, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
December 15, 2016



**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***

Independent Auditors' Report

To the Honorable Board of Supervisors
of the County of Ventura
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 balance sheets of the Transportation Development Act (TDA) Article 4, Section 99260(a) fund (Transportation Development Act Fund) of the County of Ventura, California (County) as of and for the years ended June 30, 2016 and 2015, and the related statements of revenues, expenditures and changes in fund balances, and the related notes to the financial statements, which collectively comprises the Transportation Development Act Fund of the County, and have issued our report thereon dated December 15, 2016.

Internal Control Over Financial Reporting

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

To the Honorable Board of Supervisors
of the County of Ventura
Ventura, California
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Transportation Development Act Fund of the County are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including §6666 of Part 21 of the California Code of Regulations, 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*, including §6666 of Part 21 of the California Code of Regulations.

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.

The PwC Group, LLP

Santa Ana, California
December 15, 2016

FINANCIAL STATEMENTS

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County of Ventura, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Balance Sheets
June 30, 2016 and 2015

	Article 4	
<u>ASSETS</u>	2016	2015
Assets:		
Cash and cash equivalents	\$ 1,129,037	\$ 426,374
Due from other governments	-	133,266
Total assets	\$ 1,129,037	\$ 559,640
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 560,817	\$ 183,580
Total liabilities	560,817	183,580
Fund balance:		
Restricted	568,220	376,060
Total fund balance	568,220	376,060
Total liabilities and fund balance	\$ 1,129,037	\$ 559,640

County of Ventura, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Statements of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended June 30, 2016 and 2015

	Article 4	
	2016	2015
Revenues:		
Local transportation funds allocation	\$ 1,607,582	\$ 1,599,192
Interest earnings	4,101	1,475
Total revenues	1,611,683	1,600,667
Expenditures:		
Operating	1,385,212	1,224,607
Capital outlay	34,311	-
Total expenditures	1,419,523	1,224,607
Changes in fund balance	192,160	376,060
Fund balance:		
Beginning of year	376,060	-
End of year	\$ 568,220	\$ 376,060

County of Ventura, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

General Information

The accompanying financial statements are intended to reflect the financial position and changes in financial position for the Article 4, Section 99260(a) Transportation Development Act Fund of the County of Ventura, California (County) only and are not intended to present fairly the financial position and results of operations of the County in accordance with accounting principles generally accepted in the United States of America.

Pursuant to Section 99260(a) of the California Public Utilities Code, Article 4 monies are used only for public transportation. Funding for this program is authorized by the County of Ventura and is paid to the County on behalf of the Gold Coast Transit District.

Governmental Fund Financial Statements

The accounts of the County are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The County accounts for the activity of the Article 4, Section 99260(a) fund in its Transportation Development Act Fund, which is a Special Revenue Fund that is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.

Measurement Focus and Basis of Accounting

Special Revenue Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred.

Revenue Recognition

Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants and contributions, is based on the primary characteristic from which the revenues are received by the County. For the County, funds received under Transportation Development Act Article 4, Section 99260(a) of the Public Utilities Code possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 4, Section 99260(a) are recognized in the period when all eligibility requirements have been met.

Unavailable revenue arises when potential revenues do not meet both the measurable and availability criteria for recognition in the current period. Unavailable revenues also arise when the County receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualified expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for unavailable revenue is removed from the balance sheet and revenue is recognized.

County of Ventura, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Fund Balance

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the entity is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. As of June 30, 2016 and 2015, the fund balance for the Transportation Development Act Fund of the County is Restricted.

Restricted fund balance includes amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

Note 2 – Cash and Investments

The County has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The Transportation Development Act Fund's cash and investments balance as of June 30, 2016 and 2015 was \$1,129,037 and \$426,374, respectively.

The Transportation Development Act Fund's cash is deposited in the County's internal investment pool, which is reported at fair value. Interest income is allocated on the basis of average cash balances. Investment policies and associated risk factors applicable to the Transportation Development Act Fund are those of the County and are included in the County's basic financial statements.

Note 3 – Restrictions

Funds received pursuant to PUC §99260(a) may only be used for public transportation activities.

Note 4 – Commitments and Contingencies

As of June 30, 2016, in the opinion of the County administration, there were no outstanding matters which would have a significant effect on the financial position of these financial statements.

County of Ventura, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 5 – Transportation Development Act Compliance Requirements

California Public Utilities Code
Chapter 4 – Transportation Development
Article 4 – Claims for Funds
Section 99268.5(c) – Fare Ratio Requirement for Exclusive Services to Elderly and Disabled Persons

In a county which had less than 500,000 population as determined by the 1970 federal decennial census and more than 500,000 in population as determined by the 1980 or 1990 federal decennial census, an operator in the county shall maintain a ratio of fare revenues to operating cost, as defined by subdivision (a) of Section 99247 ("operating cost" means all costs in the operating expense object classes exclusive of the costs in the depreciation and amortization expense object class of the uniform system of accounts and records adopted by the Controller pursuant to Section 99243), at least equal to one-fifth (20%) if serving an urbanized area or one-tenth (10%) if serving a non-urbanized area.

Valley Express

Valley Express provides transit service for the City of Fillmore, City of Santa Paula, and the County of Ventura's unincorporated area and all revenues and expenses are recorded with the Ventura County Transportation Commission (Commission).

The following information is provided from the Commission's Transportation Development Act Local Transportation Fund.

For the years ended June 30, 2016 and 2015, the fare ratio requirement was calculated as follows:

<u>Description</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Operating revenues:		
Passenger fares for transit services	\$ 114,605	\$ 138,306
Total operating revenues	<u>114,605</u>	<u>138,306</u>
Operating expenses:		
Operations expense	1,754,367	1,619,696
Total operating expenses	<u>\$ 1,754,367</u>	<u>\$ 1,619,696</u>
Total fare ratio	<u>7%</u>	<u>9%</u>
Total fare ratio requirement pursuant to Section 99268.5(c)	<u>10%</u>	<u>10%</u>

For purposes of the fare ratio requirement calculation, only the expenses of the bus system were included in the operating expenses. The County of Ventura pays for a share of the operations of this service.

For the years ended June 30, 2016 and 2015, the Valley Express did not comply with the fare ratio requirement. (See Findings – 2016-001 and 2015-001)

County of Ventura, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 5 – Transportation Development Act Compliance Requirements (Continued)

Thousand Oaks Dial-a-Ride

The following information is provided from the County of Ventura’s Local Transportation Development Act Fund.

For the years ended June 30, 2016 and 2015, the fare ratio requirement was calculated as follows:

<u>Description</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Operating revenues:		
Passenger fares for transit services	\$ 11,324	\$ 6,966
Total operating revenues	<u>11,324</u>	<u>6,966</u>
Operating expenses:		
Operations expense	104,571	66,500
Total operating expenses	<u>\$ 104,571</u>	<u>\$ 66,500</u>
Total fare ratio	<u>11%</u>	<u>10%</u>
Total fare ratio requirement pursuant to Section 99268.5(c)	<u>10%</u>	<u>10%</u>

For purposes of the fare ratio requirement calculation, only the expenses of the bus system were included in the operating expenses. The County of Ventura pays for a share of the operations of this service.

Agoura Hills (Oak Park) Dial-a-Ride

The following information is provided from the County of Ventura’s Local Transportation Development Act Fund.

For the years ended June 30, 2016 and 2015, the fare ratio requirement was calculated as follows:

<u>Description</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Operating revenues:		
Passenger fares for transit services	\$ 13,268	\$ 14,188
Total operating revenues	<u>13,268</u>	<u>14,188</u>
Operating expenses:		
Operations expense	234,322	249,899
Total operating expenses	<u>\$ 234,322</u>	<u>\$ 249,899</u>
Total fare ratio	<u>6%</u>	<u>6%</u>
Total fare ratio requirement pursuant to Section 99268.5(c)	<u>N/A</u>	<u>N/A</u>

For purposes of the fare ratio requirement calculation, only the expenses of the bus system were included in the operating expenses. The County of Ventura pays for a share of the operations of this service.

The Agoura Hills Dial-a-Ride implemented a new route (Oak Park) for the year ended June 30, 2015. As a result, the program is exempt from the fare ratio requirement through the end of the second full-year of service operation, which is through the year ended June 30, 2016. On June 30, 2016 this service was terminated.

County of Ventura, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 5 – Transportation Development Act Compliance Requirements (Continued)

Kanan Shuttle

On August 5, 2013, the County of Ventura began sponsoring a demonstration shuttle service on Kanan Shuttle which is free to the community of Oak Park. However, during the summer months, the shuttle service accepts fares for trips to the beach via Kanan Road.

The following information is provided from the County of Ventura’s Local Transportation Development Act Fund.

For the years ended June 30, 2016 and 2015, the fare ratio requirement was calculated as follows:

<u>Description</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Operating revenues:		
Passenger fares for transit services	\$ 1,298	\$ -
Local fare supplementation	<u>78,000</u>	<u>70,001</u>
Total operating revenues	<u>79,298</u>	<u>70,001</u>
Operating expenses:		
Operations expense	<u>386,896</u>	<u>327,507</u>
Total operating expenses	<u>\$ 386,896</u>	<u>\$ 327,507</u>
Total fare ratio	<u>20%</u>	<u>21%</u>
Total fare ratio requirement pursuant to Section 99268.5(c)	<u>20%</u>	<u>20%</u>

For purposes of the fare ratio requirement calculation, only the expenses of the shuttle service were included in the operating expenses. The County of Ventura pays for the operations of this service.

Ojai Trolley

The following information is provided from the City of Ojai’s Transit Fund.

For the years ended June 30, 2016 and 2015, the fare ratio requirement was calculated as follows:

<u>Description</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Operating revenues:		
Passenger fares for transit services	\$ 83,728	\$ 83,039
Local support revenues	<u>205,719</u>	<u>166,194</u>
Total operating revenues	<u>289,447</u>	<u>249,233</u>
Operating expenses:		
Operations expense	<u>701,764</u>	<u>730,955</u>
Total operating expenses	<u>\$ 701,764</u>	<u>\$ 730,955</u>
Total fare ratio	<u>41%</u>	<u>34%</u>
Total fare ratio requirement pursuant to Section 99268.5(c)	<u>20%</u>	<u>20%</u>

For purposes of the fare ratio requirement calculation, only the expenses of the City's bus and paratransit system were included in the operating expenses.

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SUPPLEMENTARY INFORMATION

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County of Ventura, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Local transportation funds allocation	\$ 1,607,582	\$ 1,607,582	\$ -
Interest earnings	-	4,101	4,101
Total revenues	<u>1,607,582</u>	<u>1,611,683</u>	<u>4,101</u>
Expenditures:			
Operating	1,833,349	1,385,212	448,137
Capital outlay	150,293	34,311	115,982
Total expenditures	<u>1,983,642</u>	<u>1,419,523</u>	<u>564,119</u>
Changes in fund balance	<u>\$ (376,060)</u>	192,160	<u>\$ 568,220</u>
Fund balance:			
Beginning of year		<u>376,060</u>	
End of year		<u>\$ 568,220</u>	

County of Ventura, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Local transportation funds allocation	\$ 1,599,195	\$ 1,599,192	\$ (3)
Interest earnings	-	1,475	1,475
Total revenues	<u>1,599,195</u>	<u>1,600,667</u>	<u>1,472</u>
Expenditures:			
Operating	1,524,195	1,224,607	299,588
Capital outlay	75,000	-	75,000
Total expenditures	<u>1,599,195</u>	<u>1,224,607</u>	<u>374,588</u>
Changes in fund balance	<u>\$ -</u>	<u>376,060</u>	<u>\$ 376,060</u>
Fund balance:			
Beginning of year		<u>-</u>	
End of year		<u>\$ 376,060</u>	

County of Ventura, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Schedules of Project Status
For the Years Ended June 30, 2016 and 2015

For the Years Ended June 30, 2016

Project Description	Beginning Balance	Local Transportation Funds Allocation	Allocation Adjustments	Interest Earnings Allocation	Expenditures	Ending Balance
Operating:						
Valley Express	\$ 80,680	\$ 550,000	\$ (95,845)	\$ 986	\$ 366,195	\$ 169,626
Thousand Oaks Dial-a-Ride	15,527	90,000	38	189	93,247	12,507
Agoura Hills (Oak Park) Dial-a-Ride	-	250,000	(12,253)	17	221,054	16,710
Kanan Shuttle	204,560	450,000	(95,995)	1,897	307,598	252,864
Ojai Trolley	-	192,582	12,826	311	205,719	-
County Transit Services Management and Oversight	-	-	191,399	-	191,399	-
Total operating	300,767	1,532,582	170	3,400	1,385,212	451,707
Capital:						
Upgrade bus stops and shelters	75,293	75,000	(170)	701	34,311	116,513
Total capital	75,293	75,000	(170)	701	34,311	116,513
Total	\$ 376,060	\$ 1,607,582	\$ -	\$ 4,101	\$ 1,419,523	\$ 568,220

For the Years Ended June 30, 2015

Project Description	Beginning Balance	Local Transportation Funds Allocation	Allocation Adjustments	Interest Earnings Allocation	Expenditures	Ending Balance
Operating:						
Valley Express	\$ -	\$ 583,000	\$ -	\$ 316	\$ 502,636	\$ 80,680
Thousand Oaks Dial-a-Ride	-	75,000	-	61	59,534	15,527
Agoura Hills (Oak Park) Dial-a-Ride	-	150,000	85,821	-	235,821	-
Kanan Shuttle	-	550,000	(85,821)	802	260,421	204,560
Ojai Trolley	-	166,195	-	-	166,195	-
Total operating	-	1,524,195	-	1,179	1,224,607	300,767
Capital:						
Upgrade bus stops and shelters	-	74,997	-	296	-	75,293
Total capital	-	74,997	-	296	-	75,293
Total	\$ -	\$ 1,599,192	\$ -	\$ 1,475	\$ 1,224,607	\$ 376,060

County of Ventura, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Findings and Recommendations
For the Years Ended June 30, 2016 and 2015

Finding – 2016-001

Fare Ratio Requirement

During the year ended June 30, 2016, the fare ratio calculation for the Valley Express was 7%, which is lower than the fare ratio requirement of 10% for the type of transit service provided.

Criteria

Section 99268.S(c) of the TDA Act indicates that an operator in Ventura County providing specialized service for elderly and handicapped persons and regular public transportation shall be eligible for Local Transportation Funds if it maintains for the fiscal year, a ratio of fare revenue to operating costs at least equal to 10.00%.

During the year ended June 30, 2016 the funds received from the Local Transportation Fund did not comply with the above provision.

Valley Express did not meet the TDA Act required farebox recovery ratio during the year ended June 30, 2016. During the year ended June 30, 2015, significant changes were made to Valley Express including major route changes (including new fixed route services) and fare structure adjustments.

Pursuant to TDA Section 6633.8(a) of the California Code of Regulation, a claimant is allowed two full years after the end of the year in which the extension of services were put into operation. The years ending June 30, 2016 and 2017 are considered the "two full years". If the required farebox recovery ratio is not met for the year ending June 30, 2018, TDA regulations require that year be deemed a "non-compliant year" and Section 6634 will apply.

If the year ended June 30, 2018 is deemed a non-compliant year, Section 6634 requires that the claimant (for Valley Express it would be the County of Ventura, City of Fillmore, and City of Santa Paula) be penalized in a future year (the year ended June 30, 2019). This will result in the claimants' TDA funds being reduced by the difference between the required farebox revenues and the actual revenues. Additionally, pursuant to Section 6633.9(4), the claimant shall be required to demonstrate how it will achieve the required farebox recovery ratio during any penalty year.

Recommendation

We recommend that the Commission and the Heritage Valley Policy Advisory Committee (consisting of the City of Fillmore, City of Santa Paula and the County of Ventura unincorporated area) take the necessary steps to comply with the fare ratio requirement pursuant to Section 99268.5(c). of the TDA Act.

Finding – 2015-001

Fare Ratio Requirement

During the year ended June 30, 2015, the fare ratio calculation for the Valley Express was 9%, which is lower than the fare ratio requirement of 10% for the type of transit service provided.

Recommendation

We recommend that the Commission and the Heritage Valley Policy Advisory Committee (consisting of the City of Fillmore, City of Santa Paula and the County of Ventura unincorporated area) take the necessary steps to comply with the fare ratio requirement pursuant to Section 99268.5(c). of the TDA Act.