



Item #7

January 3, 2018

TO: Gold Coast Transit District Board of Directors

From: Steve L. Rosenberg 
Director of Finance and Administration

RE: Receive and File FY 2016-17 TDA Compliance Audit Reports for GCTD's Five (5) Member Jurisdictions, 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 2016-17 financial statements, as well as to audit TDA compliance by GCTD's five member jurisdictions that accept TDA from GCTD for public transportation related activities. The Board received and accepted GCTD's financial audit and FY 2016-17 Comprehensive Annual Financial Report on December 6, 2017.

Presented today for the Board's review and information are TDA Compliance Audits for each of GCTD's five member jurisdictions (Oxnard, San Buenaventura, 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. Two transit services funded in part by GCTD TDA funds, the Ojai Trolley and the Valley Express, failed to meet their required fare box recovery ratio of 20% (Ojai Trolley) and 10% (Valley Express).

For the Ojai Trolley this is the first year of non-compliance, which is considered by the TDA statute to be a "grace" year. Should the Ojai Trolley fail to meet 20% in FY 2017-18 it would be considered a "non-compliance" year and a statutorily-determined penalty would be applied in a subsequent year.

For the Valley Express this is the third consecutive year of non-compliance, however because the service underwent significant changes in FY14-15 the TDA statute provides a two-year period for the service to build ridership. The year ending June 30, 2017 marks the end of that two year period.

GOLD COAST TRANSIT DISTRICT

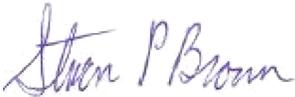
In accordance with the administrative process established in 2014 and revised in January 2016 with input from the Technical Advisory Committee (TAC), funds for recurring annual expenses for locally-owned, maintained and operated transit services that were not expended will be considered carryover and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

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 2016-17 TDA Compliance Audit Reports for Oxnard, San Buenaventura, Ojai, Port Hueneme and the County of Ventura, as prepared by The Pun Group

GENERAL MANAGER'S CONCURRENCE



Steven P. Brown
General Manager

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, 2017 and 2016

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, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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, 2017 and 2016, 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 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 31, 2017, 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.

Santa Ana, California
December 31, 2017



**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, 2017 and 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 31, 2017.

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.

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

Santa Ana, California
December 31, 2017

FINANCIAL STATEMENTS

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City of Ojai, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Balance Sheets
June 30, 2017 and 2016

	Article 4	
<u>ASSETS</u>	2017	2016
Assets:		
Cash and cash equivalents	\$ 75,225	\$ 50,013
Due from other governments	-	-
Total assets	\$ 75,225	\$ 50,013
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ -	\$ -
Total liabilities	-	-
Fund balance:		
Restricted	75,225	50,013
Total fund balance	75,225	50,013
Total liabilities and fund balance	\$ 75,225	\$ 50,013

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, 2017 and 2016

	Article 4	
	2017	2016
Revenues:		
Local transportation funds allocation	\$ 202,000	\$ 209,951
Interest earnings	212	13
Total revenues	202,212	209,964
Expenditures:		
Operating	177,000	159,951
Capital outlay	-	-
Total expenditures	177,000	159,951
Changes in fund balances	25,212	50,013
Fund balance:		
Beginning of year	50,013	-
End of year	\$ 75,225	\$ 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, 2017 and 2016

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 from 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, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016 was \$75,225 and \$50,013, 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, 2017, 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, 2017 and 2016

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, 2017 and 2016, the fare ratio requirement was calculated as follows:

<u>Description</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Operating revenues:		
Passenger fares for transit services	\$ 75,860	\$ 83,728
Local support revenues	-	205,719
Total operating revenues	<u>75,860</u>	<u>289,447</u>
Operating expenses:		
Operations expense	<u>641,870</u>	<u>701,764</u>
Total operating expenses	<u>\$ 641,870</u>	<u>\$ 701,764</u>
Total fare ratio	<u>12%</u>	<u>41%</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 system were included in the operating expenses.

For the fiscal year ending June 30, 2016, the City of Ojai operated the Ojai trolley with TDA funds passed-through from Gold Coast Transit District to the City of Ojai and the County of Ventura. The City of Ojai utilized the TDA funds passed-through from the County of Ventura as a local support to offset its fare box requirements. However, at the May 13, 2016 Ventura County Transportation Commission (VCTC) meeting the VCTC board approved a TDA policy that indicates that TDA funds allocated to eligible claimants and passed-through to other entities retain TDA requirements for policy implementation effective July 1, 2016.

Therefore, for the year ended June 30, 2017, the City of Ojai did not comply with the fare ratio requirement. (See Finding – 2017-001)

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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, 2017

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Local transportation funds allocation	\$ 177,000	\$ 202,000	\$ 25,000
Interest earnings	-	212	212
Total revenues	<u>177,000</u>	<u>202,212</u>	<u>25,212</u>
Expenditures:			
Operating	178,350	177,000	1,350
Capital outlay	75,000	-	75,000
Total expenditures	<u>253,350</u>	<u>177,000</u>	<u>76,350</u>
Changes in fund balance	<u>\$ (76,350)</u>	25,212	<u>\$ 101,562</u>
Fund balance:			
Beginning of year		<u>50,013</u>	
End of year		<u>\$ 75,225</u>	

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
Schedules of Project Status
For the Years Ended June 30, 2017 and 2016

For the Year Ended June 30, 2017

<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	\$ -	\$ 177,000	\$ -	\$ -	\$ 177,000	\$ -
Total operating	<u>\$ -</u>	<u>\$ 177,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,000</u>	<u>\$ -</u>
Capital:						
Ojai Trolley Five-Bay Bus	50,013	-	(50,013)	-	-	-
Ojai Trolley Washpad and Collection System	-	20,000	25,007	127	-	45,134
Ojai Trolley Storage Area	-	5,000	25,006	85	-	30,091
Total capital	<u>50,013</u>	<u>25,000</u>	<u>-</u>	<u>212</u>	<u>-</u>	<u>75,225</u>
Total	<u>\$ 50,013</u>	<u>\$ 202,000</u>	<u>\$ -</u>	<u>\$ 212</u>	<u>\$ 177,000</u>	<u>\$ 75,225</u>

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>

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, 2017 and 2016

Finding – 2017-001

Fare Ratio Requirement

For the year ended June 30, 2017, the fare ratio calculation for the City of Ojai was 12% which is lower than the fare ratio requirement of 20% for the type of transit service provided.

Criteria

Section 99268.S(c) of the TDA Act indicates that an operator in Ventura County providing regular public transportation service 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 20.00%.

During the year ended June 30, 2017 the funds received from the Local Transportation Fund did not comply with the above provision.

City of Ojai did not meet the TDA Act required farebox recovery ratio during the year ended June 30, 2017.

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 non-compliant year. The years ending June 30, 2018 and 2019 are considered the "two full years".

If the year ended June 30, 2019 is deemed a non-compliant year, Section 6634 requires that the claimant be penalized in a future year (the year ended June 30, 2020). 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 City of Ojai take the necessary steps to comply with the fare ratio requirement pursuant to Section 99268.5(c). of the TDA Act.

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, 2017 and 2016

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, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Oxnard, 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, 2017 and 2016, 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 31, 2017, 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.

Santa Ana, California
December 31, 2017



**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, 2017 and 2016, 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 31, 2017.

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.

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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.

Santa Ana, California
December 31, 2017

FINANCIAL STATEMENTS

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City of Oxnard, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Balance Sheets
June 30, 2017 and 2016

	Article 4	
<u>ASSETS</u>	2017	2016
Assets:		
Cash and cash equivalents	\$ 323,252	\$ 323,200
Due from other governments	-	-
Total assets	\$ 323,252	\$ 323,200
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 56,452	\$ 52,814
Total liabilities	56,452	52,814
Fund balance:		
Restricted	266,800	270,386
Total fund balance	266,800	270,386
Total liabilities and fund balance	\$ 323,252	\$ 323,200

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, 2017 and 2016

	Article 4	
	2017	2016
Revenues:		
Local transportation funds allocation	\$ 511,059	\$ 665,000
Interest earnings	1,104	1,255
Total revenues	512,163	666,255
Expenditures:		
Operating	512,556	663,503
Capital outlay	3,193	-
Total expenditures	515,749	663,503
Changes in fund balance	(3,586)	2,752
Fund balance:		
Beginning of year	270,386	267,634
End of year	\$ 266,800	\$ 270,386

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, 2017 and 2016

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, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016 was \$323,252 and \$323,200, 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, 2017, 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, 2017 and 2016

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:

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

The City of Oxnard used TDA funds for the first time for the Harbor and Beaches 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. However, in 2017, the City did not use TDA funds for the Harbor and Beaches Dial-A-Ride as the service was terminated.

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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, 2017

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Local transportation funds allocation	\$ 511,059	\$ 511,059	\$ -
Interest earnings	-	1,104	1,104
Total revenues	<u>511,059</u>	<u>512,163</u>	<u>1,104</u>
Expenditures:			
Operating	512,556	512,556	-
Capital outlay	268,889	3,193	265,696
Total expenditures	<u>781,445</u>	<u>515,749</u>	<u>265,696</u>
Changes in fund balance	<u>\$ (270,386)</u>	(3,586)	<u>\$ 266,800</u>
Fund balance:			
Beginning of year		<u>270,386</u>	
End of year		<u>\$ 266,800</u>	

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
Schedules of Project Status
For the Years Ended June 30, 2017 and 2016

For the Year Ended June 30, 2017

<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	\$ -	\$ 461,059	\$ 1,497	\$ -	\$ 462,556	\$ -
Bus stop maintenance	-	50,000	-	-	50,000	-
Operate Harbor and Beaches Dial-A-Ride	1,497	-	(1,497)	-	-	-
Total operating	<u>1,497</u>	<u>511,059</u>	<u>-</u>	<u>-</u>	<u>512,556</u>	<u>-</u>
Capital:						
Oxnard Transit Center roof repair and other improvements	268,889	-	-	1,104	3,193	266,800
Total capital	<u>268,889</u>	<u>-</u>	<u>-</u>	<u>1,104</u>	<u>3,193</u>	<u>266,800</u>
Total	<u>\$ 270,386</u>	<u>\$ 511,059</u>	<u>\$ -</u>	<u>\$ 1,104</u>	<u>\$ 515,749</u>	<u>\$ 266,800</u>

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>

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, 2017 and 2016



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, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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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, 2017 and 2016, 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 13 through 15, 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 31, 2017, 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.

Santa Ana, California
December 31, 2017



**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, 2017 and 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 31, 2017.

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.

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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.

Santa Ana, California
December 31, 2017

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, 2017 and 2016

	Article 4	
<u>ASSETS</u>	2017	2016
Assets:		
Cash and investments	\$ 121,073	\$ 87,811
Due from other governments	-	-
Total assets	\$ 121,073	\$ 87,811
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ -	\$ -
Total liabilities	-	-
Fund balance:		
Restricted	121,073	87,811
Total fund balance	121,073	87,811
Total liabilities and fund balance	\$ 121,073	\$ 87,811

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, 2017 and 2016

	Article 4	
	2017	2016
Revenues:		
Local transportation funds allocation	\$ 79,518	\$ 55,715
Interest earnings	667	443
Total revenues	80,185	56,158
Expenditures:		
Operating	23,269	9,202
Capital outlay	23,654	80,612
Total expenditures	46,923	89,814
Changes in fund balance	33,262	(33,656)
Fund balance:		
Beginning of year	87,811	121,467
End of year	\$ 121,073	\$ 87,811

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, 2017 and 2016

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, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016 was \$121,073 and \$87,811, 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, 2017, 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, 2017

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Local transportation funds allocation	\$ 79,518	\$ 79,518	\$ -
Interest earnings	-	667	667
Total revenues	<u>79,518</u>	<u>80,185</u>	<u>667</u>
Expenditures:			
Operating	52,407	23,269	29,138
Capital outlay	114,922	23,654	91,268
Total expenditures	<u>167,329</u>	<u>46,923</u>	<u>120,406</u>
Changes in fund balance	<u>\$ (87,811)</u>	33,262	<u>\$ 121,073</u>
Fund balance:			
Beginning of year		<u>87,811</u>	
End of year		<u>\$ 121,073</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, 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
Schedules of Project Status
For the Years Ended June 30, 2017 and 2016

For the Year Ended June 30, 2017

<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	\$ 47,889	\$ 4,518	\$ -	\$ 206	\$ 23,269	\$ 29,344
Total operating	47,889	4,518	-	206	23,269	29,344
Capital:						
Bus stop amenities	21,503	-	2,064	87	23,654	-
Bus stop – Ventura Road & Bard	-	75,000	-	167	-	75,167
Upgrade bus stops and shelters	18,419	-	(2,064)	207	-	16,562
Total capital	39,922	75,000	-	461	23,654	91,729
Total	\$ 87,811	\$ 79,518	\$ -	\$ 667	\$ 46,923	\$ 121,073

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

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, 2017 and 2016



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, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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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, 2017 and 2016, 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 13 through 15, 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 31, 2017, 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.

Santa Ana, California
December 31, 2017



**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, 2017, 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 31, 2017.

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.

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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.

Santa Ana, California
December 31, 2017

FINANCIAL STATEMENTS

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City of San Buenaventura, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Balance Sheets
June 30, 2017 and 2016

	Article 4	
<u>ASSETS</u>	2017	2016
Assets:		
Cash and cash equivalents	\$ 288,381	\$ 358,973
Due from other governments	-	-
Total assets	\$ 288,381	\$ 358,973
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 12,518	\$ 3,906
Total liabilities	12,518	3,906
Fund balance:		
Restricted	275,863	355,067
Total fund balance	275,863	355,067
Total liabilities and fund balance	\$ 288,381	\$ 358,973

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, 2017 and 2016

	Article 4	
	2017	2016
Revenues:		
Local transportation funds allocation	\$ 152,079	\$ 253,250
Interest earnings	4,627	4,091
Total revenues	156,706	257,341
Expenditures:		
Operating	235,910	153,445
Capital outlay	-	-
Total expenditures	235,910	153,445
Changes in fund balance	(79,204)	103,896
Fund balance:		
Beginning of year	355,067	251,171
End of year	\$ 275,863	\$ 355,067

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, 2017 and 2016

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, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016 was \$288,381 and \$358,973, 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, 2017, 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, 2017

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Local transportation funds allocation	\$ 152,079	\$ 152,079	\$ -
Interest earnings	-	4,627	4,627
Total revenues	<u>152,079</u>	<u>156,706</u>	<u>4,627</u>
Expenditures:			
Operating	357,146	235,910	121,236
Capital outlay	150,000	-	150,000
Total expenditures	<u>507,146</u>	<u>235,910</u>	<u>271,236</u>
Changes in fund balance	<u>\$ (355,067)</u>	(79,204)	<u>\$ 275,863</u>
Fund balance:			
Beginning of year		<u>355,067</u>	
End of year		<u>\$ 275,863</u>	

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
Schedules of Project Status
For the Years Ended June 30, 2017 and 2016

For the Year Ended June 30, 2017

<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 (VTC)	\$ 355,067	\$ 2,079	\$ -	\$ 3,127	\$ 235,910	\$ 124,363
Total operating	<u>355,067</u>	<u>2,079</u>	<u>-</u>	<u>3,127</u>	<u>235,910</u>	<u>124,363</u>
Capital:						
VTC bathroom remodel	-	150,000	-	1,500	-	151,500
Total capital	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>151,500</u>
Total	<u>\$ 355,067</u>	<u>\$ 152,079</u>	<u>\$ -</u>	<u>\$ 4,627</u>	<u>\$ 235,910</u>	<u>\$ 275,863</u>

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>

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, 2017 and 2016



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, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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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, 2017 and 2016, 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 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 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 31, 2017, 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.

Santa Ana, California
December 31, 2017



**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, 2017 and 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 County, and have issued our report thereon dated December 31, 2017.

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.

Santa Ana, California
December 31, 2017

FINANCIAL STATEMENTS

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County of Ventura, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Balance Sheets
June 30, 2017 and 2016

	Article 4	
<u>ASSETS</u>	2017	2016
Assets:		
Cash and cash equivalents	\$ 678,873	\$ 1,129,037
Due from other governments	-	-
Total assets	\$ 678,873	\$ 1,129,037
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 241,796	\$ 560,817
Total liabilities	241,796	560,817
Fund balance:		
Restricted	437,077	568,220
Total fund balance	437,077	568,220
Total liabilities and fund balance	\$ 678,873	\$ 1,129,037

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, 2017 and 2016

	Article 4	
	2017	2016
Revenues:		
Local transportation funds allocation	\$ 1,071,093	\$ 1,607,582
Interest earnings	6,443	4,101
Total revenues	1,077,536	1,611,683
Expenditures:		
Operating	1,078,307	1,385,212
Capital outlay	130,372	34,311
Total expenditures	1,208,679	1,419,523
Changes in fund balance	(131,143)	192,160
Fund balance:		
Beginning of year	568,220	376,060
End of year	\$ 437,077	\$ 568,220

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, 2017 and 2016

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, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016 was \$678,873 and \$1,129,037, 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, 2017, 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, 2017 and 2016

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, 2017 and 2016, the fare ratio requirement was calculated as follows:

<u>Description</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Operating revenues:		
Passenger fares for transit services	\$ 105,847	\$ 114,605
Total operating revenues	<u>105,847</u>	<u>114,605</u>
Operating expenses:		
Operations expense	1,577,117	1,754,367
Total operating expenses	<u>\$ 1,577,117</u>	<u>\$ 1,754,367</u>
Total fare ratio	<u>7%</u>	<u>7%</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, 2017 and 2016, the Valley Express did not comply with the fare ratio requirement. (See Findings – 2017-001, 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, 2017 and 2016

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, 2017 and 2016, the fare ratio requirement was calculated as follows:

<u>Description</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Operating revenues:		
Passenger fares for transit services	\$ 13,916	\$ 11,324
Total operating revenues	<u>13,916</u>	<u>11,324</u>
Operating expenses:		
Operations expense	<u>132,577</u>	<u>104,571</u>
Total operating expenses	<u>\$ 132,577</u>	<u>\$ 104,571</u>
Total fare ratio	<u>10%</u>	<u>11%</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 year ended June 30, 2016, the fare ratio requirement was calculated as follows:

<u>Description</u>	<u>June 30, 2016</u>
Operating revenues:	
Passenger fares for transit services	\$ 13,268
Total operating revenues	<u>13,268</u>
Operating expenses:	
Operations expense	<u>234,322</u>
Total operating expenses	<u>\$ 234,322</u>
Total fare ratio	<u>6%</u>
Total fare ratio requirement pursuant to Section 99268.5(c)	<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, 2017 and 2016

Note 5 – Transportation Development Act Compliance Requirements (Continued)

Kanan Shuttle

On August 5, 2013, the County of Ventura began sponsoring a demonstration shuttle service named the 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. In fiscal year 2017, the summer season *Beach Shuttle* was discontinued and the Kanan Shuttle service operates fare-free, year-round.

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

For the years ended June 30, 2017 and 2016, the fare ratio requirement was calculated as follows:

<u>Description</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Operating revenues:		
Passenger fares for transit services	\$ -	\$ 1,298
Local fare supplementation	80,877	78,000
Total operating revenues	<u>80,877</u>	<u>79,298</u>
Operating expenses:		
Operations expense	396,768	386,896
Total operating expenses	<u>\$ 396,768</u>	<u>\$ 386,896</u>
Total fare ratio	<u>20%</u>	<u>20%</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, 2017 and 2016, the fare ratio requirement was calculated as follows:

<u>Description</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Operating revenues:		
Passenger fares for transit services	\$ 75,860	\$ 83,728
Local support revenues		205,719
Total operating revenues	<u>75,860</u>	<u>289,447</u>
Operating expenses:		
Operations expense	641,870	701,764
Total operating expenses	<u>\$ 641,870</u>	<u>\$ 701,764</u>
Total fare ratio	<u>12%</u>	<u>41%</u>
Total fare ratio requirement pursuant to Section 99268.5(c)	<u>20%</u>	<u>20%</u>

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, 2017 and 2016

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

For the year ended June 30, 2017, the City of Ojai did not comply with the fare ratio requirement. (See Finding – 2017-002)

SUPPLEMENTARY INFORMATION

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County of Ventura, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Local transportation funds allocation	\$ 1,071,093	\$ 1,071,093	\$ -
Interest earnings	-	6,443	6,443
Total revenues	<u>1,071,093</u>	<u>1,077,536</u>	<u>6,443</u>
Expenditures:			
Operating	1,487,800	1,078,307	409,493
Capital outlay	151,513	130,372	21,141
Total expenditures	<u>1,639,313</u>	<u>1,208,679</u>	<u>430,634</u>
Changes in fund balance	<u>\$ (568,220)</u>	<u>(131,143)</u>	<u>\$ 437,077</u>
Fund balance:			
Beginning of year		<u>568,220</u>	
End of year		<u>\$ 437,077</u>	

County of Ventura, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Budgetary Comparison Schedule
For the Fiscal 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
Schedules of Project Status
For the Fiscal Years Ended June 30, 2017 and 2016

For the Years Ended June 30, 2017

Project Description	Beginning Balance	Local Transportation		Interest Earnings Allocation	Expenditures	Ending Balance
		Funds Allocation	Allocation Adjustments			
Operating:						
Valley Express	\$ 169,626	\$ 469,320	\$ (183,822)	\$ 2,113	\$ 255,139	\$ 202,098
Thousand Oaks Dial-a-Ride	12,507	74,473	31,523	158	118,661	-
Agoura Hills (Oak Park) Dial-a-Ride	16,710	-	(16,907)	197	-	-
Kanan Shuttle	252,864	145,440	-	1,707	315,890	84,121
Ojai Trolley	-	231,860	-	769	219,310	13,319
County Transit Services Management and Over	-	-	169,206	101	169,307	-
Total operating	451,707	921,093	-	5,045	1,078,307	299,538
Capital:						
Upgrade bus stops and shelters	116,513	150,000	-	1,398	130,372	137,539
Total capital	116,513	150,000	-	1,398	130,372	137,539
Total	\$ 568,220	\$ 1,071,093	\$ -	\$ 6,443	\$ 1,208,679	\$ 437,077

For the Years Ended June 30, 2016

Project Description	Beginning Balance	Local Transportation		Interest Earnings Allocation	Expenditures	Ending Balance
		Funds Allocation	Allocation Adjustments			
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 Over	-	-	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

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, 2017 and 2016

Finding – 2017-001 and 2016-001

Fare Ratio Requirement

During the years ended June 30, 2017 and 2016, the fare ratio calculation for the Valley Express was 7% and 7%, respectively, 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 years ended June 30, 2017 and 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 years ended June 30, 2017 and 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.

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, 2017 and 2016

Finding – 2017-002

Fare Ratio Requirement

For the year ended June 30, 2017, the fare ratio calculation for the City of Ojai was 12% which is lower than the fare ratio requirement of 20% for the type of transit service provided.

Criteria

Section 99268.S(c) of the TDA Act indicates that an operator in Ventura County providing regular public transportation service 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 20.00%.

During the year ended June 30, 2017 the funds received from the Local Transportation Fund did not comply with the above provision.

City of Ojai did not meet the TDA Act required farebox recovery ratio during the year ended June 30, 2017.

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 non-compliant year. The years ending June 30, 2018 and 2019 are considered the "two full years".

If the year ended June 30, 2019 is deemed a non-compliant year, Section 6634 requires that the claimant be penalized in a future year (the year ended June 30, 2020). 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 City of Ojai take the necessary steps to comply with the fare ratio requirement pursuant to Section 99268.5(c). of the TDA Act.