



Item #10

April 3, 2019

TO: Gold Coast Transit District Board of Directors

From: Steve L. Rosenberg 
Director of Finance and Administration

RE: Receive and File FY 2017-18 TDA Compliance Audit Reports for GCTD's Five (5) Member Jurisdictions

I. EXECUTIVE SUMMARY

The Board of Directors has contracted with Brown Armstrong Accountancy Corporation to audit GCTD's financial operations and prepare GCTD's FY 2017-18 financial statements, as well as to audit Transportation Development Act (TDA) compliance by GCTD's five member jurisdictions that accept TDA funds from GCTD for public transportation related activities. The Board received and accepted GCTD's financial audit and FY 2017-18 Comprehensive Annual Financial Report on November 7, 2018.

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. Last year 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). This year all transit services funded in part by GCTD TDA funds met their required fare box recovery ratios.

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.

The TDA compliance reports express Brown Armstrong's opinion that GCTD and its five members each complied, in all material aspects, with the compliance requirements of

GOLD COAST TRANSIT DISTRICT

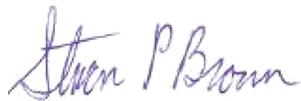
CITY OF OJAI | CITY OF OXNARD | CITY OF PORT HUENEME | CITY OF VENTURA | COUNTY OF VENTURA
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the TDA. Copies of the reports are attached to this report, which will be posted on GCTD's website for public access.

II. SUMMARY AND RECOMMENDATIONS

IT IS RECOMMENDED that the Board receive and file the FY 2017-18 TDA Compliance Audit Reports for Oxnard, San Buenaventura, Ojai, Port Hueneme and the County of Ventura, as prepared by Brown Armstrong.

GENERAL MANAGER'S CONCURRENCE



Steven P. Brown
General Manager

**CITY OF OJAI
TRANSPORTATION DEVELOPMENT ACT FUND**

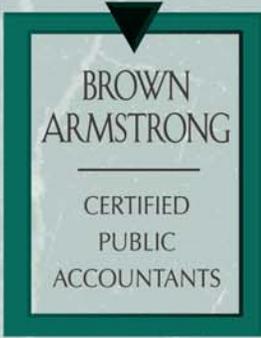
**INDEPENDENT AUDITOR'S REPORTS,
FUND FINANCIAL STATEMENTS, AND
SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

**CITY OF OJAI
TRANSPORTATION DEVELOPMENT ACT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S 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 (TDA Fund) of the City of Ojai, California (City), which comprise the balance sheet as of June 30, 2018; the related statement of revenues, expenditures, and changes in fund balance for the fiscal year then ended; and the related notes to the financial statements. The June 30, 2017, summarized comparative information has been derived from the 2017 financial statements and is included for additional analysis only. The financial statements as of June 30, 2017, were audited by other auditors, whose report dated December 31, 2017, expressed an unmodified opinion on those 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 relating to the TDA Fund relevant to the City'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 City's internal control relating to the TDA Fund. 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.

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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 TDA Fund of the City as of June 30, 2018, and the respective changes in its financial position, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, these financial statements present only the TDA Fund and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2018, or the changes in its financial position for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 8 - 9 and the schedule of project status on page 10 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing MD&A.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2019, on our consideration of the City's internal control over financial reporting for the TDA 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 relating to the TDA Fund.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
February 26, 2019

**CITY OF OJAI
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEET
JUNE 30, 2018
WITH COMPARATIVE TOTALS**

	Article 4	
	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 75,225	\$ 75,225
Total current assets	\$ 75,225	\$ 75,225
LIABILITIES AND FUND BALANCE		
Current liabilities:		
Accounts payable and accrued expenses	\$ -	\$ -
Total current liabilities	-	-
Fund balance:		
Restricted for TDA Article 4 expenditures	75,225	75,225
Total fund balance	75,225	75,225
Total liabilities and fund balance	\$ 75,225	\$ 75,225

The accompanying notes are an integral part of these financial statements.

**CITY OF OJAI
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS**

	Article 4	
	2018	2017
REVENUES		
Local transportation funds allocation	\$ 121,336	\$ 126,140
Local support revenues - GCTD energy credit revenue	60,664	75,860
Interest earnings	279	212
Total revenues	182,279	202,212
EXPENDITURES		
Operating	182,279	177,000
Total expenditures	182,279	177,000
Changes in fund balance	-	25,212
Fund balance, beginning	75,225	50,013
Fund balance, ending	\$ 75,225	\$ 75,225

The accompanying notes are an integral part of these financial statements.

**CITY OF OJAI
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
NOTES TO THE FUND FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS**

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 (TDA) 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 to be 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 (the District).

B. 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 TDA 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.

C. 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.

D. 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 TDA 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.

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

E. Fund Balance

As prescribed by Governmental Accounting Standards Board (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, 2018 and 2017, the fund balance for the TDA 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.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 City 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 TDA Fund's cash and investments balance as of June 30, 2018 and 2017, was \$75,225 and \$75,225, respectively.

The TDA 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 TDA Fund are those of the City and are included in the City's basic financial statements.

NOTE 3 – RESTRICTIONS

Funds received pursuant to Public Utilities Code Section 99260(a) may only be used for public transportation activities.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2018, 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.

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

NOTE 5 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS (Continued)

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 nonurbanized area.

Ojai Trolley

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

For the fiscal years ended June 30, 2018 and 2017, the fare ratio requirement was calculated as follows:

Description	2018	2017
Operating revenues:		
Passenger fares for transit services	\$ 95,501	\$ 75,860
Local support - GCTD energy credit revenue	60,664	-
Total operating revenues	156,165	75,860
Operating expenses	866,061	641,870
Less:		
Depreciation expense	(98,958)	-
Net operating expenses	\$ 767,103	\$ 641,870
Total fare ratio	20%	12%
Total fare ratio requirement pursuant to Section 99268.5(c)	20%	20%

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 ended June 30, 2016, the City operated the Ojai Trolley with TDA funds passed-through from the District to the City and the County of Ventura. The City 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 fiscal year ended June 30, 2017, the City did not comply with the fare ratio requirement. (See Finding – 2017-001). The City complied with the fare ratio requirement for the fiscal year ended June 30, 2018.

NOTE 6 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2018, have been evaluated for possible adjustments to the financial statements or disclosures is February 26, 2019, which is the date that the financial statements were available to be issued. There were no events brought to our attention that were deemed to be reportable at that time.

SUPPLEMENTARY INFORMATION

**CITY OF OJAI
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES			
Local transportation funds allocation	\$ 182,000	\$ 121,336	\$ (60,664)
Local support revenues - GCTD energy credit revenue	-	60,664	60,664
Interest earnings	-	279	279
Total revenues	<u>182,000</u>	<u>182,279</u>	<u>279</u>
EXPENDITURES			
Operating	185,470	182,279	3,191
Capital outlay	75,000	-	75,000
Total expenditures	<u>260,470</u>	<u>182,279</u>	<u>78,191</u>
Changes in fund balance	<u>\$ (78,470)</u>	-	<u>\$ 78,470</u>
Fund balance, beginning		<u>75,225</u>	
Fund balance, ending		<u>\$ 75,225</u>	

**CITY OF OJAI
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 With Final Budget</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	<u>75,000</u>	<u>-</u>	<u>75,000</u>
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		<u>50,013</u>	
Fund balance, ending		<u>\$ 75,225</u>	

**CITY OF OJAI
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF PROJECT STATUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS**

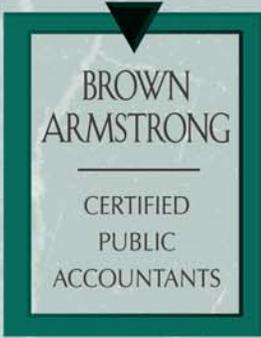
For the Fiscal Year Ended June 30, 2018

Project Description	Beginning Balance	Local Transportation Funds Allocation	Allocation Adjustments	Interest Earnings Allocation	Expenditures	Ending Balance
Operating:						
Ojai Trolley	\$ -	\$ 121,336	\$ -	\$ 269	\$ 121,605	\$ -
Total operating	-	121,336	-	269	121,605	-
Capital:						
Ojai Trolley Five-Bay Bus	-	-	-	-	-	-
Ojai Trolley Washpad and Collection System	45,134	-	-	-	-	45,134
Ojai Trolley Storage Area	30,091	-	-	-	-	30,091
Total capital	75,225	-	-	-	-	75,225
Total	\$ 75,225	\$ 121,336	\$ -	\$ 269	\$ 121,605	\$ 75,225

For the Fiscal Year Ended June 30, 2017

Project Description	Beginning Balance	Local Transportation Funds Allocation	Allocation Adjustments	Interest Earnings Allocation	Expenditures	Ending Balance
Operating:						
Ojai Trolley	\$ -	\$ 177,000	\$ -	\$ -	\$ 177,000	\$ -
Total operating	-	177,000	-	-	177,000	-
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	50,013	25,000	-	212	-	75,225
Total	\$ 50,013	\$ 202,000	\$ -	\$ 212	\$ 177,000	\$ 75,225

OTHER REPORT



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S 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 AND THE TRANSPORTATION DEVELOPMENT ACT

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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 sheet of the Transportation Development Act (TDA) Article 4, Section 99260(a) fund (TDA Fund) of the City of Ojai, California (City), as of June 30, 2018, and the related statement of revenues, expenditures, and changes in fund balance for the fiscal year ended, and the related notes to the financial statements, which collectively comprise the financial statements of the TDA Fund of the City, and have issued our report thereon dated February 26, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) as it relates to the TDA Fund as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting relating to the TDA Fund. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting relating to the TDA Fund.

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 City's TDA Fund 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 TDA Fund of the City are free from material misstatement, we performed tests of the City's 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

This purpose of this report is solely to describe the scope of our testing of internal control and compliance relating to the TDA Fund and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance relating to the TDA Fund. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance relating to the TDA Fund. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
February 26, 2019

**CITY OF OJAI
TRANSPORTATION DEVELOPMENT ACT FUND
ARTICLE 4, SECTION 99260(A) OF THE PUBLIC UTILITIES CODE
FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

None.

**CITY OF OJAI
TRANSPORTATION DEVELOPMENT ACT FUND
ARTICLE 4, SECTION 99260(A) OF THE PUBLIC UTILITIES CODE
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Finding – 2017-001

Fare Ratio Requirement

For the fiscal 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 99268.5(c) of the TDA 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.

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

If the year ended June 30, 2018, 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.

Current Year Status

Resolved.

**CITY OF OXNARD
TRANSPORTATION DEVELOPMENT ACT FUND
ARTICLE 4, SECTION 99260(A) OF
THE PUBLIC UTILITIES CODE**

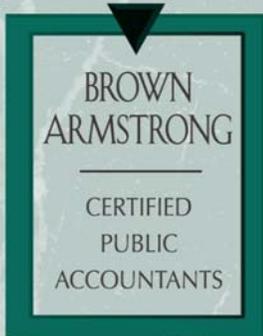
**INDEPENDENT AUDITOR'S REPORTS,
FINANCIAL STATEMENTS, AND
SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

**CITY OF OXNARD
TRANSPORTATION DEVELOPMENT ACT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Supervisors
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 (TDA Fund) of the City of Oxnard, California (City), which comprise the balance sheet as of June 30, 2018; the related statement of revenues, expenditures, and changes in fund balance for the fiscal year then ended; and the related notes to the financial statements. The June 30, 2017, summarized comparative information has been derived from the 2017 financial statements and is included for additional analysis only. The financial statements as of June 30, 2017, were audited by other auditors, whose report dated December 31, 2017, expressed an unmodified opinion on those 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 relating to the TDA Fund relevant to the City'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 City's internal control relating to the TDA Fund. 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the TDA Fund of the City, as of June 30, 2018, and the respective changes in financial position, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, these financial statements present only the TDA Fund and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2018, or the changes in its financial position for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 8 through 9 and Schedule of Project Status on page 10 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2019, on our consideration of the City's internal control over financial reporting relating to the TDA Fund and on our tests of the City's 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 relating to the TDA Fund.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
February 28, 2019

**CITY OF OXNARD
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEET
JUNE 30, 2018
WITH COMPARATIVE TOTALS**

	Article 4	
	2018	2017
ASSETS		
Current assets:		
Cash and investments	\$ 430,276	\$ 323,252
Due from other governments	17,186	-
Total current assets	\$ 447,462	\$ 323,252
LIABILITIES AND FUND BALANCE		
Current liabilities:		
Accounts payable and accrued expenses	\$ 44,352	\$ 56,452
Total current liabilities	44,352	56,452
Fund balance:		
Restricted for TDA Article 4 expenditures	403,110	266,800
Total fund balance	403,110	266,800
Total liabilities and fund balance	\$ 447,462	\$ 323,252

The accompanying notes are an integral part of these financial statements.

**CITY OF OXNARD
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS**

	Article 4	
	2018	2017
REVENUES		
Local Transportation Fund allocation	\$ 520,258	\$ 511,059
Lease revenue	236,851	-
Interest earnings	3,345	1,104
Other revenue	1,643	-
	<u>762,097</u>	<u>512,163</u>
EXPENDITURES		
Operating	625,787	512,556
Capital outlay	-	3,193
	<u>625,787</u>	<u>515,749</u>
Changes in fund balance	136,310	(3,586)
Fund balance, beginning	<u>266,800</u>	<u>270,386</u>
Fund balance, ending	<u>\$ 403,110</u>	<u>\$ 266,800</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF OXNARD
TRANSPORTATION DEVELOPMENT ACT FUND
ARTICLE 4, SECTION 99260(A) OF THE PUBLIC UTILITIES CODE
NOTES TO THE FUND FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS**

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 (TDA) 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 TDA 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 TDA 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.

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Fund Balance

As prescribed by Governmental Accounting Standards Board (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, 2018 and 2017, the fund balance for the TDA 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 accounting principles generally accepted in the United States of America 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 fund balance 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 TDA Fund's cash and investments balance as of June 30, 2018 and 2017 was \$430,276 and \$323,252, respectively.

The TDA 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 TDA Fund are those of the City and are included in the City's basic financial statements.

NOTE 3 – RESTRICTIONS

Funds received pursuant to Section 99260(a) of the Public Utilities Code may only be used for public transportation activities.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2018, 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.

NOTE 5 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2018, expenditures exceeded appropriations as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
Operating	\$ 35,101

NOTE 6 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2018, have been evaluated for possible adjustments to the financial statements or disclosures is February 28, 2019, which is the date that the financial statements were available to be issued. There were no events brought to our attention that were deemed to be reportable at that time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OXNARD
TRANSPORTATION DEVELOPMENT ACT FUND – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Actual</u>	Variance With <u>Final Budget</u>
REVENUES			
Local Transportation Fund allocation	\$ 520,258	\$ 520,258	\$ -
Lease revenue	191,830	236,851	45,021
Interest earnings	2,198	3,345	1,147
Other revenue	<u>73,048</u>	<u>1,643</u>	<u>(71,405)</u>
 Total revenues	 <u>787,334</u>	 <u>762,097</u>	 <u>(25,237)</u>
 EXPENDITURES			
Operating	590,686	625,787	(35,101)
Capital outlay	<u>64,595</u>	<u>-</u>	<u>64,595</u>
 Total expenditures	 <u>655,281</u>	 <u>625,787</u>	 <u>29,494</u>
 Changes in fund balance	 <u>\$ 132,053</u>	 136,310	 <u>\$ 4,257</u>
 Fund balance, beginning		 <u>266,800</u>	
 Fund balance, ending		 <u>\$ 403,110</u>	

CITY OF OXNARD
TRANSPORTATION DEVELOPMENT ACT FUND – 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 With Final Budget</u>
REVENUES			
Local Transportation Fund allocation	\$ 511,059	\$ 511,059	\$ -
Interest earnings	-	1,104	1,104
	<u>511,059</u>	<u>512,163</u>	<u>1,104</u>
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
	<u>781,445</u>	<u>515,749</u>	<u>265,696</u>
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		<u>270,386</u>	
Fund balance, ending		<u>\$ 266,800</u>	

CITY OF OXNARD
TRANSPORTATION DEVELOPMENT ACT FUND – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF PROJECT STATUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS

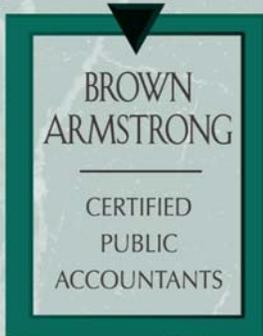
For the year ended June 30, 2018:

Project Description	Beginning Balance	Local Transportation Fund Allocation	Other Local Revenue	Allocation Adjustments	Interest Earnings Allocation	Expenditures	Ending Balance
Operating:							
Oxnard Transit Center	\$ -	\$ 467,758	\$ 238,494	\$ -	\$ -	\$ 573,287	\$ 132,965
Bus stop maintenance	-	52,500	-	-	-	52,500	-
Total operating	-	520,258	238,494	-	-	625,787	132,965
Capital:							
Oxnard Transit Center roof repair and other improvements	266,800	-	-	(268,889)	2,089	-	-
Relocate Bus Stop at Victoria & Gonzales	-	-	-	57,700	-	-	57,700
Bus Stop Capital Improvement program	-	-	-	211,189	1,256	-	212,445
Total capital	266,800	-	-	-	3,345	-	270,145
Total	\$ 266,800	\$ 520,258	\$ 238,494	\$ -	\$ 3,345	\$ 625,787	\$ 403,110

For the year ended June 30, 2017:

Project Description	Beginning Balance	Local Transportation Fund Allocation	Other Local Revenue	Allocation Adjustments	Interest Earnings Allocation	Expenditures	Ending Balance
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	1,497	511,059	-	-	-	512,556	-
Capital:							
Oxnard Transit Center roof repair and other improvements	268,889	-	-	-	1,104	3,193	266,800
Total capital	268,889	-	-	-	1,104	3,193	266,800
Total	\$ 270,386	\$ 511,059	\$ -	\$ -	\$ 1,104	\$ 515,749	\$ 266,800

OTHER REPORT



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S 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 AND THE TRANSPORTATION DEVELOPMENT ACT

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To the Honorable Board of Supervisors
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 sheet of the Transportation Development Act (TDA) Article 4, Section 99260(a) fund (TDA Fund) of the City of Oxnard, California (City) as of June 30, 2018; the related statement of revenues, expenditures, and changes in fund balance for the fiscal year then ended; and the related notes to the financial statements, which collectively comprise the TDA Fund of the City, and have issued our report thereon dated February 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) as it relates to the TDA Fund as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting relating to the TDA Fund. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting relating to the TDA Fund.

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 City'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 TDA Fund of the City are free from material misstatement, we performed tests of the City's 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 relating to the TDA Fund and the results of that testing, and not to approve an opinion on the effectiveness of the City's internal control or on compliance relating to the TDA Fund. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
February 28, 2019

**CITY OF PORT HUENEME
TRANSPORTATION DEVELOPMENT ACT FUND**

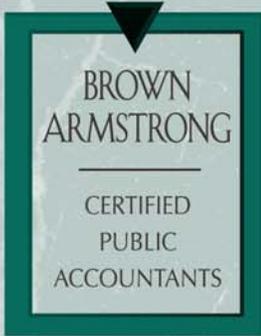
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

**CITY OF PORT HUENEME
TRANSPORTATION DEVELOPMENT ACT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Supervisors
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 sheet as of June 30, 2018; the related statement of revenues, expenditures, and changes in fund balance for the fiscal year then ended; and the related notes to the financial statements. The June 30, 2017, summarized comparative information has been derived from the 2017 financial statements and is included for additional analysis only. The financial statements as of June 30, 2017, were audited by other auditors, whose report dated December 31, 2017, expressed an unmodified opinion on those 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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.

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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 TDA Fund of the City as of June 30, 2018, and the respective changes in its financial position, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, these financial statements present only the TDA Fund and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2018, or the changes in its financial position for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 7 through 8 and schedule of project status on page 9 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing MD&A.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2019, on our consideration of the City's internal control over financial reporting for the TDA 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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
February 28, 2019

**CITY OF PORT HUENEME
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEET
JUNE 30, 2018
WITH COMPARATIVE TOTALS**

	Article 4	
	2018	2017
ASSETS		
Current assets:		
Cash and investments	\$ 143,360	\$ 121,073
Total current assets	\$ 143,360	\$ 121,073
LIABILITIES AND FUND BALANCE		
Current liabilities:		
Total current liabilities	\$ -	\$ -
Fund balance:		
Restricted for TDA Article 4 expenditures	143,360	121,073
Total fund balance	143,360	121,073
Total liabilities and fund balance	\$ 143,360	\$ 121,073

The accompanying notes are an integral part of these financial statements.

**CITY OF PORT HUENEME
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS**

	Article 4	
	2018	2017
REVENUES		
Local transportation fund	\$ 21,429	\$ 79,518
Interest earnings	858	667
	22,287	80,185
EXPENDITURES		
Operating	-	23,269
Capital outlay	-	23,654
	-	46,923
Changes in fund balance	22,287	33,262
Fund balance, beginning	121,073	87,811
Fund balance, ending	\$ 143,360	\$ 121,073

The accompanying notes are an integral part of these financial statements.

**CITY OF PORT HUENEME
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
NOTES TO THE FUND FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS**

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 (TDA) Fund of the City of Port Hueneme, California (City), only and are not intended to present fairly the financial position or 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 to be 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) funds in its TDA 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 TDA 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.

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Fund Balance

As prescribed by Governmental Accounting Standards Board (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, 2018 and 2017, the fund balance for the TDA 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 accounting principles generally accepted in the United States of America 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 fund balance 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 TDA Fund's cash and investments balance as of June 30, 2018 and 2017, was \$143,360 and \$121,073, respectively.

The TDA 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 TDA Fund are those of the City and are included in the City's basic financial statements.

NOTE 3 – RESTRICTIONS

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

NOTE 4 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2018, 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.

NOTE 5 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2018, have been evaluated for possible adjustments to the financial statements or disclosure is February 28, 2019, which is the date that the financial statements were available to be issued. There were no events brought to our attention that were deemed to be reportable at that time.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF PORT HUENEME
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES			
Local transportation fund	\$ 90,000	\$ 21,429	\$ (68,571)
Interest earnings	300	858	558
	<u>90,300</u>	<u>22,287</u>	<u>(68,013)</u>
EXPENDITURES			
Operating	25,300	-	25,300
Capital outlay	111,000	-	111,000
	<u>136,300</u>	<u>-</u>	<u>136,300</u>
Changes in fund balance	<u>\$ (46,000)</u>	22,287	<u>\$ 68,287</u>
Fund balance, beginning		<u>121,073</u>	
Fund balance, ending		<u>\$ 143,360</u>	

**CITY OF PORT HUENEME
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 With Final Budget</u>
REVENUES			
Local transportation fund	\$ 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	<u>114,922</u>	<u>23,654</u>	<u>91,268</u>
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		<u>87,811</u>	
Fund balance, ending		<u>\$ 121,073</u>	

**CITY OF PORT HUENEME
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF PROJECT STATUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS**

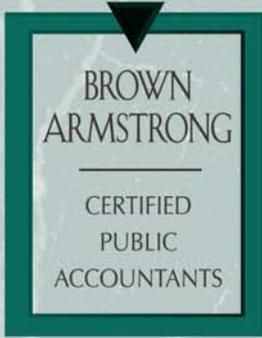
For the fiscal year ended June 30, 2018:

Project Description	Beginning Balance	Local Transportation Funds Allocation	Allocation Adjustments	Interest Earnings Allocation	Expenditures	Ending Balance
Operating:						
Bus stop maintenance	\$ 29,344	\$ (4,610)	\$ -	\$ 148	\$ -	\$ 24,882
Total operating	29,344	(4,610)	-	148	-	24,882
Capital:						
Bus stop amenities	-	26,039	-	157	-	26,196
Bus stop - Ventura Road & Bard	75,167	-	-	453	-	75,620
Upgrade bus stops and shelters	16,562	-	-	100	-	16,662
Total capital	91,729	26,039	-	710	-	118,478
Total	\$ 121,073	\$ 21,429	\$ -	\$ 858	\$ -	\$ 143,360

For the fiscal year ended June 30, 2017:

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

OTHER REPORT



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S 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 AND THE TRANSPORTATION DEVELOPMENT ACT

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To the Honorable Board of Supervisors
of the City of Port Hueneme
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 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 June 30, 2018; the related statement of revenues, expenditures, and changes in fund balance for the fiscal year ended; and the related notes to the financial statements, which collectively comprise the financial statements of the TDA Fund of the City, and have issued our report thereon dated February 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) as it relates to the TDA Fund as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting relating to the TDA Fund. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting relating to the TDA Fund.

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 City's TDA Fund 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 TDA Fund of the City are free from material misstatement, we performed tests of the City's 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

This purpose of this report is solely to describe the scope of our testing of internal control and compliance relating to the TDA Fund and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance relating to the TDA Fund. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance relating to the TDA Fund. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
February 28, 2019

**CITY OF SAN BUENAVENTURA
TRANSPORTATION DEVELOPMENT ACT FUND**

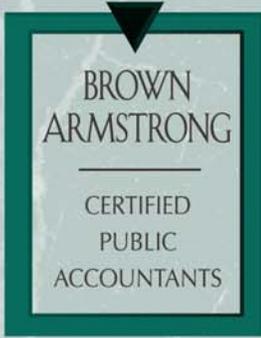
**INDEPENDENT AUDITOR'S REPORTS,
FUND FINANCIAL STATEMENTS, AND
SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

**CITY OF SAN BUENAVENTURA
TRANSPORTATION DEVELOPMENT ACT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S 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 the balance sheet as of June 30, 2018; the related statement of revenues, expenditures, and changes in fund balance for the fiscal year then ended; and the related notes to the financial statements. The June 30, 2017, summarized comparative information has been derived from the 2017 financial statements and is included for additional analysis only. The financial statements as of June 30, 2017, were audited by other auditors, whose report dated December 31, 2017, expressed an unmodified opinion on those 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 City'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 City'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.

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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 TDA Fund of the City as of June 30, 2018, and the respective changes in its financial position, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, these financial statements present only the TDA Fund and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2018, or the changes in its financial position for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 7-8 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing MD&A.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2019, on our consideration of the City's internal control over financial reporting relating to the TDA 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 the effectiveness of the City's 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 relating to the TDA Fund.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
February 20, 2019

**CITY OF SAN BUENAVENTURA
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEET
JUNE 30, 2018
WITH COMPARATIVE TOTALS**

	Article 4	
	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 71,762	\$ 288,381
Total current assets	\$ 71,762	\$ 288,381
LIABILITIES AND FUND BALANCE		
Current liabilities:		
Accounts payable and accrued expenses	\$ 5,423	\$ 12,518
Total current liabilities	5,423	12,518
Fund balance:		
Restricted for TDA Article 4 expenditures	66,339	275,863
Total fund balance	66,339	275,863
Total liabilities and fund balance	\$ 71,762	\$ 288,381

The accompanying notes are an integral part of these financial statements.

**CITY OF SAN BUENAVENTURA
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS**

	Article 4	
	2018	2017
REVENUES		
Local transportation funds allocation	\$ 156,233	\$ 152,079
Interest earnings	1,496	4,627
	157,729	156,706
EXPENDITURES		
Operating	217,253	235,910
Capital outlay	150,000	-
	367,253	235,910
Changes in fund balance	(209,524)	(79,204)
Fund balance, beginning	275,863	355,067
Fund balance, ending	\$ 66,339	\$ 275,863

The accompanying notes are an integral part of these financial statements.

**CITY OF SAN BUENAVENTURA
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
NOTES TO THE FUND FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS**

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 (TDA) Fund of the City of San Buenaventura, California, (City) only and are not intended to present fairly the financial position or 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 to be 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.

B. 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) funds in its TDA 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.

C. 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.

D. 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 TDA 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.

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

E. Fund Balance

As prescribed by Governmental Accounting Standards Board (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, 2018 and 2017, the fund balance for the TDA 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.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 fund balance 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 TDA Fund's cash and investments balance as of June 30, 2018 and 2017, was \$71,762 and \$288,381, respectively.

The TDA 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 TDA Fund are those of the City and are included in the City's basic financial statements.

NOTE 3 – RESTRICTIONS

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

NOTE 4 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2018, 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.

NOTE 5 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2018, expenditures exceeded appropriations as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
Operating	\$ 2,492

NOTE 6 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2018, have been evaluated for possible adjustments to the financial statements or disclosures is February 20, 2019, which is the date that the financial statements were available to be issued. There were no events brought to our attention that were deemed to be reportable at that time.

SUPPLEMENTARY INFORMATION

**CITY OF SAN BUENAVENTURA
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Actual	Variance With Final Budget
REVENUES			
Local transportation funds allocation	\$ 260,129	\$ 156,233	\$ (103,896)
Interest earnings	-	1,496	1,496
Total revenues	<u>260,129</u>	<u>157,729</u>	<u>(102,400)</u>
EXPENDITURES			
Operating	214,761	217,253	(2,492)
Capital outlay	<u>210,000</u>	<u>150,000</u>	<u>60,000</u>
Total expenditures	<u>424,761</u>	<u>367,253</u>	<u>57,508</u>
Changes in fund balance	<u>\$ (164,632)</u>	(209,524)	<u>\$ (44,892)</u>
Fund balance, beginning		<u>275,863</u>	
Fund balance, ending		<u>\$ 66,339</u>	

**CITY OF SAN BUENAVENTURA
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Actual	Variance With Final Budget
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	<u>150,000</u>	<u>-</u>	<u>150,000</u>
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		<u>355,067</u>	
Fund balance, ending		<u>\$ 275,863</u>	

**CITY OF SAN BUENAVENTURA
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF PROJECT STATUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS**

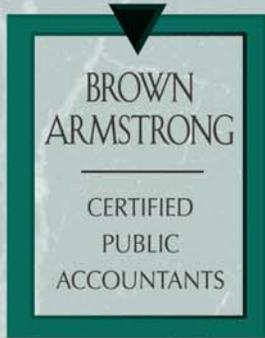
For the Fiscal Year Ended June 30, 2018

Project Description	Beginning Balance	Local Transportation Funds Allocation	Allocation Adjustments	Interest Earnings Allocation	Expenditures	Ending Balance
Operating:						
Ventura Transportation Center (VTC)	\$ 124,363	\$ 96,233	\$ -	\$ -	\$ 217,253	\$ 3,343
Total operating	124,363	96,233	-	-	217,253	3,343
Capital:						
Truck Purchase	-	60,000	-	-	-	60,000
VTC bathroom remodel	151,500	-	-	1,496	150,000	2,996
Total capital	151,500	60,000	-	1,496	150,000	62,996
Total	\$ 275,863	\$ 156,233	\$ -	\$ 1,496	\$ 367,253	\$ 66,339

For the Fiscal Year Ended June 30, 2017

Project Description	Beginning Balance	Local Transportation Funds Allocation	Allocation Adjustments	Interest Earnings Allocation	Expenditures	Ending Balance
Operating:						
Ventura Transportation Center (VTC)	\$ 355,067	\$ 2,079	\$ -	\$ 3,127	\$ 235,910	\$ 124,363
Total operating	355,067	2,079	-	3,127	235,910	124,363
Capital:						
VTC bathroom remodel	-	150,000	-	1,500	-	151,500
Total capital	-	150,000	-	1,500	-	151,500
Total	\$ 355,067	\$ 152,079	\$ -	\$ 4,627	\$ 235,910	\$ 275,863

OTHER REPORT



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S 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 AND THE TRANSPORTATION DEVELOPMENT ACT

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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 sheet of the Transportation Development Act (TDA) Article 4, Section 99260(a) fund (Transportation Development At Fund) of the City of San Buenaventura, California (City), as of June 30, 2018; the related statement of revenues, expenditures, and changes in fund balance for the fiscal year then ended; and the related notes to the financial statements, which collectively comprise the financial statements of the TDA Fund of the City, and have issued our report thereon dated February 20, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) as it relates to the TDA Fund as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting relating to the TDA Fund. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting relating to the TDA Fund.

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 City's TDA Fund 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 TDA Fund of the City are free from material misstatement, we performed tests of the City's 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

This purpose of this report is solely to describe the scope of our testing of internal control and compliance relating to the TDA Fund and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance relating to the TDA Fund. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance relating to the TDA Fund. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
February 20, 2019

**COUNTY OF VENTURA
TRANSPORTATION DEVELOPMENT ACT FUND
ARTICLE 4, SECTION 99260(A) OF
THE PUBLIC UTILITIES CODE**

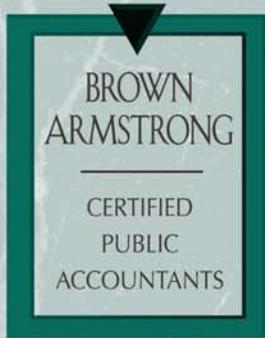
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

**COUNTY OF VENTURA
TRANSPORTATION DEVELOPMENT ACT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S 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 sheet as of June 30, 2018; the related statement of revenues, expenditures, and changes in fund balance for the fiscal year then ended; and the related notes to the financial statements. The June 30, 2017, summarized comparative information has been derived from the 2017 financial statements and is included for additional analysis only. The financial statements as of June 30, 2017, were audited by other auditors, whose report dated December 31, 2017, expressed an unmodified opinion on those 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 opinions on these financial statements based on our audit. We did not audit the TDA Compliance requirements included in Note 5 to these financial statements for Valley Express, City of Thousand Oaks Dial-A Ride, and East County Transit Alliance TDA Funds. Those disclosures were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities' compliance with the farebox recovery ratios, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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

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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, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the TDA Fund of the County as of June 30, 2018, and the changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, these financial statements present only the TDA Fund and do not purport to, and do not, present fairly the financial position of the County as of June 30, 2018, or the changes in its financial position for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 10 through 11 and schedule of project status on page 12 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing MD&A.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2019, on our consideration of the County's internal control over financial reporting relating to the TDA 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 relating to the TDA Fund.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
February 28, 2019

**COUNTY OF VENTURA
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEET
JUNE 30, 2018
WITH COMPARATIVE TOTALS**

	Article 4	
	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 788,178	\$ 678,873
Total current assets	\$ 788,178	\$ 678,873
LIABILITIES AND FUND BALANCE		
Current liabilities:		
Accounts payable and accrued expenses	\$ 142,160	\$ 241,796
Total current liabilities	142,160	241,796
Fund balance:		
Restricted for TDA Article 4 expenditures	646,018	437,077
Total fund balance	646,018	437,077
Total liabilities and fund balance	\$ 788,178	\$ 678,873

The accompanying notes are an integral part of these financial statements.

**COUNTY OF VENTURA
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS**

	Article 4	
	2018	2017
REVENUES		
Local transportation fund	\$ 1,167,355	\$ 1,071,093
Interest earnings	10,275	6,443
	1,177,630	1,077,536
EXPENDITURES		
Operating	953,344	1,078,307
Capital outlay	15,345	130,372
	968,689	1,208,679
Changes in fund balance	208,941	(131,143)
Fund balance, beginning	437,077	568,220
Fund balance, ending	\$ 646,018	\$ 437,077

The accompanying notes are an integral part of these financial statements.

**COUNTY OF VENTURA
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
NOTES TO THE FUND FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS**

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 (TDA) Fund of the County of Ventura, California (County), only and are not intended to present fairly the financial position or 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 to be used only for public transportation. Funding for this program is authorized by the County 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) funds in its TDA 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 TDA 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.

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Fund Balance

As prescribed by Governmental Accounting Standards Board (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, 2018, 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 accounting principles generally accepted in the United States of America 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 fund balance during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The date to which events occurring after June 30, 2018, have been evaluated for possible adjustments to the financial statements or disclosures is February 28, 2019, which is the date that the financial statements were available to be issued. There were no events brought to our attention that were deemed to be reportable at that time.

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 TDA Fund's cash and investments balance as of June 30, 2018 and 2017, was \$788,178 and \$678,873, respectively.

The TDA 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 TDA Fund are those of the County and are included in the County's basic financial statements.

NOTE 3 – RESTRICTIONS

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

NOTE 4 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2018, 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.

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 (fixed route and Dial-A-Ride) for the City of Fillmore, City of Santa Paula, and the County’s unincorporated area and all revenues and expenses are recorded with the Ventura County Transportation Commission (VCTC). The County paid \$163,229 to VCTC to operate the service in the unincorporated areas on its behalf.

For the year ended June 30, 2018, the fare ratio requirement was calculated as follows:

<u>Description</u>	<u>2018</u>
Operating revenues:	
Passenger fares for transit services	\$ 93,612
Passenger route guarantee	<u>100,000</u>
Total operating revenues	<u>193,612</u>
Operating expenses	1,688,129
Less: Capital expenditure	<u>(48,930)</u>
Net operating expenses	<u>\$ 1,639,199</u>
Total fare ratio	<u>12%</u>
Total fare ratio requirement pursuant to Section 99268.5(c)	<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 pays for a share of the operations of this service. Valley Express also received TDA Article 8 revenue, and its full operations are audited for farebox recovery ratio by VCTC. Contact VCTC for a complete copy of the Valley Express TDA financial statements.

For the year ended June 30, 2018, the Valley Express was in compliance with the fare ratio requirement. In 2017, the Valley Express did not comply. (See Finding – 2017-001.)

NOTE 5 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS (Continued)

Thousand Oaks Dial-a-Ride

The County has an Agreement with the City of Thousand Oaks to operate local Senior and Americans with Disabilities Act (ADA) Dial-A-Ride services to the unincorporated areas within and near their service area. The County paid \$135,252 to City of Thousand Oaks to operate this service on its behalf.

For the year ended June 30, 2018, the fare ratio requirement was calculated as follows:

<u>Description</u>	<u>2018</u>
Operating revenues:	
Passenger fares for specialized transit services	\$ 169,037
Other local funds	45,620
	<hr/>
Total operating revenues	214,657
	<hr/>
Operating expenses:	2,235,837
Less: Capital expenditures	(89,271)
	<hr/>
Net operating expenses	\$ 2,146,566
	<hr/> <hr/>
Total fare ratio	10%
	<hr/> <hr/>
Total fare ratio requirement pursuant to Section 99268.5(c)	10%
	<hr/> <hr/>

For purposes of the fare ratio requirement calculation, only the expenses of the bus system were included in the operating expenses. The County pays for a share of the operations of this service. Thousand Oaks Dial-a-Ride also received TDA Article 8 revenue, and its full operations are audited for farebox recovery ratio by VCTC. Contact VCTC for a complete copy of the Thousand Oaks Dial-a-Ride TDA financial statements.

East County Transit Alliance

An East County Transit Alliance (ECTA) Memorandum of Understanding exists between the Cities of Camarillo, Moorpark, Simi Valley, and Thousand Oaks, and the County. The City of Thousand Oaks serves as the Fiscal Agent for ECTA and administers and operates the Intercity ADA Dial-A-Ride services ("CONNECT" service) for the participating agencies, except for the City of Camarillo which operates its own Intercity Dial-A-Ride program. The County paid \$20,703 to the City of Thousand Oaks to operate service to the unincorporated areas within the ECTA service area on its behalf.

NOTE 5 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS (Continued)

East County Transit Alliance (Continued)

For the year ended June 30, 2018, the fare ratio requirement was calculated as follows:

<u>Description</u>	<u>2018</u>
Operating revenues:	
Passenger fares for transit services	\$ 23,088
Total operating revenues	<u>23,088</u>
Operating expenses:	
Operations expense	<u>210,777</u>
Total operating expenses	<u>\$ 210,777</u>
Total fare ratio	<u>11%</u>
Total fare ratio requirement pursuant to Section 99268.5(c)	<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 pays for a share of the operations of this service. East County Transit Alliance also received TDA Article 8 revenue, and its full operations are audited for farebox recovery ratio by VCTC. Contact VCTC for a complete copy of the East County Transit Alliance TDA financial statements.

Kanan Shuttle

The Kanan Shuttle serves the unincorporated community of Oak Park and operates fare-free which is possible due to a route guarantee provided by County Service Area (CSA) No. 4, Oak Park Unified School District (OPUSD), and the City of Agoura Hills. The County has an Agreement with the City of Thousand Oaks for operation of the Kanan Shuttle Service. The County paid \$397,589 to the City of Thousand Oaks to operate the service on its behalf.

For the year ended June 30, 2018, the fare ratio requirement was calculated as follows:

<u>Description</u>	<u>2018</u>
Operating revenues:	
Passenger fares for transit services	\$ -
Local fare supplementation	<u>81,400</u>
Total operating revenues	<u>81,400</u>
Operating expenses:	
Operations expense	<u>397,589</u>
Total operating expenses	<u>\$ 397,589</u>
Total fare ratio	<u>20%</u>
Total fare ratio requirement pursuant to Section 99268.5(c)	<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 pays for the operations of this service.

NOTE 5 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS (Continued)

Ojai Trolley

The City of Ojai operates a trolley service within the City of Ojai and the nearby unincorporated areas of Meiners Oaks and Mira Monte. The County of Ventura has a Cooperative Agreement with the City of Ojai to provide Trolley service within the unincorporated areas and all revenues and expenses are recorded with the City of Ojai. The County paid \$168,195 to the City of Ojai to operate this service on its behalf.

For the year ended June 30, 2018, the fare ratio requirement was calculated as follows:

<u>Description</u>	<u>2018</u>
Operating revenues:	
Passenger fares for transit services	\$ 95,501
Local support revenues - GCTD Energy Credit Revenue	<u>60,664</u>
Total operating revenues	<u>156,165</u>
Operating expenses	866,061
Less: Depreciation expense	<u>(98,958)</u>
Net operating expenses	<u>\$ 767,103</u>
Total fare ratio	<u>20%</u>
Total fare ratio requirement pursuant to Section 99268.5(c)	<u>20%</u>

For purposes of the fare ratio requirement calculation, only the expenses of the City of Ojai's bus system was included in the operating expenses. The City of Ojai also received TDA Article 8 revenue, and its full operations are audited for farebox recovery ratio by the City of Ojai's auditors. Contact the City of Ojai for a complete copy of the financial statements.

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

REQUIRED SUPPLEMENTARY INFORMATION

**COUNTY OF VENTURA
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES			
Local transportation fund	\$ 1,167,355	\$ 1,167,355	\$ -
Interest earnings	<u>-</u>	<u>10,275</u>	<u>10,275</u>
Total revenues	<u>1,167,355</u>	<u>1,177,630</u>	<u>10,275</u>
EXPENDITURES			
Operating	983,060	953,344	29,716
Capital outlay	<u>184,295</u>	<u>15,345</u>	<u>168,950</u>
Total expenditures	<u>1,167,355</u>	<u>968,689</u>	<u>198,666</u>
Changes in fund balance	<u>\$ -</u>	208,941	<u>\$ 208,941</u>
Fund balance, beginning		<u>437,077</u>	
Fund balance, ending		<u>\$ 646,018</u>	

**COUNTY OF VENTURA
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 With Final Budget</u>
REVENUES			
Local transportation fund	\$ 1,071,093	\$ 1,071,093	\$ -
Interest earnings	-	6,443	6,443
	<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
	<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		<u>568,220</u>	
Fund balance, ending		<u>\$ 437,077</u>	

**COUNTY OF VENTURA
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF PROJECT STATUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS**

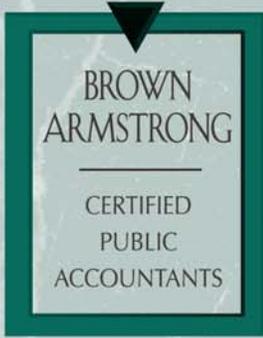
For the fiscal year ended June 30, 2018:

Project Description	Beginning Balance	Local Transportation Funds Allocation	Allocation Adjustments	Interest Earnings Allocation	Expenditures	Ending Balance
Operating:						
Valley Express	\$ 202,098	\$ 161,054	\$ (50,000)	\$ 2,479	\$ 163,229	\$ 152,402
Thousand Oaks Dial-a-Ride	-	96,310	40,000	173	135,252	1,231
East County Transit Alliance	-	22,000	10,000	50	20,703	11,347
Agoura Hills (Oak Park) Dial-a-Ride	-	-	-	-	-	-
Kanan Shuttle	84,121	301,696	-	1,440	316,443	70,814
Ojai Trolley	13,319	232,000	-	1,976	170,545	76,750
County Transit Services Management and Oversight	-	170,000	-	1,057	147,172	23,885
Total operating	<u>299,538</u>	<u>983,060</u>	<u>-</u>	<u>7,175</u>	<u>953,344</u>	<u>336,429</u>
Capital:						
Upgrade bus stops and shelters	137,539	125,000	-	3,100	10,757	254,882
Route 22 Bus Stops Local Match	-	34,295	-	-	4,588	29,707
Automatic AVA System - Kanan Shuttle	-	25,000	-	-	-	25,000
Total capital	<u>137,539</u>	<u>184,295</u>	<u>-</u>	<u>3,100</u>	<u>15,345</u>	<u>309,589</u>
Total	<u>\$ 437,077</u>	<u>\$ 1,167,355</u>	<u>\$ -</u>	<u>\$ 10,275</u>	<u>\$ 968,689</u>	<u>\$ 646,018</u>

For the fiscal year ended June 30, 2017:

Project Description	Beginning Balance	Local Transportation Funds Allocation	Allocation Adjustments	Interest Earnings Allocation	Expenditures	Ending Balance
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 Oversight	-	-	169,206	101	169,307	-
Total operating	<u>451,707</u>	<u>921,093</u>	<u>-</u>	<u>5,045</u>	<u>1,078,307</u>	<u>299,538</u>
Capital:						
Upgrade bus stops and shelters	116,513	150,000	-	1,398	130,372	137,539
Total capital	<u>116,513</u>	<u>150,000</u>	<u>-</u>	<u>1,398</u>	<u>130,372</u>	<u>137,539</u>
Total	<u>\$ 568,220</u>	<u>\$ 1,071,093</u>	<u>\$ -</u>	<u>\$ 6,443</u>	<u>\$ 1,208,679</u>	<u>\$ 437,077</u>

OTHER REPORT



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S 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 AND THE TRANSPORTATION DEVELOPMENT ACT

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 sheet 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 June 30, 2018; the related statements of revenues, expenditures, and changes in fund balance for the fiscal year then ended; and the related notes to the financial statements, which collectively comprise the financial statements of the TDA Fund of the County, and have issued our report thereon dated February 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting (internal control) as it relates to the TDA Fund as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting relating to the TDA Fund. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting relating to the TDA Fund.

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 County's TDA Fund 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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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the TDA Fund's financial statements are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that TDA funds allocated to and received by the County were expended in conformance with applicable statutes, rules, and regulations of the TDA. 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* or the TDA.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance relating to the TDA Fund and the results of that testing, and not to approve an opinion on the effectiveness of the County's internal control or on compliance relating to the TDA Fund. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance relating to the TDA Fund. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
February 28, 2019

**COUNTY OF VENTURA
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Findings

None.

**COUNTY OF VENTURA
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Finding – 2017-001

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 99268.5(c) of the Transportation Development Act (TDA) 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 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 Regulations, 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, 2017 and 2016, 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 claimant’s 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 Ventura County Transportation 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.

Current Year Status

Implemented.

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 99268.5(c) of the TDA 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.

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

If the year ended June 30, 2018, 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 claimant's 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.

Current Year Status

Implemented.