



June 3, 2020

Item #11

TO: GCTD Board of Directors

FROM: Michelle Pierret, Acting Director of Finance

RE: Receive and File FY 2018-19 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 2018-19 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 2018-19 Comprehensive Annual Financial Report on March 2, 2020.

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 all transit services funded in part by GCTD TDA funds met their required fare box recovery ratios. This year one transit service funded in part by GCTD TDA funds, the Ojai Trolley, failed to meet their required fare box recovery ratio of 20%.

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

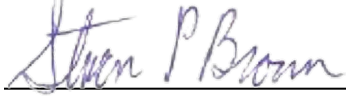
GOLD COAST TRANSIT DISTRICT

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 2018-19 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

A handwritten signature in blue ink, reading "Steven P. Brown", is written over a horizontal line.

Steven P. Brown
General Manager

**CITY OF OJAI
TRANSPORTATION DEVELOPMENT ACT FUND**

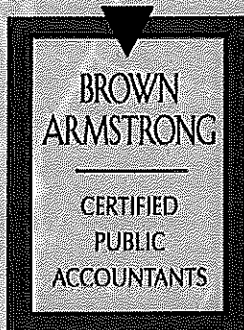
**INDEPENDENT AUDITOR'S REPORTS,
FUND FINANCIAL STATEMENTS, AND
SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2019 AND 2018**

CITY OF OJAI
TRANSPORTATION DEVELOPMENT ACT FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
 <u>Fund Financial Statements</u>	
Balance Sheets	3
Statements of Revenues, Expenditures, and Changes in Fund Balance	4
Notes to the Fund Financial Statements	5
 <u>Supplementary Information</u>	
Budgetary Comparison Schedule for the Fiscal Year Ended June 30, 2019	9
Budgetary Comparison Schedule for the Fiscal Year Ended June 30, 2018	10
Schedules of Project Status	11
 <u>Other Reports</u>	
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 <i>Government Auditing Standards</i>	12
Independent Auditor's Report on State Compliance	14
Findings and Recommendations	16
Status of Prior Year Findings and Recommendations	17



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 sheets as of June 30, 2019 and 2018; the related statements of revenues, expenditures, and changes in fund balance for the fiscal years then ended; and the related notes to the fund 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 did not audit the TDA compliance requirements included in Note 5 to these financial statements for Ojai Trolley. 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 the entity's compliance with the farebox recovery ratio, are based solely on the reports of the other auditors. 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.

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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, 2019 and 2018, and the respective changes in its financial position for the fiscal years 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, 2019 and 2018, or the changes in its financial position for the fiscal years 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 9 - 10 and the schedules of project status on page 11 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 January 31, 2020, 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
January 31, 2020

CITY OF OJAI
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEETS
JUNE 30, 2019 AND 2018

	Article 4	
	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 87,145	\$ 75,225
Total current assets	<u>\$ 87,145</u>	<u>\$ 75,225</u>
LIABILITIES AND FUND BALANCE		
Current liabilities:		
Accounts payable and accrued expenses	\$ -	\$ -
Total current liabilities	<u>-</u>	<u>-</u>
Fund balance:		
Restricted for TDA Article 4 expenditures	<u>87,145</u>	<u>75,225</u>
Total fund balance	<u>87,145</u>	<u>75,225</u>
Total liabilities and fund balance	<u>\$ 87,145</u>	<u>\$ 75,225</u>

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

CITY OF OJAI
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	Article 4	
	2019	2018
REVENUES		
Local transportation funds allocation	\$ 184,000	\$ 121,336
Local support revenues - GCTD energy credit revenue	-	60,664
Interest earnings	1,280	279
Total revenues	185,280	182,279
EXPENDITURES		
Operating	173,360	182,279
Total expenditures	173,360	182,279
Changes in fund balance	11,920	-
Fund balance, beginning	75,225	75,225
Fund balance, ending	\$ 87,145	\$ 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
JUNE 30, 2019 AND 2018

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 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 the 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, 2019 and 2018, 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, 2019 and 2018, was \$87,145 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, 2019 and 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, 2019 and 2018, the fare ratio requirement was calculated as follows:

Description	2019	2018
Operating revenues:		
Passenger fares for transit services	\$ 110,827	\$ 95,501
Local support - GCTD energy credit revenue	-	60,664
Total operating revenues	110,827	156,165
Operating expenses	931,914	866,061
Less:		
Insurance: Insurance reimb for trolley damage	11,993	-
Transfers	7,713	-
Depreciation expense	202,428	98,958
Net operating expenses	\$ 709,780	\$ 767,103
Total fare ratio	15.61%	20%
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, 2019, the City did not comply with the fare ratio requirement. (See Finding – 2019-001). The City complied with the fare ratio requirement for the fiscal year ended June 30, 2018.

NOTE 6 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2019, expenditures exceeded appropriations as follows:

Operating	\$ 153
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NOTE 7 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2019, have been evaluated for possible adjustments to the financial statements or disclosures is January 31, 2020, 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, 2019**

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES			
Local transportation funds allocation	\$ 164,000	\$ 184,000	\$ 20,000
Interest earnings	-	1,280	1,280
Total revenues	<u>164,000</u>	<u>185,280</u>	<u>21,280</u>
EXPENDITURES			
Operating	173,207	173,360	(153)
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>173,207</u>	<u>173,360</u>	<u>(153)</u>
Changes in fund balance	<u>\$ (9,207)</u>	11,920	<u>\$ 21,127</u>
Fund balance, beginning		<u>75,225</u>	
Fund balance, ending		<u>\$ 87,145</u>	

**CITY OF OJAI
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	\$ 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	<u>75,000</u>	-	<u>75,000</u>
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
SCHEDULE OF PROJECT STATUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE TOTALS**

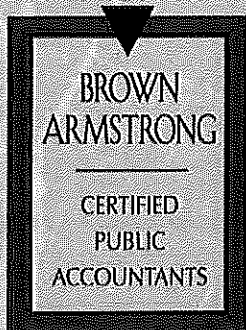
For the Fiscal Year Ended June 30, 2019

Project Description	Beginning Balance	Local Transportation Funds Allocation	Allocation Adjustments	Interest Earnings Allocation	Expenditures	Ending Balance
Operating:						
Ojai Trolley	\$ -	\$ 164,000	\$ -	\$ 1,280	\$ 173,360	\$ (8,080)
Total operating	-	164,000	-	1,280	173,360	(8,080)
Capital:						
Ojai Automatic Voice Annunciators	-	20,000	-	-	-	20,000
Ojai Trolley Washpad and Collection System	45,134	-	-	-	-	45,134
Ojai Trolley Storage Area	30,091	-	-	-	-	30,091
Total capital	75,225	20,000	-	-	-	95,225
Total	\$ 75,225	\$ 184,000	\$ -	\$ 1,280	\$ 173,360	\$ 87,145

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 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

OTHER REPORTS



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

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

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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, 2019, 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 January 31, 2020.

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. We did identify a certain deficiency in internal control, described in the accompanying Findings and Recommendations as Finding 2019-001, that we consider to be a significant deficiency.

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, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and recommendations as item 2019-01.

The City's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying Findings and Recommendations. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it

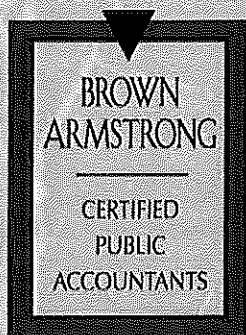
Purpose of this Report

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
January 31, 2020



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

To the City Council
City of Ojai
Ojai, California

Report on Compliance with Transportation Development Act

We have audited the City of Ojai, California's (City) compliance with Transportation Development Act (TDA) requirements that funds allocated to and received by the City were expended in conformance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the Ventura County Transportation Commission as required by Sections 6666 and 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations during the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the applicable statutes, rules, and regulations of the TDA.

Auditor's Responsibility

Our responsibility is to express an opinion on each of the City's compliance requirements referred to above. We have conducted our audit of compliance 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the TDA Fund, allocated for non-transit purposes, occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Basis for Qualified Opinion on TDA Compliance

As described in the accompanying schedule of findings and recommendations, the City did not comply with the fare ratio requirement. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to the TDA.

Qualified Opinion on TDA Compliance

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on TDA funding for the year ended June 30, 2019.

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Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
January 31, 2020

**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, 2019**

Finding – 2019-001

Fare Ratio Requirement

Condition

For the year ended June 30, 2019, the fare ratio calculation for the City of Ojai (the City) was 15.6%, which is lower than the fare ratio requirement of 20% 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 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, 2019, the funds received from the Local Transportation Fund did not comply with the above provision. The City did not meet the TDA required farebox recovery ratio during the year ended June 30, 2019.

If the year ended June 30, 2020, is deemed a non-compliant year, Section 6634 requires that the claimant be penalized in a future year (the year ended June 30, 2021). 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 take the necessary steps to comply with the fare ratio requirement pursuant to Section 99268.5(c) of the TDA.

Management's Response

Management concurs.

**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, 2019**

None.

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

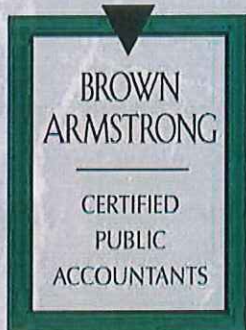
**INDEPENDENT AUDITOR'S REPORTS,
FINANCIAL STATEMENTS, AND
SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2019 AND 2018**

**CITY OF OXNARD
TRANSPORTATION DEVELOPMENT ACT FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
 <u>Fund Financial Statements</u>	
Balance Sheets	3
Statements of Revenues, Expenditures, and Changes in Fund Balance	4
Notes to the Fund Financial Statements	5
 <u>Required Supplementary Information</u>	
Budgetary Comparison Schedule – June 30, 2019	8
Budgetary Comparison Schedule – June 30, 2018	9
Schedules of Project Status	10
 <u>Other Reports</u>	
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 <i>Government Auditing Standards</i>	11
Independent Auditor's Report on State Compliance	13



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 sheets as of June 30, 2019 and 2018; the related statements of revenues, expenditures, and changes in fund balance for the fiscal years then ended; and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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, 2019 and 2018, and the respective changes in financial position, for the fiscal years 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, 2019 and 2018, or the changes in its financial position for the fiscal years 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 Schedules 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 18, 2020, 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 18, 2020

CITY OF OXNARD
TRANSPORTATION DEVELOPMENT ACT -- ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEETS
JUNE 30, 2019 AND 2018

	Article 4	
	2019	2018
ASSETS		
Current assets:		
Cash and investments	\$ 489,591	\$ 430,276
Due from other governments	17,459	17,186
	<u>507,050</u>	<u>447,462</u>
Total current assets	<u>\$ 507,050</u>	<u>\$ 447,462</u>
LIABILITIES AND FUND BALANCE		
Current liabilities:		
Accounts payable and accrued expenses	\$ 100,135	\$ 44,352
Unearned revenue	12,745	-
	<u>112,880</u>	<u>44,352</u>
Total current liabilities	<u>112,880</u>	<u>44,352</u>
Fund balance:		
Restricted for TDA Article 4 expenditures	<u>394,170</u>	<u>403,110</u>
	<u>394,170</u>	<u>403,110</u>
Total fund balance	<u>394,170</u>	<u>403,110</u>
Total liabilities and fund balance	<u>\$ 507,050</u>	<u>\$ 447,462</u>

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

CITY OF OXNARD
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	Article 4	
	2019	2018
REVENUES		
Local Transportation Fund allocation	\$ 535,351	\$ 520,258
Lease revenue	228,777	236,851
Interest earnings	14,614	3,345
Other revenue	-	1,643
	<u>778,742</u>	<u>762,097</u>
Total revenues		
EXPENDITURES		
Operating	723,087	625,787
Capital	64,595	-
	<u>787,682</u>	<u>625,787</u>
Total expenditures		
Changes in fund balance	(8,940)	136,310
Fund balance, beginning	403,110	266,800
Fund balance, ending	<u>\$ 394,170</u>	<u>\$ 403,110</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 YEARS ENDED JUNE 30, 2019 AND 2018**

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 Transportation Development Act (TDA) Article 4, Section 99260(a) fund (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.

The lease revenue comprises rents from transit related facilities including space, cell site, and share of facilities.

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 SIGNIFCANT ACCOUNTING POLICIES
(Continued)

Fund Balance

As prescribed by the 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, 2019 and 2018, 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, 2019 and 2018, was \$489,591 and \$430,276, 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, 2019, 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, 2019, expenditures exceeded appropriations as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
Capital outlay	\$ 64,595

NOTE 6 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2019, have been evaluated for possible adjustments to the financial statements or disclosures is February 18, 2020, 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, 2019

	Original Budget	Actual	Variance With Final Budget
REVENUES			
Local Transportation Fund allocation	\$ 535,351	\$ 535,351	\$ -
Lease revenue	224,191	228,777	4,586
Interest earnings	2,363	14,614	12,251
Other revenue	74,509	-	(74,509)
Total revenues	836,414	778,742	(57,672)
EXPENDITURES			
Operating	777,958	723,087	54,871
Capital outlay	-	64,595	(64,595)
Total expenditures	777,958	787,682	(9,724)
Changes in fund balance	<u>\$ 58,456</u>	(8,940)	<u>\$ (67,396)</u>
Fund balance, beginning		403,110	
Fund balance, ending		<u>\$ 394,170</u>	

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

CITY OF OXNARD
TRANSPORTATION DEVELOPMENT ACT FUND – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULES OF PROJECT STATUS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

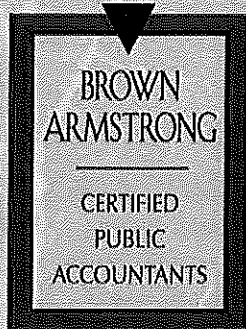
For the fiscal year ended June 30, 2019:

Project Description	Beginning Balance	Local Transportation Fund Allocation	Other Local Revenue	Allocation Adjustments	Interest Earnings Allocation	Expenditures	Ending Balance
Operating:							
Oxnard Transit Center	\$ 132,965	\$ 481,851	\$ 228,777	\$ -	\$ 14,614	\$ 723,087	\$ 135,120
Bus stop maintenance	-	53,500	-	-	-	-	53,500
Total operating	132,965	535,351	228,777	-	14,614	723,087	188,620
Capital:							
Oxnard Transit Center roof repair and other improvements	-	-	-	-	-	-	-
Relocate Bus Stop at Victoria & Gonzales	57,700	-	-	6,895	-	64,595	-
Bus Stop Capital Improvement program	212,445	-	-	(6,895)	-	-	205,550
Total capital	270,145	-	-	-	-	64,595	205,550
Total	\$ 403,110	\$ 535,351	\$ 228,777	\$ -	\$ 14,614	\$ 787,682	\$ 394,170

For the fiscal 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

OTHER REPORTS



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

To the Honorable Board of Supervisors
of the City of Oxnard
Oxnard, California

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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, 2019; 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 18, 2020.

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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

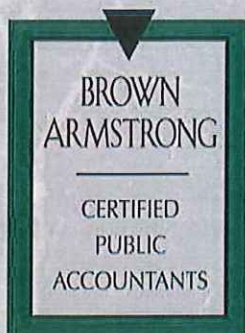
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance 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 18, 2020



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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

To the City Council
City of Oxnard
Oxnard, California

Report on Compliance with Transportation Development Act Requirements

We have audited the City of Oxnard, California's (City) compliance with Transportation Development Act (TDA) requirements that funds allocated to and received by the City were expended in conformance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the Gold Coast Transit District as required by Sections 6666 and 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations during the fiscal year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the applicable statutes, rules, and regulations of the TDA.

Auditor's Responsibility

Our responsibility is to express an opinion on each of the City's compliance requirements referred to above. We have conducted our audit of compliance 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the TDA Fund, allocated for non-transit purposes, occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Opinion on Transportation Development Act Compliance

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that are applicable to the City for the fiscal year ended June 30, 2019.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
February 18, 2020

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

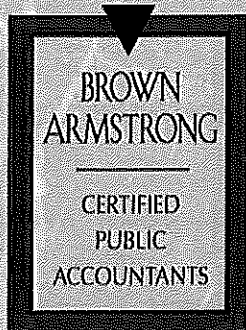
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2019 AND 2018**

CITY OF PORT HUENEME
TRANSPORTATION DEVELOPMENT ACT FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
 <u>Fund Financial Statements</u>	
Balance Sheets	3
Statements of Revenues, Expenditures, and Changes in Fund Balance	4
Notes to the Fund Financial Statements	5
 <u>Required Supplementary Information</u>	
Budgetary Comparison Schedule – June 30, 2019	7
Budgetary Comparison Schedule – June 30, 2018	8
Schedules of Project Status	9
 <u>Other Reports</u>	
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 <i>Government Auditing Standards</i>	10
Independent Auditor's Report on State Compliance	12



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the City Council
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 of the City of Port Hueneme, California (City), which comprise of the balance sheets as of June 30, 2019 and 2018; the related statements of revenues, expenditures, and changes in fund balance for the fiscal years then ended; and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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.

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, 2019 and 2018, and the respective changes in its financial position for the fiscal years 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, 2019 and 2018, or the changes in its financial position for the fiscal years 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 schedules 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 18, 2020, 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 18, 2020

CITY OF PORT HUENEME
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEETS
JUNE 30, 2019 AND 2018

	Article 4	
	2019	2018
ASSETS		
Current assets:		
Cash and investments	\$ 107,120	\$ 143,360
Total current assets	<u>\$ 107,120</u>	<u>\$ 143,360</u>
LIABILITIES AND FUND BALANCE		
Current liabilities:		
Total current liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund balance:		
Restricted for TDA Article 4 expenditures	<u>107,120</u>	<u>143,360</u>
Total fund balance	<u>107,120</u>	<u>143,360</u>
Total liabilities and fund balance	<u>\$ 107,120</u>	<u>\$ 143,360</u>

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

CITY OF PORT HUENEME
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	Article 4	
	2019	2018
REVENUES		
Local transportation fund	\$ -	\$ 21,429
Interest earnings	2,018	858
Total revenues	2,018	22,287
EXPENDITURES		
Operating	38,258	-
Capital outlay	-	-
Total expenditures	38,258	-
Changes in fund balance	(36,240)	22,287
Fund balance, beginning	143,360	121,073
Fund balance, ending	\$ 107,120	\$ 143,360

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 YEARS ENDED JUNE 30, 2019 AND 2018**

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 Transportation Development Act (TDA) Article 4, Section 99260(a) 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, 2019 and 2018, 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, 2019 and 2018, was \$107,120 and \$143,360, 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, 2019, 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, 2019, have been evaluated for possible adjustments to the financial statements or disclosure is February 18, 2020, 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, 2019

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES			
Local transportation fund	\$ 26,039	\$ -	\$ (26,039)
Interest earnings	<u>1,600</u>	<u>2,018</u>	<u>418</u>
Total revenues	<u>27,639</u>	<u>2,018</u>	<u>(25,621)</u>
EXPENDITURES			
Operating	52,039	38,258	13,781
Capital outlay	<u>26,039</u>	<u>-</u>	<u>26,039</u>
Total expenditures	<u>78,078</u>	<u>38,258</u>	<u>39,820</u>
Changes in fund balance	<u>\$ (50,439)</u>	<u>(36,240)</u>	<u>\$ 14,199</u>
Fund balance, beginning		<u>143,360</u>	
Fund balance, ending		<u>\$ 107,120</u>	

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>
Total revenues			
EXPENDITURES			
Operating	25,300	-	25,300
Capital outlay	111,000	-	111,000
	<u>136,300</u>	<u>-</u>	<u>136,300</u>
Total expenditures			
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
SCHEDULES OF PROJECT STATUS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

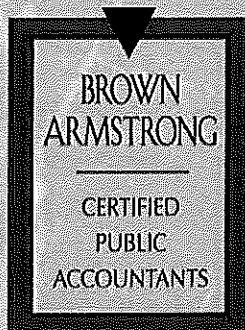
For the fiscal year ended June 30, 2019:

Project Description	Beginning Balance	Local Transportation Funds Allocation	Allocation Adjustments	Interest Earnings Allocation	Expenditures	Ending Balance
Operating:						
Bus stop maintenance	\$ 24,882	\$ -	\$ -	\$ 350	\$ 38,258	\$ (13,026)
Total operating	24,882	-	-	350	38,258	(13,026)
Capital:						
Bus stop amenities	26,196	-	(26,196)	369	-	369
Bus stop - Ventura Road & Bard	75,620	-	-	1,064	-	76,684
Upgrade bus stops and shelters	16,662	-	26,196	235	-	43,093
Total capital	118,478	-	-	1,668	-	120,146
Total	\$ 143,360	\$ -	\$ -	\$ 2,018	\$ 38,258	\$ 107,120

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

OTHER REPORTS



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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

To the City Council
City of Port Hueneme
Port Hueneme, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the balance sheet of the Transportation Development Act (TDA) Article 4, Section 99260(a) Fund of the City of Port Hueneme, California (City), as of June 30, 2019; 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 18, 2020.

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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

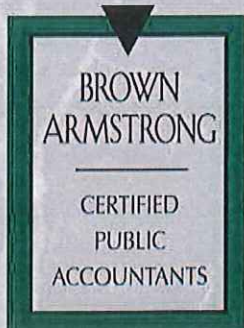
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance 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 18, 2020



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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

To the City Council
City of Port Hueneme
Port Hueneme, California

Report on Compliance with Transportation Development Act Requirements

We have audited the City of Port Hueneme, California's (City) compliance with Transportation Development Act (TDA) requirements that funds allocated to and received by the City were expended in conformance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the Gold Coast Transit District as required by Sections 6666 and 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations during the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the applicable statutes, rules, and regulations of the TDA.

Auditor's Responsibility

Our responsibility is to express an opinion on each of the City's compliance requirements referred to above. We have conducted our audit of compliance 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the TDA Fund, allocated for non-transit purposes, occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Opinion on Transportation Development Act Compliance

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that are applicable to the City for the year ended June 30, 2019.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
February 18, 2020

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

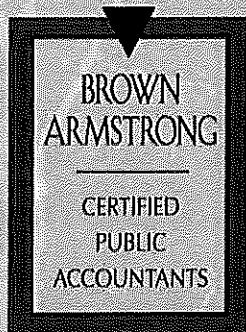
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2019 AND 2018**

**COUNTY OF VENTURA
TRANSPORTATION DEVELOPMENT ACT FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
 <u>Fund Financial Statements</u>	
Balance Sheets	3
Statements of Revenues, Expenditures, and Changes in Fund Balance	4
Notes to the Fund Financial Statements	5
 <u>Required Supplementary Information</u>	
Budgetary Comparison Schedule – June 30, 2019	11
Budgetary Comparison Schedule – June 30, 2018	12
Schedules of Project Status	13
 <u>Other Reports</u>	
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 <i>Government Auditing Standards</i>	14
Independent Auditor's Report on State Compliance	16
Schedule of Findings and Recommendations	18



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 sheets as of June 30, 2019 and 2018; the related statements of revenues, expenditures, and changes in fund balance for the fiscal years then ended; and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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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, 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, 2019 and 2018, and the changes in financial position for the fiscal years 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, 2019 and 2018, or the changes in its financial position for the fiscal years 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 11 through 12 and schedules of project status on page 13 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 7, 2020, 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 7, 2020

COUNTY OF VENTURA
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEETS
JUNE 30, 2019 AND 2018

	Article 4	
	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 747,116	\$ 788,178
Total current assets	<u>\$ 747,116</u>	<u>\$ 788,178</u>
LIABILITIES AND FUND BALANCE		
Current liabilities:		
Accounts payable and accrued expenses	\$ 130,587	\$ 142,160
Total current liabilities	<u>130,587</u>	<u>142,160</u>
Fund balance:		
Restricted for TDA Article 4 expenditures	<u>616,529</u>	<u>646,018</u>
Total fund balance	<u>616,529</u>	<u>646,018</u>
Total liabilities and fund balance	<u>\$ 747,116</u>	<u>\$ 788,178</u>

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

COUNTY OF VENTURA
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	Article 4	
	2019	2018
REVENUES		
Local transportation fund	\$ 1,146,402	\$ 1,167,355
Interest earnings	21,964	10,275
Total revenues	<u>1,168,366</u>	<u>1,177,630</u>
EXPENDITURES		
Operating	1,059,698	953,344
Capital outlay	<u>138,157</u>	<u>15,345</u>
Total expenditures	<u>1,197,855</u>	<u>968,689</u>
Changes in fund balance	(29,489)	208,941
Fund balance, beginning	<u>646,018</u>	<u>437,077</u>
Fund balance, ending	<u><u>\$ 616,529</u></u>	<u><u>\$ 646,018</u></u>

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 YEARS ENDED JUNE 30, 2019 AND 2018**

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, 2019 and 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, 2019, have been evaluated for possible adjustments to the financial statements or disclosures is February 7, 2020, 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, 2019 and 2018, was \$747,113 and \$788,178, 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, 2019 and 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 \$242,294 and \$163,229 to VCTC to operate the service in the unincorporated areas on its behalf for the years ended June 30, 2019 and 2018, respectively.

For the years ended June 30, 2019 and 2018, the fare ratio requirement was calculated as follows:

Description	2019	2018
Operating revenues:		
Fares	\$ 94,223	\$ 93,612
Organization paid fares	756	-
Passenger route guarantee	120,000	100,000
Total operating revenues	214,979	193,612
Operating expenses	1,685,580	1,688,129
Less: Capital expenditure	(51,390)	(48,930)
Net operating expenses	\$ 1,634,190	\$ 1,639,199
Total fare ratio	13%	12%
Total fare ratio requirement pursuant to Section 99268.5(c)	10%	10%

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 years ended June 30, 2019 and 2018, the Valley Express was in compliance with the fare ratio requirement.

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 \$112,207 and \$135,252 to City of Thousand Oaks to operate this service on its behalf during the years ended June 30, 2019 and 2018, respectively.

For the years ended June 30, 2019 and 2018, the fare ratio requirement was calculated as follows:

Description	2019	2018
Operating revenues:		
Passenger fares for specialized transit services	\$ 154,731	\$ 169,037
Other local funds	53,032	45,620
Total operating revenues	207,763	214,657
Operating expenses	2,280,117	2,235,837
Less: Capital expenditures	(202,487)	(89,271)
Net operating expenses	\$ 2,077,630	\$ 2,146,566
Total fare ratio	10%	10%
Total fare ratio requirement pursuant to Section 99268.5(c)	10%	10%

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 \$12,285 and \$20,703 to the City of Thousand Oaks to operate service to the unincorporated areas within the ECTA service area on its behalf during the years ended June 30, 2019 and 2018, respectively.

NOTE 5 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS (Continued)East County Transit Alliance (Continued)

For the years ended June 30, 2019 and 2018, the fare ratio requirement was calculated as follows:

Description	2019	2018
Operating revenues:		
Passenger fares for transit services	\$ 98,830	\$ 78,081
Total operating revenues	98,830	78,081
Operating expenses:		
Operations expense	897,496	683,254
Total operating expenses	\$ 897,496	\$ 683,254
Total fare ratio	11%	11%
Total fare ratio requirement pursuant to Section 99268.5(c)	10%	10%

The County pays for a share of the operations of this service. ECTA 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 ECTA 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 \$412,360 and \$397,589 to the City of Thousand Oaks to operate the service on its behalf during the years ended June 30, 2019 and 2018, respectively.

For the years ended June 30, 2019 and 2018, the fare ratio requirement was calculated as follows:

Description	2019	2018
Operating revenues:		
Passenger fares for transit services	\$ -	\$ -
Local fare supplementation	83,760	81,400
Total operating revenues	83,760	81,400
Operating expenses:		
Operations expense	412,360	397,589
Total operating expenses	\$ 412,360	\$ 397,589
Total fare ratio	20%	20%
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 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 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 \$199,700 and \$168,195 to the City of Ojai to operate this service on its behalf during the years ended June 30, 2019 and 2018, respectively.

For the years ended June 30, 2019 and 2018, the fare ratio requirement was calculated as follows:

Description	2019	2018
Operating revenues:		
Passenger fares for transit services	\$ 110,827	\$ 95,501
Local support revenues - GCTD Energy Credit Revenue	-	60,664
Total operating revenues	110,827	156,165
Operating expenses	931,914	866,061
Less:		
Insurance: Insurance reimb for trolley damage	(11,993)	-
Transfers	(7,713)	-
Depreciation expense	(202,428)	(98,958)
Net operating expenses	\$ 709,780	\$ 767,103
Total fare ratio	16%	20%
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 of Ojai's trolley operation 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, 2019, the City of Ojai did not meet the fare ratio requirement.

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, 2019**

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES			
Local transportation fund	\$ 1,146,402	\$ 1,146,402	\$ -
Interest earnings	-	21,964	21,964
	<u>1,146,402</u>	<u>1,168,366</u>	<u>21,964</u>
Total revenues	<u>1,146,402</u>	<u>1,168,366</u>	<u>21,964</u>
EXPENDITURES			
Operating	1,146,402	1,059,698	86,704
Capital outlay	140,000	138,157	1,843
	<u>1,286,402</u>	<u>1,197,855</u>	<u>88,547</u>
Total expenditures	<u>1,286,402</u>	<u>1,197,855</u>	<u>88,547</u>
Changes in fund balance	<u>\$ (140,000)</u>	(29,489)	<u>\$ 110,511</u>
Fund balance, beginning		<u>646,018</u>	
Fund balance, ending		<u>\$ 616,529</u>	

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
SCHEDULES OF PROJECT STATUS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

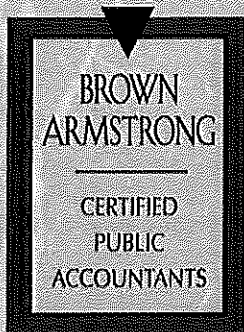
For the fiscal year ended June 30, 2019:

Project Description	Beginning Balance	Local Transportation Funds Allocation	Allocation Adjustments	Interest Earnings Allocation	Expenditures	Ending Balance
Operating:						
Valley Express	\$ 152,402	\$ 200,538	\$ (20,000)	\$ 2,889	\$ 242,294	\$ 93,535
Thousand Oaks Dial-a-Ride	1,231	185,000	-	1,802	112,207	75,826
East County Transit Alliance	11,347	45,000	-	756	12,266	44,837
Kanan Shuttle	70,814	339,183	-	4,029	328,600	85,426
Ojai Trolley	76,750	196,681	-	2,739	199,700	76,470
County Transit Services Management and Oversight	23,885	180,000	20,000	2,676	164,631	61,930
Total operating	336,429	1,146,402	-	14,891	1,059,698	438,024
Capital:						
Upgrade bus stops and shelters	254,882	-	-	7,073	131,863	130,092
Route 22 Bus Stops Local Match	29,707	-	-	-	6,294	23,413
Automatic AVA System - Kanan Shuttle	25,000	-	-	-	-	25,000
Total capital	309,589	-	-	7,073	138,157	178,505
Total	\$ 646,018	\$ 1,146,402	\$ -	\$ 21,964	\$ 1,197,855	\$ 616,529

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	299,538	983,060	-	7,175	953,344	336,429
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	137,539	184,295	-	3,100	15,345	309,589
Total	\$ 437,077	\$ 1,167,355	\$ -	\$ 10,275	\$ 968,689	\$ 646,018

OTHER REPORTS



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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

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, 2019; 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 County, and have issued our report thereon dated February 7, 2020.

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. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Recommendations as Finding 2019-001, that we consider to be a significant deficiency.

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. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and recommendations as item 2019-001.

The County's Response to Finding

The County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Recommendations. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

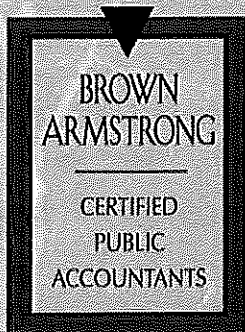
Purpose of this Report

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 7, 2020



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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

Report on Compliance with Transportation Development Act Requirements

We have audited the County of Ventura, California's (County) compliance with Transportation Development Act (TDA) requirements that funds allocated to and received by the County were expended in conformance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the Ventura County Transportation Commission as required by Sections 6666 and 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations during the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the applicable statutes, rules, and regulations of the TDA.

Auditor's Responsibility

Our responsibility is to express an opinion on each of the County's compliance requirements referred to above. We have conducted our audit of compliance 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the TDA Fund, allocated for non-transit purposes, occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Basis for Qualified Opinion on TDA Compliance

As described in the accompanying schedule of findings and recommendations, the City of Ojai did not meet the fare ratio requirement. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to the TDA.

Qualified Opinion on TDA Compliance

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on TDA funding for the year ended June 30, 2019.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
February 7, 2020

**COUNTY OF VENTURA
TRANSPORTATION DEVELOPMENT ACT – ARTICLE 4
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

Findings

Finding 2019-001

Fare Ratio Requirement

For the year ended June 30, 2019, the fare ratio calculation for the City of Ojai was 16%, which is lower than the fare ratio requirement of 20% 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 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, 2019, 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, 2019. If the year ended June 30, 2020, is deemed a non-compliant year, Section 6634 requires that the claimant be penalized in a future year (the year ended June 30, 2021). 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.

Management's Response

Management concurs.