

CITY OF SAN BUENAVENTURA, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(c) Public Utilities Code

Financial Statements

Fiscal Years Ended June 30, 2016 and 2015

CITY OF SAN BUENAVENTURA, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(c) Public Utilities Code

Fiscal Years Ended June 30, 2016 and 2015

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Comparative Balance Sheets	4
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	5
Notes to Financial Statements	
General Information	6
Summary of Significant Accounting Policies	6
Cash and Investments	8
Transportation Development Act Compliance Requirement	9
Restrictions	9
Contingencies	9
Supplemental Data:	
2016 Schedule of Expenditures by Functional Categories	11
2015 Schedule of Expenditures by Functional Categories	12
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>	13



Board of Commissioners
Ventura County Transportation Commission
Ventura, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Transportation Development Act ("TDA") Article 8, Section 99400(c) funds ("TDA Fund") of the City of San Buenaventura, California ("City"), as of and for the fiscal years ended June 30, 2016 and 2015, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 opinions.

Emphasis of Matters

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the TDA Fund of the City as of June 30, 2016 and 2015, and the change in financial position of the TDA Fund of the City for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming opinions on financial statements of the TDA Fund of the City. The *Schedule of Expenditures by Functional Categories*, listed as supplemental data in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements for the TDA Fund of the City. This supplemental data has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2016 on our consideration of the City's internal control over financial reporting for the TDA Fund, and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 City's internal control over financial reporting and compliance.

Conrad LLP

Lake Forest, California
December 14, 2016

CITY OF SAN BUENAVENTURA, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(c) Public Utilities Code

Comparative Balance Sheets

June 30, 2016 and 2015

<u>Assets</u>	<u>2016</u>	<u>2015</u>
Cash and investments (Note 3)	\$ -	\$ 45,624
Total assets	<u>\$ -</u>	<u>\$ 45,624</u>
 <u>Liabilities and fund balance</u>		
Accounts payable	\$ -	\$ 25,028
Total liabilities	<u>-</u>	<u>25,028</u>
Fund balance - restricted	<u>-</u>	<u>20,596</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 45,624</u>

See accompanying notes to financial statements.

CITY OF SAN BUENAVENTURA, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(c) Public Utilities Code

Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance

For the Fiscal Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues:		
TDA Article 8 (c) funds	\$ -	\$ -
Interest income	<u>579</u>	<u>1,672</u>
Total revenues	<u>579</u>	<u>1,672</u>
Expenditures:		
Operating expenses	<u>21,175</u>	<u>171,082</u>
Total expenditures	<u>21,175</u>	<u>171,082</u>
Net changes in fund balance	(20,596)	(169,410)
Fund balance at beginning of year	<u>20,596</u>	<u>190,006</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 20,596</u></u>

See accompanying notes to financial statements.

CITY OF SAN BUENAVENTURA, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(c) Public Utilities Code

Notes to Financial Statements

Fiscal Years Ended June 30, 2016 and 2015

(1) **General Information**

The financial statements are intended to reflect the financial position and changes in financial position for the Article 8, Section 99400(c) Transportation Development Act Local Transportation Fund ("TDA Fund") of the City of San Buenaventura, California ("City") only.

Pursuant to Section 99400(c) of the California Public Utilities Code, Article 8 monies may be used only for facilities provided for the exclusive use of transportation services, including the planning, acquisition of real property, construction of facilities and buildings, purchase and replacement of vehicles, and system operation, maintenance, and repair. Funding for this program was authorized by Ventura County Transportation Commission ("VCTC").

(2) **Summary of Significant Accounting Policies**

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups. 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 8, Section 99400(c) funds in its TDA Fund, which is a Special Revenue Fund.

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.

CITY OF SAN BUENAVENTURA, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(c) Public Utilities Code

Notes to Financial Statements

Fiscal Years Ended June 30, 2016 and 2015

(2) Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants, and contributions, is based on the primary characteristic from which the revenues are received by the City.

For the City, funds received under Transportation Development Act ("TDA") Article 8, Section (c) of the Public Utilities Code possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 8, Section 99400(c) are recognized in when related costs have been incurred. Unearned revenue arises when grant receipts are collected in excess of reimbursable costs incurred.

Fund operating revenues, such as passenger fares, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values.

Fund Equity

The components of the fund balances of governmental funds reflect the component classifications described below.

- *Nonspendable Fund Balance* – this includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed Fund Balance* – includes amounts that can be used only for the specific purposes determined by a formal action of the City Council.
- *Assigned Fund Balance* – includes amounts that are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed.

CITY OF SAN BUENAVENTURA, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(c) Public Utilities Code

Notes to Financial Statements

Fiscal Years Ended June 30, 2016 and 2015

(2) **Summary of Significant Accounting Policies (Continued)**

- *Unassigned Fund Balance* – includes any deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

It is the City's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the City Council.

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 certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

(3) **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 as of June 30, 2016 and 2015 was \$0 and \$45,624, 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.

See the City's basic financial statements for disclosures related to cash and investments including those disclosures relating to interest rate risk, credit rate risk, custodial credit risk and concentration risk.

CITY OF SAN BUENAVENTURA, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(c) Public Utilities Code

Notes to Financial Statements

Fiscal Years Ended June 30, 2016 and 2015

(4) **Transportation Development Act Compliance Requirement**

The Transportation Development Act Local Transportation Fund is subject to the provisions pursuant to Section 6634 of the California Code of Regulation and Section 99268.5(c) of the Public Utilities Code.

A. Section 6634

Pursuant to Section 6634, a transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's capital and operating costs less the actual amount of fares received, the amount of local support required to meet the fare ratio, the amount of federal operating assistance, and the amount received during the year from a city or county to which the operator has provided services beyond its boundaries.

During the fiscal year 2015-2016 the funds received from the Local Transportation Fund complied with the above provision. No State Transit Assistance funds were received during the year for this TDA fund.

(5) **Restrictions**

Funds received pursuant to the California Public Utilities Code §99400(C) (TDA Article 8, Section (c)) may only be used for facilities provided for exclusive use of transportation services, including the planning, acquisition of real property, construction of facilities and buildings, purchase and replacement of vehicles, and system operation, maintenance, and repair.

(6) **Contingencies**

See the City's basic financial statements for disclosures related to contingencies including those relating to various legal actions, administrative proceedings, or claims in the ordinary course of operations.

Supplemental Data

CITY OF SAN BUENAVENTURA, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(c) Public Utilities Code

Schedule of Expenditures by Functional Categories

For the Fiscal Year Ended June 30, 2016

	<u>Transit Facility</u>
Expenditures	
Capital outlay	<u>\$ 21,175</u>
 Total expenditures	 <u><u>\$ 21,175</u></u>

CITY OF SAN BUENAVENTURA, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(c) Public Utilities Code

Schedule of Expenditures by Functional Categories

For the Fiscal Year Ended June 30, 2015

	<u>Transit Facility</u>
Expenditures	
Capital outlay	<u>\$ 171,082</u>
 Total expenditures	 <u><u>\$ 171,082</u></u>



Board of Commissioners
Ventura County Transportation Commission
Ventura, California

**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**

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 Transportation Development Act Local Transportation Fund pursuant to Article 8(c) ("TDA Fund") of the City of San Buenaventura, California ("City"), as of and for the fiscal years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise City's TDA Fund financial statements, and have issued our report thereon dated December 14, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including §6666 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including §6666 of Part 21 of the California Code of Regulations.

Purpose of this Report

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



Lake Forest, California
December 14, 2016