

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

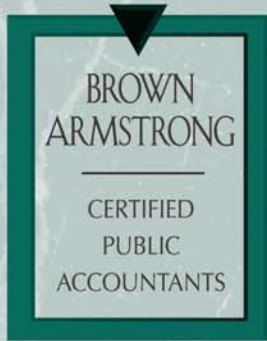
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

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

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

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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the financial statements of the Transportation Development Act (TDA) Article 4, Section 99260(a) fund (Transportation Development Act Fund) of the County of Ventura, California (County), which comprise of the balance sheet as of June 30, 2018; the related statement of revenues, expenditures, and changes in fund balance for the fiscal year then ended; and the related notes to the financial statements. The June 30, 2017, summarized comparative information has been derived from the 2017 financial statements and is included for additional analysis only. The financial statements as of June 30, 2017, were audited by other auditors, whose report dated December 31, 2017, expressed an unmodified opinion on those financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the TDA Compliance requirements included in Note 5 to these financial statements for Valley Express, City of Thousand Oaks Dial-A Ride, and East County Transit Alliance TDA Funds. Those disclosures were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities' compliance with the farebox recovery ratios, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

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expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2019, on our consideration of the County's internal control over financial reporting relating to the TDA Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance relating to the TDA Fund.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
February 28, 2019

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

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

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

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

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

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

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

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

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

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

Governmental Fund Financial Statements

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

Measurement Focus and Basis of Accounting

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

Revenue Recognition

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

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

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

Fund Balance

As prescribed by Governmental Accounting Standards Board (GASB) Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the entity is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. As of June 30, 2018, the fund balance for the Transportation Development Act Fund of the County is Restricted.

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

Use of Estimates

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

Subsequent Events

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

NOTE 2 – CASH AND INVESTMENTS

The County has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The TDA Fund's cash and investments balance as of June 30, 2018 and 2017, was \$788,178 and \$678,873, respectively.

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

NOTE 3 – RESTRICTIONS

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

NOTE 4 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2018, in the opinion of the County administration, there were no outstanding matters which would have a significant effect on the financial position of these financial statements.

NOTE 5 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

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

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

Valley Express

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

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

<u>Description</u>	<u>2018</u>
Operating revenues:	
Passenger fares for transit services	\$ 93,612
Passenger route guarantee	<u>100,000</u>
Total operating revenues	<u>193,612</u>
Operating expenses	1,688,129
Less: Capital expenditure	<u>(48,930)</u>
Net operating expenses	<u>\$ 1,639,199</u>
Total fare ratio	<u>12%</u>
Total fare ratio requirement pursuant to Section 99268.5(c)	<u>10%</u>

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

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

NOTE 5 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS (Continued)

Thousand Oaks Dial-a-Ride

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

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

Description	2018
Operating revenues:	
Passenger fares for specialized transit services	\$ 169,037
Other local funds	45,620
	214,657
Total operating revenues	214,657
Operating expenses:	2,235,837
Less: Capital expenditures	(89,271)
	2,146,566
Net operating expenses	\$ 2,146,566
Total fare ratio	10%
Total fare ratio requirement pursuant to Section 99268.5(c)	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 \$20,703 to the City of Thousand Oaks to operate service to the unincorporated areas within the ECTA service area on its behalf.

NOTE 5 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS (Continued)

East County Transit Alliance (Continued)

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

<u>Description</u>	<u>2018</u>
Operating revenues:	
Passenger fares for transit services	\$ 23,088
Total operating revenues	<u>23,088</u>
Operating expenses:	
Operations expense	<u>210,777</u>
Total operating expenses	<u>\$ 210,777</u>
Total fare ratio	<u>11%</u>
Total fare ratio requirement pursuant to Section 99268.5(c)	<u>10%</u>

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

Kanan Shuttle

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

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

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

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

NOTE 5 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS (Continued)

Ojai Trolley

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES			
Local transportation fund	\$ 1,071,093	\$ 1,071,093	\$ -
Interest earnings	-	6,443	6,443
Total revenues	<u>1,071,093</u>	<u>1,077,536</u>	<u>6,443</u>
EXPENDITURES			
Operating	1,487,800	1,078,307	409,493
Capital outlay	<u>151,513</u>	<u>130,372</u>	<u>21,141</u>
Total expenditures	<u>1,639,313</u>	<u>1,208,679</u>	<u>430,634</u>
Changes in fund balance	<u>\$ (568,220)</u>	<u>(131,143)</u>	<u>\$ 437,077</u>
Fund balance, beginning		<u>568,220</u>	
Fund balance, ending		<u>\$ 437,077</u>	

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

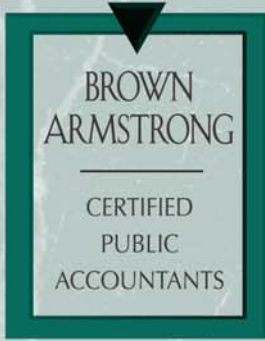
For the fiscal year ended June 30, 2018:

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

For the fiscal year ended June 30, 2017:

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

OTHER REPORT



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS AND THE TRANSPORTATION DEVELOPMENT ACT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the balance sheet of the Transportation Development Act (TDA) Article 4, Section 99260(a) fund (Transportation Development Act Fund) of the County of Ventura, California (County), as of June 30, 2018; the related statements of revenues, expenditures, and changes in fund balance for the fiscal year then ended; and the related notes to the financial statements, which collectively comprise the financial statements of the TDA Fund of the County, and have issued our report thereon dated February 28, 2019.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the TDA Fund's financial statements are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that TDA funds allocated to and received by the County were expended in conformance with applicable statutes, rules, and regulations of the TDA. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the TDA.

Purpose of this Report

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
February 28, 2019

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

Findings

None.

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

Finding – 2017-001

Fare Ratio Requirement

During the years ended June 30, 2017 and 2016, the fare ratio calculation for the Valley Express was 7% and 7%, respectively, which is lower than the fare ratio requirement of 10% for the type of transit service provided.

Criteria

Section 99268.5(c) of the Transportation Development Act (TDA) indicates that an operator in Ventura County providing specialized service for elderly and handicapped persons and regular public transportation shall be eligible for Local Transportation Funds if it maintains for the fiscal year a ratio of fare revenue to operating costs at least equal to 10.00%.

During the years ended June 30, 2017 and 2016, the funds received from the Local Transportation Fund did not comply with the above provision.

Valley Express did not meet the TDA required farebox recovery ratio during the years ended June 30, 2017 and 2016. During the year ended June 30, 2015, significant changes were made to Valley Express including major route changes (including new fixed route services) and fare structure adjustments.

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

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

Recommendation

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

Current Year Status

Implemented.

Finding – 2017-002

Fare Ratio Requirement

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

Criteria

Section 99268.5(c) of the TDA indicates that an operator in Ventura County providing regular public transportation service shall be eligible for Local Transportation Funds if it maintains for the fiscal year a ratio of fare revenue to operating costs at least equal to 20.00%.

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

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

If the year ended June 30, 2018, is deemed a non-compliant year, Section 6634 requires that the claimant be penalized in a future year (the year ended June 30, 2020). This will result in the claimant's TDA funds being reduced by the difference between the required farebox revenues and the actual revenues. Additionally, pursuant to Section 6633.9(4), the claimant shall be required to demonstrate how it will achieve the required farebox recovery ratio during any penalty year.

Recommendation

We recommend that the City of Ojai take the necessary steps to comply with the fare ratio requirement pursuant to Section 99268.5(c) of the TDA.

Current Year Status

Implemented.