

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

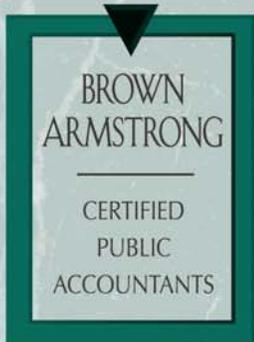
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

**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	\$ 107,120	\$ 143,360
LIABILITIES AND FUND BALANCE		
Current liabilities:		
Total current liabilities	\$ -	\$ -
Fund balance:		
Restricted for TDA Article 4 expenditures	107,120	143,360
Total fund balance	107,120	143,360
Total liabilities and fund balance	\$ 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
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	<u>2,018</u>	<u>22,287</u>
EXPENDITURES		
Operating	38,258	-
Capital outlay	<u>-</u>	<u>-</u>
Total expenditures	<u>38,258</u>	<u>-</u>
Changes in fund balance	(36,240)	22,287
Fund balance, beginning	<u>143,360</u>	<u>121,073</u>
Fund balance, ending	<u><u>\$ 107,120</u></u>	<u><u>\$ 143,360</u></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
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**

	Original Budget	Actual	Variance With Final Budget
REVENUES			
Local transportation fund	\$ 26,039	\$ -	\$ (26,039)
Interest earnings	1,600	2,018	418
	<u>27,639</u>	<u>2,018</u>	<u>(25,621)</u>
EXPENDITURES			
Operating	52,039	38,258	13,781
Capital outlay	26,039	-	26,039
	<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		143,360	
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>
EXPENDITURES			
Operating	25,300	-	25,300
Capital outlay	111,000	-	111,000
	<u>136,300</u>	<u>-</u>	<u>136,300</u>
Changes in fund balance	<u>\$ (46,000)</u>	22,287	<u>\$ 68,287</u>
Fund balance, beginning		<u>121,073</u>	
Fund balance, ending		<u>\$ 143,360</u>	

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

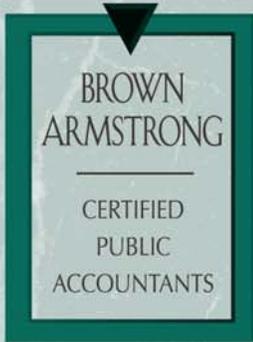
For the fiscal year ended June 30, 2019:

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



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 City Council
City of Port Hueneme
Port Hueneme, 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 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*.

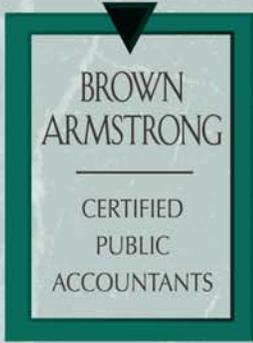
Purpose of this Report

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



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 Port Hueneme
Port Hueneme, California

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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