

City of San Buenaventura, California

**Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code**

Financial Statements and Independent Auditors' Reports

For the Years Ended June 30, 2016 and 2015



City of San Buenaventura, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Financial Statements
For the Years Ended June 30, 2016 and 2015

Table of Contents

	<u>Page</u>
Table of Contents	i
 <u>FINANCIAL SECTION</u>	
Independent Auditors' Report on the Financial Statements	1
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>	3
 Fund Financial Statements:	
Balance Sheets	7
Statements of Revenues, Expenditures and Changes in Fund Balances	8
 Notes to the Financial Statements	 9
 Supplementary Information:	
Budgetary Comparison Schedule as of June 30, 2016	13
Budgetary Comparison Schedule as of June 30, 2015	14
Schedules of Project Status	15

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of San Buenaventura
San Buenaventura, California

Report on the Financial Statements

We have audited the financial statements of the Transportation Development Act (TDA) Article 4, Section 99260(a) fund (Transportation Development Act Fund) of the City of San Buenaventura, California (City), which comprise of the balance sheets as of June 30, 2016 and 2015, and the related statements of revenues, expenditures and changes in fund balances for the 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the Transportation Development Act Fund of the City, as of June 30, 2016 and 2015, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Honorable Mayor and Members of the City Council
of the City of San Buenaventura
San Buenaventura, California
Page 2

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Transportation Development Act 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 for the years 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.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Transportation Development Act Fund of the City. The Budgetary Comparison Schedules and Schedule of Project Status on pages 15 through 17, respectively, are presented for purposes of additional analysis and are 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 of the Transportation Development Act 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 our report dated December 15, 2016, on our consideration of the City's internal control over financial reporting for the Transportation Development Act 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.

The PwC Group, LLP

Santa Ana, California
December 15, 2016



**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***

Independent Auditors' Report

To the Honorable Mayor and Members of the City Council
of the City of San Buenaventura
San Buenaventura, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the balance sheets of the Transportation Development Act (TDA) Article 4, Section 99260(a) fund (Transportation Development Act Fund) of the City of San Buenaventura, California (City) as of and for the years ended June 30, 2016, and the related statements of revenues, expenditures and changes in fund balances, and the related notes to the financial statements, which collectively comprises the Transportation Development Act Fund of the City, and have issued our report thereon dated December 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audits 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Transportation Development Act Fund of the City are free from 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.

To the Honorable Mayor and Members of the City Council
of the City of San Buenaventura
San Buenaventura, California
Page 2

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.

A handwritten signature in black ink that reads "The Per Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
December 15, 2016

FINANCIAL STATEMENTS

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City of San Buenaventura, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Balance Sheets
June 30, 2016 and 2015

	Article 4	
<u>ASSETS</u>	2016	2015
Assets:		
Cash and cash equivalents	\$ 358,973	\$ 230,337
Due from other governments	-	20,834
Total assets	\$ 358,973	\$ 251,171
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 3,906	\$ -
Total liabilities	3,906	-
Fund balance:		
Restricted	355,067	251,171
Total fund balance	355,067	251,171
Total liabilities and fund balance	\$ 358,973	\$ 251,171

City of San Buenaventura, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Statements of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended June 30, 2016 and 2015

	Article 4	
	2016	2015
Revenues:		
Local transportation funds allocation	\$ 253,250	\$ 250,006
Interest earnings	4,091	1,165
Total revenues	257,341	251,171
Expenditures:		
Operating	153,445	-
Capital outlay	-	-
Total expenditures	153,445	-
Changes in fund balance	103,896	251,171
Fund balance:		
Beginning of year	251,171	-
End of year	\$ 355,067	\$ 251,171

City of San Buenaventura, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

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 Fund of the City of San Buenaventura, 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 Transportation Development Act 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 Transportation Development Act 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.

City of San Buenaventura, California
Transportation Development Act Fund
Article 4, Section 99260(a) of the Public Utilities Code
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Fund Balance

As prescribed by 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, 2016 and 2015, the fund balance for the Transportation Development Act 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 generally accepted accounting principles 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 District 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 Transportation Development Act Fund's cash and investments balance as of June 30, 2016 and 2015 was \$358,973 and \$230,337, respectively.

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

Note 3 – Restrictions

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

Note 4 – Commitments and Contingencies

As of June 30, 2016, 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.

SUPPLEMENTARY INFORMATION

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City of San Buenaventura, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Local transportation funds allocation	\$ 253,250	\$ 253,250	\$ -
Interest earnings	-	4,091	4,091
Total revenues	<u>253,250</u>	<u>257,341</u>	<u>4,091</u>
Expenditures:			
Operating	504,421	153,445	350,976
Capital outlay	-	-	-
Total expenditures	<u>504,421</u>	<u>153,445</u>	<u>350,976</u>
Changes in fund balance	<u>\$ (251,171)</u>	103,896	<u>\$ 355,067</u>
Fund balance:			
Beginning of year		<u>251,171</u>	
End of year		<u>\$ 355,067</u>	

City of San Buenaventura, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Local transportation funds allocation	\$ 250,000	\$ 250,006	\$ 6
Interest earnings	-	1,165	1,165
Total revenues	<u>250,000</u>	<u>251,171</u>	<u>1,171</u>
Expenditures:			
Operating	250,000	-	250,000
Capital outlay	-	-	-
Total expenditures	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Changes in fund balance	<u>\$ -</u>	251,171	<u>\$ 251,171</u>
Fund balance:			
Beginning of year		<u>-</u>	
End of year		<u>\$ 251,171</u>	

City of San Buenaventura, California
Transportation Development Act – Article 4
Transportation Development Act Fund
Schedules of Project Status
For the Years Ended June 30, 2016 and 2015

For the Year Ended June 30, 2016

<u>Project Description</u>	<u>Beginning Balance</u>	<u>Local Transportation Funds Allocation</u>	<u>Allocation Adjustments</u>	<u>Interest Earnings Allocation</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Operating:						
Ventura Transportation Center	\$ 251,171	\$ 253,250	\$ -	\$ 4,091	\$ 153,445	\$ 355,067
Total operating	<u>\$ 251,171</u>	<u>\$ 253,250</u>	<u>\$ -</u>	<u>\$ 4,091</u>	<u>\$ 153,445</u>	<u>\$ 355,067</u>

For the Year Ended June 30, 2015

<u>Project Description</u>	<u>Beginning Balance</u>	<u>Local Transportation Funds Allocation</u>	<u>Allocation Adjustments</u>	<u>Interest Earnings Allocation</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Operating:						
Ventura Transportation Center	\$ -	\$ 250,006	\$ -	\$ 1,165	\$ -	\$ 251,171
Total operating	<u>\$ -</u>	<u>\$ 250,006</u>	<u>\$ -</u>	<u>\$ 1,165</u>	<u>\$ -</u>	<u>\$ 251,171</u>