CITY OF OJAI, CALIFORNIA

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

Financial Statements

Fiscal Year Ended June 30, 2017

CITY OF OJAI, CALIFORNIA

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

Fiscal Year Ended June 30, 2017

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CERTIFIED PUBLIC ACCOUNTANTS

Board of Commissioners
Ventura County Transportation Commission
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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 Ojai, California ("City"), as of and for the fiscal year ended June 30, 2017, 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.

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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, 2017, 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, 2017, and the change in financial position of the TDA Fund of the City for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 19, 2017 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 19, 2017

CITY OF OJAI, CALIFORNIA

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

Comparative Statement of Net Position

June 30, 2017

Assets	2017
Cash and investments (Note 3)	$ -
Due from other governmental agency	-
Total current assets	$ -
Liabilities	
Accounts payable	$ -
Total liabilities	-
Net position	
Restricted	-
Total net position	$ -

See accompanying notes to financial statements

CITY OF OJAI, CALIFORNIA

Transportation Development Act Local Transportation Fund
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Comparative Statement of Changes in Net Position

Fiscal Year Ended June 30, 2017

	2017
Operating revenues:	
Passenger fares for transit services	$ -
Total operating revenues	-
Operating expenses:	
Operations	-
Total operating expenses	-
Operating income (loss)	-
Non-operating revenues:	
Local transportation allocation, Article 8(c)	-
FTA federal grants	-
Interest income	-
Total non-operating revenues	-
Non-operating expenses:	
Interest expense	-
Total non-operating expenses	-
Change in net position	-
Net position at beginning of year	-
Net position at end of year	$ -

See accompanying notes to financial statements

CITY OF OJAI, CALIFORNIA

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

Comparative Statement of Cash Flows

Fiscal Year Ended June 30, 2017

	2017
Cash flow from operating activities:	
Cash received from passenger fares	$ -
Cash paid for operating costs, net of support	-
Net cash used for operating activities	-
Cash flow from noncapital financing activities:	
Cash received from local transportation fund, article 8(c)	-
Cash received from FTA federal grants	-
Net cash provided by noncapital financing activities	-
Cash flows from capital and related financing activities:	
Purchase of capital assets	-
Net cash used for capital and related financing activities	-
Cash flows from investing activities:	
Cash received from interest received from investments	-
Net cash provided by investing activities	-
Net increase (decrease) in cash and investments	-
Cash and investments beginning of year	-
Cash and investments, end of year	$ -

See accompanying notes to the financial statements.

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

Comparative Statement of Cash Flows

Fiscal Year Ended June 30, 2017

	2017
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities	
Operating income (loss)	$ -
Adjustments to reconcile operating income (loss) to net Cash provided by (used for) operating activities:	
Depreciation	-
Changes in operating assets and liabilities:	
Decrease/(increase) in due from other funds	-
Increase/(decrease) in accounts payable	-
Total adjustments	-
Net cash used for operating activities	$ -

Noncash investing, capital, and financing activities:

The local transportation development act fund had no non-cash financing activity in fiscal year 2016-17.

See accompanying notes to the financial statements.

(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 Ojai, 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 the Ventura County Transportation Commission ("VCTC").

In prior year's the TDA Article 8, Section 99400(c) funds were reported as part of the Transit funds and included other funding sources. However, as the City of Ojai has completely spent all the TDA Article 8, Section 99400(c) funds and will not be receiving further funding, this report was issued to reflect that there are no outstanding balances as of June 30, 2017. However, as in prior years the Transit fund included other funding sources, no comparative amounts for Fiscal Year 2015/16 has been reported.

(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 Transportation Fund, which is a Proprietary Fund in accordance with the requirements of Public Utilities Code Section 99243. Proprietary Funds are used to account for "business-type activities" similar to those found in the private sector such as services primarily funded through user charges.

Measurement Focus and Basis of Accounting

Proprietary Funds are accounted for using the accrual basis of accounting. The revenues are recognized in the accounting period when they are earned, and expenses are recognized in the accounting period in which the liability is incurred.

(2) Summary of Significant Accounting Policies (Continued)

The Fund applies pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989 that are not in conflict with applicable GASB pronouncements.

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 99400(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 when related costs have been incurred. An 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.

Net Position

The components of net position reflect the component classifications described below.

- *Net Investment in Capital Assets* – this includes capital assets net of depreciation reduced by the outstanding balances of bonds and notes, if any, that are attributable to the acquisition, construction, or improvement of those assets. Applicable deferred outflows of resources and deferred inflows of resources, if any, should also be included in this component of net position.

- *Restricted* – this includes assets, mainly cash and investments, bound by constraints on resources that are externally imposed by creditors, grantors, contributors, or laws and regulations of other governments.

- *Unrestricted* – this includes the remaining balance of the net amount of assets, deferred outflows of resources that are not included in the determination of net investment in capital, or the restricted components of net position.

It is the City's policy that restricted resources will be applied first, followed by unrestricted resources, in the absence of a formal policy adopted by the City Council.

(2) Summary of Significant Accounting Policies (Continued)

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 Transportation Development Fund's cash and investments as of June 30, 2017 was $0.

The Transportation 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 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.

(4) Restrictions

Funds received pursuant to the California Public Utilities Code §99400(C) (TDA Article 8, Section 99400(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.

(5) 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.

Conrad
CERTIFIED PUBLIC ACCOUNTANTS

Board of Commissioners
Ventura County Transportation Commission
Ventura, California

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*

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 Article 8(c) Transportation Fund of the City of Ojai, California ("City"), as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's Transportation Fund financial statements, and have issued our report thereon dated December 19, 2017.

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 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Transportation Fund of the City are 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.

Conrad LLP

Lake Forest, California
December 19, 2017