

CITY OF THOUSAND OAKS, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 3, Section 99234 Public Utilities Code

Financial Statements

Fiscal Years Ended June 30, 2021 and 2020

CITY OF THOUSAND OAKS, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 3, Section 99234 Public Utilities Code

Fiscal Years Ended June 30, 2021 and 2020

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Board of Commissioners
Ventura County Transportation Commission
Ventura, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Transportation Development Act ("TDA") Article 3 funds ("TDA Fund") of the City of Thousand Oaks, California (the "City"), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2021 and 2020, 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.

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, 2021 and 2020, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on financial statements of the TDA Fund of the City. The *Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual* and the *Schedule of Status of Funds by Project*, listed as supplemental data in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The *Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements for the TDA Fund of the City. Such information 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 *Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual* 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 January 25, 2022 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 solely 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 effectiveness of the City's 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.

Conrad LLP

Lake Forest, California
January 25, 2022

CITY OF THOUSAND OAKS, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 3, Section 99234 Public Utilities Code

Comparative Balance Sheets

June 30, 2021 and 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Cash and investments (Note 3)	\$ 36,771	\$ 40,237
Interest receivable	<u>111</u>	<u>1,498</u>
Total assets	<u>\$ 36,882</u>	<u>\$ 41,735</u>
 <u>Liabilities and Fund Balance</u>		
Accounts payable	<u>\$ 3,609</u>	<u>\$ 2,452</u>
Total liabilities	<u>3,609</u>	<u>2,452</u>
Fund balance - restricted	<u>33,273</u>	<u>39,283</u>
Total liabilities and fund balance	<u>\$ 36,882</u>	<u>\$ 41,735</u>

See accompanying notes to financial statements

CITY OF THOUSAND OAKS, CALIFORNIA

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Comparative Statement of Revenues, Expenditures,
and Changes in Fund Balance

Fiscal Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues:		
TDA Article 3 funds	\$ 4,539	\$ 6,591
Interest income (Note 4)	104	1,272
Fair value adjustment (Note 4)	<u>(1,123)</u>	<u>1,078</u>
Total revenues	<u>3,520</u>	<u>8,941</u>
Expenditures:		
Construction, maintenance, and engineering	<u>9,530</u>	<u>146,553</u>
Total expenditures	<u>9,530</u>	<u>146,553</u>
Excess (deficiency) of revenues over (under) expenditures	(6,010)	(137,612)
Fund balance at beginning of year	<u>39,283</u>	<u>176,895</u>
Fund balance at end of year	<u>\$ 33,273</u>	<u>\$ 39,283</u>

See accompanying notes to financial statements

CITY OF THOUSAND OAKS, CALIFORNIA

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Notes to Financial Statements

Fiscal Years Ended June 30, 2021 and 2020

(1) **General Information**

The financial statements are intended to reflect the financial position and changes in financial position for the Transportation Development Act Local Transportation Fund pursuant to Article 3 (“TDA Fund”) of the City of Thousand Oaks, California (the “City”) only.

Pursuant to Section 99234 of the California Public Utilities Code, Article 3 monies may be used only for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenses of those facilities, the maintenance of bicycle trails (which are closed to motorized traffic), and bicycle safety education programs. Facilities that provide for the use of bicycles may include projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots, and transit terminals where other funds are unavailable. Funding for this program was authorized by the Ventura County Transportation Commission (“VCTC”).

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

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves, and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The City accounts for the activity of the Article 3 funds in its TDA Fund, which is a Special Revenue Fund. Special Revenue Funds are used to account for and report on a particular source of revenue.

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 are generally recorded when a liability is incurred.

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Notes to Financial Statements

Fiscal Years Ended June 30, 2021 and 2020

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

Revenue Recognition

Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants, and contributions, is based on the primary characteristic from which the revenues are received by the City. For the City, funds received under TDA Article 3 possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 3 are recognized in the period when all eligibility requirements have been met.

A deferred inflow of resources arises when potential revenues do not meet both the measurable and availability criteria for recognition in the current period. Deferred inflows of resources 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 deferred inflow of resources is removed from the balance sheet, and revenue is recognized.

Fund Balance

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

- *Nonspendable Fund Balance* – Amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, such as, inventories and prepaid amounts.
- *Restricted Fund Balance* – Amounts that are restricted for specific purposes by external resource providers, constitutionally, through enabling legislation, or restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* – Amounts that can only be used for the specific purposes determined by a formal adopted resolution of the City Council. Commitments may be changed or lifted only by a formal adopted resolution of the City.
- *Assigned Fund Balance* – Amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council to which the assigned amounts are to be used for specific purposes; such as continued capital projects, capital improvement plan, and budget. The City Council did not

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Notes to Financial Statements

Fiscal Years Ended June 30, 2021 and 2020

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

delegate another body to assign fund balances. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) other than the General Fund that are not classified as nonspendable, restricted, or committed.

- *Unassigned Fund Balance* – Residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts also include any residual negative amounts in governmental funds.

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

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 the management of cash. The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The TDA Fund's cash and investments as of June 30, 2021 and 2020 were \$36,771 and \$40,237, respectively.

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

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

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Notes to Financial Statements

Fiscal Years Ended June 30, 2021 and 2020

(4) Interest Income

Interest income for fiscal years ended June 30, 2021 and 2020 has been broken out to identify interest income and fair value adjustment, as the unrealized loss due to the fair value adjustment in fiscal year 2021 is greater than the interest income. Interest income and fair value adjustment for the fiscal years ended June 30, 2021 and 2020 were as follows:

	<u>FY 2021</u>	<u>FY 2020</u>
Interest income	\$ 104	\$ 1,272
Fair value adjustment	(1,123)	1,078
Total interest revenues	<u>\$ (1,019)</u>	<u>\$ 2,350</u>

(5) Restrictions

Funds received pursuant to the California Public Utilities Code §99234 (TDA Article 3) may only be used for facilities provided for exclusive use by bicycle and pedestrian facilities or bicycle safety education programs.

(6) Contingencies

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

(7) Budgetary Data

The City Manager presents an operating and capital budget to the City Council for review and adoption. The biennial budget is consistent with accounting principles generally accepted in the United States of America and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current year's expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.

Supplemental Data

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Schedule of Revenues, Expenditures,
and Changes in Fund Balance – Budget and Actual

Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA Article 3 funds	\$ 59,000	\$ 59,000	\$ 4,539	\$ (54,461)
Interest income (Note 4)	5,000	5,000	104	(4,896)
Fair value adjustment (Note 4)	<u>-</u>	<u>-</u>	<u>(1,123)</u>	<u>(1,123)</u>
Total revenues	<u>64,000</u>	<u>64,000</u>	<u>3,520</u>	<u>(60,480)</u>
Expenditures:				
Construction, maintenance, and engineering	<u>-</u>	<u>38,066</u>	<u>9,530</u>	<u>28,536</u>
Total expenditures	<u>-</u>	<u>38,066</u>	<u>9,530</u>	<u>28,536</u>
Deficiency of revenues under expenditures	<u>\$ 64,000</u>	<u>\$ 25,934</u>	<u>(6,010)</u>	<u>\$ (31,944)</u>
Fund balance at beginning of year			<u>39,283</u>	
Fund balance at end of year			<u>\$ 33,273</u>	

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Schedule of Revenues, Expenditures,
and Changes in Fund Balance – Budget and Actual

Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA Article 3 funds	\$ 59,000	\$ 59,000	\$ 6,591	\$ (52,409)
Interest income (Note 4)	5,000	5,000	1,272	(3,728)
Fair value adjustment (Note 4)	<u>-</u>	<u>-</u>	<u>1,078</u>	<u>1,078</u>
Total revenues	<u>64,000</u>	<u>64,000</u>	<u>8,941</u>	<u>(55,059)</u>
Expenditures:				
Construction, maintenance, and engineering	<u>-</u>	<u>161,496</u>	<u>146,553</u>	<u>14,943</u>
Total expenditures	<u>-</u>	<u>161,496</u>	<u>146,553</u>	<u>14,943</u>
Excess of revenues over expenditures	<u>\$ 64,000</u>	<u>\$ (97,496)</u>	(137,612)	<u>\$ (40,116)</u>
Fund balance at beginning of year			<u>176,895</u>	
Fund balance at end of year			<u>\$ 39,283</u>	

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Schedule of Status of Funds by Project

Fiscal Year Ended June 30, 2021

Project Name	Program Year	LTF Allocation	Required Local Match	Notes	Approved Transfer / Accrued		LTF Allocations / Transfers and		Current Year LTF Expenditures	Current Year Local Match Expenditures	Prior Years LTF Expenditures	Prior Years Local Match Expenditures	Unexpended LTF Allocations	Program Status
					Interest Applied	Notes	Local Match	Local Match						
Sidewalk Construction - Los Feliz	2013-14	\$ 55,000	\$ 55,000		\$ 241,248	(1), (2)	\$ 351,248	\$ -	\$ -	\$ 296,248	\$ 1,052,794	\$ -	Closed	
Sidewalk Construction - Westlake Blvd (CI5337)	2015-16	60,000	119,057	(3)	96,155	(2), (7)	\$ 275,212	1,312	1,788	154,843	961,550	-	Closed	
Conejo School Road/Willow Lane Sidewalk (CI5492)	2017-18	252,500	110,000	(5)	147,971	(4), (7)	\$ 510,471	3,679	1,130,206	362,500	659,502	34,292	Open (7)	
Class I Bicycle Maintenance (BI0SAF)	2020-21	4,539	-		-		4,539	4,539	-	-	-	-	Closed	
Totals		\$ 372,039	\$ 284,057		\$ 485,374		\$ 1,141,470	\$ 9,530	\$ 1,131,994	\$ 813,591	\$ 2,673,846	\$ 34,292		
Unexpended interest accumulated to date													<u>(1,019)</u> (6)	
Fund balance at June 30, 2021													<u>\$ 33,273</u>	

Notes:

- (1) : Previous transfer amount of \$335,851 less the remaining LTF of \$94,603, i.e. a net amount of \$241,248 was transferred to Sidewalk Construction - Westlake Blvd. Transfer was approved per VCTC letter dated December 6, 2017.
- (2) : Transfer of \$94,603 from the remaining LTF from Los Feliz project and the unexpended interest accumulated as of June 30, 2016 of \$23,512. Transfer was approved per VCTC letter dated December 6, 2017. Prior unexpended interest accumulation fully expended in FY19/20.
- (3) : Per the total transfer of \$118,115 described in Note (2) above, the City was to provide a 50% or \$59,057 match per their letter to VCTC dated December 6, 2017. The original Westlake Blvd. project match requirement was \$60,000.
- (4) : VCTC approved the Conejo School Road and Willow Lane Sidewalk and Bike Lane Project on October 6, 2017 as part of the VCTC FY17/18 and FY18/19 CMAQ/TDA Call-for-Projects. The approved project included utilizing the \$110,000 of FY16/17 TDA Article 3 funds for the PE Phase of the Conejo School Road and Willow Lane Sidewalk and Bike Lane Project. On March 10, 2021, VCTC approved the transfer of \$17,866 in accumulated interest (later amended to the audited amount of
- (5) : Correction of local match from \$445,000 to \$110,000, for the Conejo School Road Project was approved by VCTC per the letter dated October 31, 2018.
- (6) : Prior year interest in the amount of \$16,011 was approved for transfer by VCTC to Conejo School Road/Willow Lane Sidewalk Project on March 10, 2021
- (7) : Conejo School Road/Willow Lane Sidewalk Project was reopened so it can be completed with the transfer of \$21,960 from the completed Westlake Blvd Project. The transfer was approved per VCTC letter dated October 18, 2021.



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 financial statements of the Local Transportation Development Act Fund pursuant to Article 3 (“TDA Fund”) of the City of Thousand Oaks, California (the “City”), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the City’s TDA Fund financial statements, and have issued our report thereon dated January 25, 2022.

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) as a basis for designing 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 TDA 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 financial statements. 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.

The image shows a handwritten signature in blue ink that reads "Conrad LLP". The signature is written in a cursive, flowing style.

Lake Forest, California
January 25, 2022