

CITY OF THOUSAND OAKS, CALIFORNIA

East County Transit Alliance

Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

CITY OF THOUSAND OAKS, CALIFORNIA

East County Transit Alliance

Fiscal Years Ended June 30, 2023 and 2022

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Board of Commissioners
Ventura County Transportation Commission
Ventura, California

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of the East County Transit Alliance Fund ("ECTA Fund") of the City of Thousand Oaks, California (the "City"), as of and for the years ended June 30, 2023, and 2022, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the ECTA Fund of the City, as of June 30, 2023, and 2022, and the respective changes in financial position of the ECTA Fund of the City for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 ECTA Fund of the City and do not purport to, and do not present fairly, the financial position of the City as of June 30, 2023, and 2022, the changes in its financial position, or, where applicable, its cash flows 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.

Responsibilities of Management 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ECTA Fund of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 12, 2023 on our consideration of the City's internal control over financial reporting for the ECTA 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 the City's internal control over financial reporting and compliance.



Lake Forest, California
December 12, 2023

CITY OF THOUSAND OAKS, CALIFORNIA

East County Transit Alliance

Comparative Balance Sheets

For the Fiscal Years Ended June 30, 2023, and 2022

| <u>Assets</u> | <u>2023</u> | <u>2022</u> |
|-----------------------------------------|-------------------|-------------------|
| Current assets: | | |
| Cash and investments (Note 3) | \$ - | \$ 3,632 |
| Accounts receivable | <u>297,651</u> | <u>132,674</u> |
| Total assets | <u>\$ 297,651</u> | <u>\$ 136,306</u> |
| <u>Liabilities and Fund Balance</u> | | |
| Current liabilities: | | |
| Accounts payable | \$ 136,624 | \$ 107,338 |
| Unearned revenue (Note 4) | 20,190 | 21,510 |
| Due to other funds (Note 5) | <u>140,837</u> | <u>3,826</u> |
| Total liabilities | <u>297,651</u> | <u>132,674</u> |
| Deferred inflow of resources: | | |
| Unavailable revenue (Note 6) | <u>107,574</u> | <u>-</u> |
| Fund (deficit) balance: | | |
| Restricted for transportation (Note 7) | <u>(107,574)</u> | <u>3,632</u> |
| Total liabilities and fund balance | <u>\$ 297,651</u> | <u>\$ 136,306</u> |

See accompanying notes to financial statements

CITY OF THOUSAND OAKS, CALIFORNIA

East County Transit Alliance

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

Fiscal Years Ended June 30, 2023, and 2022

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------------------------------|-------------------------|---------------------|
| Revenues: | | |
| Management fees (Note 10) | \$ 107,964 | \$ 99,843 |
| Federal grants | 63,608 | 20,095 |
| Revenue from agencies for transportation svcs. (Note 10) | 713,736 | 547,429 |
| Fares | <u>43,392</u> | <u>18,984</u> |
| Total revenues | <u>928,700</u> | <u>686,351</u> |
| Expenditures: | | |
| Operating expenditures | <u>1,039,906</u> | <u>682,719</u> |
| Total expenditures | <u>1,039,906</u> | <u>682,719</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(111,206)</u> | <u>3,632</u> |
| Fund balance at beginning of year | <u>3,632</u> | <u>-</u> |
| Fund (deficit) balance at end of year (Note 7) | <u>\$ (107,574)</u> | <u>\$ 3,632</u> |

See accompanying notes to financial statements

CITY OF THOUSAND OAKS, CALIFORNIA

East County Transit Alliance

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(1) **General Information**

The East County Transit Alliance Fund (“ECTA Fund”) was established effective July 1, 2015 via the Fiscal Agent Agreement to provide inter-city dial-a-ride services between the City of Thousand Oaks (the “City”) and the participating agencies of the East County Transit Alliance consisting of the City of Moorpark, the City of Simi Valley, and the County of Ventura. The City of Thousand Oaks serves as the fiscal agent of the ECTA Fund and recovers all costs through billing the participating agencies on a per-ride basis, which includes a per-ride administrative overhead charge. The member agencies receive credit for all fares collected.

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

Fund Accounting

The accounts of the ECTA Fund 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 of Thousand Oaks accounts for the activity of the East County Transit Alliance in its ECTA 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.

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 East County Transit Alliance (“ECTA”). 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.

CITY OF THOUSAND OAKS, CALIFORNIA

East County Transit Alliance

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(2) Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

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 ECTA Fund 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 ECTA 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 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.

CITY OF THOUSAND OAKS, CALIFORNIA

East County Transit Alliance

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

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

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 of Thousand Oaks 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 ECTA Fund's cash and investments as of June 30, 2023 and 2022 were \$0 and \$3,632, respectively

The ECTA 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 ECTA Fund are those of the City of Thousand Oaks and are included in the City of Thousand Oaks' basic financial statements.

See the City of Thousand Oaks 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) **Unearned Revenue**

The ECTA Fund maintains an unearned revenue account to account for unused bus tickets sold to MV Transportation. Revenue is recognized as bus tickets are redeemed.

CITY OF THOUSAND OAKS, CALIFORNIA

East County Transit Alliance

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(4) Unearned Revenue (Continued)

The balance of unearned revenue as of June 30, 2023, and 2022 consists of the following:

| | <u>FY 2022/23</u> | <u>FY 2021/22</u> |
|--------------------------------|-------------------|-------------------|
| Unearned revenue as of July 1 | \$ 21,510 | \$ 25,452 |
| New tickets issued | 24,468 | 3,000 |
| Tickets redeemed | (25,788) | (6,942) |
| Tickets bought back | <u>-</u> | <u>-</u> |
| Unearned revenue as of June 30 | <u>\$ 20,190</u> | <u>\$ 21,510</u> |

(5) Due to Other Funds

Due to timing issues of accounts receivable at year end, a temporary infusion of cash from the City's General Fund was necessary to prevent a negative cash balance. ECTA Fund's due to other funds as of June 30, 2023, and 2022 were \$140,837 and \$3,826, respectively.

(6) Unavailable Revenue

During Fiscal Year 2022/23 City staff discovered the ECTA program collected excess Federal Transit Administration (FTA) reimbursement funds from the Ventura County Transportation Commission ("VCTC") for vehicle maintenance expenses. Due to this error, VCTC is withholding payments for the third and fourth quarter reimbursement requests while a solution is determined by FTA. ECTA funds due to the City as of June 30, 2023, was \$107,574.

(7) Deficit Fund Balance

The ECTA Fund reported a deficit fund balance of \$107,574 as of June 30, 2023. The City staff discovered the ECTA program collected excess FTA reimbursement funds from VCTC for vehicle maintenance expenses. Due to this error, VCTC is withholding payments for the third and fourth quarter reimbursement requests while a solution is determined by FTA. The withholding of the FTA funds resulted in the deficit fund balance for the same amount. The deficit will be eliminated when the overpayment is resolved and payment is received from VCTC.

CITY OF THOUSAND OAKS, CALIFORNIA

East County Transit Alliance

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(8) Transportation Development Act Compliance Requirements

The ECTA is subject to the provisions pursuant to Section 6634 of the California Code of Regulation and Section 99268.3 of the Public Utilities Code.

A. Section 6634

Pursuant to Section 6634, a transit claimant is precluded from receiving monies from the State Transit Assistance Fund in an amount which exceeds the claimant's capital and operating costs less the actual amount of fares received, the amount of local support required to meet the fare ratio, the amount of federal operating assistance, and the amount received during the year from a city or county to which the operator has provided services beyond its boundaries. During the Fiscal Year 2022/23 and 2021/22, no State Transit Assistance Funds were received.

B. Section 99268.3

Section 99268.3 indicates that an operator in Ventura County providing regular public transportation shall be eligible for Transportation Development Act Funds if it maintains for the fiscal year, ratio of fare revenue to operating costs at least equal to 10.00%.

The ECTA is subject to the provisions of the California Public Utilities Code §99268.3 and must maintain a minimum fare box recovery ratio of 10.00%. During the year ended June 30, 2023, the ECTA's fare box recovery ratios were calculated as follows:

| | County of Ventura | City of Moorpark | City of Simi Valley | City of Thousand Oaks | Total |
|---------------------------|----------------------|---------------------|------------------------|-----------------------------|---------------------|
| Passenger fares | \$ 207 | \$ 9,138 | \$ 17,233 | \$ 16,814 | \$ 43,392 |
| Adjustments: | | | | | |
| AB149 – federal funds (a) | <u>818</u> | <u>36,050</u> | <u>67,986</u> | <u>66,329</u> | <u>171,182</u> |
| Total farebox revenue | <u>\$ 1,025</u> | <u>\$ 45,188</u> | <u>\$ 85,219</u> | <u>\$ 83,142</u> | <u>\$ 214,574</u> |
| Operating expenses (b) | <u>\$ 4,966</u> | <u>\$ 219,000</u> | <u>\$ 413,002</u> | <u>\$ 402,938</u> | <u>\$ 1,039,906</u> |
| Farebox recovery ratio | <u>20.63%</u> | <u>20.63%</u> | <u>20.63%</u> | <u>20.63%</u> | <u>20.63%</u> |
| Required fare ratio | <u>10.00%</u> | <u>10.00%</u> | <u>10.00%</u> | <u>10.00%</u> | <u>10.00%</u> |

Notes:

(a) Per Assembly Bill 149, federal funds received are authorized to be counted as "local funds" for purposes of calculating the farebox recovery ratio through fiscal year 2023/24.

CITY OF THOUSAND OAKS, CALIFORNIA

East County Transit Alliance

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(8) Transportation Development Act Compliance Requirements (Continued)

- (b) Passenger fares earned by each participating agency for period July 1, 2022 through June 30, 2023 were used to calculate a *pro rata* share of agency passenger fares to total passenger fares. This *pro rata* share was used to allocate total operating expenses to each participating agency.

During the year ended June 30, 2022, the ECTA's fare box recovery ratios were calculated as follows:

| | County of Ventura | City of Moorpark | City of Simi Valley | City of Thousand Oaks | Total |
|---------------------------|----------------------|---------------------|------------------------|-----------------------------|-------------------|
| Passenger fares | \$ 38 | \$ 2,798 | \$ 6,587 | \$ 9,561 | \$ 18,984 |
| Adjustments: | | | | | |
| AB149 – free fares (a) | 62 | 2,317 | 8,437 | 8,810 | 19,626 |
| AB149 – federal funds (b) | <u>52</u> | <u>2,663</u> | <u>7,819</u> | <u>9,561</u> | <u>20,095</u> |
| Total AB149 adjustments | 114 | 4,980 | 16,256 | 18,371 | 39,721 |
| Total farebox revenue | <u>\$ 152</u> | <u>\$ 7,778</u> | <u>\$ 22,843</u> | <u>\$ 27,932</u> | <u>\$ 58,705</u> |
| Operating expenses (c) | <u>\$ 1,765</u> | <u>\$ 90,461</u> | <u>\$ 265,659</u> | <u>\$ 324,834</u> | <u>\$ 682,719</u> |
| Farebox recovery ratio | <u>8.60%</u> | <u>8.60%</u> | <u>8.60%</u> | <u>8.60%</u> | <u>8.60%</u> |
| Required fare ratio | <u>10.00%</u> | <u>10.00%</u> | <u>10.00%</u> | <u>10.00%</u> | <u>10.00%</u> |

Notes:

- (a) Per Assembly Bill 149, signed July 16, 2021, fare free transit passes are authorized to be counted at their full retail value for the purposes of calculating the farebox recovery ratio through Fiscal Year 2022/23. The ECTA program did not collect fares from the ridership for the period July 1, 2021 through December 31, 2021.
- (b) Per Assembly Bill 149, federal funds received are authorized to be counted as "local funds" for purposes of calculating the farebox recovery ratio through Fiscal Year 2021/22.
- (c) Passenger fares earned by each participating agency for period January 1, 2022 through June 30, 2022 and free fares added back for period July 1, 2021 through December 31, 2021 were used to calculate a *pro rata* share of agency passenger fares to total passenger fares. This *pro rata* share was used to allocate total operating expense to each participating agency.

During the Fiscal Year 2021/22, the ECTA participants maintained a cumulative ratio of fare revenues to operating costs of 8.60%. While the ratios do not meet the minimum ratio of 10.00%, Assembly Bill 149 waived penalties for operators that do not maintain the required ratio of fare revenues to operating costs during Fiscal Year 2021/22.

CITY OF THOUSAND OAKS, CALIFORNIA

East County Transit Alliance

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(9) Restrictions

Funds received from ECTA participants consist of TDA 4 or TDA 8(c) funds. Pursuant to the California Public Utilities Code §99400(C) (TDA Article 8(c)) and §99260 (TDA Article 4), such funds may only be used for 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.

During the Fiscal Year 2022/23 the following agencies used TDA funds to pay the City for system operation, maintenance, and repair:

| | <u>County of Ventura (b)</u> | <u>City of Moorpark</u> | <u>City of Simi Valley</u> | <u>City of Thousand Oaks</u> | <u>Total</u> |
|-------------|----------------------------------|-----------------------------|------------------------------------|--------------------------------------|-------------------|
| TDA funds | \$ 3,624 | \$ 58,510 | \$ 166,220 | \$ 324,300 | \$ 552,654 |
| Other funds | <u>-</u> | <u>102,826</u> | <u>166,220</u> | <u>-</u> | <u>269,046</u> |
| Total | <u>\$ 3,624</u> | <u>\$ 161,336</u> | <u>\$ 332,440</u> | <u>\$ 324,300</u> | <u>\$ 821,700</u> |

During the Fiscal Year 2021/22 the following agencies used TDA funds to pay the City for system operation, maintenance, and repair:

| | <u>County of Ventura (b)</u> | <u>City of Moorpark</u> | <u>City of Simi Valley</u> | <u>City of Thousand Oaks</u> | <u>Total</u> |
|-------------|----------------------------------|-----------------------------|------------------------------------|--------------------------------------|-------------------|
| TDA funds | \$ 2,308 | \$ 29,568 | \$ 121,747 | \$ 319,495 | \$ 473,118 |
| Other funds | <u>-</u> | <u>52,406</u> | <u>121,748</u> | <u>-</u> | <u>174,154</u> |
| Total | <u>\$ 2,308</u> | <u>\$ 81,974</u> | <u>\$ 243,495</u> | <u>\$ 319,495</u> | <u>\$ 647,272</u> |

Note (b): The County of Ventura claims its TDA funds through the Gold Coast Transit District.

CITY OF THOUSAND OAKS, CALIFORNIA

East County Transit Alliance

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(10) Participation by Agency

The following shows the level of participation by each agency for fiscal year ended June 30, 2023:

| | County of <u>Ventura</u> | City of <u>Moorpark</u> | City of Simi <u>Valley</u> | City of Thousand <u>Oaks</u> | <u>Total</u> |
|---------------------|-----------------------------|----------------------------|----------------------------------|------------------------------------|-------------------|
| Charges for service | \$ 3,144 | \$ 140,004 | \$ 289,250 | \$ 281,338 | \$ 713,736 |
| Management fees | <u>479</u> | <u>21,332</u> | <u>43,190</u> | <u>42,963</u> | <u>107,964</u> |
| Total | <u>\$ 3,623</u> | <u>\$ 161,336</u> | <u>\$ 332,440</u> | <u>\$ 324,301</u> | <u>\$ 821,700</u> |

The following shows the level of participation by each agency for fiscal year ended June 30, 2022:

| | County of <u>Ventura</u> | City of <u>Moorpark</u> | City of Simi <u>Valley</u> | City of Thousand <u>Oaks</u> | <u>Total</u> |
|---------------------|-----------------------------|----------------------------|----------------------------------|------------------------------------|-------------------|
| Charges for service | \$ 1,982 | \$ 69,325 | \$ 205,958 | \$ 270,164 | \$ 547,429 |
| Management fees | <u>326</u> | <u>12,649</u> | <u>37,537</u> | <u>49,331</u> | <u>99,843</u> |
| Total | <u>\$ 2,308</u> | <u>\$ 81,974</u> | <u>\$ 243,495</u> | <u>\$ 319,495</u> | <u>\$ 647,272</u> |

(11) Contingencies

See the City of Thousand Oaks 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.

CITY OF THOUSAND OAKS, CALIFORNIA

East County Transit Alliance

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(12) **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 expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.

Required Supplementary Information

CITY OF THOUSAND OAKS, CALIFORNIA

East County Transit Alliance

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

Fiscal Year Ended June 30, 2023

| | Budget | | Actual | Variance From Final Budget Favorable |
|-----------------------------------------------------------|---------------------|---------------------|---------------------|--------------------------------------------|
| | Original | Final | | (Unfavorable) |
| Revenues: | | | | |
| Management fees (Note 10) | \$ 200,000 | \$ 200,000 | \$ 107,964 | \$ (92,036) |
| Federal grants | 115,000 | 115,000 | 63,608 | (51,392) |
| Revenue from agencies for transportation svcs. (Note 10) | 750,000 | 750,000 | 713,736 | (36,264) |
| Fares | <u>128,000</u> | <u>128,000</u> | <u>43,392</u> | <u>(84,608)</u> |
| Total revenues | <u>1,193,000</u> | <u>1,193,000</u> | <u>928,700</u> | <u>(264,300)</u> |
| Expenditures: | | | | |
| Construction, maintenance and engineering | <u>1,437,309</u> | <u>1,437,309</u> | <u>1,039,906</u> | <u>397,403</u> |
| Total expenditures | <u>1,437,309</u> | <u>1,437,309</u> | <u>1,039,906</u> | <u>397,403</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (244,309)</u> | <u>\$ (244,309)</u> | (111,206) | <u>\$ 133,103</u> |
| Fund balance at beginning of year | | | <u>3,632</u> | |
| Fund (deficit) balance at end of year | | | <u>\$ (107,574)</u> | |

CITY OF THOUSAND OAKS, CALIFORNIA

East County Transit Alliance

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

Fiscal Year Ended June 30, 2022

| | Budget | | Actual | Variance From Final Budget Favorable (Unfavorable) |
|-----------------------------------------------------------|--------------|--------------|-----------|-------------------------------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Management fees (Note 10) | \$ 100,000 | \$ 100,000 | \$ 99,843 | \$ (157) |
| Federal grants | 115,000 | 115,000 | 20,095 | (94,905) |
| Revenue from agencies for transportation svcs. (Note 10) | 500,000 | 500,000 | 547,429 | 47,429 |
| Fares | 64,000 | 64,000 | 18,984 | (45,016) |
| Total revenues | 779,000 | 779,000 | 686,351 | (92,649) |
| Expenditures: | | | | |
| Construction, maintenance and engineering | 1,055,649 | 1,055,649 | 682,719 | 372,930 |
| Total expenditures | 1,055,649 | 1,055,649 | 682,719 | 372,930 |
| Excess (deficiency) of revenues over (under) expenditures | \$ (276,649) | \$ (276,649) | 3,632 | \$ 280,281 |
| Fund balance at beginning of year | | | - | |
| Fund balance at end of year | | | \$ 3,632 | |



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 East County Transit Alliance Fund ("ECTA Fund") of the City of Thousand Oaks, California (the "City"), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the ECTA Fund's internal control over financial reporting (internal control) as a basis for designing 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 ECTA Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the ECTA Fund'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the ECTA Fund 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.



Lake Forest, California
December 12, 2023