

CITY OF THOUSAND OAKS, CALIFORNIA

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

Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

CITY OF THOUSAND OAKS, CALIFORNIA

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

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 Transportation Development Act ("TDA") Article 8, Section 99400(c) funds ("TDA Fund") of the City of Thousand Oaks, California ("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 TDA Fund of the City, as of June 30, 2023, and 2022, and the respective changes in financial position and, where applicable, cash flows thereof of the TDA 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 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, 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 and *Government 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 and *Government 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 TDA 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 2023 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 the City's internal control over financial reporting and compliance.

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
December 18, 2023

CITY OF THOUSAND OAKS, CALIFORNIA

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

Comparative Statement of Net Position

June 30, 2023 and 2022

| <u>Assets</u> | 2023 | 2022 |
|-------------------------------------|---------------------|---------------------|
| Current assets: | | |
| Cash and investments (Note 3) | \$ 7,064,694 | \$ 6,563,300 |
| Interest receivable | 25,854 | 16,864 |
| Due from other governments | 616,590 | 1,217,603 |
| Prepaid items | 144 | - |
| Other receivables | 198,923 | 38,197 |
| Total current assets | <u>7,906,205</u> | <u>7,835,964</u> |
| Capital assets (Note 4): | | |
| Property and equipment, at cost | 12,731,644 | 12,497,162 |
| Less: accumulated depreciation | <u>(5,533,623)</u> | <u>(4,747,828)</u> |
| Total capital assets | <u>7,198,021</u> | <u>7,749,334</u> |
| Non-current assets: | | |
| Pension assets, net | <u>9,358</u> | <u>4,305</u> |
| Total non-current assets | <u>9,358</u> | <u>4,305</u> |
| Total assets | <u>15,113,584</u> | <u>15,589,603</u> |
| Deferred outflow of resources: | | |
| Deferred pension items | 362,900 | 141,163 |
| Deferred OPEB items | 61,610 | 44,136 |
| Total deferred outflow of resources | <u>424,510</u> | <u>185,299</u> |
| <u>Liabilities</u> | | |
| Current liabilities: | | |
| Accounts payable | 699,326 | 683,137 |
| Compensated absences | 25,807 | 33,685 |
| Unearned revenue (Note 5) | 6,592,633 | 6,773,341 |
| Total current liabilities | <u>7,317,766</u> | <u>7,490,163</u> |
| Non-current liabilities: | | |
| Compensated absences | 35,840 | 47,028 |
| Net pension liability | 882,930 | 387,821 |
| Net OPEB liability | 68,450 | 26,930 |
| Total non-current liabilities | <u>987,220</u> | <u>461,779</u> |
| Total liabilities | <u>8,304,986</u> | <u>7,951,942</u> |
| Deferred inflow of resources: | | |
| Deferred pension items | 20,284 | 335,772 |
| Deferred OPEB items | 5,442 | 43,436 |
| Total deferred inflow of resources | <u>25,726</u> | <u>379,208</u> |
| <u>Net Position</u> | | |
| Invested in capital assets | 7,198,021 | 7,749,334 |
| Restricted | 9,361 | (305,582) |
| Total net position | <u>\$ 7,207,382</u> | <u>\$ 7,443,752</u> |

See accompanying notes to financial statements

CITY OF THOUSAND OAKS, CALIFORNIA

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

Comparative Statement of Changes in Net Position

June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Operating revenues: | | |
| Passenger fares for transit services | \$ 180,177 | \$ 2,288 |
| Other revenues | <u>187,459</u> | <u>53,675</u> |
| Total operating revenues | <u>367,636</u> | <u>55,963</u> |
| Operating expenses: | | |
| Operations | 5,664,726 | 4,894,576 |
| Depreciation expense | <u>785,795</u> | <u>794,430</u> |
| Total operating expenses | <u>6,450,521</u> | <u>5,689,006</u> |
| Operating income (loss) | <u>(6,082,885)</u> | <u>(5,633,043)</u> |
| Non-operating revenues (expenses): | | |
| Local transportation allocation, Article 8(c) | 4,300,796 | 2,060,385 |
| Federal Transit Administration federal grants | 1,396,112 | 3,690,844 |
| Interest income (Note 8) | 123,106 | 9,204 |
| Fair value adjustment (Note 8) | (42,825) | (306,254) |
| Other income | <u>69,326</u> | <u>69,327</u> |
| Total non-operating revenue | <u>5,846,515</u> | <u>5,523,506</u> |
| Change in net position | (236,370) | (109,537) |
| Net position at beginning of year | <u>7,443,752</u> | <u>7,553,289</u> |
| Net position at end of year | <u>\$ 7,207,382</u> | <u>\$ 7,443,752</u> |

See accompanying notes to financial statements.

CITY OF THOUSAND OAKS, CALIFORNIA

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

Comparative Statement of Cash Flows
June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Cash flow from operating activities: | | |
| Cash received from transit services | \$ 180,177 | \$ 2,288 |
| Cash received from other operating income | 187,459 | 53,675 |
| Cash paid for operating costs | <u>(5,728,864)</u> | <u>(4,955,624)</u> |
| Net cash used for operating activities | <u>(5,361,228)</u> | <u>(4,899,661)</u> |
| Cash flow from noncapital financing activities: | | |
| Cash received from local transportation fund, Article 8(c) | 4,120,088 | 2,729,920 |
| Cash received from FTA federal grant | 1,997,125 | 4,082,618 |
| Cash received/(paid) from/to other | <u>(91,400)</u> | <u>64,343</u> |
| Net cash provided by noncapital financing activities | <u>6,025,813</u> | <u>6,876,881</u> |
| Cash flow from capital and related financing activities: | | |
| Net sale (purchase) of capital assets | <u>(234,482)</u> | <u>(1,049,561)</u> |
| Net cash used for capital and related financing activities | <u>(234,482)</u> | <u>(1,049,561)</u> |
| Cash from investing activities: | | |
| Cash received/(paid) from interest received from investments | <u>71,291</u> | <u>(301,833)</u> |
| Net cash provided/(used) by/for investing activities | <u>71,291</u> | <u>(301,833)</u> |
| Net increase in cash and investments | 501,394 | 625,826 |
| Cash and investments, beginning of year | <u>6,563,300</u> | <u>5,937,474</u> |
| Cash and investments, end of year | <u>\$ 7,064,694</u> | <u>\$ 6,563,300</u> |

See accompanying notes to the financial statements.

CITY OF THOUSAND OAKS, CALIFORNIA

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Comparative Statement of Cash Flows
June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|-----------------------|-----------------------|
| Reconciliation of operating loss to net cash used for operating activities: | | |
| Operating income (loss) | \$ (6,082,885) | \$ (5,633,043) |
| Adjustments to reconcile operating income (loss) to net cash used for operating activities: | | |
| Depreciation expense | <u>785,795</u> | <u>794,430</u> |
| Changes in operating assets and liabilities: | | |
| Decrease/(increase) in Prepaid Items | (144) | - |
| Decrease/(increase) in OPEB assets, net | (5,053) | 5,549 |
| Increase/(decrease) in accounts payable | 16,189 | 60,028 |
| Increase/(decrease) in net pension liability, net of deferred outflows and inflows | (42,116) | (103,007) |
| Increase/(decrease) in net OPEB liability, net of deferred outflows and inflows | (13,948) | (19,357) |
| Increase/(decrease) in compensating absences | <u>(19,066)</u> | <u>(4,261)</u> |
| Total adjustments | <u>721,657</u> | <u>733,382</u> |
| Net cash used for operating activities | <u>\$ (5,361,228)</u> | <u>\$ (4,899,661)</u> |

Noncash investing, capital, and financing activities:

The local transportation development act fund had no non-cash financing activity in fiscal years 2022-23 and 2021-22.

See accompanying notes to the financial statements.

CITY OF THOUSAND OAKS, CALIFORNIA

Transportation Development Act Local Transportation Fund
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Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(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 Thousand Oaks, California (the “City”) only.

Pursuant to Section 99260 and 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”).

(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 Development Fund, which is an Enterprise Fund. Enterprise 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

Enterprise 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.

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 Governmental Accounting Standards Board (“GASB”) pronouncements.

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Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

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

Revenue Recognition

Recognition of revenues arising from non-exchange 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 non-exchange 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.

CITY OF THOUSAND OAKS, CALIFORNIA

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Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(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, 2023 and 2022 were \$7,064,694 and \$6,563,300, respectively.

The Transportation Development 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 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) **Capital Assets**

Capital assets are recorded at cost and depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

CITY OF THOUSAND OAKS, CALIFORNIA

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Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(4) Capital Assets (Continued)

Depreciation of all capital assets is charged as an expense against operations each year, and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of the capital assets.

Depreciation of capital assets in service is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years, and the result is charged to expense each year until the asset is fully depreciated. The City assigned the useful lives listed below to capital assets.

| | |
|----------------------------|-------------|
| Buildings and improvements | 20-50 years |
| Equipment | 3-15 years |
| Intangibles | 2-50 years |

Capital assets consisted of the following June 30, 2023:

| | Balance at July 1, <u>2022</u> | <u>Additions</u> | <u>Disposals</u> | Balance at June 30, <u>2023</u> |
|--|--------------------------------------|-------------------|---------------------|---------------------------------------|
| Capital assets not being depreciated: | | | | |
| Construction-in-progress | \$ 1,412,658 | \$ 83,983 | \$ 1,402,138 | \$ 94,503 |
| Total capital assets not being depreciated | <u>1,412,658</u> | <u>83,983</u> | <u>1,402,138</u> | <u>94,503</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 5,070,821 | 1,420,766 | - | 6,491,587 |
| Equipment | 5,982,777 | 131,871 | - | 6,114,648 |
| Intangibles | <u>30,906</u> | <u>-</u> | <u>-</u> | <u>30,906</u> |
| Total capital assets being depreciated | <u>11,084,504</u> | <u>1,552,637</u> | <u>-</u> | <u>12,637,141</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (1,187,413) | (246,199) | - | (1,433,612) |
| Equipment | (3,538,265) | (536,505) | - | (4,074,770) |
| Intangibles | <u>(22,150)</u> | <u>(3,091)</u> | <u>-</u> | <u>(25,241)</u> |
| Total accumulated depreciation | <u>(4,747,828)</u> | <u>(785,795)</u> | <u>-</u> | <u>(5,533,623)</u> |
| Net capital assets | \$ <u>7,749,334</u> | \$ <u>850,825</u> | \$ <u>1,402,138</u> | \$ <u>7,198,021</u> |

CITY OF THOUSAND OAKS, CALIFORNIA

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Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(4) Capital Assets (Continued)

Capital assets consisted of the following June 30, 2022:

| | Balance at July 1, <u>2021</u> | <u>Additions</u> | <u>Retirements</u> | Balance at June 30, <u>2022</u> |
|--|--------------------------------------|-------------------|--------------------|---------------------------------------|
| Capital assets not being depreciated: | | | | |
| Construction-in-progress | \$ 402,225 | \$ 1,010,433 | \$ - | \$ 1,412,658 |
| Total capital assets not being depreciated | <u>402,225</u> | <u>1,010,433</u> | <u>-</u> | <u>1,412,658</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 100,847 | - | - | 100,847 |
| Equipment | 5,943,649 | 39,128 | - | 5,982,777 |
| Improvements other than buildings | 4,969,974 | - | - | 4,969,974 |
| Intangibles | <u>30,906</u> | <u>-</u> | <u>-</u> | <u>30,906</u> |
| Total capital assets being depreciated | <u>11,045,376</u> | <u>39,128</u> | <u>-</u> | <u>11,084,504</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (19,080) | (2,025) | - | (21,105) |
| Equipment | (2,993,125) | (545,140) | - | (3,538,265) |
| Improvements other than buildings | (922,134) | (244,174) | - | (1,166,308) |
| Intangibles | <u>(19,059)</u> | <u>(3,091)</u> | <u>-</u> | <u>(22,150)</u> |
| Total accumulated depreciation | <u>(3,953,398)</u> | <u>(794,430)</u> | <u>-</u> | <u>(4,747,828)</u> |
| Net capital assets | <u>\$ 7,494,203</u> | <u>\$ 255,131</u> | <u>\$ -</u> | <u>\$ 7,749,334</u> |

(5) Unearned Revenue

TDA funds allocated to the City by VCTC for transportation services are considered earned when they are properly spent for the specific projects authorized. Allocations and any interest received but not used are recorded as unearned revenue. In addition, unearned revenue includes amounts due from VCTC, if any, that were collected within the City's availability period. The balance of unearned revenue as of June 30, 2023, consists of the following:

| | <u>Amount</u> |
|--------------------------------------|---------------------|
| Unearned revenue at July 1, 2022 | \$ 6,773,341 |
| Grant receipts from VCTC | 4,120,088 |
| Revenue recognized | <u>(4,300,796)</u> |
| Unearned revenue as of June 30, 2023 | <u>\$ 6,592,633</u> |

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Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(5) Unearned Revenue (Continued)

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

| | <u>Amount</u> |
|--|-------------------------|
| Unearned revenue at July 1, 2021 | \$ 6,103,806 |
| Grant receipts from VCTC | 2,729,920 |
| Revenue recognized | <u>(2,060,385)</u> |
| Unearned revenue as of June 30, 2022 | <u>\$ 6,773,341</u> |

(6) Transportation Development Act Compliance Requirements

The Local Transportation Development Act Fund is subject to the provisions pursuant to Sections 6633.2 of the California Code of Regulation and Section 99268.5(c) of the Public Utilities Code.

Section 6633.2 and 99268.5

Section 6633.2 indicates that an operator in providing transit services in urbanized areas shall be eligible for Local Transportation Funds if it maintains for the fiscal year ratio of fare revenue to operating costs at least equal to 20.00%.

Section 99268.5 indicates that an operator providing specialized service for elderly and handicapped persons and regular public transportation shall be eligible for Local Transportation Funds if it maintains for the fiscal year ratio of fare revenue to operating costs at least equal to 10.00%.

CITY OF THOUSAND OAKS, CALIFORNIA

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Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(6) Transportation Development Act Compliance Requirements (Continued)

During the year ended June 30, 2023, the City's farebox recovery ratio was as follows:

| | <u>Regular Public Transportation</u> | <u>Specialized Services</u> |
|---|--|---------------------------------|
| Passenger fares <i>(Note a)</i> | \$ 152,132 | \$ 74,554 |
| Rent revenues <i>(Note a)</i> | 69,326 | - |
| Other local funds <i>(Note a)</i> | <u>361</u> | <u>78,432</u> |
| Total farebox revenue before AB149 – federal funds | <u>221,819</u> | <u>152,986</u> |
| AB149 – federal funds <i>(Note b)</i> | <u>461,471</u> | <u>60,272</u> |
| Total farebox revenue | <u>683,290</u> | <u>213,258</u> |
| Operating expenses <i>(Note c)</i> | 3,625,168 | 2,299,346 |
| Less: Excluded costs <i>(Note d)</i> | <u>(208,718)</u> | <u>(166,768)</u> |
| Net adjusted operating expenses | <u>\$ 3,416,450</u> | <u>\$ 2,132,578</u> |
| | | |
| Total fare ratio | <u>20.00%</u> | <u>10.00%</u> |
| | | |
| Total fare ratio pursuant to PUC section 99268.5(5) | <u>20.00%</u> | <u>10.00%</u> |

Notes:

- (a) Revenues reported include farebox revenue, rent revenue (paid by MV Transportation for renting the City's transit building), and miscellaneous receipts (e.g., canteen revenue). Certain amounts differ from the Statement of Changes in Net Position as they are not included in the farebox recovery calculation, such as state/federal grants, transfers in from other funds, etc. No monies from outside entities are included in the farebox recovery calculation.
- (b) Per Assembly Bill 149, signed July 16, 2021, federal funds received are authorized to be counted as "local funds" for purposes of calculating the farebox recovery ratio through the 2022/23 fiscal year.
- (c) Operating Expenses do not include depreciation expenses and only include expenses related to regular public transportation and specialized services.
- (d) Excluded costs include capital expense.

During the Fiscal Year 2022/2023, the City complied with the above provision.

CITY OF THOUSAND OAKS, CALIFORNIA

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

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(6) Transportation Development Act Compliance Requirements (Continued)

During the year ended June 30, 2022, the City's farebox recovery ratio was as follows:

| | <u>Regular Public Transportation</u> | <u>Specialized Services</u> |
|---|--|---------------------------------|
| Passenger fares <i>(Note a)</i> | \$ 1,268 | \$ 1,020 |
| Rent revenues <i>(Note a)</i> | 69,326 | - |
| Other local funds <i>(Note a)</i> | <u>1,124</u> | <u>-</u> |
| Total farebox revenue before AB149 – federal funds | <u>71,718</u> | <u>1,020</u> |
| AB149 – federal funds <i>(Note b)</i> | <u>453,813</u> | <u>221,978</u> |
| Total farebox revenue | <u>525,531</u> | <u>222,998</u> |
| Operating expenses <i>(Note c)</i> | 3,662,994 | 2,360,903 |
| Less: Excluded costs <i>(Note d)</i> | <u>(1,035,341)</u> | <u>(130,926)</u> |
| Net adjusted operating expenses | <u>\$ 2,627,653</u> | <u>\$ 2,229,977</u> |
| | | |
| Total fare ratio | <u>20.00%</u> | <u>10.00%</u> |
| | | |
| Total fare ratio pursuant to PUC section 99268.5(5) | <u>20.00%</u> | <u>10.00%</u> |

Notes:

- (a) Revenues reported include farebox revenue, rent revenue (paid by MV Transportation for renting the City's transit building), and miscellaneous receipts (e.g., canteen revenue). Certain amounts differ from the Statement of Changes in Net Position as they are not included in the farebox recovery calculation, such as state/federal grants, transfers in from other funds, etc. No monies from outside entities are included in the farebox recovery calculation.
- (b) Per Assembly Bill 149, signed July 16, 2021, federal funds received are authorized to be counted as "local funds" for purposes of calculating the farebox recovery ratio through the 2022/23 fiscal year.
- (c) Operating Expenses do not include depreciation expenses and only include expenses related to regular public transportation and specialized services.
- (d) Excluded costs include capital expense.

During the Fiscal Year 2021/2022, the City complied with the above provision.

CITY OF THOUSAND OAKS, CALIFORNIA

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

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(7) Interest Income

Starting fiscal year 2021/2022, the City recorded fair value adjustment in Fund 651 (Transportation). Interest income for fiscal year ended June 30, 2023, and 2022 has been broken out to identify interest income and fair value adjustment, as the unrealized loss due to the fair value adjustment is greater than the interest income.

Interest income and fair value adjustment for the fiscal years ended June 30, 2023 and 2022 were as follows:

| | <u>FY 2023</u> | <u>FY 2022</u> |
|-------------------------|------------------|---------------------|
| Interest income | \$ 123,106 | \$ 9,204 |
| Fair value adjustment | <u>(42,825)</u> | <u>(306,254)</u> |
| Total interest revenues | <u>\$ 80,281</u> | <u>\$ (297,050)</u> |

(8) 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.

(9) Restrictions

Funds received pursuant to the California Public Utilities Code §99400(c) (TDA Article 8(c)) 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 agency used TDA funds to pay the City for system operation, maintenance, and repair:

City of Moorpark: \$ 587,208 (a)

During the fiscal year 2021/22 the following agency used TDA funds to pay the City for system operation, maintenance, and repair:

City of Moorpark: \$ 89,451 (a)

Note:

(a) The City of Moorpark used TDA Article 8c funds.



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 Transportation Development Act, Article 8, Section 99400(c) funds 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, which collectively comprise the City's Transportation Development Fund financial statements, and have issued our report thereon dated December 18, 2023.

Report on 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Transportation Development 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.



Lake Forest, California
December 18, 2023