

CITY OF CAMARILLO, CALIFORNIA

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

Financial Statements

Fiscal Years Ended June 30, 2024 and 2023

CITY OF CAMARILLO, CALIFORNIA

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

Fiscal Years Ended June 30, 2024 and 2023

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Board of Commissioners
Ventura County Transportation Commission
Camarillo, 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 Camarillo, California ("City"), as of and for the year ended June 30, 2024, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof of the TDA Fund of the City for the year 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 for 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, 2024, 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.

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 Matters

Prior Year Comparative Information

The financial statements of the City as of June 30, 2023, were audited by other auditors. Those auditors expressed an unmodified opinion on those financial statements in its report dated December 27, 2023.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 26, 2024 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.

ASM LLP

Rancho Santa Margarita, California
November 26, 2024

CITY OF CAMARILLO, CALIFORNIA

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

Comparative Statement of Net Position

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash and investments (Note 3)	\$ 693,786	\$ -
Accounts receivable (Note 4)	-	870,402
Interest receivable	<u>7,736</u>	<u>-</u>
Total assets	<u>701,522</u>	<u>870,402</u>
<u>Liabilities</u>		
Unearned revenue (Note 5)	701,522	271,621
Due to other programs	<u>-</u>	<u>598,781</u>
Total liabilities	<u>701,522</u>	<u>870,402</u>
<u>Net Position</u>		
Net position - restricted	<u>-</u>	<u>-</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

CITY OF CAMARILLO, CALIFORNIA

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Comparative Statement of Revenues, Expenses
and Changes in Net Position

Fiscal Years Ended June 30, 2024 and 2023

	2024	2023
Operating revenues:		
Passenger fares for transit services	\$ -	\$ 106,030
Route guarantee revenue	-	16,000
Other revenue	-	2,404
Total operating revenues	-	124,434
Operating expenses:		
Operations	-	3,015,137
Total operating expenses	-	3,015,137
Operating loss	-	(2,890,703)
Nonoperating revenues:		
Local transportation allocation, article 8(c)	1,126,150	1,164,120
Federal funding	-	1,726,583
Total nonoperating revenues	1,126,150	2,890,703
Other financing sources (uses):		
Transfers in (Note 6)	271,621	-
Transfers out (Note 7)	(1,397,771)	-
Total other financing sources (uses):	(1,126,150)	-
Change in net position	-	-
Net position at beginning of year	-	-
Net position at end of year	\$ -	\$ -

See accompanying notes to financial statements

CITY OF CAMARILLO, CALIFORNIA

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Comparative Statement of Cash Flows
For the Fiscal Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flow from operating activities:		
Cash received from passenger fares	\$ -	\$ 112,241
Cash paid for operating costs	<u>-</u>	<u>(3,015,137)</u>
Net cash used for operating activities	<u>-</u>	<u>(2,902,896)</u>
Cash flow from noncapital financing activities:		
Cash received from local transportation fund, article 8(c)	1,800,000	1,435,741
Cash received from FTA federal grants	(1,126,150)	868,374
Cash received from other sources	<u>-</u>	<u>598,781</u>
Net cash provided by noncapital financing activities	<u>673,850</u>	<u>2,902,896</u>
Cash flow from capital and related financing activities:		
Net sale of capital assets	<u>-</u>	<u>-</u>
Net cash provided (used) for capital and related financing activities	<u>-</u>	<u>-</u>
Cash from investing activities:		
Cash from interest received from investments	<u>19,936</u>	<u>-</u>
Net cash provided by investing activities	<u>19,936</u>	<u>-</u>
Net increase in cash and cash equivalents	693,786	-
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 693,786</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

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Comparative Statement of Cash Flows
For the Fiscal Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of operating income (loss) to net cash used for operating activities:		
Operating income (loss)	\$ -	\$ (2,890,703)
Adjustments to reconcile operating income (loss) to net cash used for operating activities:		
Depreciation expense	-	-
Changes in operating assets and liabilities:		
Decrease in accounts receivable	-	(12,193)
Total adjustments	-	(12,193)
Net cash used for operating activities	<u>\$ -</u>	<u>\$ (2,902,896)</u>

Noncash investing, capital, and financing activities:

The local transportation development act fund had no non-cash financing activity in fiscal year 2023/24 and 2022/23.

See accompanying notes to the financial statements.

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Notes to Financial Statements

Fiscal Years Ended June 30, 2024 and 2023

(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 Camarillo, California (“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”).

In FY 2023 TDA Funds were recorded in Fund 810. In FY 2024, the City created a separate fund for Article 8(c) funds, Fund 207. The farebox revenue (including passenger fares, federal funding, and operating expenses) is still recorded under Fund 810.

(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 Enterprise 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, 2024 and 2023

(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. 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 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.

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Notes to Financial Statements

Fiscal Years Ended June 30, 2024 and 2023

(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, 2024 and 2023 were \$693,786 and \$0, 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) **Accounts Receivable**

The City's accounts receivable consisted of contractor transportation service reimbursements from a single government entity for services incurred prior to year-end. As of June 30, 2024 and 2023, this amount was \$0 and \$870,402, respectively.

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Notes to Financial Statements

Fiscal Years Ended June 30, 2024 and 2023

(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. The balance of unearned revenue as of June 30, 2024 and 2023, consists of the following:

	<u>FY 2023/24</u>	<u>FY 2022/23</u>
Unearned revenue at July 1	\$ 271,621	\$ -
Grant receipts	1,800,000	1,435,741
Revenue recognized	(1,126,150)	(1,164,120)
Transfers in	(271,621)	-
Interest	<u>27,672</u>	<u>-</u>
Unearned revenue as of June 30	<u>\$ 701,522</u>	<u>\$ 271,621</u>

(6) Transfers In

In FY 2023 there were \$271,621 in unspent monies from Article 8(c) advances that were unearned and not spent. Fund 810 owed these funds to the newly created Fund 207. This was recorded through a transfer in FY 2024. Transfers in for fiscal years ended June 30, 2024 and 2023 consisted of \$271,621, and \$0, respectively.

(7) Transfers Out

In Fiscal Year 2024, transfers out of the TDA 8(c) comprised of public transit and Metrolink Station expenditures totaling \$1,397,771. The funds in Fiscal Year 2024 were transferred into the Transit 810 Fund. Transfers out for fiscal years ended June 30, 2024 and 2023 consisted of \$1,397,771 and \$0, respectively.

(8) 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 providing transit services in urbanized areas

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(8) Transportation Development Act Compliance Requirements (Continued)

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%.

During the year ended June 30, 2024, the City's farebox recovery ratio was as follows:

	<u>Regular Public Transportation</u>	<u>Specialized Services</u>
Passenger Fares (Note a)	\$ 75,688	\$ 38,625
LCTOP – Fare Support (College, Youth & Free Fare) (Note a)	12,653	-
Other local funds (Note a)	<u>16,000</u>	<u>-</u>
Total farebox revenue before AB 149 – federal funds	<u>104,341</u>	<u>38,625</u>
AB 149 – federal funds (Note b)	<u>377,061</u>	<u>41,191</u>
Total farebox revenue	<u>481,402</u>	<u>79,816</u>
Operating expenses (Note c)	2,493,746	798,157
Less: Excluded costs (Note d)	<u>(86,738)</u>	<u>-</u>
Net adjusted operating expenses	<u>\$ 2,407,008</u>	<u>\$ 798,157</u>
Total fare ratio	<u>20.00%</u>	<u>10.00%</u>
Total fare ratio pursuant to PUC 99268.5(5)	<u>20.00%</u>	<u>10.00%</u>

Notes:

- (a) Revenues reported include farebox revenue collected (cash, pass sales, VCTC pass reimbursements, etc.), LCTOP reimbursements based on the number of passengers that qualify for the College Pass Program, the Youth Ride Free Program, and the Free Fare Program (reimbursed through VCTC), and an annual payment from the Leisure Village HOA, which provides a route guarantee (residents ride free on the fixed route).
- (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 2023/24 fiscal year.
- (c) Operating Expenses includes depreciation.
- (d) Excluded costs include depreciation expenses.

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Fiscal Years Ended June 30, 2024 and 2023

(8) Transportation Development Act Compliance Requirements (Continued)

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

	<u>Regular Public Transportation</u>
Passenger Fares (Note a)	\$ 106,030
LCTOP – Fare Support (College & Youth) (Note a)	2,404
Other local funds (Note a)	<u>16,000</u>
Total farebox revenue before AB 149 – federal funds	<u>124,434</u>
AB 149 – federal funds (Note b)	<u>478,594</u>
Total farebox revenue	<u>603,028</u>
Operating expenses (Note c)	3,015,137
Less: Excluded costs (Note d)	<u>-</u>
Ned adjusted operating expenses	<u>\$ 3,015,137</u>
Total fare ratio	<u>20.00%</u>
Total fare ratio pursuant to PUC 99268.5(5)	<u>20.00%</u>

Notes:

- (a) Revenues reported include farebox revenue collected (cash, pass sales, VCTC pass reimbursements, etc.), LCTOP reimbursements based on the number of passengers that qualify for the College Pass Program and the Youth Ride Free Program (reimbursed through VCTC), and an annual payment from the Leisure Village HOA, which provides a route guarantee (residents ride free on the fixed route).
- (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.
- (d) Excluded costs include capital expenses (N/A for FY 2022/23).

During the Fiscal Year 2022/23 the City combined its fare ratio calculation for Regular Public Transportation and Specialized Services. However, in Fiscal Year 2023/24 the City separated the two calculations for better presentation. Fiscal Years 2023/24 and 2022/23, the TDA 8c program complied with the above ratio requirement provisions.

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Fiscal Years Ended June 30, 2024 and 2023

(9) 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.

(10) 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.



Board of Commissioners
Ventura County Transportation Commission
Camarillo, 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 Camarillo, California ("City"), as of and for the year ended June 30, 2024, 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 November 26, 2024.

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 the 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.

ASM LLP

Rancho Santa Margarita, California
November 26, 2024