

CITY OF OJAI, CALIFORNIA
(Direct Claimant - Gold Coast Transit District)

Transportation Development Act Local Transportation Fund
Article 4, Section 99260 Public Utilities Code

Financial Statements

Fiscal Year Ended June 30, 2024

CITY OF OJAI, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 4, Section 99260 Public Utilities Code

Fiscal Year Ended June 30, 2024

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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 4 Fund ("TDA Fund") of the City of Ojai, 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 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 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, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The *Schedule of Status of Funds by Project* is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Status of Funds by Project* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 5, 2025 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
February 5, 2025

CITY OF OJAI, CALIFORNIA

Transportation Development Act Local Transportation Fund Article 4, Section 99260 Public Utilities Code

Statement of Net Position

June 30, 2024

Assets

Current assets:

Cash and Investments (Note 3)	\$ -
Accounts receivable, net	2,661
Due from other governments	<u>11,894</u>
Total current assets	<u>14,555</u>

Noncurrent Assets:

Capital assets, net of accumulated depreciation (Note 4)	<u>107,641</u>
Total noncurrent assets	<u>107,641</u>
Total assets	<u>122,196</u>

Deferred outflows of resources

Related to pension	27,520
Related to OPEB	<u>12,080</u>
Total deferred outflows of resources	<u>39,600</u>

Liabilities

Current liabilities:

Due to other funds	164,186
Accounts payable and accrued liabilities	<u>7,581</u>
Total current liabilities	<u>171,767</u>

Noncurrent Liabilities

Compensated absences	1,483
Net pension liabilities	73,758
Net OPEB liability	<u>48,127</u>
Total noncurrent liabilities	<u>123,368</u>
Total liabilities	<u>295,135</u>

Deferred inflows of resources

Related to pension	16,210
Related to OPEB	<u>2,674</u>
Total deferred inflows of resources	<u>18,884</u>

Net position

Net investment in capital assets	108,189
Unrestricted	<u>(260,412)</u>
Total net position	<u>\$ (152,223)</u>

See accompanying notes to financial statements

CITY OF OJAI, CALIFORNIA

Transportation Development Act Local Transportation Fund Article 4, Section 99260 Public Utilities Code

Statement of Revenues, Expenses, and Changes in Net Position

Fiscal Year Ended June 30, 2024

Operating revenues:	
Trolley fare revenue	\$ 13,027
Miscellaneous Income	548
Trolley advertising revenue	<u>6,181</u>
Total operating revenues	<u>19,756</u>
Operating expenditures:	
Operating expenses	202,005
Depreciation expense	<u>12,485</u>
Total operating expenditures	<u>214,490</u>
Operating loss	<u>(194,734)</u>
Non-operating revenues:	
Local transportation funding	142,728
Interest earnings	<u>43</u>
Total non-operating revenues	<u>142,771</u>
Income (loss) before capital outlays and transfers	<u>(51,963)</u>
Transfers out to the city	(10,963)
Transfers in	<u>21,193</u>
Total other financing uses	<u>10,230</u>
Change in net position	(41,733)
Net position at beginning of year	-
Prior period adjustment (Note 6)	<u>(110,490)</u>
Net position, beginning of year, as restated	<u>(110,490)</u>
Net position (deficit) at end of year	<u>\$ (152,223)</u>

See accompanying notes to financial statements

CITY OF OJAI, CALIFORNIA

Transportation Development Act Local Transportation Fund Article 4, Section 99260 Public Utilities Code

Statement of Cash Flows For the Fiscal Year Ended June 30, 2024

Cash flow from operating activities:	
Cash paid for operating costs, net of support	\$ (241,118)
Cash received from passenger fares	56,127
Cash received from other operating income	<u>6,181</u>
Net cash (used) by operating activities	<u>(178,810)</u>
Cash flow from noncapital financing activities:	
Cash received from local transportation fund (LTF)	130,834
Cash received from other funds	<u>10,230</u>
Net cash provided by noncapital financing activities	<u>141,064</u>
Cash flows from capital financing activities:	
Net sale (purchase) of capital assets	<u>-</u>
Net cash used for capital financing activities	<u>-</u>
Cash flows from investing activities:	
Cash received from investments	<u>43</u>
Net cash provided by investing activities	<u>43</u>
Net decrease in cash and investments	<u>(37,703)</u>
Cash and investments, beginning of year	-
Prior period adjustment (Note 6)	<u>37,703</u>
Cash and investments, end of year	<u>\$ -</u>

See accompanying notes to the financial statements.

GOLD COAST TRANSIT DISTRICT

Local Transportation Fund

Comparative Statement of Cash Flows For the Fiscal Year Ended June 30, 2024

Reconciliation of operating income to net cash
(used in) operating activities:

Operating income (loss)	<u>\$ (194,734)</u>
Changes in operating assets and liabilities:	
Depreciation expense	12,485
Decrease/ (increase) in accounts receivable	43,100
Decrease/ (increase) in OPEB assets	(27,762)
Increase/ (decrease) in accounts payable	(1,517)
Increase/ (decrease) in due to other fund	44,060
Increase/ (decrease) in pension, net	(45,399)
Increase/ (decrease) in compensated absences	<u>(9,043)</u>
Total adjustments	<u>15,924</u>
Net cash (used) by operating activities	<u>\$ (178,810)</u>

Noncash investing, capital, and financing activities:

The local transportation development act fund had no non-cash financing activity in fiscal years 2023-24.

See accompanying notes to the financial statements.

CITY OF OJAI, CALIFORNIA

Transportation Development Act Local Transportation Fund Article 4, Section 99260 Public Utilities Code

Notes to Financial Statements

Fiscal Year Ended June 30, 2024

(1) **General Information**

The accompanying financial statements are intended to reflect the financial position and changes in financial position for the Transportation Development Act (“TDA”) Article 4, Section 99260(a) Fund (“TDA Fund”) of the City of Ojai, California, (“City”) only and are not intended to present fairly the financial position or results of operations of the City in accordance with accounting principles generally accepted in the United States of America.

Pursuant to Section 99260(a) of the California Public Utilities Code, Article 4 monies are to be used only for public transportation. Funding for this program is authorized by the County of Ventura and is paid to the City on behalf of the Gold Coast Transit District (“GCTD”). The Article 4 funds are passed through GCTD, the City is not the direct claimant.

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

Fund Accounting

The accounts of the City are organized on the basis of funds. 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 TDA Article 4, Section 99260(a) Fund in its TDA Fund, which is a Enterprise Fund.

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.

Change in Presentation

The City accounts for the TDA Article 4 Fund as an Enterprise Fund. However, the fiscal year 2022/23 audited financial statements were previously presented as a Special Revenue Fund. To ensure alignment with the City’s Annual Comprehensive Financial Report and the current year’s Enterprise Fund classification, the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows, along with a prior period adjustment has been made as described in Note 6.

CITY OF OJAI, CALIFORNIA

Transportation Development Act Local Transportation Fund Article 4, Section 99260 Public Utilities Code

Notes to Financial Statements

Fiscal Year Ended June 30, 2024

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

Allocation Methodology

The City accounts for TDA Article 4 funds in an Enterprise Fund that is pooled with other transit funds; therefore, the City has allocated non-operating revenues, expenses, and other financing uses for reporting purposes. The allocation basis is determined by dividing the Gold Coast Transit District grant by non-operating revenue and other financing uses. The allocation percentage for the year ending June 30, 2024 was 21.93%.

Capitalization Policy

The City capitalizes and depreciates assets with an initial cost of more than \$5,000 and an estimated useful life in excess of three years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Deferred Outflows/Inflows of Resources

The City has adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* that was issued in June 2011. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow or resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Revenue Recognition

Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants, and contributions, is based on the primary characteristic from which the revenues are received by the City.

For the City, funds received under TDA Article 4, Section 99260(a) of the Public Utilities Code possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 4, Section 99260(a) are recognized in the period when all eligibility requirements have been met. Unearned revenue arises when grant receipts are collected in excess of reimbursable costs incurred.

CITY OF OJAI, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 4, Section 99260 Public Utilities Code

Notes to Financial Statements

Fiscal Year Ended June 30, 2024

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

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, of the restricted components of net position.

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these 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 TDA Fund's cash and investments balance as of June 30, 2024 was \$0.

CITY OF OJAI, CALIFORNIA

Transportation Development Act Local Transportation Fund Article 4, Section 99260 Public Utilities Code

Notes to Financial Statements

Fiscal Year Ended June 30, 2024

(3) **Cash and Investments (Continued)**

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

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

(4) **Capital Assets**

Capital assets are recorded at cost and are depreciated over their 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.

Depreciation of all capital assets is charged as an expense against operations each year, and the total amount of depreciation taken over the years, call 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/bus shelters	20 years
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CITY OF OJAI, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 4, Section 99260 Public Utilities Code

Notes to Financial Statements

Fiscal Year Ended June 30, 2024

(4) Capital Assets (Continued)

Capital assets consisted of the following as of June 30, 2024:

	<u>Balance on July 1, 2023</u>	<u>Additions/ Transfers</u>	<u>Retirements</u>	<u>Balance on June 30, 2024</u>
Capital assets being depreciated:				
Buildings/bus shelters	<u>\$ 249,691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,691</u>
Total capital assets being depreciated	<u>249,691</u>	<u>-</u>	<u>-</u>	<u>249,691</u>
Less accumulated depreciation for:				
Buildings/bus shelters	<u>(129,565)</u>	<u>-</u>	<u>(12,485)</u>	<u>(142,050)</u>
Total accumulated depreciation	<u>(129,565)</u>	<u>-</u>	<u>(12,485)</u>	<u>(142,050)</u>
Capital assets, net	<u>\$ 120,126</u>	<u>\$ -</u>	<u>\$ (12,485)</u>	<u>\$ 107,641</u>

(5) Transportation Development Act Compliance Requirements

The Transportation Development Act Local Transportation Fund is subject to the provisions pursuant to Sections 6633, and 6634 of the California Code of Regulation and 99268.5(c) of the Public Utilities Code.

A. Section 6634

Pursuant to Section 6634, a transit claimant is precluded from receiving monies from the Local Transportation 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 2023/24, the funds received from the Local Transportation Fund complied with the above provision.

CITY OF OJAI, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 4, Section 99260 Public Utilities Code

Notes to Financial Statements

Fiscal Year Ended June 30, 2024

(5) Transportation Development Act Compliance Requirements (Continued)

B. Sections 6633, and 99268.5(c)

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%. An operator providing services in nonurbanized areas shall be eligible if it maintains a ratio at least equal to 10%.

In addition, Section 99268.5(c) indicates that in a county which had less than 500,000 population, as determined by the 1970 federal decennial census, and more than 500,000 in population, as determined by the 1980 or 1990 federal decennial census, an operator in the county shall maintain a ratio of fare revenues to operating cost, as defined by subdivision (a) of Section 99247 (“operating cost” means all costs in the operating expense object classes exclusive of the costs in the depreciation and amortization expense object class of the uniform system of accounts and records adopted by the Controller pursuant to Section 99243), at least equal to one-fifth (20%) if serving an urbanized area or one-tenth (10%) if serving a nonurbanized area.

For the fiscal year ended June 30, 2024, the fare ratio requirement for Ojai Trolley was calculated as follows:

Operating revenues:	
Passenger fares for transit services	\$ 13,027
Trolley Advertising Revenue	6,181
County subsidy (a)	<u>21,193</u>
Total operating revenues	<u>\$ 40,401</u>
Operating expenses (b):	
Operations expense	\$ 214,490
Less:	
Insurance: Insurance reimbursement for trolley damage	-
Depreciation expenses	<u>(12,485)</u>
Total operating expenses, net	<u>\$ 202,005</u>
Total fare ratio	<u>20.00%</u>
Total fare ratio pursuant to PUC §99268.5(c)	<u>20.00%</u>

CITY OF OJAI, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 4, Section 99260 Public Utilities Code

Notes to Financial Statements

Fiscal Year Ended June 30, 2024

(5) Transportation Development Act Compliance Requirements (Continued)

For the purposes of the fare ratio requirement calculation, only the expenses of the City's bus system were included in the operating expenses.

For the fiscal year ended June 30, 2024, the City complied with the fare ratio requirement.

(6) Prior Period Adjustment

For the fiscal year ending June 30, 2024, the City recognized a prior period adjustment as the result of changing their presentation from a special revenue fund to an enterprise fund as reflected in the City's transportation fund within the annual comprehensive financial report. The adjustment was based on 1) prior year's allocation basis in the method as described in Note 2 and applied to the transportation fund statement of net position as presented within the annual comprehensive financial report and 2) capital assets purchased with TDA 4 funds plus related net investment in capital assets.

(7) Restrictions

Funds received pursuant to the California Public Utilities Code §99260 ("TDA Article 4"), may only be used for facilities provided for exclusive use of transportation services, including planning, acquisition of real property, construction of facilities and buildings, purchase and replacement of vehicles, and system operation, maintenance, and repair.

(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.

Supplementary Information

CITY OF OJAI, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 4, Section 99260 Public Utilities Code

Schedules of Status of Funds by Project

Fiscal Year Ended June 30, 2024

	Beginning Balance July 1, 2023	Local Transportation Fund Allocation	Allocation Adjustments/ Refunds	Interest Earnings Allocation (Expense)	Expenditures	Ending Balance June 30, 2024
Operating:						
Ojai Trolley	\$ -	\$ 142,728	\$ 40,949	\$ 43	\$ (202,005)	\$ (18,285)
Total operating	-	142,728	40,949	43	(202,005)	(18,285)
Capital:						
Bus Shelter Improvements (Note 6)	(110,490)	-	-	-	(23,448)	(133,938)
Used Trolley	-	-	-	-	-	-
Ojai Trolley Storage Area	-	-	-	-	-	-
Total capital	(110,490)	-	-	-	(23,448)	(133,938)
Total	\$ (110,490)	\$ 142,728	\$ 40,949	\$ 43	\$ (225,453)	\$ (152,223)



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 Transportation Development Act Local Transportation Fund pursuant to Article 4 (“TDA Fund”) of the City of Ojai (“City”), as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s TDA Fund financial statements, and have issued our report thereon dated February 5, 2025.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including §6666 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit; and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including §6666 of Part 21 of the California Code of Regulations, §99268 and §99268.5 of the Public Utilities Code.

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
February 5, 2025