

**CITY OF SAN BUENAVENTURA, CALIFORNIA
MEASURE O TRANSACTION AND USE TAX
SPECIAL REVENUE FUND**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020



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OUTSOURCING
AUDIT, TAX, AND
CONSULTING

CITY OF SAN BUENAVENTURA, CALIFORNIA
Measure O Transaction and Use Tax
Special Revenue Fund
For the Fiscal Year Ended June 30, 2020
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INDEPENDENT AUDITORS' REPORT

To the City Council Members
of the City of San Buenaventura
San Buenaventura, California

We have audited the accompanying financial statements of the Measure O Transaction and Use Tax Special Revenue Fund (Fund) of the City of San Buenaventura, California (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure O Transaction and Use Tax Special Revenue Fund of the City of San Buenaventura, California, as of June 30, 2020, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure O Transaction and Use Tax Special Revenue Fund and do not purport to and do not present fairly the financial position of the City of San Buenaventura as of June 30, 2020, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

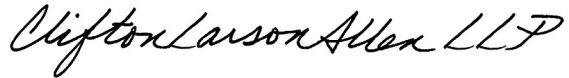
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule and note to the required supplementary information, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020, on our consideration of the internal control over the Measure O Transaction and Use Tax Special Revenue Fund’s financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion the effectiveness of 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 internal control over the Measure O Transaction and Use Tax Special Revenue Fund’s financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
December 16, 2020

CITY OF SAN BUENAVENTURA
MEASURE O TRANSACTION AND USE TAX
SPECIAL REVENUE FUND

BALANCE SHEET

June 30, 2020

ASSETS:

Cash and investments	\$ 10,815,311
Interest receivable	7,975
Accounts receivable	307,566
Due from other governments, net	<u>2,432,088</u>

TOTAL ASSETS	<u><u>\$ 13,562,940</u></u>
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LIABILITIES:

Accounts payable	<u>\$ 632,802</u>
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TOTAL LIABILITIES	<u>632,802</u>
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FUND BALANCE:

Restricted for special projects	<u>12,930,138</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 13,562,940</u></u>
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See accompanying notes to financial statements.

CITY OF SAN BUENAVENTURA
 MEASURE O TRANSACTION AND USE TAX
 SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE

For the year ended June 30, 2020

REVENUES:	
Taxes	\$ 13,150,844
Use of money and property	240,675
Other revenue	<u>365,233</u>
TOTAL REVENUES	<u>13,756,752</u>
EXPENDITURES:	
Current:	
General government	1,941,872
Parks, recreation and community partnerships	1,708,401
Public safety - police	3,488,070
Public safety - fire	1,848,385
Public works	3,606,276
Capital outlay	<u>1,195,230</u>
TOTAL EXPENDITURES	<u>13,788,234</u>
EXCESS OF REVENUES UNDER EXPENDITURES	<u>(31,482)</u>
OTHER FINANCING USES:	
Transfers out	<u>(7,543)</u>
TOTAL OTHER FINANCING USES	<u>(7,543)</u>
NET CHANGE IN FUND BALANCE	(39,025)
FUND BALANCE, BEGINNING OF YEAR	<u>12,969,163</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 12,930,138</u></u>

See accompanying notes to financial statements.

CITY OF SAN BUENAVENTURA, CALIFORNIA
Measure O Transaction and Use Tax
Special Revenue Fund
Notes to Basic Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are intended to reflect the fund balance and net changes in fund balance attributable to the Measure O Transaction and Use Tax Special Revenue Fund of the City of San Buenaventura, California (the City). These financial statements are exclusively for Measure O Transaction and Use Tax Special Revenue Fund and do not purport to, and do not, present fairly the financial position and changes in the financial position of the City.

The Measure O Transaction and Use Tax Special Revenue Fund is used to account for the collection and use of Measure O transaction and use tax revenue. Measure O is the City of San Buenaventura's 25-year, 1/2 cent transaction and use tax that was passed by voters on November 8, 2016. Measure O was codified into Division 4, "Revenue and Finance," Chapter 4.129, "San Buenaventura City Clean Water/Beaches/Street Repairs/Safety Measure General Transactions and Use Tax" of the City's Municipal Code. The Measure O revenue is to be used to support essential, necessary and appropriate general City services including such things as police, fire, paramedic and emergency response, public transit, services for disabled, public safety and homeless programs, and environmental and library programs.

Basis of Presentation

The Measure O Transaction and Use Tax Special Revenue Fund financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 90 days after year-end) are recognized when due. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

CITY OF SAN BUENAVENTURA, CALIFORNIA
Measure O Transaction and Use Tax
Special Revenue Fund
Notes to Basic Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in fair value that occur during a fiscal year are recognized as use of money and property for that fiscal year. Use of money and property includes interest earnings, changes in fair value (realized/unrealized), gains or losses realized upon the liquidation, and maturity or sale of investments.

Cash and investments are pooled with other City funds for investment purposes, with interest being allocated monthly to various funds based on each fund's prior month-end cash and investment balance.

Fund Balance

Restricted fund balance includes amounts that are constrained on the use of resources by enabling legislation.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Equity in the Cash and Investment Pool of the City of San Buenaventura

The Measure O Transaction and Use Tax Special Revenue Fund has no separate bank accounts or investments other than its equity in the cash and investment pool managed by the City. The Measure O Transaction and Use Tax Special Revenue Fund is a voluntary participant in that pool. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council of the City. The Measure O Transaction and Use Tax Special Revenue Fund has not adopted an investment policy separate from that of the City. The fair value of the Measure O Transaction and Use Tax Special Revenue Fund's investment in this pool is reported in the accompanying financial statements at amounts based upon the Measure O Transaction and Use Tax Special Revenue Fund's pro rata share of the fair value calculated by the City for the entire City portfolio. The balance available for withdrawal is based on the accounting records maintained by the City, which are recorded at the estimated fair value.

CITY OF SAN BUENAVENTURA, CALIFORNIA
Measure O Transaction and Use Tax
Special Revenue Fund
Notes to Basic Financial Statements
June 30, 2020

2. CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to the Investment Policy, Interest Rate Risk, Credit Risk and Custodial Credit Risk

Additional disclosures related to the investment policy, interest rate risk, credit risk and custodial credit risk are available in the City of San Buenaventura's Comprehensive Annual Financial Report.

Fair Value Measurements

The Measure O Transaction and Use Tax Special Revenue Fund categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the investments. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices for similar assets in active markets; and, Level 3 inputs are significant unobservable inputs.

The Measure O Transaction and Use Tax Special Revenue Fund's investment in the City investment pool is not subject to the fair value hierarchy.

CITY OF SAN BUENAVENTURA
 MEASURE O TRANSACTION AND USE TAX
 SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget Positive (Negative)
Fund balance, July 1	\$ 12,969,163	\$ 12,969,163	\$ 12,969,163	\$ -
Resources (inflows):				
Taxes	13,500,000	13,500,000	13,150,844	(349,156)
Use of money and property	-	-	240,675	240,675
Other revenue	9,734,000	10,175,811	365,233	(9,810,578)
Amount available for appropriations	23,234,000	23,675,811	13,756,752	(9,919,059)
Charges to Appropriations (outflows):				
General government	6,444,487	5,945,574	1,941,872	4,003,702
Parks, recreation and community partnerships	2,140,118	2,253,402	1,708,401	545,001
Public safety - police	3,694,594	3,694,594	3,488,070	206,524
Public safety - fire	2,212,400	2,212,400	1,848,385	364,015
Public works	5,456,982	5,968,825	3,606,276	2,362,549
Transfers out	-	-	7,543	(7,543)
Capital outlay	3,285,419	3,601,016	1,195,230	2,405,786
Total charges to appropriations	23,234,000	23,675,811	13,795,777	9,880,034
Excess of resources under charges for appropriations	-	-	(39,025)	(39,025)
Fund balance, June 30	\$ 12,969,163	\$ 12,969,163	\$ 12,930,138	\$ (39,025)

CITY OF SAN BUENAVENTURA, CALIFORNIA
Measure O Transaction and Use Tax
Special Revenue Fund
Note to Required Supplementary Information
June 30, 2020

1. BUDGETARY ACCOUNTING

The budget for the Measure O Transaction and Use Tax Special Revenue Fund is formally adopted annually and is prepared in accordance with accounting principles generally accepted in the United States of America. The budget is monitored to ensure compliance with legal provisions embodied in the appropriated budget as approved or amended by the City Council throughout the year. Department heads are responsible for monitoring their department's appropriated budget. The legal level of budgetary control is at the fund level. The City's management may transfer resources between operating line items within a department in the same fund as they see appropriate. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are included in the restricted fund balance since they do not constitute expenditures or liabilities.



**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**

To the City Council Members
of the City of San Buenaventura
San Buenaventura, California

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 Measure O Transaction and Use Tax Special Revenue Fund of the City of San Buenaventura, California (the City), as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the fund's basic financial statements, and have issued our report thereon dated December 16, 2020.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over Measure O Transaction and Use Tax Special Revenue Fund financial reporting (Measure O Transaction and Use Tax Special Revenue Fund's internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Measure O Transaction and Use Tax Special Revenue Fund's financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Measure O Transaction and Use Tax Special Revenue Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Measure O Transaction and Use Tax Special Revenue Fund's internal control.

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

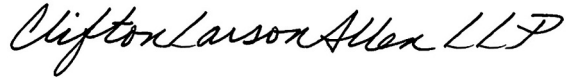
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Measure O Transaction and Use Tax Special Revenue Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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*.

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 Measure O Transactions and Use Tax Fund'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 Measure O Transactions and Use Tax Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Irvine, California
December 16, 2020

