

CITY OF SAN BUENAVENTURA
MEASURE O TRANSACTION AND
USE TAX SPECIAL REVENUE FUND
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022



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**CITY OF SAN BUENAVENTURA
MEASURE O TRANSACTION AND USE TAX SPECIAL REVENUE FUND
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YEAR ENDED JUNE 30, 2022**

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of City Council
City of San Buenaventura
San Buenaventura, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Measure O Transaction and Use Tax Special Revenue Fund (the Fund) of the City of San Buenaventura (the City) as of and for the year ended June 30, 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 Measure O Transaction and Use Tax Special Revenue Fund of the City as of June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' 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 other 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 opinion.

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, 2022, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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' 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 auditors' report that includes our opinion. 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 GAAS 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 GAAS 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 City's internal control related to the Measure O Transaction and Use Special Revenue Fund. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

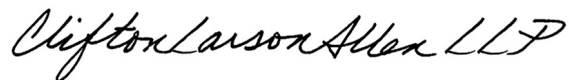
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2023, on our consideration of the City's internal control over 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 City's internal control over Measure O Transaction and Use Tax Special Revenue Fund's 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 Measure O Transaction and Use Special Revenue Fund's financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
March 27, 2023

**CITY OF SAN BUENAVENTURA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

As management of the City of San Buenaventura's Measure O Fund, we present Management's Discussion and Analysis of the Fund's financial performance for the fiscal year ended June 30, 2022.

Measure O is a transaction and use tax approved by City voters on November 8, 2016. This revenue tax represents a 25-year, one-half percent transaction and use tax. Measure O provides funding for various community needs such as addressing aging infrastructure, maintaining public safety, and providing programming for seniors and youth. The Citizens Oversight Committee meets quarterly and is composed of seven members with four-year terms.

The following analysis primarily focuses on the Measure O Fund's current year results in comparison with the prior year. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements.

Financial Highlights

- The Measure O Fund's total net Fund Balance on June 30, 2022, increased by \$2.1 million, or 13.8% compared to the prior fiscal year. This resulted from a 3% growth in revenues and 5% increase in expenditures.
- Revenues increased by approximately \$473 thousand, primarily due to higher tax collections as the economy recovered from COVID-19 shutdowns, as well as an increased share of sales tax receipts from on-line purchases. While Measure O Taxes increased by \$1.4 million, this increase was partially offset by \$514 thousand dollars in unrealized losses in Investments, and a \$412 thousand dollar decrease in Mercy House allocations from Ventura County from the prior year. Mercy House operates a variety of services in Ventura County, including emergency shelters and re-housing services for unsheltered individuals.
- Overall expenses of \$14.3 million increased \$682,213 from prior fiscal year. The primary reason for the increase in expenditures is a \$1.3 million decrease in Capital Outlay, while functional expenses increased by \$1.9 million. The reason for the decrease in Capital Outlay is due to the cyclical nature of construction projects and the resulting allocation of personnel and Capital Improvement Plan (CIP) funding. Certain projects planned for fiscal year 2021-2022 were deferred into the following fiscal year. These projects relate to traffic signal system upgrades, stormwater management, and Citywide bridge preventative maintenance.
- The primary functional area that saw an increase in expenditures was Parks & Recreation, due to a \$971,127 increase in the City's Safe and Clean program, which is "designed to ensure safe and clean public spaces for the entire community to enjoy." This increase was partially offset by an overall \$358 thousand decrease in other Measure O funded Parks and Recreation programs.
- Cash and investments increased by \$1.9 million, or 15.1% versus the prior fiscal period, primarily due to the impact of the revenue increase. The increase was partially offset by the unrealized losses and decrease in Mercy House allocations noted above.

**CITY OF SAN BUENAVENTURA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Overview of the Measure O Financial Statements

This Discussion and Analysis intends to serve as an introduction to the basic financial statements. The financial statements include only the activities of the Measure O Fund. These financial statements are not intended to present the activities of the City of San Buenaventura.

The Measure O Fund's basic financial statements consist of two components:

- 1) Balance Sheet
- 2) Statement of Revenues, Expenditures and Changes in Fund Balance

The Balance Sheet presents information on the Measure O Fund's assets and liabilities, with the difference between the two reported as *Fund Balance*. Over time, continued increases or decreases in Fund Balance may serve as a useful indicator of whether the Fund's financial condition is improving or deteriorating.

A summary of Measure O's Balance Sheet, compared to prior year, is presented below.

Increase (Decrease)	2022	2021	\$ Change	% Change
Assets:				
Cash and Investments	\$ 14,793,353	\$ 12,855,384	\$ 1,937,969	15.1%
Interest Receivable	16,363	220,324	(203,961)	-92.6%
Accounts Receivable, Net	32,453	18,980	13,473	71.0%
Due from Other Governments	3,169,316	3,115,488	53,828	1.7%
Total Assets	\$ 18,011,485	\$ 16,210,176	\$ 1,801,309	11.1%
Liabilities:				
Accounts Payable	664,503	967,013	(302,510)	-31.3%
Total Liabilities	664,503	967,013	(302,510)	-31.3%
Fund Balance	17,346,982	15,243,163	2,103,819	13.8%
Total Liabilities and Fund Balance	\$ 18,011,485	\$ 16,210,176	\$ 1,801,309	11.1%

**CITY OF SAN BUENAVENTURA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

A summary of the changes in Measure O's Fund Balance, compared to prior year, is presented below.

Statement of Revenues, Expenditures and Changes in Fund Balance Increase/(Decrease)

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues:				
Taxes	\$ 16,635,530	\$ 15,226,667	\$ 1,408,863	
Use of Money and Property	(406,264)	60,609	(466,873)	
Other Revenue	210,216	679,198	(468,982)	
Total Revenues	<u>16,439,482</u>	<u>15,966,474</u>	<u>473,008</u>	<u>3.0%</u>
Expenditures:				
General Government	1,423,447	1,021,889	401,558	
Community Development	347,420	120,000	227,420	
Parks and Recreation	3,258,741	2,645,682	613,059	
Public Safety - Police	4,307,732	3,902,689	405,043	
Public Safety - Fire	2,608,901	2,436,695	172,206	
Public Works	1,604,172	1,478,538	125,634	
Capital Outlay	785,250	2,047,957	(1,262,707)	
Total Expenditures	<u>14,335,663</u>	<u>13,653,450</u>	<u>682,213</u>	<u>5.0%</u>
Increase in Fund Balance	2,103,819	2,313,024	(209,205)	
Fund Balance - Beginning of Year	<u>15,243,163</u>	<u>12,930,139</u>	<u>2,313,024</u>	
Fund Balance - End of Year	<u>\$ 17,346,982</u>	<u>\$ 15,243,163</u>	<u>\$ 2,103,819</u>	<u>13.8%</u>

**CITY OF SAN BUENAVENTURA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Budgetary Information

The Annual Budget serves the fiscal period July 1 to June 30 and is a vehicle that accurately and openly communicates the priorities to the community, businesses, vendors, employees, and other public agencies. The Annual Budget is recommended by the Citizens Oversight Committee and approved by City Council. It is adopted on a basis consistent with generally accepted accounting principles. All annual appropriations expire at the end of the year. Capital projects funds adopt project-length plans.

The Finance and Technology Department, working with all operating departments and the City Manager, develops a preliminary budget. On or before May 1 each year, the City Manager transmits the proposed budget to the City Council. The proposed budget includes both the sources and types of funds for the proposed expenditures. The City Council conducts public hearings on the proposed budget prior to June 30. On or before July 1, the budget is adopted and enacted by the City Council.

The appropriated budget is prepared by fund, department, and division. City department heads may make transfers of appropriations within their departments. All transfers between departments require approval of the City Council. The legal level of budgetary control is at the fund level for all governmental funds.

Encumbrance accounting is employed in Governmental Funds, such as the Measure O Fund. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as assigned or restricted fund balances and do not constitute expenditures or liabilities. The commitments will be re-appropriated and honored in the subsequent year.

On the following page is the Measure O Fund Budget to Actual comparison for fiscal year 2021-2022. The unspent appropriations are primarily for ongoing projects (i.e., park maintenance, Portland Loo restroom, building maintenance, traffic signal system upgrade, sidewalks, and stormwater management) and the funding will be carried over into the next budget year.

Highlights of the budget to actual performance include:

- Total revenues exceeded the budget by \$2.0 million, when excluding the budgeted use of prior year resources due to the significant increase in tax collected as previously discussed. The budgeted figure of \$14.5 million (excluding the use of prior year resources) was conservatively estimated based upon the expectation of continued economic uncertainty due to the prolonged impacts of COVID-19.
- Expenditures were \$6.7 million under the final budgeted amounts, due to the deferment of capital projects as previously indicated.
- These factors contributed to a Fund Balance budgetary surplus of \$8.7million for fiscal year 2021-2022. This is comprised of \$2.1 million of total resources in excess of expenses, and \$6.5 million of savings against the projected use of Fund Balance, which was not required.

**CITY OF SAN BUENAVENTURA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Fiscal Year 2022 Budget to Actuals

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Fund Balance - Beginning of Year	\$ 15,243,163	\$ 15,243,163	\$ 15,243,163	\$ -
Resources (inflows)				
Taxes	13,628,866	13,628,866	16,635,530	3,006,664
Use of Money and Property	74,513	74,513	(406,264)	(480,777)
Other Revenue	775,000	775,000	210,216	(564,784)
Prior Year Resources	6,545,812	6,596,577	-	(6,596,577)
Total Resources	<u>21,024,191</u>	<u>21,074,956</u>	<u>16,439,482</u>	<u>(4,635,474)</u>
Charges to appropriations (outflows):				
General Government	1,934,753	1,903,870	1,423,447	480,423
Community Development	120,000	150,883	347,420	(196,537)
Parks and Recreation	3,713,685	3,713,685	3,258,741	454,944
Public Safety - Police	4,571,835	4,571,835	4,307,732	264,103
Public Safety - Fire	2,662,149	2,662,149	2,608,901	53,248
Public Works	1,480,028	1,574,139	1,604,172	(30,033)
Transfers	7,543	7,543	-	7,543
Capital Outlay	6,534,198	6,490,852	785,250	5,705,602
Total charges to appropriations	<u>21,024,191</u>	<u>21,074,956</u>	<u>14,335,663</u>	<u>6,739,293</u>
Excess of resources over charges for appropriations	-	-	2,103,819	2,103,819
Prior year resources	<u>(6,545,812)</u>	<u>(6,596,577)</u>	-	6,596,577
Fund Balance - End of Year	<u>\$ 8,697,351</u>	<u>\$ 8,646,586</u>	<u>\$ 17,346,982</u>	<u>\$ 8,700,396</u>

**CITY OF SAN BUENAVENTURA
MEASURE O TRANSACTION AND USE TAX SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2022**

ASSETS

Cash and Investments	\$ 14,793,353
Interest Receivable	32,453
Accounts Receivable	16,363
Due from Other Governments	<u>3,169,316</u>

Total Assets \$ 18,011,485

LIABILITIES

Accounts Payable	\$ 664,503
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FUND BALANCE

Restricted for Special Projects	<u>17,346,982</u>
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Total Liabilities and Fund Balance \$ 18,011,485

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
 YEAR ENDED JUNE 30, 2022**

REVENUES

Taxes	\$ 16,635,530
Use of Money and Property	(406,264)
Other Revenues	210,216
Total Revenues	16,439,482

EXPENDITURES

Current:	
General Government	1,423,447
Community Development	347,420
Parks and Recreation	3,258,741
Public Safety - Police	4,307,732
Public Safety - Fire	2,608,901
Public Works	1,604,172
Capital Outlay	785,250
Total Expenditures	14,335,663

INCREASE IN FUND BALANCE

2,103,819

Fund Balance - Beginning of Year

15,243,163

FUND BALANCE - END OF YEAR

\$ 17,346,982

See accompanying Notes to Financial Statements.

**CITY OF SAN BUENAVENTURA
MEASURE O TRANSACTION AND USE TAX SPECIAL REVENUE FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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 (the Fund) of the City of San Buenaventura (the City). These financial statements are exclusively for the Fund and do not purport to, and do not, present fairly the financial position and changes in the financial position of the City.

The 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 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 recognized as soon as they are both "measurable and "available". Revenues are considered to be available when they are collectible within the current period or collected within 60 days of the end of the current fiscal period. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

**CITY OF SAN BUENAVENTURA
MEASURE O TRANSACTION AND USE TAX SPECIAL REVENUE FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 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.

NOTE 2 CASH AND INVESTMENTS

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

The Fund has no separate bank accounts or investments other than its equity in the cash and investment pool managed by the City. The 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 Fund has not adopted an investment policy separate from that of the City. The fair value of the Fund's investment in this pool is reported in the accompanying financial statements at amounts based upon the 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.

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 Annual Comprehensive Financial Report.

**CITY OF SAN BUENAVENTURA
MEASURE O TRANSACTION AND USE TAX SPECIAL REVENUE FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements

The Fund is available in the City of San Buenaventura's Annual Comprehensive Financial Report.

The 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
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget Positive (Negative)
FUND BALANCE - BEGINNING OF YEAR	\$ 15,243,163	\$ 15,243,163	\$ 15,243,163	\$ -
Resources (Inflows):				
Taxes	13,628,866	13,628,866	16,635,530	3,006,664
Use of Money and Property	74,513	74,513	(406,264)	(480,777)
Other Revenues	775,000	775,000	210,216	(564,784)
Prior Year Resources	<u>6,545,812</u>	<u>6,596,577</u>	<u>-</u>	<u>(6,596,577)</u>
Amount Available for Appropriations	21,024,191	21,074,956	16,439,482	(4,635,474)
Charges to Appropriations (Outflows):				
General Government	1,934,753	1,903,870	1,423,447	480,423
Community Development	120,000	150,883	347,420	(196,537)
Parks, Recreation, and Community	3,713,685	3,713,685	3,258,741	454,944
Public Safety - Police	4,571,835	4,571,835	4,307,732	264,103
Public Safety - Fire	2,662,149	2,662,149	2,608,901	53,248
Public Works	1,480,028	1,574,139	1,604,172	(30,033)
Transfers Out	7,543	7,543	-	7,543
Capital Outlay	<u>6,534,198</u>	<u>6,490,852</u>	<u>785,250</u>	<u>5,705,602</u>
Total Charges to Appropriations	21,024,191	21,074,956	14,335,663	6,739,293
Excess of Resources Over Charges for Appropriations	-	-	2,103,819	2,103,819
Prior Year Resources	<u>(6,545,812)</u>	<u>(6,596,577)</u>	<u>-</u>	<u>6,596,577</u>
FUND BALANCE - END OF YEAR	<u>\$ 8,697,351</u>	<u>\$ 8,646,586</u>	<u>\$ 17,346,982</u>	<u>\$ 8,700,396</u>

See accompanying Note to Required Supplementary Information.

**CITY OF SAN BUENAVENTURA
MEASURE O TRANSACTION AND USE TAX SPECIAL REVENUE FUND
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

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.



**INDEPENDENT AUDITORS' 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**

Honorable Mayor and Members of City Council
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 (the Fund) of the City of San Buenaventura, California (the City), as of and for the year ended June 30, 2022 and the related notes to the financial statements which collectively comprise the Measure O Transaction and Use Tax fund's financial statements, and have issued our report thereon dated March 27, 2023.

Report on Internal Control over Financial Reporting

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

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.

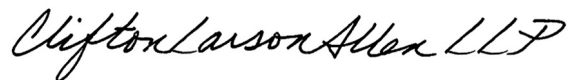
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Measure O Transaction and Use Tax Special Revenue Fund 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 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*.

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 City's internal control or on compliance related to the Measure O Transaction and Use Tax Special Revenue Fund. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance related to the Measure O Transaction and Use Tax Special Revenue Fund. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Irvine, California
March 27, 2023



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