

VENTURA COUNTY TRANSPORTATION COMMISSION

State Transit Assistance Fund

Financial Statements

Fiscal Years Ended June 30, 2015 and 2014

VENTURA COUNTY TRANSPORTATION COMMISSION

State Transit Assistance Fund

Fiscal Years Ended June 30, 2015 and 2014

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Board of Commissioners
Ventura County Transportation Commission
Ventura, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the State Transit Assistance Fund (STA Fund) of the Ventura County Transportation Commission (Commission) as of and for the fiscal years ended June 30, 2015 and 2014, and the related notes to the 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.

Auditor's Responsibility

Our responsibility is to express opinions 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity'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 opinions.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the STA Fund of the Commission and do not purport to, and do not, present fairly the financial position of the Commission, as of June 30, 2015 and 2014, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the STA Fund of the Commission as of June 30, 2015 and 2014, and the change in financial position of the STA Fund of the Commission for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming opinions on financial statements of the Fund of the Commission. The *Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual* and the *Schedule of Allocation and Disbursements by Purpose*, listed as supplemental data in the table of contents, are presented for purposes of additional analysis and are not a required part of the 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 financial statements for the STA Fund of the Commission. This supplemental data has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 December 11, 2015 on our consideration of the Commission's internal control over financial reporting for the 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 Commission's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Conrad LLP". The signature is written in a cursive, flowing style.

Lake Forest, California
December 11, 2015

VENTURA COUNTY TRANSPORTATION COMMISSION

State Transit Assistance Fund

Comparative Balance Sheets

June 30, 2015 and 2014

<u>Assets</u>	<u>2015</u>	<u>2014</u>
Cash and investments (Note 3)	\$ 10,301,706	\$ 12,241,183
Receivable intergovernmental	1,241,766	1,370,334
Due from other funds	383,649	-
Interest receivable	<u>9,195</u>	<u>10,008</u>
Total assets	<u>\$ 11,936,316</u>	<u>\$ 13,621,525</u>
<u>Liabilities and fund balance</u>		
Due to general fund	<u>\$ 33,951</u>	<u>\$ 85,928</u>
Total liabilities	<u>33,951</u>	<u>85,928</u>
Fund balance - restricted	<u>11,902,365</u>	<u>13,535,597</u>
Total liabilities and fund balance	<u>\$ 11,936,316</u>	<u>\$ 13,621,525</u>

See accompanying notes to financial statements

VENTURA COUNTY TRANSPORTATION COMMISSION

State Transit Assistance Fund

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues:		
State transportation allocation	\$ 4,752,030	\$ 5,122,999
Investment income	<u>50,682</u>	<u>35,259</u>
Total revenues	<u>4,802,712</u>	<u>5,158,258</u>
Expenditures:		
Allocations for current year claimants:		
Ventura County Transportation Commission	6,275,122	4,833,941
Gold Coast Transit	<u>160,822</u>	<u>192,000</u>
Total expenditures	<u>6,435,944</u>	<u>5,025,941</u>
Excess of revenues over expenditures	(1,633,232)	132,317
Fund balance at beginning of year	<u>13,535,597</u>	<u>13,403,280</u>
Fund balance at end of year	<u>\$ 11,902,365</u>	<u>\$ 13,535,597</u>

See accompanying notes to financial statements

VENTURA COUNTY TRANSPORTATION COMMISSION

State Transit Assistance Fund

Notes to Financial Statements

Fiscal Years Ended June 30, 2015 and 2014

(1) **General Information**

The financial statements are intended to reflect the financial position and changes in financial position for the State Transit Assistance Fund (STA Fund) of the Ventura County Transportation Commission (Commission) only.

The State Transit Assistance Fund was created under the Transportation Development Act of the State of California to account for public transportation monies derived from statewide sales tax. Payments from this fund are made by the Ventura County Auditor-Controller in accordance with written allocation instructions issued in compliance with the Act by the Commission.

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

Fund Accounting

The accounts of the Commission 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 Commission accounts for the activity of the STA Fund as a Special Revenue Fund. Special Revenue Funds are used to account for and report on a particular source of revenue.

Measurement Focus and Basis of Accounting

Special Revenue Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 180 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred.

VENTURA COUNTY TRANSPORTATION COMMISSION

State Transit Assistance Fund

Notes to Financial Statements

Fiscal Years Ended June 30, 2015 and 2014

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

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 Commission. For the Commission, funds received under Transportation Development Act Article 6.5, Section 99312(c) of the Public Utilities Code possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 6.5, Section 99313 and 99314 are recognized in the period when all eligibility requirements have been met.

A deferred inflow of resources arises when potential revenues do not meet both the measurable and availability criteria for recognition in the current period. Deferred inflows of resources also arise when the Commission receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualified expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Commission has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Fund Equity

The components of the fund balances of governmental funds now reflect the component classifications described below.

- *Nonspendable Fund Balance* – this includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed Fund Balance* – includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors.
- *Assigned Fund Balance* – includes amounts that are intended to be used by the Commission for specific purposes, but do not meet the criteria to be classified as restricted or committed.

VENTURA COUNTY TRANSPORTATION COMMISSION

State Transit Assistance Fund

Notes to Financial Statements

Fiscal Years Ended June 30, 2015 and 2014

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

- *Unassigned Fund Balance* – includes any deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

It is the Commission's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the Board of Directors.

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**

Cash and investments are held by the County of Ventura (the County). The County 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 STA Fund's cash and investments as of June 30, 2015 and 2014 was \$10,301,706 and \$12,241,183, respectively.

The STA Fund's cash is deposited in the County'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 STA Fund are those of the County and are included in the County's basic financial statements.

See the County'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.

VENTURA COUNTY TRANSPORTATION COMMISSION

State Transit Assistance Fund

Notes to Financial Statements

Fiscal Years Ended June 30, 2015 and 2014

(4) Restrictions

Funds received pursuant to the Transportation Development Act of the State of California may only be used for public transportation and transit.

(5) Contingencies

See the Commission'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.

(6) Budgetary Data

The Commission adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current year expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.

Supplemental Data

VENTURA COUNTY TRANSPORTATION COMMISSION

State Transit Assistance Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
State transportation allocation	\$ 4,584,480	\$ 4,584,480	\$ 4,752,030	\$ 167,550
Investment income	50,000	50,000	50,682	682
Total revenues	<u>4,634,480</u>	<u>4,634,480</u>	<u>4,802,712</u>	<u>168,232</u>
Expenditures:				
Allocations for current year claimants:				
Ventura County Transportation Commission	4,714,111	7,778,177	6,275,122	1,503,055
Gold Coast Transit	-	-	160,822	(160,822)
Total expenditures	<u>4,714,111</u>	<u>7,778,177</u>	<u>6,435,944</u>	<u>1,342,233</u>
Excess of revenues over expenditures	<u>\$ (79,631)</u>	<u>\$ (3,143,697)</u>	<u>\$ (1,633,232)</u>	<u>\$ 1,510,465</u>
Fund balance at beginning of year			<u>13,535,597</u>	
Fund balance at end of year			<u>\$ 11,902,365</u>	

VENTURA COUNTY TRANSPORTATION COMMISSION

State Transit Assistance Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
State transportation allocation	\$ 4,778,577	\$ 4,778,577	\$ 5,122,999	\$ 344,422
Investment income	50,000	50,000	35,259	(14,741)
Total revenues	<u>4,828,577</u>	<u>4,828,577</u>	<u>5,158,258</u>	<u>329,681</u>
Expenditures:				
Allocations for current year claimants:				
Ventura County Transportation Commission	5,314,566	10,213,206	4,833,941	5,379,265
Gold Coast Transit	<u>182,404</u>	<u>182,404</u>	<u>192,000</u>	<u>(9,596)</u>
Total expenditures	<u>5,496,970</u>	<u>10,395,610</u>	<u>5,025,941</u>	<u>5,369,669</u>
Excess of revenues over expenditures	<u>\$ (668,393)</u>	<u>\$ (5,567,033)</u>	<u>\$ 132,317</u>	<u>\$ 5,699,350</u>
Fund balance at beginning of year			<u>13,403,280</u>	
Fund balance at end of year			<u>\$ 13,535,597</u>	

VENTURA COUNTY TRANSPORTATION COMMISSION

State Transit Assistance Fund

Schedule of Allocation and Disbursements by PUC Section

Fiscal Year Ended June 30, 2015

	PUC Section		Total
	99313	99314	
Allocations:			
Amounts apportioned	\$ 4,220,482	\$ -	\$ 4,220,482
VCTC for Southern California Regional Rail Authority	-	321,829	321,829
Gold Coast Transit	-	209,719	209,719
Total allocations	<u>\$ 4,220,482</u>	<u>\$ 531,548</u>	<u>\$ 4,752,030</u>

	PUC Section				Total
	6730 (a) Operating Cost	6730 (a) Capital	6730 (b) Operating Cost	6730 (b) Capital	
Disbursements:					
Public transportation system costs:					
Ventura County Transportation Commission	\$ 4,767,967	\$ -	\$ 1,507,155	\$ -	\$ 6,275,122
Gold Coast Transit	<u>160,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,822</u>
Total disbursements	<u>\$ 4,928,789</u>	<u>\$ -</u>	<u>\$ 1,507,155</u>	<u>\$ -</u>	<u>\$ 6,435,944</u>

Board of Commissioners
Ventura County Transportation Commission
Ventura, California

**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 State Transit Assistance Fund (STA Fund) of the Ventura County Transportation Commission (Commission), as of and for the fiscal years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise City's STA Fund financial statements, and have issued our report thereon dated December 11, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Commission'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the STA Fund of the Commission 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.

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.

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Lake Forest, California
December 11, 2015