

CITY OF SIMI VALLEY, CALIFORNIA

State of Good Repair Fund
Section 99212.1 (c) Public Utilities Code

Financial Statements

Fiscal Years Ended June 30, 2024 and 2023

CITY OF SIMI VALLEY, CALIFORNIA

State of Good Repair Fund
Section 99212.1 (c) Public Utilities Code

Fiscal Years Ended June 30, 2024 and 2023

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Board of Commissioners
Ventura County Transportation Commission
Camarillo, California

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of the State of Good Repair Fund ("SGR Fund") of the City of Simi Valley, 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 SGR Fund of the City, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof of the SGR Fund of the City for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the SGR 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 SGR Fund of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Other Matters

Prior Year Comparative Information

The financial statements of the City as of June 30, 2023, were audited by other auditors. Those auditors expressed an unmodified opinion on those financial statements in its report dated March 20, 2024.

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 purposes 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 6, 2025 on our consideration of the City's internal control over financial reporting for the SGR 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 6, 2025

CITY OF SIMI VALLEY, CALIFORNIA

State of Good Repair Fund
Section 99212.1 (c) Public Utilities Code

Comparative Statement of Net Position

June 30, 2024 and 2023

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Cash and investments (Note 3)	<u>\$ 16,362</u>	<u>\$ 4,106</u>
Total assets	<u>16,362</u>	<u>4,106</u>
 <u>Liabilities</u>		
Unearned revenue (Note 4)	<u>16,362</u>	<u>4,106</u>
Total liabilities	<u>16,362</u>	<u>4,106</u>
 <u>Net position</u>		
Restricted	<u>-</u>	<u>-</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

CITY OF SIMI VALLEY, CALIFORNIA

State of Good Repair Fund
Section 99212.1 (c) Public Utilities Code

Comparative Statement of Revenues, Expenditures
and Changes in Net Position

Fiscal Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenues:		
Charges for services	\$ -	\$ -
Total operating revenues	<u>-</u>	<u>-</u>
Operating expenditures:		
Construction, maintenance, and engineering	<u>-</u>	<u>17,165</u>
Total operating expenditures	<u>-</u>	<u>17,165</u>
Operating income (loss)	<u>-</u>	<u>(17,165)</u>
Non-operating revenues:		
State of Good Repair allocation	-	16,993
Interest income	<u>-</u>	<u>172</u>
Total non-operating revenues	<u>-</u>	<u>17,165</u>
Change in net position	<u>-</u>	<u>-</u>
Net position at beginning of year	<u>-</u>	<u>-</u>
Net position at end of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

CITY OF SIMI VALLEY, CALIFORNIA

State of Good Repair Fund
Section 99212.1 (c) Public Utilities Code

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

	<u>2024</u>	<u>2023</u>
Cash flow from operating activities:		
Cash paid for operating costs, net of support	\$ <u>-</u>	\$ <u>(17,165)</u>
Net cash used for operating activities	<u>-</u>	<u>(17,165)</u>
Cash flow from noncapital financing activities:		
Cash received from local transportation fund, SGR	<u>12,040</u>	<u>12,337</u>
Net cash provided from noncapital financing activities	<u>12,040</u>	<u>12,337</u>
Cash from investing activities:		
Cash received from interest received from investments	<u>216</u>	<u>172</u>
Net cash provided by investing activities	<u>216</u>	<u>172</u>
Net increase (decrease) in cash and cash equivalents	12,256	(4,656)
Cash and cash equivalents, beginning of year	<u>4,106</u>	<u>8,762</u>
Cash and cash equivalents, end of year	<u>\$ 16,362</u>	<u>\$ 4,106</u>

See accompanying notes to the financial statements.

CITY OF SIMI VALLEY, CALIFORNIA

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

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

	<u>2024</u>	<u>2023</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating income (loss)	\$ -	\$ (17,165)
Changes in operating assets and liabilities:		
Decrease in grants receivable	<u>-</u>	<u>-</u>
Total adjustments	<u>-</u>	<u>-</u>
Net cash used for operating activities	<u>\$ -</u>	<u>\$ (17,165)</u>

Noncash investing, capital, and financing activities:

The State of Good Repair fund had no non-cash financing activity in Fiscal Years 2023/24 and 2022/23.

See accompanying notes to the financial statements.

CITY OF SIMI VALLEY, CALIFORNIA

State of Good Repair Fund
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Notes to Financial Statements

Fiscal Years Ended June 30, 2024 and 2023

(1) **General Information**

The financial statements are intended to reflect the financial position and changes in financial position for the State of Good Repair (“SGR Fund”) of the City of Simi Valley, California (“City”) only.

Pursuant to Section 99212.1(c) of the California Public Utilities Code, State of Good Repair (“SGR”) funds are provided for transit capital projects or services to maintain or repair a transit operator’s existing vehicle fleet or transit facilities, including rehabilitation or modernization of existing vehicles or fleets; the design, acquisition, and construction of new vehicles or facilities that improve existing transit services; and transit services that complement local efforts for repair and improvement of local transportation infrastructure. The State Controller’s Office publishes annually estimated State of Good Repair funding levels per Public Utilities Code Section 99314 according to population and farebox revenues.

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

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves, and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The City accounts for the activity of the SGR Fund, which is an Enterprise Fund. Enterprise Funds are used to account for “business-type activities” similar to those found in the private sector such as services primarily funded through user charges.

Measurement Focus and Basis of Accounting

Enterprise Funds are accounted for using the accrual basis of accounting. The revenues are recognized in the accounting period when they are earned, and expenses are recognized in the accounting period in which the liability is incurred.

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.

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State of Good Repair Fund
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Notes to Financial Statements

Fiscal Years Ended June 30, 2024 and 2023

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

For the City, SGR funds received possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under SGR are recognized in the period when all eligibility requirements have been met.

Net Position

The components of net position reflect the component classifications described below.

- *Net Investment in Capital Assets* – this includes capital assets net of depreciation reduced by the outstanding balances of bonds and notes, if any, that are attributable to the acquisition, construction, or improvement of those assets. Applicable deferred outflows of resources and deferred inflows of resources, if any, should also be included in this component of net position.
- *Restricted* – this includes assets, mainly cash and investments, bound by constraints on resources that are externally imposed by creditors, grantors, contributors, or laws and regulations of other governments.
- *Unrestricted* – this includes the remaining balance of the net amount of assets, deferred outflows of resources that are not included in the determination of net investment in capital, or the restricted components of net position.

It is the City's policy that restricted resources will be applied first, followed by unrestricted resources, 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 requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

(3) **Cash and Investments**

The City has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-

CITY OF SIMI VALLEY, CALIFORNIA

State of Good Repair Fund
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Notes to Financial Statements

Fiscal Years Ended June 30, 2024 and 2023

(3) Cash and Investments (Continued)

bearing accounts and other investments for varying terms. The SGR Fund's cash and investments as of June 30, 2024 and 2023 were \$16,362 and \$4,106, respectively.

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) Unearned Revenue

SGR funds allocated to the City by VCTC for specific transportation infrastructure projects are considered earned when they are spent on the specific projects authorized. Allocations and any interest received, but not used, are recorded as unearned revenue. The balance of unearned revenue as of June 30, 2024 and 2023 consists of the following:

	<u>FY 2023/24</u>	<u>FY 2022/23</u>
Unearned revenue as of July 1,	\$ 4,106	\$ 8,762
Grant receipts - SGR	11,981	12,299
Interest income - transferred from VCTC	59	38
Interest income in current year	216	172
Earned revenue	<u>-</u>	<u>(17,165)</u>
Unearned revenue as of June 30,	<u>\$ 16,362</u>	<u>\$ 4,106</u>

(5) Restrictions

Funds received pursuant to the California Public Utilities Code §99212.1(c) may only be used for transit capital projects or services to maintain or repair a transit operator's existing transit vehicle fleet or existing transit facilities; for the design acquisition, and construction of new vehicles or facilities that improve existing transit services; and for transit services that complement local efforts for repair and improvement of local transportation infrastructure.

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State of Good Repair Fund
Section 99212.1 (c) Public Utilities Code

Notes to Financial Statements

Fiscal Years Ended June 30, 2024 and 2023

(6) 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 SIMI VALLEY, CALIFORNIA

State of Good Repair Fund
Section 99212.1 (c) Public Utilities Code

Schedule of Status of Funds by Project

Fiscal Year Ended June 30, 2024

Project Name	Program Year	State Allocation Received	Notes	Approved Transfer	Current		Prior Interest Received from VCTC	Prior Year Interest Accrued by City	Current Expenditures	Prior Expenditures	Unearned Revenue	Program Status
					Interest Received from VCTC	Interest Accrued by City						
Bus Stop Improvements (CP75000006)	2022-23	\$ 12,408	(1)	\$ -	\$ 14	\$ 155	\$ 38	\$ 35	\$ -	\$ 6,253	\$ 6,397	Open
Bus Stop Improvements (CP75000006)	2023-24	<u>9,859</u>	(2)	<u>-</u>	<u>45</u>	<u>61</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,965</u>	Open
Totals		<u>\$ 22,267</u>		<u>\$ -</u>	<u>\$ 59</u>	<u>\$ 216</u>	<u>\$ 38</u>	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ 6,253</u>	<u>\$ 16,362</u>	

Notes:

(1) : The City received the fourth quarter grant receipts for Program Year 2022/23 Bus Stop Improvements project of \$2,063 and interest of \$13 on September 29, 2023, and remaining grant receipts of \$59 on February 2, 2024, and recorded the amount in Fiscal Year 2023/24.

(2) : The City received the fourth quarter grant receipts for Program Year 2023/24 Bus Stop Improvements project of \$3,267 on August 26, 2024, and remaining grant receipts of \$228 and interest of \$1 on December 27, 2024, and recorded the amount in Fiscal Year 2024/25.



Board of Commissioners
Ventura County Transportation Commission
Camarillo, California

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State of Good Repair Fund (“SGR Fund”) of the City of Simi Valley, California (“City”), as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated February 6, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during 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 SGR Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including §6666 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including §6666 of Part 21 of the California Code of Regulations.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ASM LLP

Rancho Santa Margarita, California
February 6, 2025