

VENTURA COUNTY TRANSPORTATION COMMISSION

State of Good Repair Fund

Financial Statements

Fiscal Years Ended June 30, 2024 and 2023

VENTURA COUNTY TRANSPORTATION COMMISSION

State of Good Repair Fund

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 Ventura County Transportation Commission ("VCTC"), 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 VCTC, as of June 30, 2024, and the respective changes in financial position of the SGR Fund of VCTC 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 VCTC 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 VCTC and do not purport to, and do not present fairly, the financial position of VCTC 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 VCTC'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 their report dated December 13, 2023.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The *Schedule of Status of Funds by Project* is presented for the 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 December 16, 2024 on our consideration of VCTC's internal control over financial reporting for the SGR Fund of VCTC 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 VCTC's internal control over financial reporting and compliance.

ASM LLP

Rancho Santa Margarita, California
December 16, 2024

VENTURA COUNTY TRANSPORTATION COMMISSION

State of Good Repair Fund

Comparative Balance Sheets

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash and investments (Note 3)	\$ 8,442,394	\$ 7,220,491
Due from other governments (Note 4)	418,928	255,062
Interest receivable	<u>137,712</u>	<u>88,851</u>
Total assets	<u>\$ 8,999,034</u>	<u>\$ 7,564,404</u>
 <u>Liabilities and fund balance</u>		
Accounts payable	\$ -	\$ 290,504
Due to other government	17,380	-
Due to other funds (Note 5)	<u>1,187,403</u>	<u>-</u>
Total liabilities	<u>1,204,783</u>	<u>290,504</u>
Fund balance - restricted	<u>7,794,251</u>	<u>7,273,900</u>
Total liabilities and fund balance	<u>\$ 8,999,034</u>	<u>\$ 7,564,404</u>

See accompanying notes to financial statements

VENTURA COUNTY TRANSPORTATION COMMISSION

State of Good Repair Fund

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenues:		
State of Good Repair allocation	\$ 1,600,808	\$ 1,491,427
Investment income	<u>413,943</u>	<u>208,317</u>
Total revenues	<u>2,014,751</u>	<u>1,699,744</u>
Expenditures:		
Allocations for current year claimants:		
Ventura County Transportation Commission/SCRRA	1,420,931	723,252
Local agencies pass-through	<u>73,469</u>	<u>62,293</u>
Total expenditures	<u>1,494,400</u>	<u>785,545</u>
Excess of revenues over expenditures	<u>520,351</u>	<u>914,199</u>
Fund balance at beginning of year, as previously reported	<u>7,273,900</u>	<u>6,359,701</u>
Fund balance at end of year	<u>\$ 7,794,251</u>	<u>\$ 7,273,900</u>

See accompanying notes to financial statements

VENTURA COUNTY TRANSPORTATION COMMISSON

State of Good Repair Fund

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 Fund (“SGR Fund”) of the Ventura County Transportation Commission (“VCTC”) only.

Pursuant to Section 99212.1(c) of the California Public Utilities Code, State of Good Repair 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 99313 and Public Utilities Code Section 99314 according to population and farebox revenues.

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

Fund Accounting

The accounts of VCTC 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. VCTC accounts for the activity of the SGR 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 liability is incurred.

VENTURA COUNTY TRANSPORTATION COMMISSON

State of Good Repair Fund

Notes to Financial Statements

Fiscal Years Ended June 30, 2024 and 2023

(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 VCTC. For VCTC, funds received under Sections 99213 and 99214 of the Public Utilities Code possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under Sections 99213 and 99214 of the Public Utilities Code 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 VCTC 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 VCTC has a legal claim to the resources, the liability for deferred inflow of resources is removed from the balance sheet, and revenue is recognized.

Fund Balance

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

- *Nonspendable Fund Balance* – 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* – includes amounts that can be spent only for specific purposes stipulated by the 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 VCTC.
- *Assigned Fund Balance* – includes amounts that are intended to be used by VCTC for specific purposes, but do not meet the criteria to be classified as restricted or committed.
- *Unassigned Fund Balance* – includes any deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

VENTURA COUNTY TRANSPORTATION COMMISSON

State of Good Repair Fund

Notes to Financial Statements

Fiscal Years Ended June 30, 2024 and 2023

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

It is VCTC'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 Commissioners.

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**

VCTC 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 SGR Fund's cash and investments as of June 30, 2024 and 2023 were \$8,442,394 and \$7,220,491, respectively.

The SGR Fund's cash is deposited in VCTC'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 SGR Fund are those of VCTC and are included in VCTC's basic financial statements.

See VCTC'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) **Due from Other Governments**

Due from other governments consists of amounts due from the State of California pursuant to California Public Utilities Code, Sections 99313 and 99314, totaling \$418,928 and \$255,062 for years ended June 30, 2024 and 2023, respectively.

VENTURA COUNTY TRANSPORTATION COMMISSON

State of Good Repair Fund

Notes to Financial Statements

Fiscal Years Ended June 30, 2024 and 2023

(5) **Due to Other Funds**

Due to other funds represents a temporary timing difference between when transactions are recorded in the accounting system and when payments are made and consists of amounts due to the General Fund, totaling \$1,187,403 for fiscal year ended June 30, 2024.

(6) **Restrictions**

Funds received pursuant to the California Public Utilities Code §99213 and 99314 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.

(7) **Contingencies**

See VCTC'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.

(8) **Budgetary Data**

VCTC 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.

Required Supplementary Information

VENTURA COUNTY TRANSPORTATION COMMISSION

State of Good Repair Fund

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

Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
State of Good Repair allocation	\$ 1,552,466	\$ 1,552,466	\$ 1,600,808	\$ 48,342
Interest income	<u>120,000</u>	<u>120,000</u>	<u>413,943</u>	<u>293,943</u>
Total revenues	<u>1,672,466</u>	<u>1,672,466</u>	<u>2,014,751</u>	<u>342,285</u>
Expenditures:				
Construction, maintenance, and engineering	<u>7,284,529</u>	<u>7,316,253</u>	<u>1,494,400</u>	<u>5,821,853</u>
Total expenditures	<u>7,284,529</u>	<u>7,316,253</u>	<u>1,494,400</u>	<u>5,821,853</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,612,063)</u>	<u>\$ (5,643,787)</u>	520,351	<u>\$ 6,164,138</u>
Fund balance at beginning of year			<u>7,273,900</u>	
Fund balance at end of year			<u>\$ 7,794,251</u>	

VENTURA COUNTY TRANSPORTATION COMMISSION

State of Good Repair Fund

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

Fiscal Year Ended June 30, 2023

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
State of Good Repair allocation	\$ 1,488,778	\$ 1,488,778	\$ 1,491,427	\$ 2,649
Interest income	<u>10,000</u>	<u>10,000</u>	<u>208,317</u>	<u>198,317</u>
Total revenues	<u>1,498,778</u>	<u>1,498,778</u>	<u>1,699,744</u>	<u>200,966</u>
Expenditures:				
Construction, maintenance, and engineering	<u>8,017,578</u>	<u>7,880,214</u>	<u>785,545</u>	<u>7,094,669</u>
Total expenditures	<u>8,017,578</u>	<u>7,880,214</u>	<u>785,545</u>	<u>7,094,669</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (6,518,800)</u>	<u>\$ (6,381,436)</u>	914,199	<u>\$ 7,295,635</u>
Fund balance at beginning of year, as restated			<u>6,359,701</u>	
Fund balance at end of year			<u>\$ 7,273,900</u>	

Supplementary Information

VENTURA COUNTY TRANSPORTATION COMMISSION

State of Good Repair Fund

Schedule of Status of Funds by Project

Fiscal Year Ended June 30, 2024

Project Name	Program Year	State	Notes	Current	Prior	Current	Prior	Fund/Accrual Balance	Program Status
		Allocation Received		Interest Received	Interest Received		Expenditures		
VCTC - SCRRRA Generation 1 Rail Car Rebuild/Overhaul	2017/18	\$ 1,144,336		\$ 46,026	\$ 90,547	\$ (203,377)	\$ (134,978)	\$ 942,554	Open
VCTC - SCRRRA Arroyo Simi Bridge Rehabilitation	2018/19	1,132,923		32,179	66,848	(34,841)	(447,442)	749,667	Open
VCTC - SCRRRA Culvert Replacement Project	2019/20	1,167,941		49,618	48,682	(716,425)	-	549,816	Open
VCTC - Train Control System Rehabilitation	2020/21	1,208,374		52,105	37,225	(277,828)	-	1,019,876	Open
VCTC - Arroyo Simi Bridges Rehabilitation	2021/22	1,231,869		52,929	33,412	-	-	1,318,210	Open
VCTC - Arroyo Simi Bridges Rehab	2022/23	1,282,989		53,267	13,396	-	-	1,349,652	Open
VCTC - Valley Express 15 Bus Purchase	2023/24	1,379,915	(2)	17,942	-	-	-	1,397,857	Open
Metrolink - Culvert Replacement Project	2019/20	122,643		2,650	4,554	(110,772)	(19,075)	-	Closed
Metrolink - Train Control System Rehabilitation	2020/21	127,143		3,364	3,917	(77,688)	(56,736)	-	Closed
Metrolink - Arroyo Simi Bridges Rehabilitation	2021/22	130,216		5,525	3,532	-	(1,885)	137,388	Open
Metrolink - Arroyo Simi Bridges Rehab	2022/23	146,116	(1)	6,066	1,525	-	-	153,707	Open
Metrolink - System Wide Track Rehabilitation	2023/24	145,228		1,888	-	-	-	147,116	Open
GCTD - 9 Replacement CNG Buses	2022/23	45,411		-	91	(121)	(45,381)	-	Closed
GCTD - Bus Stop Improvements	2023/24	48,872		-	-	(46,988)	-	1,884	Open
Camarillo	2022/23	-	(1)	-	-	-	-	-	Closed
Camarillo - Replacement of one Minivan	2023/24	8,591		-	-	(8,281)	-	310	Open
Moorpark	2022/23	-	(1)	-	-	-	-	-	Closed
Moorpark	2023/24	-	(2)	-	-	-	-	-	Closed
S.V - Bus Stop Improvement	2022/23	12,408		1	51	(60)	(12,400)	-	Closed
S.V - Bus Stop Improvement	2023/24	13,354		45	-	(13,171)	-	228	Open
T.O - Bus & Car Wash Project	2023/24	4,848		-	-	(4,848)	-	-	Closed
Totals		\$ 9,353,177		\$ 323,605	\$ 303,780	\$ (1,494,400)	\$ (717,897)	\$ 7,768,265	
Fair Value Adjustment								25,986	
Fund Balance at June 30, 2024								\$ 7,794,251	

Acronyms Used			
SCRRA	Southern California Regional Rail Authority	S.V	City of Simi Valley
GCTD	Gold Coast Transit District	T.O	City of Thousand Oaks

Notes:

(1) The cities of Camarillo and Moorpark declined the FY22/23 SGR funds allocated to their respective agencies. Caltrans approved a transfer of FY22/23 Camarillo and Moorpark funds to the Metrolink Arroyo Simi Bridges Rehab. project, which was also approved by VCTC Resolution 2022-09. The Metrolink Arroyo Simi Bridges Rehab. project is comprised of:

Agency	Amount
Camarillo - transfer amount	\$ 7,983
Moorpark - transfer amount	3,188
Metrolink - original amount	134,945
Total Metrolink Arroyo Simi Bridges Rehab. Project	\$146,116

(2) The City of Moorpark declined the FY23/24 SGR funds allocated to its agency. Approved VCTC Resolution 2023-08 added Moorpark SGR portion to VCTC Valley Express bus purchase. VCTC Valley Express Bus Purchase project is comprised of:

Agency	Amount
Moorpark - transfer amount	\$ 3,431
VCTC - original amount	1,376,484
Total VCTC Valley Express bus purchase project:	\$1,379,915



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 Ventura County Transportation Commission (“VCTC”), 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 December 16, 2024.

Report on Internal Control Over Financial Reporting

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

Report on 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
December 16, 2024