

VENTURA COUNTY TRANSPORTATION COMMISSION

State of Good Repair Fund

Financial Statements

Fiscal Years Ended June 30, 2021 and 2020

VENTURA COUNTY TRANSPORTATION COMMISSION

State of Good Repair Fund

Fiscal Years Ended June 30, 2021 and 2020

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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 of Good Repair Fund ("SGR Fund") of the Ventura County Transportation Commission ("VCTC"), as of and for the years ended June 30, 2021 and 2020, 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.

Opinion

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, 2021 and 2020, and the change in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the SGR Fund of VCTC. They do not purport to, and do not present fairly, the financial position of VCTC as of June 30, 2021 and 2020, the changes in its financial position, or where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion on financial statements of the SGR Fund of VCTC. The *Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual*, and the *Schedule of Status of Funds by Project*, 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.

The *Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual*, and the *Schedule of Status of Funds by Project* 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 SGR Fund of VCTC. Such information 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 *Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual*, and the *Schedule of Status of Funds by Project* 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 our report dated December 2, 2021 on our consideration of VCTC'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 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 on the effectiveness of VCTC's internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of VCTC's 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.

Conrad LLP

Lake Forest, California
December 2, 2021

VENTURA COUNTY TRANSPORTATION COMMISSION

State of Good Repair Fund

Comparative Balance Sheets

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and investments (Note 3)	\$ 4,985,922	\$ 3,657,956
Due from other governments (Note 4)	236,813	235,291
Interest receivable	<u>3,847</u>	<u>20,448</u>
 Total assets	 <u>\$ 5,226,582</u>	 <u>\$ 3,913,695</u>
 <u>Liabilities and fund balance</u>		
Accounts payable	<u>\$ 42,823</u>	<u>\$ 15,314</u>
 Total liabilities	 <u>42,823</u>	 <u>15,314</u>
 Fund balance - restricted	 <u>5,183,759</u>	 <u>3,898,381</u>
 Total liabilities and fund balance	 <u>\$ 5,226,582</u>	 <u>\$ 3,913,695</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues:		
State of Good Repair allocation	\$ 1,404,763	\$ 1,363,183
Investment income	<u>1,660</u>	<u>58,352</u>
Total revenues	<u>1,406,423</u>	<u>1,421,535</u>
Expenditures:		
Allocations for current year claimants:		
Ventura County Transportation Commission/SCRRA	31,149	33,132
Local agencies pass-through	<u>89,896</u>	<u>98,996</u>
Total expenditures	<u>121,045</u>	<u>132,128</u>
Excess of revenues over expenditures	<u>1,285,378</u>	<u>1,289,407</u>
Fund balance at beginning of year	<u>3,898,381</u>	<u>2,608,974</u>
Fund balance at end of year	<u>\$ 5,183,759</u>	<u>\$ 3,898,381</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, 2021 and 2020

(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 a liability is incurred.

VENTURA COUNTY TRANSPORTATION COMMISSON

State of Good Repair Fund

Notes to Financial Statements

Fiscal Years Ended June 30, 2021 and 2020

(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 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, 2021 and 2020

(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, 2021 and 2020 were \$4,985,922 and \$3,657,956, 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 \$236,813 and \$235,291 for years ended June 30, 2021 and 2020, respectively.

VENTURA COUNTY TRANSPORTATION COMMISSON

State of Good Repair Fund

Notes to Financial Statements

Fiscal Years Ended June 30, 2021 and 2020

(5) **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.

(6) **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.

(7) **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.

Supplemental Data

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, 2021

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
State of Good Repair allocation	\$ 1,178,483	\$ 1,178,483	\$ 1,404,763	\$ 226,280
Interest income	25,000	25,000	1,660	(23,340)
	1,203,483	1,203,483	1,406,423	202,940
Total revenues				
Expenditures:				
Construction, maintenance, and engineering	4,961,265	4,982,229	121,045	4,861,184
	4,961,265	4,982,229	121,045	4,861,184
Total expenditures				
Excess of revenues over expenditures	\$ (3,757,782)	\$ (3,778,746)	1,285,378	\$ 5,064,124
Fund balance at beginning of year			3,898,381	
Fund balance at end of year			\$ 5,183,759	

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, 2020

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
State of Good Repair allocation	\$ 1,347,528	\$ 1,347,528	\$ 1,363,183	\$ 15,655
Interest income	20,000	20,000	58,352	38,352
	1,367,528	1,367,528	1,421,535	54,007
Total revenues				
Expenditures:				
Construction, maintenance, and engineering	3,857,789	3,923,608	132,128	3,791,480
	3,857,789	3,923,608	132,128	3,791,480
Total expenditures				
Excess of revenues over expenditures	\$ (2,490,261)	\$ (2,556,080)	1,289,407	\$ 3,845,487
Fund balance at beginning of year			2,608,974	
Fund balance at end of year			\$ 3,898,381	

VENTURA COUNTY TRANSPORTATION COMMISSION

State of Good Repair Fund

Schedule of Status of Funds by Project

Fiscal Year Ended June 30, 2021

Project Name	Program Year	State	Current	Prior	Current	Prior	Fund/Accrual	Program
		Allocation Received	Interest Received	Interest Received				
VCTC - SCRRRA Generation 1 Rail Car Rebuild/Overhaul	2017/18	\$ 1,144,336	\$ 6,881	\$ 48,499	\$ -	\$ -	\$ 1,199,716	Open
VCTC - SCRRRA Arroyo Simi Bridge Rehabilitation	2018/19	1,132,923	6,717	31,342	-	-	1,170,982	Open
VCTC - SCRRRA Culvert Replacement Project	2019/20	1,167,941	6,527	7,199	-	-	1,181,667	Open
VCTC - Train Control System Rehabilitation	2020/21	1,208,373	1,505	-	-	-	1,209,878	Open
Metrolink - Generation 1 Rail Car Rebuild/Overhaul	2017/18	117,719	708	4,988	-	-	123,415	Open
Metrolink - Arroyo Simi Bridge Rehabilitation	2018/19	115,176	510	3,081	(12,074)	(33,133)	73,560	Open
Metrolink - Culvert Replacement Project	2019/20	122,643	685	756	(19,075)	-	105,009	Open
Metrolink - Train Control System Rehabilitation	2020/21	127,143	159	-	-	-	127,302	Open
GCTD - Vehicle/Engine Replacement & Preventive Maint.	2019/20	56,899	24	177	(14,241)	(42,859)	-	Closed
GCTD - Vehicle & Camera Replacement	2020/21	42,786	-	-	(42,786)	-	-	Closed
Cam. - Annual Rolling Stock Replacement	2019/20	2,126	1	4	(367)	(1,764)	-	Closed
Cam. - Annual Rolling Stock Replacement	2020/21	7,522	-	-	(7,522)	-	-	Closed
M.P - Metrolink North Parking Rehab & Expand	2019/20	2,810	1	7	(486)	(2,332)	-	Closed
M.P - Metrolink North Parking Rehab & Expand	2020/21	3,004	1	-	(3,005)	-	-	Closed
S.V - Bus Stop Improvement	2019/20	5,057	2	13	(875)	(4,197)	-	Closed
S.V - Bus Stop Improvement	2020/21	11,691	3	-	(11,694)	-	-	Closed
T.O - MSC Fuel Island Upgrade	2019/20	5,707	14	29	(4,673)	(1,077)	-	Closed
T.O - MSC Fuel Island Upgrade	2020/21	4,244	3	-	(4,247)	-	-	Closed
Totals		\$5,278,100	\$ 23,741	\$ 96,095	\$ (121,045)	\$ (85,362)	\$ 5,191,529	
Fair Value Adjustment							(7,770)	
Fund Balance at June 30, 2021							\$ 5,183,759	

Acronyms Used

- SCRRRA Southern California Regional Rail Authority
- GCTD Gold Coast Transit District
- Cam. City of Camarillo
- M.P City of Moorpark
- S.V City of Simi Valley
- T.O City of Thousand Oaks



Board of Commissioners
Ventura County Transportation Commission
Ventura, 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 years ended June 30, 2021 and 2020, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2021.

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.

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.

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.

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

Lake Forest, California
December 2, 2021