

VENTURA COUNTY TRANSPORTATION COMMISSION

Transportation Development Act Local Transportation Fund
Article 4, Section 99260 Public Utilities Code and
Article 8, Section 99400(c) Public Utilities Code

Financial Statements

Fiscal Years Ended June 30, 2021 and 2020

VENTURA COUNTY TRANSPORTATION COMMISSION

Transportation Development Act Local Transportation Fund
Article 4, Section 99260 Public Utilities Code and
Article 8, Section 99400(c) Public Utilities Code

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 Transportation Development Act ("TDA") Article 4, Section 99260 funds and Article 8, Section 99400(c) funds ("TDA Valley Express 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 TDA Valley Express Fund of VCTC, as of June 30, 2021 and 2020, and the change in financial position of the TDA Valley Express Fund of VCTC 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 TDA Valley Express Fund of VCTC and 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021 on our consideration of VCTC's internal control over financial reporting for the TDA Valley Express Fund and on 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 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.



Lake Forest, California
November 30, 2021

VENTURA COUNTY TRANSPORTATION COMMISSION

Transportation Development Act Local Transportation Fund
Article 4 Section 99260 Public Utilities Code and
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Comparative Statement of Net Position

June 30, 2021 and 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Cash and investments (Note 3)	\$ 496,317	\$ 713,567
Due from government	257,130	48,862
Interest receivable	153	1,106
Prepays	390	-
	<u>753,990</u>	<u>763,535</u>
Total assets	<u>753,990</u>	<u>763,535</u>
<u>Liabilities</u>		
Accounts payable	239,022	247,838
Unearned revenues (Note 4)	514,968	515,697
	<u>753,990</u>	<u>763,535</u>
Total liabilities	<u>753,990</u>	<u>763,535</u>
<u>Net position</u>		
Restricted for transportation	<u>-</u>	<u>-</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

VENTURA COUNTY TRANSPORTATION COMMISSION

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Comparative Statement of Revenues, Expenses, and Changes in Net Position

For the Fiscal Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Passenger fares for transit services	\$ -	\$ 56,014
Organization paid fares (Note 5)	-	3,098
Passenger route guarantee	-	<u>130,000</u>
Total operating revenues	<u>-</u>	<u>189,112</u>
Operating expenses:		
Operations	<u>1,511,657</u>	<u>1,679,394</u>
Total operating expenses	<u>1,511,657</u>	<u>1,679,394</u>
Operating loss	<u>(1,511,657)</u>	<u>(1,490,282)</u>
Non-operating revenues:		
FTA grants	1,510,365	637,599
Local transportation allocation, article 8(c)	486	616,396
Local transportation allocation, article 4	242	229,421
Interest income	<u>564</u>	<u>6,866</u>
Total non-operating revenues	<u>1,511,657</u>	<u>1,490,282</u>
Change in net position	-	-
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.

VENTURA COUNTY TRANSPORTATION COMMISSION

Transportation Development Act Local Transportation Fund
Article 4 Section 99260 Public Utilities Code and
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Comparative Statement of Cash Flows

For the Fiscal Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flow from operating activities:		
Cash received/(paid) from passenger fares	\$ (390)	\$ 60,783
Cash received from organization paid fares	-	3,098
Cash received from route guarantee	-	130,000
Cash paid for operating costs, net of support	<u>(1,728,741)</u>	<u>(1,748,387)</u>
Net cash used for operating activities	<u>(1,729,131)</u>	<u>(1,554,506)</u>
Cash flow from non-capital financing activities:		
Cash received from FTA federal grant	1,510,365	637,599
Cash received from local transportation fund, article 4 and 8(c)	728	845,817
Cash received/(paid) from local revenues	<u>(729)</u>	<u>111,572</u>
Net cash provided by noncapital financing activities	<u>1,510,364</u>	<u>1,594,988</u>
Cash flow from capital financing activities:		
Cash received from local transportation fund	<u>-</u>	<u>-</u>
Net cash used by capital financing activities	<u>-</u>	<u>-</u>
Cash from investing activities:		
Cash received from interest received from investments	<u>1,517</u>	<u>5,760</u>
Net cash provided by investing activities	<u>1,517</u>	<u>5,760</u>
Net increase/(decrease) in cash and investments	(217,250)	46,242
Cash and investments, beginning of year	<u>713,567</u>	<u>667,325</u>
Cash and investments, end of year	<u>\$ 496,317</u>	<u>\$ 713,567</u>

See accompanying notes to financial statements.

VENTURA COUNTY TRANSPORTATION COMMISSION

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Comparative Statement of Cash Flows

For the Fiscal Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	<u>\$ (1,511,657)</u>	<u>\$ (1,490,282)</u>
Changes in operating assets and liabilities:		
Decrease/(increase) in accounts receivable	(208,268)	92,679
Decrease/(increase) in prepaids	(390)	300
Decrease in accounts payable	<u>(8,816)</u>	<u>(157,203)</u>
Total adjustments	<u>(217,474)</u>	<u>(64,224)</u>
Net cash used for operating activities	<u>\$ (1,729,131)</u>	<u>\$ (1,554,506)</u>

Non-cash investing, capital, and financing activities:

The VCTC Valley Express fund had no non-cash financing activity in fiscal years 2020-21 and 2019-20.

See accompanying notes to financial statements.

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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 Article 4, Section 99260 and Article 8, Section 99400(c) Transportation Development Act Local Transportation Funds (“TDA Valley Express Fund” or “Fund”) of the Ventura County Transportation Commission (“VCTC”) only.

Pursuant to Section 99400(c) of the California Public Utilities Code, Article 8 monies may be used only for facilities provided for the exclusive use of transportation services, including the planning, acquisition of real property, construction of facilities and buildings, purchase and replacement of vehicles, and system operation, maintenance, and repair. Pursuant to Section 99260 of the California Public Utilities Code, Article 4 monies may be used for the support of public transportation systems.

(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 Article 4, Section 99260 and Article 8, Section 99400(c) funds in an Enterprise Fund.

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.

The Fund applies pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989 that are not in conflict with applicable GASB pronouncements.

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(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 Transportation Development Act (“TDA”) Article 4, Section 99260 and Article 8, Section 99400(c) of the Public Utilities Code possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 4, Section 99260 and Article 8, Section 99400(c) are recognized when related costs have been incurred. An unearned revenue arises when grant receipts are collected in excess of reimbursable costs incurred.

Fund operating revenues, such as passenger fares, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values.

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 VCTC’s policy that restricted resources will be applied first, followed by unrestricted resources, in the absence of a formal policy adopted by the Board of Commissioners.

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Fiscal Years Ended June 30, 2021 and 2020

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

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 TDA Valley Express Fund's cash and investments as of June 30, 2021 and 2020 were \$496,317 and \$713,567, respectively.

The TDA Valley Express 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 TDA Valley Express 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) **Unearned Revenues**

The TDA Valley Express funds allocated to VCTC for transportation services are considered earned when they are properly spent for the specific projects authorized. Allocations and any interest received but not used are recorded as unearned revenues. The balance of unearned revenues as of June 30, 2021 consists of the following:

City of Santa Paula TDA Article 8(c)	\$ 229,392
City of Fillmore TDA Article 8(c)	164,923
Ventura County TDA Article 4	<u>120,653</u>
Total unearned revenue	<u>\$ 514,968</u>

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(5) **Organization Paid Fares**

Implemented in Fiscal Year 2018/2019, the College Easy Ride Pass Pilot Program allows students from Moorpark, Oxnard, and Ventura Colleges, Cal State University Channel Islands, and Cal Lutheran University to ride the bus for free during the school year. This program is funded by the Low Carbon Transit Operations Program. These funds are used to reimburse the bus transit provider for the rides taken by the students. In Fiscal Year 2020/2021, fares were not charged due to the COVID-19 pandemic and no College ride revenue was collected

(6) **Transportation Development Act Compliance Requirements**

The Transportation Development Act Local Transportation Fund is subject to the provisions pursuant to Sections 6633, and 6634 of the California Code of Regulation and 99268.5(c) of the Public Utilities Code.

A. Section 6634

Pursuant to Section 6634, a transit claimant is precluded from receiving monies from the Local Transportation Fund in an amount which exceeds the claimant's capital and operating costs less the actual amount of fares received, the amount of local support required to meet the fare ratio, the amount of federal operating assistance, and the amount received during the year from a city or county to which the operator has provided services beyond its boundaries.

During the Fiscal Year 2020/2021, the funds received from the Local Transportation Fund complied with the above provision.

B. Sections 6633, and 99268.5(c)

Section 6633.2 indicates that an operator in providing transit services in urbanized areas shall be eligible for Local Transportation funds if it maintains for the fiscal year, ratio of fare revenue to operating costs at least equal to 20%. An operator providing services in non-urbanized areas shall be eligible if it maintains a ratio at least equal to 10%.

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(6) Transportation Development Act Compliance Requirements (Continued)

B. Sections 6633, and 99268.5(c) (Continued)

In addition, Section 99268.5(c) indicates that an operator providing combined specialized services for elderly and handicapped persons and regular public transportation shall be eligible for Local Transportation Funds if it maintains for the fiscal year, ratio of fare revenue to operating costs at least equal to 20%. An operator providing services in non-urbanized areas shall be eligible if it maintains a ratio at least equal to 10%.

The fare ratio for the year ended June 30, 2021 was as follows:

	<u>FY 2020/21</u>
Fares	\$ <u>-</u>
Operating expenses	1,511,657
Less depreciation	<u>-</u>
Net adjusted operating expenses	<u>\$ 1,511,657</u>
Total fare ratio	<u>0.00%</u>
Required Fare Ratio Pursuant to PUC Section 99268.5(c)	<u>10.00%</u>

Due to the COVID-19 pandemic, VCTC suspended the collection of fares for services for the period July 1, 2020 through June 30, 2021. On June 29, 2020, Governor of California signed Assembly Bill 90 which prohibits the imposition of a penalty on operators that do not maintain the required ratio of fare revenues to operating cost during the 2019-20 or 2020-21 fiscal years. Although the fare ratio requirement was not met, in accordance with Assembly Bill 90, there was no penalty.

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(7) Restrictions

Funds received pursuant to the California Public Utilities Code §99260 and §99400(c) (TDA Article 4 and 8(c)) may only be used for facilities provided for exclusive use of transportation services, including the planning, acquisition of real property, construction of facilities and buildings, purchase and replacement of vehicles, and system operation, maintenance, and repair.

(8) 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.



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 Transportation Development Act Local Transportation Fund pursuant to Article 4 and Article 8(c) (“TDA Valley Express 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 November 30, 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 TDA Valley Express 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 §6667 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 §6667 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.

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

Lake Forest, California
November 30, 2021