

VENTURA COUNTY TRANSPORTATION COMMISSION

Transportation Development Act Local Transportation Fund
Article 3, Sections 99233.1, 99233.2, 99233.4, and
99245 of the Public Utilities Code

Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

VENTURA COUNTY TRANSPORTATION COMMISSION

Transportation Development Act Local Transportation Fund
Article 3, Sections 99233.1, 99233.2, 99233.4, and
99245 of the Public Utilities Code

Fiscal Years Ended June 30, 2023 and 2022

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Board of Commissioners
Ventura County Transportation Commission
Ventura, California

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of the Transportation Development Act ("TDA") Article 3 Local Transportation Fund ("TDA-LTF Fund") of the Ventura County Transportation Commission ("VCTC"), as of and for the years ended June 30, 2023 and 2022, 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 TDA-LTF Fund of VCTC, as of June 30, 2023 and 2022, and the respective changes in financial position of the TDA-LTF Fund of VCTC for the years 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 of 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 TDA-LTF Fund of VCTC and do not purport to, and do not present fairly, the financial position of VCTC as of June 30, 2023 and 2022, 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.

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 TDA-LTF 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.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 7, 2023 on our consideration of VCTC's internal control over financial reporting for the TDA-LTF 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.



Lake Forest, California
November 7, 2023

VENTURA COUNTY TRANSPORTATION COMMISSION

Transportation Development Act Local Transportation Fund
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99245 of the Public Utilities Code

Comparative Balance Sheets

June 30, 2023 and 2022

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Cash and investments (Note 3)	\$ 4,614,047	\$ 2,369,294
Interest receivable	43,343	5,294
Total assets	<u>\$ 4,657,390</u>	<u>\$ 2,374,588</u>
 <u>Liabilities and fund balance</u>		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>-</u>	<u>-</u>
Fund balance - restricted	<u>4,657,390</u>	<u>2,374,588</u>
Total liabilities and fund balance	<u>\$ 4,657,390</u>	<u>\$ 2,374,588</u>

See accompanying notes to financial statements

VENTURA COUNTY TRANSPORTATION COMMISSION

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Comparative Statement of Revenues, Expenditures,
and Changes in Fund Balance

Fiscal Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues:		
Local transportation allocation:		
Article 3 administration	\$ 3,056,334	\$ 1,250,000
Article 3 planning and programming	1,043,400	705,000
Article 3 rail passenger service operations/capital funding	6,813,906	4,447,476
Interest income	<u>118,465</u>	<u>9,372</u>
Total revenues	<u>11,032,105</u>	<u>6,411,848</u>
Expenditures:		
Administration	2,672,288	1,535,467
Planning	1,043,400	705,000
Metrolink funding	<u>5,033,615</u>	<u>4,447,476</u>
Total expenditures	<u>8,749,303</u>	<u>6,687,943</u>
Excess (deficiency) of revenues over (under) expenditures	2,282,802	(276,095)
Fund balance at beginning of year, as previously stated	<u>2,374,588</u>	<u>2,650,683</u>
Fund balance at end of year	<u>\$ 4,657,390</u>	<u>\$ 2,374,588</u>

See accompanying notes to financial statements

VENTURA COUNTY TRANSPORTATION COMMISSION

Transportation Development Act Local Transportation Fund
Article 3, Sections 99233.1, 99233.2, 99233.4, and
99245 of the Public Utilities Code

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(1) **General Information**

The financial statements are intended to reflect the financial position and changes in financial position for the Transportation Development Act Local Transportation Fund pursuant to Article 3 ("TDA-LTF Fund") of the Ventura County Transportation Commission ("VCTC") only.

Pursuant to Section 99233 of the California Public Utilities Code, Article 3 moneys may be used only for transportation planning and programming; for rail passenger service operations and capital improvements; and for administration, planning function, construction, and acquisition programs in accordance with Article 3.

(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 3 funds in its General Fund.

Measurement Focus and 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.

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 TDA Article 3 possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 3 are recognized in the period when all eligibility requirements have been met.

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Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

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

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 moneys 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.

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 VCTC.

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.

VENTURA COUNTY TRANSPORTATION COMMISSION

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99245 of the Public Utilities Code

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(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-LTF Fund's cash and investments as of June 30, 2023, and 2022 was \$4,614,047 and \$2,369,294, respectively.

The TDA-LTF 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-LTF 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) **Restrictions**

Funds received pursuant to the California Public Utilities Code §99233 may be used only for transportation planning and programming; for rail passenger service operations and capital improvements; and for administration, planning function, construction, and acquisition programs in accordance with Article 3.

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

The Local Transportation Development Act Fund is subject to the provisions pursuant to Sections 99233 and 99245 of the California Public Utilities Code. During the fiscal years 2022-23 and 2021-22, the funds received from the Local Transportation Fund complied with the above provisions.

(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.

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Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(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.

Required Supplementary Information

VENTURA COUNTY TRANSPORTATION COMMISSION

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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:				
Local transportation allocation:				
Article 3 administration	\$ 3,056,334	\$ 3,056,334	\$ 3,056,334	\$ -
Article 3 planning and programming	1,043,400	1,043,400	1,043,400	-
Article 3 rail passenger service operations/capital funding	6,813,906	6,813,906	6,813,906	-
Interest income	-	-	118,465	118,465
	<u>10,913,640</u>	<u>10,913,640</u>	<u>11,032,105</u>	<u>118,465</u>
Total revenues				
Expenditures:				
Administration	3,056,334	3,056,334	2,672,288	384,046
Planning	1,043,400	1,043,400	1,043,400	-
Metrolink funding	6,813,906	6,813,906	5,033,615	1,780,291
	<u>10,913,640</u>	<u>10,913,640</u>	<u>8,749,303</u>	<u>2,164,337</u>
Total expenditures				
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	2,282,802	<u>\$ 2,282,802</u>
Fund balance at beginning of year			<u>2,374,588</u>	
Fund balance at end of year			<u>\$ 4,657,390</u>	

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

Fiscal Year Ended June 30, 2022

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local transportation allocation:				
Article 3 administration	\$ 2,316,032	\$ 2,352,709	\$ 1,250,000	\$ (1,102,709)
Article 3 planning and programming	705,000	705,000	705,000	-
Article 3 rail passenger service operations/capital funding	5,297,476	5,447,476	4,447,476	(1,000,000)
Interest income	-	-	9,372	9,372
	<u>8,318,508</u>	<u>8,505,185</u>	<u>6,411,848</u>	<u>(2,093,337)</u>
Total revenues				
Expenditures:				
Administration	2,316,032	2,352,709	1,535,467	817,242
Planning	705,000	705,000	705,000	-
Metrolink funding	<u>5,297,476</u>	<u>5,447,476</u>	<u>4,447,476</u>	<u>1,000,000</u>
	<u>8,318,508</u>	<u>8,505,185</u>	<u>6,687,943</u>	<u>1,817,242</u>
Total expenditures				
Deficiency of revenues under expenditures	\$ -	\$ -	(276,095)	\$ (276,095)
Fund balance at beginning of year			<u>2,650,683</u>	
Fund balance at end of year			<u>\$ 2,374,588</u>	



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 Local Transportation Development Act ("TDA") Article 3 Local Transportation Funds ("TDA-LTF Fund") of the Ventura County Transportation Commission ("VCTC"), as of and for the years ended June 30, 2023, and 2022, and the related notes to the financial statements, and have issued our report thereon dated November 7, 2023.

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 TDA-LTF 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.



Lake Forest, California
November 7, 2023