



**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***

To the Board of Commissioners  
Ventura County Transportation Commission  
Camarillo, California

We have audited, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ventura County Transportation Commission (Commission), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated December 19, 2025. Our report included an emphasis of matter regarding the restatements related to the implementation of GASB 101.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 Commission'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*.

## **The Commission's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Commission's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
December 19, 2025

2025-001

**Reporting and Closing****Type of Finding:** Material Weakness***Criteria***

Effective internal controls over financial reporting require that all transactions and adjustments are accurately recorded in the correct accounts and funds, and that assets are properly classified and reported in accordance with generally accepted accounting principles (GAAP) and applicable governmental standards.

***Condition***

During our audit of the financial statements we identified several adjustments that were necessary to ensure the accuracy of the Commission's financial reporting:

- An adjustment of \$1,667,291 was required to remove assets from governmental activities and transfer them into the Valley Express fund (business-type activities).
- An adjustment of \$91,110 was necessary to reclassify assets that had not been placed into service as of fiscal year-end to Work-In-Progress.
- An adjustment of \$410,010 was required to correctly eliminate intra-fund activity in the General Fund.

***Cause***

These adjustments were necessary due to deficiencies in the Commission's reporting and closing procedures. Specifically, the existing processes did not ensure that all assets were properly classified and that intra-fund activities were accurately eliminated prior to the preparation of the financial statements.

***Effect***

The deficiencies in the reporting and closing process resulted in material misstatements in the draft financial statements. Without the auditor-proposed adjustments, the financial statements would not have been presented in accordance with GAAP, potentially misleading users of the financial statements regarding the Commission's financial position and results of operations.

***Recommendation***

We recommend that the Commission strengthen its internal controls over financial reporting and closing by:

- Implementing additional review procedures to ensure that all assets are properly classified between governmental and business-type activities.
- Ensuring that assets not yet placed into service are appropriately recorded as Work-In-Progress.
- Reviewing intra-fund activity eliminations to confirm accuracy.

***Views of Responsible Officials and Planned Corrective Actions:***

VCTC has existing procedures to identify the sources of funding and proper recording of assets to the correct fund. For the Valley Express business-type fund, all capital asset purchases were historically recorded in the Governmental fund.

- VCTC will update the existing procedures to include additional review of all capital assets purchased and will record the Valley Express asset purchases to the Valley Express Fund.
- In addition, VCTC will establish a checklist for all asset purchases to identify the date purchased, date received and date placed in service.
- The Year End procedures will be updated to include a review of all intra-fund activity.