



CITY OF MOORPARK, CALIFORNIA  
TRANSPORTATION DEVELOPMENT ACT LOCAL  
TRANSPORTATION FUND ARTICLE 8, SECTION 99400(c)  
PUBLIC UTILITIES CODE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019 FINANCIAL STATEMENTS

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on YOU



CITY OF MOORPARK, CALIFORNIA

TRANSPORTATION DEVELOPMENT ACT LOCAL TRANSPORTATION FUND  
ARTICLE 8, SECTION 99400(c) PUBLIC UTILITIES CODE

FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

CITY OF MOORPARK, CALIFORNIA  
TRANSPORTATION DEVELOPMENT ACT LOCAL TRANSPORTATION FUND  
ARTICLE 8, SECTION 99400(c) PUBLIC UTILITIES CODE

FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Transportation Development Act ("TDA") Article 8, Section 99400(c) fund ("TDA Fund") of the City of Moorpark, California, (the "City") as of and for the years ended June 30, 2020 and 2019, 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.



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

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the TDA Fund of the City and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2020 and 2019, the changes in 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.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the TDA Fund of the City as of June 30, 2020 and 2019, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

Our audit was conducted for the purpose of forming opinions on the financial statements of the TDA Fund of the City. The *Schedule Expenses by Functional Categories* listed as supplemental data in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 Expenses by Functional Categories* 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 our report dated December 18, 2020, on our consideration of the City's internal control over financial reporting for the TDA Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 the City'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 the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Lance, Soll &amp; Lughard, LLP".

Brea, California  
December 18, 2020

**CITY OF MOORPARK, CALIFORNIA**

**TRANSPORTATION DEVELOPMENT ACT LOCAL TRANSPORTATION FUND  
ARTICLE 8, SECTION 99400(c) PUBLIC UTILITIES CODE**

**COMPARATIVE STATEMENT OF NET POSITION**

**JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>Assets:</b>		
Current Assets:		
Cash and investments (Note 3)	\$ 53,700	\$ 293,494
Accounts receivable	770,746	378,857
Total Current Assets	824,446	672,351
Noncurrent Assets:		
Capital assets (Note 4):		
Property and equipment, at cost	2,503,297	2,503,297
Less: accumulated depreciation	(1,946,434)	(1,720,039)
Total Noncurrent Assets	556,863	783,258
<b>Total Assets</b>	<b>1,381,309</b>	<b>1,455,609</b>
<b>Liabilities:</b>		
Current Liabilities:		
Accounts payable	134,329	74,206
Accrued liabilities	203,391	152,386
Unearned revenues (Note 5)	223,910	324,924
Total Current Liabilities	561,630	551,516
<b>Total Liabilities</b>	<b>561,630</b>	<b>551,516</b>
<b>Net Position:</b>		
Invested in Capital Assets (Note 4)	556,863	783,258
Unrestricted	262,816	120,835
<b>Total Net Position</b>	<b>\$ 819,679</b>	<b>\$ 904,093</b>

See Accompanying Notes to the Financial Statements

**CITY OF MOORPARK, CALIFORNIA**

**TRANSPORTATION DEVELOPMENT ACT LOCAL TRANSPORTATION FUND  
ARTICLE 8, SECTION 99400(c) PUBLIC UTILITIES CODE**

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION**

**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>Operating Revenues:</b>		
Passenger fares for transit services	\$ 52,318	\$ 52,998
Organization-paid fees (Note 7)	6,616	8,500
<b>Total Operating Revenues</b>	<b>58,934</b>	<b>61,498</b>
<b>Operating Expenses:</b>		
Operations	1,446,732	1,014,165
Depreciation expense (Note 4)	226,395	227,170
<b>Total Operating Expenses</b>	<b>1,673,127</b>	<b>1,241,335</b>
Operating Income (Loss)	(1,614,193)	(1,179,837)
<b>Non-Operating Revenues:</b>		
Local transportation allocation, article 8(c)	675,000	680,000
FTA federal grants	845,323	58,099
Interest income	9,456	10,551
Rental revenue	-	20,122
<b>Total Non-Operating Revenues</b>	<b>1,529,779</b>	<b>768,772</b>
Income (Loss) Before Transfers	(84,414)	(411,065)
Transfers in	-	900
Change in Net Position	(84,414)	(410,165)
Net Position at the Beginning of the Year	904,093	1,314,258
<b>Net Position at the End of the Year</b>	<b>\$ 819,679</b>	<b>\$ 904,093</b>

**See Accompanying Notes to the Financial Statements**

CITY OF MOORPARK, CALIFORNIA

TRANSPORTATION DEVELOPMENT ACT LOCAL TRANSPORTATION FUND  
ARTICLE 8, SECTION 99400(c) PUBLIC UTILITIES CODE

COMPARATIVE STATEMENT OF CASH FLOWS

FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
<b>Cash Flows from Operating Activities:</b>		
Cash received from passenger fares	\$ 52,318	\$ 52,998
Cash received from VCTC for college reimbursement	6,616	8,500
Cash paid for operating costs, net of support	(1,335,604)	(914,435)
<b>Net Cash Used for Operating Activities</b>	<b>(1,276,670)</b>	<b>(852,937)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Cash received from local transportation fund, article 8(c)	283,111	633,123
Cash received from rental equipment	-	20,122
Cash received from FTA federal grants	744,309	329,221
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>1,027,420</b>	<b>982,466</b>
<b>Cash Flows from Investing Activities:</b>		
Cash received from interest on investments	9,456	10,551
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>9,456</b>	<b>10,551</b>
Net Increase (Decrease) in Cash and Investments	(239,794)	140,080
Cash and Investments, Beginning of Year	293,494	153,414
<b>Cash and Investments, End of Year</b>	<b>\$ 53,700</b>	<b>\$ 293,494</b>

See Accompanying Notes to the Financial Statements



CITY OF MOORPARK, CALIFORNIA

TRANSPORTATION DEVELOPMENT ACT LOCAL TRANSPORTATION FUND  
ARTICLE 8, SECTION 99400(c) PUBLIC UTILITIES CODE

COMPARATIVE STATEMENT OF CASH FLOWS

FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</b>		
Operating Loss	<u>\$ (1,614,193)</u>	<u>\$ (1,179,837)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation expense	226,395	227,170
Transfers in	-	900
Changes in operating assets and liabilities:		
Increase/(decrease) in accounts payable	60,123	(30,777)
Increase/(decrease) in accrued liabilities	<u>51,005</u>	<u>129,607</u>
Total Adjustments	<u>337,523</u>	<u>326,900</u>
Net Cash Used for Operating Activities	<u><u>\$ (1,276,670)</u></u>	<u><u>\$ (852,937)</u></u>

**Noncash Investing, Capital, and Financing Activities:**

The local transportation development act fund had no non-cash financing activity in fiscal years 2019-20 and 2018-19.

See Accompanying Notes to the Financial Statements

## CITY OF MOORPARK

### FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

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#### Note 1: General Information

The financial statements are intended to reflect the financial position and changes in financial position for the Article 8, Section 99400(c) Transportation Development Act Local Transportation Fund ("TDA Fund") of the City of Moorpark, California ("City") 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. Funding for this program was authorized by the Ventura County Transportation Commission ("VCTC").

#### Note 2: Summary of Significant Accounting Policies

##### a. Fund Accounting

The accounts of the City 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. The City accounts for the activity of the Article 8, Section 99400(c) funds in its TDA Fund, which is an Enterprise Fund in accordance with the requirements of Public Utilities Code Section 99243. Enterprise Funds are used to account for "business-type activities" similar to those found in the private sector such as services primarily funded through user charges.

##### b. 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.

##### c. 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 the City.

For the City, funds received under Transportation Development Act ("TDA") Article 8, Section (c) of the Public Utilities Code possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 8, Section 99400(c) are recognized when related costs have been incurred. 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.

**FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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

**d. 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 the City's policy that restricted resources will be applied first, followed by unrestricted resources, in the absence of a formal policy adopted by the City Council.

**e. 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.

**Note 3: Cash and Investments**

The City 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 Fund's cash and investments as of June 30, 2020 and 2019 were \$53,700 and \$293,494, respectively.

The TDA Fund's cash is deposited in the City'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 Fund are those of the City and are included in the City's basic financial statements.

See the City'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.

**CITY OF MOORPARK**

**FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**Note 4: Capital Assets**

Capital assets are recorded at cost and are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation of all capital assets is charged as an expense against operations each year, and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of the capital assets.

Depreciation of capital assets in service is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years, and the result is charged to expense each year until the asset is fully depreciated. The City assigned useful lives listed below to capital assets:

Other facilities	25-10 years
Bus vehicle and equipment	10-20 years

Capital assets consisted of the following as of June 30, 2020:

	Balance at July 1, 2019	Additions	Retirement	Balance at June 30, 2020
Capital Assets Being Depreciated:				
Vehicles and Equipment	\$ 2,268,352	\$ -	\$ -	\$ 2,268,352
Other Facilities	234,945	-	-	234,945
Total Capital Assets Being Depreciated	2,503,297	-	-	2,503,297
Less: Accumulated Depreciation for:				
Vehicles and Equipment	1,497,853	225,635	-	1,723,488
Other Facilities	222,186	760	-	222,946
Total Accumulated Depreciation	1,720,039	226,395	-	1,946,434
Net Capital Assets	\$ 783,258	\$ (226,395)	\$ -	\$ 556,863

**Note 5: Unearned Revenues**

TDA funds allocated to the City by 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. In addition, unearned revenues include amounts due from VCTC and FTA that were not collected within the City's availability period. The balance of unearned revenues as of June 30, 2020, consists of the following:

Unearned revenues at July 1, 2019	\$ 324,924
FTA federal grant receipts	845,323
Revenue recognized	(946,337)
Unearned revenues at June 30, 2020	<u>\$ 223,910</u>

**FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**


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**Note 6: Transportation Development Act Compliance Requirements**

The Transportation Development Act Local Transportation Fund is subject to the provisions pursuant to Section 6634 of the California Code of Regulation and Section 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 and the State Transit Assistance 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 2018-2019 the funds received from the Local Transportation Fund and State Transit Assistance Fund complied with the above provision.

**b. Section 99268.5(c)**

Section 99268.5(c) indicates that an operator in Ventura County providing combined specialized service 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 20.00%. Should Moorpark perform separate farebox calculations for its regular public transportation service and specialized elderly and handicapped persons public transportation program, the separate farebox ratio requirements would then be 20.00% and 10.00%, respectively.

Passenger fares for transit services	\$ 52,318
Organization-paid fees	6,616
Route Guarantee	98,728
Total Farebox Revenue	<u>\$ 157,662</u>
Operating Expense	\$ 1,454,626
Less: Depreciation	(225,635)
Net Adjusted Operating Expenses	<u>\$ 1,228,991</u>
Total Fare Ratio	12.83%
Total Fare Ratio Pursuant to PUC Section 99268.5(5)	20.00%

Due to the COVID-19 pandemic, the City suspended the collection of fares for services as of March 19, 2020 through June 30, 2020. The fare ratio requirement was not met; however, on June 29, 2020 Governor Newsom signed Assembly Bill 90 which waived penalties on operators that do not maintain the required ratio of fare revenues to operating cost during the 2019-20 or 2020-21 fiscal years.. For purposes of the fare ratio calculation, only the expenses of the City's bus and paratransit system were included in the operating expenses.

**FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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**Note 7: Organization-Paid Fees**

The City receives Low Carbon Transit Operations Program (LCTOP) College Ride reimbursement funding from the Ventura County Transportation Commission. LCTOP is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California legislature in 2014 with Senate Bill 862. Beginning in the fiscal year ended June 30, 2019, this funding is presented separately in the financial statement to improve transparency to the public and to make the report comparable with the Federal Transit Administration's National Transit Database reporting model. For the fiscal year ended June 30, 2020, the City received \$6,616 in LCTOP reimbursement funding.

**Note 8: Pension/OPEB Liability**

The City records the pension and post-employment benefits (OPEB) asset/liability at the Government-wide statements. The City has an OPEB asset on the government wide statements. The City participates in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). See the City's basic financial statements for disclosures related to OPEB and defined benefit pension plans.

**Note 9: Restrictions**

Funds received pursuant to the California Public Utilities Code §99400(c) (TDA Article 8, Section(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.

**Note 10: Contingencies**

See the City'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.

## **SUPPLEMENTAL DATA**

**CITY OF MOORPARK, CALIFORNIA**

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

**Schedule of Expenses by Functional Categories  
June 30, 2020**

	<u>Metrolink</u>	<u>Bus System</u>	<u>Paratransit</u>	<u>Public Transit Planning</u>	<u>Total</u>
<b>Expenses:</b>					
<u>Fund TDA 8(c)</u>					
Purchased transportation	\$ -	\$ 520,219	\$ 363,785	\$ -	\$ 884,004
Operating expenses	302,544	236,976	9,283	13,924	562,727
Depreciation	760	225,635	-	-	226,395
	<u>303,305</u>	<u>982,830</u>	<u>373,068</u>	<u>13,924</u>	<u>1,673,127</u>
<u>Other Funding Sources</u>					
Purchased transportation	-	98,728	-	-	98,728
	<u>-</u>	<u>98,728</u>	<u>-</u>	<u>-</u>	<u>98,728</u>
Total expenses - Other Funding Sources					
	<u>\$ 303,305</u>	<u>\$ 1,081,558</u>	<u>\$ 373,068</u>	<u>\$ 13,924</u>	<u>\$ 1,771,855</u>

**Note (1):**

The City uses Traffic Systems Management Funds (TSM) to pay for CNG fuel and a portion of the bus operations. TSM is a locally generated revenue that can be used for public transit and its uses helps to guarantee that bus routes remain in service for the public's general use. The \$98,728 is a city contribution to the transit services of the city. The \$98,728 is not derived from TDA 8c revenues nor is it a TDA expense. The \$98,728 is from another fund of the City . It is the City's contribution to transit services. The \$98,728 is for purchasing fuel and bus services for the transit and is therefore an allowable route guarantee.





INDEPENDENT AUDITORS' 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  
Ventura, California

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 ("TDA") Article 8, Section 99400(c) fund ("TDA Fund") of the City of Moorpark, California (the "City"), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the City's TDA Fund's basic financial statements, and have issued our report thereon dated December 18, 2020.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 TDA Fund financial statements of the City are free from 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





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

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

*Lance, Soll & Lughard, LLP*

Brea, California  
December 18, 2020