



CITY OF MOORPARK, CALIFORNIA
STATE OF GOOD REPAIR FUND
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

FINANCIAL STATEMENTS

Focused
on YOU



CITY OF MOORPARK, CALIFORNIA
STATE OF GOOD REPAIR FUND
FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

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FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the State of Good Repair (“SGR”) Fund (“SGR Fund”) of the City of Moorpark, California, (the “City”) 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the SGR Fund of the City as of June 30, 2021 and 2020, and the changes in financial position 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 (GAAS) 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 for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the SGR Fund of the City and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2021 and 2020, 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.

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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for twelve months beyond the date of the financial statements.





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

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 opinion. 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 GAAS 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 GAAS 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 City'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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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.

Other Reporting Responsibilities

Our audit was conducted for the purpose of forming opinions on the financial statements of the SGR Fund of the City. The *Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actuals* and the *Schedule of Status of Funds by Project*, 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 was 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 information is fairly stated, in all material respects in relation to the basic financial statements as a whole.



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, on our consideration of the City's internal control over financial reporting for the SGR 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.

Lance, Soll & Lingham, LLP

Brea, California
December 15, 2021

CITY OF MOORPARK, CALIFORNIA

STATE OF GOOD REPAIR FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and investments (Note 3)	\$ 9,242	\$ 6,230
Accounts receivable	7	11
Total Assets	<u>\$ 9,249</u>	<u>\$ 6,241</u>
Fund Balance:		
Restricted	\$ 9,249	\$ 6,241
Total Fund Balance	<u>\$ 9,249</u>	<u>\$ 6,241</u>

See Accompanying Notes to Financial Statements

CITY OF MOORPARK, CALIFORNIA

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:		
SB1 state of good repair funds	\$ 2,985	\$ 3,835
Interest income - VCTC	2	17
Interest income - City of Moorpark	21	233
Total Revenues	<u>3,008</u>	<u>4,085</u>
Net Change in Fund Balance	3,008	4,085
Fund Balance at the Beginning of the Year	6,241	2,156
Fund Balance at the End of the Year	<u><u>\$ 9,249</u></u>	<u><u>\$ 6,241</u></u>

See Accompanying Notes to Financial Statements

CITY OF MOORPARK

**FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

Note 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 City of Moorpark, California (“City”) only.

Pursuant to Public Utilities Code Section 99312.1, State of Good Repair Program Funding is distributed to eligible agencies for the purpose of eligible transit maintenance, rehabilitation, and capital projects. 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 State of Good Repair funds in a Special Revenue Fund. Special Revenue Funds are used to account for and report on a particular source of revenue.

b. 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 60 days of the end of the fiscal period. Expenditures are generally recorded when a liability is incurred.

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 the State of Good Repair funding possess the characteristic of a voluntary nonexchange transaction similar to a grant. Such revenues 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 the City 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 the City has a legal claim to the resources, the liability for deferred inflow of resources is removed from the balance sheet, and revenue is recognized.

FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

Note 2: Summary of Significant Accounting Policies (Continued)

d. Fund Equity

The components of the fund balances of governmental funds reflect the component classifications described below.

- *Non-spendable Fund Balance* – this 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* – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed Fund Balance* – this includes amounts that can be used only for the specific purposes determined by a formal action of the City Council.
- *Assigned Fund Balance* – this includes amounts that are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed.
- *Unassigned Fund Balance* – this includes any deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

It is the City'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 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 SGR Fund's cash and investments as of June 30, 2021 and 2020 were \$9,242 and \$6,230, respectively.

The SGR 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 SGR 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, 2021 AND 2020**

Note 4: Restrictions

Funds received pursuant to California Public Utilities Code §99214 may only be used for transit capital projects or service to maintain or repair a transit operator's existing transit vehicle fleet or exiting 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 improvements of local transportation infrastructure.

Note 5: 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.

Note 6: Budgetary Data

The City 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.

The City did not adopt a budget for the SGR Fund for the fiscal year ended June 30, 2020, until at the end of the fiscal year. Resolution No. 2020-3920, approved by the City Council on June 4, 2020, established specific fund accounts for SGR revenues and expenditures after receiving guidance from VCTC during the fiscal year 2019/20 audit. The established end-of-fiscal-year budget was not reflected in the fiscal year 2020/21 audit and consequently a *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for Fiscal Year Ended June 30, 2020* is not included in this year's audit report.

SUPPLEMENTAL DATA

CITY OF MOORPARK, CALIFORNIA

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:				
SB1 state of good repair funds	\$ 3,700	\$ 3,700	\$ 2,985	\$ (715)
Interest income - VCTC	-	-	2	2
Interest income - City of Moorpark	-	-	21	21
Total Revenues	3,700	3,700	3,008	(692)
Net Change in Fund Balance	\$ 3,700	\$ 3,700	3,008	\$ (692)
Fund Balance at the Beginning of the Year			6,241	
Fund Balance at the End of the Year			\$ 9,249	

See Accompanying Notes to Financial Statements

CITY OF MOORPARK, CALIFORNIA

State of Good Repair Fund

Schedule of Status of Funds by Project

Fiscal Year Ended June 30, 2021

Project Name	Program Year	State Allocation Received	Approved Transfer	Current Interest Received from VCTC	Current Interest Accrued by City	Prior Interest Received from VCTC	Prior Year Interest Accrued by City	Current Expenditures	Prior Expenditures	Fund Balance	Program Status
-	2017-18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Open
M.P. Metrolink Station Improvements	2018-19	3,626	-	-	9	13	177	-	-	3,825	Open
M.P. Metrolink Station Improvements	2019-20	2,810	-	1	6	8	93	-	-	2,918	Open
M.P. Metrolink Station Improvements	2020-21	<u>3,004</u>	-	<u>1</u>	<u>8</u>	-	-	-	-	<u>3,013</u>	Open
Totals		<u>\$ 9,440</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 23</u>	<u>\$ 21</u>	<u>\$ 270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,756</u>	

Reconciliation of Schedule of Status of Funds by Project to the Statement of Revenues, Expenditures, and Changes in Fund Balance:

Total Fund Balance - Statement of Revenues, Expenditures and Changes in Fund Balance through 6/30/2021	\$ 9,249
Recognized in FY 21/22	<u>507</u>
Total Fund Balance - Schedule of Status of Funds by Project	<u>\$ 9,756</u>

Notes:

The City did not receive SGR funds in FY 2017/18.

FY18/19 SGR Principle received was \$3,626; however, payment of \$906 from draw#63 and \$604 from draw#69 came too late and was recorded as FY 19/20 Revenue.

FY19/20 audit revenue statements show revenue of \$3,835 includes \$1,510 from FY 18/19 SGR.

\$2.06 Current Interest Received from VCTC includes \$0.62 (draw 38) and \$0.72 (draw 50) for FY 2019/20 allocation and \$0.72 (draw 50) for FY 2020/21 allocation.

\$23 Current Interest Accrued by City is split proportionally to FY 18/19, FY 19/20, and FY 20/21. 40% (or \$9 to FY 18/19) 26% (or \$6 to FY 19/20); and 34% (or \$8 to FY 20/21).

\$21 Prior Interest Received from VCTC are based on conversation between Thao (VCTC) and Shaun (Moorpark) on 10/26/21.

\$270 Prior Year Interest Accrued by City includes: FY 18/19 \$37 of original 18/19 interest plus \$140 of FY 19/20 interest proportionally attributed to 18/19 based on principal.

FY19/20 \$93.23 from interest proportionally attributed to FY 19/20 based on principal. Refer to FY 19/20 audit.

FY20/21 the City's total allocation was \$3,004, however \$507 was not receipted until FY22.



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 State of Good Repair ("SGR") fund ("SGR Fund") of the City of Moorpark, California (the "City"), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the City's SGR Fund's basic financial statements, and have issued our report thereon dated December 15, 2021.

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 SGR 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, 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*.





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

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 15, 2021