CITY OF MOORPARK, CALIFORNIA

Proposition 1B Fund
Public Transportation Modernization, Improvement, and
Service Enhancement Account (PTMISEA)

Financial Statements

Fiscal Years Ended June 30, 2017 and 2016

CITY OF MOORPARK, CALIFORNIA

Proposition 1B Fund
Public Transportation Modernization, Improvement, and
Service Enhancement Account (PTMISEA)

Fiscal Years Ended June 30, 2017 and 2016

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CERTIFIED PUBLIC ACCOUNTANTS

Board of Commissioners
Ventura County Transportation Commission
Ventura, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Proposition 1B Fund – Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) of the City of Moorpark, California (City) as of and for the fiscal years ended June 30, 2017 and 2016, 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.

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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 Proposition 1B Fund of the City and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2017 and 2016, the changes in its financial position, or, where applicable, its cash flows for the year 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Proposition 1B Fund of the City as of June 30, 2017 and 2016, and the change in financial position of the Proposition 1B Fund of the City for the fiscal year 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 financial statements of the Proposition 1B Fund of the City. The *Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual* listed as supplemental data in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements for the Proposition 1B Fund of the City. This supplemental data has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 2017 on our consideration of the City's internal control over financial reporting for the Proposition 1B Fund, 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 City's internal control over financial reporting and compliance.

Conrad LLP

Lake Forest, California
December 1, 2017

CITY OF MOORPARK, CALIFORNIA

Proposition 1B
Public Transportation Modernization, Improvement, and
Service Enhancement Account (PTMISEA)

Comparative Balance Sheets

Fiscal Years Eneded June 30, 2017 and 2016

Assets	2017	2016
Cash and investments (Note 3)	$ 323,023	$ 350,377
Interest receivable	586	1,599
Total assets	$ 323,609	$ 351,976
Liabilities and fund balance		
Accounts payable	$ 337	$ -
Unearned revenues (Note 4)	290,138	312,773
Total liabilities	290,475	312,773
Fund balance - restricted	33,134	39,203
Total liabilties and fund balance	$ 323,609	$ 351,976

See accompanying notes to financial statements

CITY OF MOORPARK, CALIFORNIA

Proposition 1B
Public Transportation Modernization, Improvement, and
Service Enhancement Account (PTMISEA)

Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance

Fiscal Years Ended June 30, 2017 and 2016

	2017	2016
Revenues:		
Prop 1B	$ 22,635	$ 778,264
Interest income	(6,069)	15,765
Total revenues	16,566	794,029
Expenditures:		
Construction, maintenance, and engineering	22,635	778,264
Total expenditures	22,635	778,264
Excess of revenues over expenditures	(6,069)	15,765
Fund balance at beginning of year	39,203	23,438
Fund balance at end of year	$ 33,134	$ 39,203

See accompanying notes to financial statements

(1) General Information

The financial statements are intended to reflect the financial position and changes in financial position for the Proposition 1B Fund – Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) of the City of Moorpark, California (City) only.

In November 2006, California voters approved Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act, which authorized the State of California to sell $20 billion in general obligation bonds, of which $4 billion would be allocated to PTMISEA. Monies from PTMISEA are for transportation infrastructure, including grants for transit system safety, security, and disaster response projects. On October 5, 2012, Ventura County Transportation Commission (VCTC) programed $1,091,000 in PTMISEA grant funds and accrued interest in the amount of $37 it received from the State Controller's Office to the City for the expansion of the Moorpark Metrolink North Parking Lot and for the purchase of two replacement CNG buses.

(2) Summary of Significant Accounting Policies

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 PTMISEA funds within its Proposition 1B Fund which is a Special Revenue Fund. Special Revenue Funds are used to account for and report on a particular source of revenue.

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 generally are recorded when a liability is incurred.

(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 the City. For the City, funds received under Proposition 1B possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under Proposition 1B 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 arises 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.

Fund Equity

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

- *Nonspendable 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.

(2) Summary of Significant Accounting Policies (Continued)

- *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.

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

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 Proposition 1B Fund's cash and investments as of June 30, 2017 and 2016 is $323,023 and $350,377, respectively.

The Proposition 1B 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 Proposition 1B 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.

(4) Unearned Revenues

Proposition 1B funds (PTMISEA grants) allocated to the City by VCTC for specific transportation infrastructure projects 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 that were not collected within the City's availability period.

The balance of unearned revenues as of June 30, 2017 consists of the following:

Unearned revenue at July 1, 2016	$ 312,773
Earned revenue	(22,635)
Unearned revenue at June 30, 2017	$ 290,138

(5) Restrictions

Funds received pursuant to Proposition 1B – Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) from VCTC may only be used for the expansion of the Moorpark Metrolink North Parking Lot and the purchase of two replacement CNG buses.

(6) 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.

(7) 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.

Supplemental Data

CITY OF MOORPARK, CALIFORNIA

Proposition 1B
Public Transportation Modernization, Improvement, and
Service Enhancement Account (PTMISEA)

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

Fiscal Year Ended June 30, 2017

	Budget			Variance From Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Prop 1B	$ -	$ -	$ 22,635	$ 22,635
Interest income	-	-	(6,069)	(6,069)
Total revenues	-	-	16,566	16,566
Expenditures:				
Construction, maintenance, and engineering	168,037	322,773	22,635	300,138
Total expenditures	168,037	322,773	22,635	300,138
Excess (deficiency) of revenues over (under) expenditures	$ (168,037)	$ (322,773)	(6,069)	$ 316,704
Fund balance at beginning of year			39,203	
Fund balance at end of year			$ 33,134	

CITY OF MOORPARK, CALIFORNIA

Proposition 1B
Public Transportation Modernization, Improvement, and
Service Enhancement Account (PTMISEA)

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

Fiscal Year Ended June 30, 2016

	Budget			Variance From Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Prop 1B	$ -	$ -	$ 778,264	$ 778,264
Interest income	9,000	9,000	15,765	6,765
Total revenues	9,000	9,000	794,029	785,029
Expenditures:				
Construction, maintenance, and engineering	1,091,959	1,091,959	778,264	313,695
Total expenditures	1,091,959	1,091,959	778,264	313,695
Excess (deficiency) of revenues over (under) expenditures	$ (1,082,959)	$ (1,082,959)	15,765	$ 1,098,724
Fund balance at beginning of year			23,438	
Fund balance at end of year			$ 39,203	

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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 Proposition 1B Fund – Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) of the City of Moorpark, California (City), as of and for the fiscal years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the City's Proposition 1B Fund financial statements, and have issued our report thereon dated December 1, 2017.

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) to determine the 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Proposition 1B Fund of the City are free of 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 determination of financial statement amounts. 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.*

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.

Conrad LLP

Lake Forest, California
December 1, 2017