

City of Chowchilla | California
Transportation Development Act Funds
Financial Statements
For the Years Ended June 30, 2023 and 2022



PRICE PAIGE & COMPANY
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Transportation Development Act Funds (TDA Funds) of the City of Chowchilla, California (the City), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the TDA Funds of the City's 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 respective financial position of the TDA Funds of the City, as of June 30, 2023 and 2022, and the respective 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 audits 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 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the TDA Funds of the City are intended to present the financial position and the changes in financial position of only that portion of the funds of the City that is attributable to the transactions related to the TDA Funds. They do not purport to, and do not present fairly the financial position of the City as of June 30, 2023 and 2022, or the changes in its financial position 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 the 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.

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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 financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 City's internal control as it relates to TDA Funds. 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.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 15–17 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 our report dated June 6, 2024, on our consideration of the City's internal control over financial reporting as it relates to the TDA Funds, 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 as it relates to the TDA Funds.

Price Pange & Company

Clovis, California
June 6, 2024

FINANCIAL STATEMENTS

CITY OF CHOWCHILLA TRANSPORTATION DEVELOPMENT ACT FUNDS | JUNE 30, 2023

Balance Sheet

	Street & Road Fund	Transit Fund	Total
ASSETS			
Cash and investments	\$ 907,891	\$ -	\$ 907,891
Receivables:			
Due from LTF	1,158,858	552,089	1,710,947
Due from other governmental agencies	<u>20,463</u>	<u>4,500</u>	<u>24,963</u>
Total assets	<u>\$ 2,087,212</u>	<u>\$ 556,589</u>	<u>\$ 2,643,801</u>
LIABILITIES			
Accounts payable	\$ 165,237	7,537	\$ 172,774
Due to other funds	<u>-</u>	<u>603,873</u>	<u>603,873</u>
Total liabilities	<u>165,237</u>	<u>611,410</u>	<u>776,647</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	<u>943,232</u>	<u>498,967</u>	<u>1,442,199</u>
Total deferred inflows of resources	<u>943,232</u>	<u>498,967</u>	<u>1,442,199</u>
FUND BALANCES			
Restricted for:			
Highways and streets	978,743	-	978,743
Unassigned	<u>-</u>	<u>(553,788)</u>	<u>(553,788)</u>
Total fund balances (deficit)	<u>978,743</u>	<u>(553,788)</u>	<u>424,955</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,087,212</u>	<u>\$ 556,589</u>	<u>\$ 2,643,801</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CHOWCHILLA TRANSPORTATION DEVELOPMENT ACT FUNDS | JUNE 30, 2022

Balance Sheet

	Street & Road Fund	Transit Fund	Total
ASSETS			
Cash and investments	\$ 1,766,230	\$ -	\$ 1,766,230
Receivables:			
Due from LTF	199,006	465,156	664,162
Due from other governmental agencies	7,245	-	7,245
Prepaid expenses	-	11,681	11,681
	<u>1,972,481</u>	<u>476,837</u>	<u>2,449,318</u>
Total assets	<u>\$ 1,972,481</u>	<u>\$ 476,837</u>	<u>\$ 2,449,318</u>
LIABILITIES			
Accounts payable	\$ 524,437	\$ 3,043	\$ 527,480
Due to other funds	-	467,079	467,079
	<u>524,437</u>	<u>470,122</u>	<u>994,559</u>
Total liabilities	<u>524,437</u>	<u>470,122</u>	<u>994,559</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	<u>159,265</u>	<u>287,991</u>	<u>447,256</u>
Total deferred inflows of resources	<u>159,265</u>	<u>287,991</u>	<u>447,256</u>
FUND BALANCES			
Restricted for:			
Highways and streets	1,288,779	-	1,288,779
Unassigned	-	(281,276)	(281,276)
	<u>1,288,779</u>	<u>(281,276)</u>	<u>1,007,503</u>
Total fund balances (deficit)	<u>1,288,779</u>	<u>(281,276)</u>	<u>1,007,503</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,972,481</u>	<u>\$ 476,837</u>	<u>\$ 2,449,318</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CHOWCHILLA TRANSPORTATION DEVELOPMENT ACT FUNDS | FOR THE YEAR ENDED JUNE 30, 2023

Statement of Revenues, Expenditures and Changes in Fund Balances

	Street & Road Fund	Transit Fund	Total
REVENUES			
Other transit revenues	\$ -	\$ 262,913	262,913
Other non-transit revenues	251,634	-	251,634
Other intergovernmental revenues	485,703	4,903	490,606
Transit bus ticket sales	-	25,827	25,827
	<u>737,337</u>	<u>293,643</u>	<u>1,030,980</u>
EXPENDITURES			
Current:			
Traffic signal maintenance	123	-	123
Street maintenance	892,782	-	892,782
Transit bus costs	-	504,560	504,560
Capital outlay - transit	-	97,811	97,811
Capital outlay - streets	2,436,317	-	2,436,317
	<u>3,329,222</u>	<u>602,371</u>	<u>3,931,593</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,591,885)</u>	<u>(308,728)</u>	<u>(2,900,613)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,501,791	36,216	2,538,007
Transfers out	(219,942)	-	(219,942)
Total other financing sources (uses)	<u>2,281,849</u>	<u>36,216</u>	<u>2,318,065</u>
Net change in fund balances	(310,036)	(272,512)	(582,548)
Fund balances (deficit) - beginning	<u>1,288,779</u>	<u>(281,276)</u>	<u>1,007,503</u>
Fund balances (deficit) - ending	<u>\$ 978,743</u>	<u>\$ (553,788)</u>	<u>\$ 424,955</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CHOWCHILLA TRANSPORTATION DEVELOPMENT ACT FUNDS | FOR THE YEAR ENDED JUNE 30, 2022

Statement of Revenues, Expenditures and Changes in Fund Balances

	Street & Road Fund	Transit Fund	Total
REVENUES			
LTF - non-transit allocations	\$ 140,470	\$ -	\$ 140,470
STA - transit allocation claims	-	245,902	245,902
Other transit revenues	-	483	483
Other non-transit revenues	100,443	-	100,443
Other intergovernmental revenues	-	74,481	74,481
Transit bus ticket sales	-	21,645	21,645
	<u>240,913</u>	<u>342,511</u>	<u>583,424</u>
EXPENDITURES			
Current:			
Transit capital improvement	-	58,531	58,531
Street maintenance	854,344	-	854,344
Transit bus costs	-	464,336	464,336
	<u>854,344</u>	<u>522,867</u>	<u>1,377,211</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(613,431)</u>	<u>(180,356)</u>	<u>(793,787)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>734,025</u>	<u>5,250</u>	<u>739,275</u>
Total other financing sources (uses)	<u>734,025</u>	<u>5,250</u>	<u>739,275</u>
Net change in fund balances	120,594	(175,106)	(54,512)
Fund balances (deficit) - beginning	<u>1,168,185</u>	<u>(106,170)</u>	<u>1,062,015</u>
Fund balances (deficit) - ending	<u>\$ 1,288,779</u>	<u>\$ (281,276)</u>	<u>\$ 1,007,503</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING INFORMATION

A. Description of Reporting Entity

The accompanying financial statements present only the Transportation Development Act Funds (TDA Funds) of the City of Chowchilla, California (the City) and are not intended to present fairly the financial position, or the changes in the financial position of the City with accounting principles generally accepted in the United States of America.

B. Basis of Accounting and Measurement Focus

The financial statements of the TDA Funds have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The TDA Funds' significant accounting policies are described below.

The TDA Funds are accounted for in governmental funds. Governmental funds are accounted for on a spending of "current financial resources" measurement focus and the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally received in cash within 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the TDA Funds, are Local Transportation Fund (LTF) allocations and other intergovernmental revenues. Expenditures are recorded in the accompanying period in which the related fund liability is incurred.

C. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for as a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The TDA Funds are governmental funds specifically categorized as special revenue funds and are used to account for the proceeds of specific revenue sources that are legally restricted to street and road, and community development expenditures.

Intergovernmental revenues (primarily grants and subventions), which are received as reimbursement for specific purposes or projects, are recognized based upon the expenditures recorded. Intergovernmental revenues, which are usually restricted as to use, are revocable for failure to meet prescribed compliance requirements, and are reflected as revenues at the time of receipts or earlier, if they meet the availability criteria.

D. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Public Transportation Fund

The City records the transit allocations of both the City of Chowchilla and the County of Madera for Chowchilla Area Transit Express (CATX) service in the Transit Fund. The CATX is a general public, curb-to-curb, demand-response system operated by the City of Chowchilla.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Public Transportation Fund (Continued)

The City and County’s agreement to fund costs of the CATX service provides for the County to reimburse the City at a fixed rate per annum.

The City collects fare proceeds and has allocated them to the County based upon the terms of the Inter-Agency Agreement.

The City submits requests for reimbursement of costs, net of transit revenues, to the Madera County Transportation Commission (Madera CTC) on behalf of both the City and County.

F. Due from Other Governmental Agencies

Claims made for reimbursement of costs incurred during the fiscal years have been accrued as due from the Madera CTC or due from other governmental agencies in the same fiscal year.

G. Unavailable Revenues

In the fund financial statements, unavailable revenues are recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unavailable revenues for transactions for which revenues have been earned, but for which funds are not available to meet current financial obligations. Typical transactions for which unavailable revenues are recorded are grants when funding requirements have been met, but the related funding is not yet available. The TDA Funds have unavailable revenues balances which totaled \$943,232 and \$498,967 for the Street & Road Fund and Transit Fund respectively, as of June 30, 2023 and \$159,625 and \$287,991 for the Street & Road Fund and Transit Fund respectively, as of June 30, 2022.

H. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable – Amounts cannot be spent either because they are in nonspendable form (such as inventory or prepaid expense, and long-term loans and notes receivable) or because they are legally or contractually required to be maintained intact (such as principal of a permanent fund).

Restricted – Amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, contributors, or laws or regulations of other governments, etc.) or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by City Council, the City’s highest level of decision-making authority, through an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified uses through the same type of formal action taken to establish the commitment.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. For all governmental funds other than the General Fund, any remaining positive amounts not classified as nonspendable, restricted, or committed, must be designated as assigned fund balance.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Balance Classification (Continued)

Unassigned – This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the City.

The City would typically use restricted fund balances first, followed by committee resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to deter the use of these other classified funds.

NOTE 2 – CASH AND INVESTMENTS

TDA Funds participate in the City’s cash and investments pool that includes all other City funds, which the City Treasurer invests to enhance interest earnings. Interest income from the investment of pooled cash is allocated on an accounting basis based on the period-end cash and investment balance of the fund as a percentage of the total pooled cash balance.

The City participates in an investment pool managed by the State of California, titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Assets-Backed Securities. The City values all of its cash and investments at fair value on a portfolio basis. The City manages its pooled idle cash and investments under a formal investment policy that is adopted and reviewed by the City Council, and that follows the guidelines of the State of California Government Code.

Citywide information concerning cash and investments for the years ended June 30 2023 and 2022, including authorized investments, custodial credit risk, credit and interest rate risk for debt securities and concentration of investments, carrying amount and market value of deposits and investments, may be found in the notes to the City’s financial statements.

NOTE 3 – TRANSFERS

Transfers are summarized as follows for the years ended June 30:

<u>2023</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Street & Road Fund	\$ 2,501,791 ⁽¹⁾	\$ 219,942 ⁽³⁾
Transit Fund	36,216 ⁽²⁾	-
Total	<u>\$ 2,538,007</u>	<u>\$ 219,942</u>
<u>2022</u>		
Street & Road Fund	\$ 734,025 ⁽⁴⁾	\$ -
Transit Fund	5,250 ⁽⁵⁾	-
Total	<u>\$ 739,275</u>	<u>\$ -</u>

(1) Transfers in of \$2,501,791 were made from various City funds to cover operational, capital, and construction costs incurred by the Street & Road Fund for the Humboldt Street Reconstruction project and other costs such as street maintenance, Avenue 24 reconstruction project, and general street striping.

(2) City Measure T funds were transferred to cover purchasing a new bus.

(3) Transfers out of \$219,942 were made to the Storm Drain fund for the Humboldt Project.

(4) Transfers in of \$734,025 were made from various City funds to cover operational and construction costs incurred by the Street & Road Fund, such as street maintenance, Avenue 16 paving project, and general street striping.

(5) City ARPA funds were transferred to cover essential worker pay to the various funds.

NOTE 4 – FARE REVENUE RATIO

The City is required to maintain a minimum fare revenue to operating expenses ratio of 10% in accordance with the Transportation Development Act. The calculation of the fare revenue ratio is as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Revenues		
Fare revenues	\$ 25,827	\$ 21,645
Local support	<u>255</u>	<u>483</u>
Total fare revenues	<u>\$ 26,082</u>	<u>\$ 22,128</u>
Operating expenses	<u>\$ 602,371</u>	<u>\$ 522,867</u>
Fare revenue ratio	<u>4.33%</u>	<u>4.23%</u>

Although the City is required to maintain a fare revenue ratio of 10%, Assembly Bill 90 and Assembly Bill 149 waived the fare revenue ratio penalty for operators not meeting the ratio requirement for the fiscal years ending June 30, 2023 and 2022.

NOTE 5 – DEFICIT FUND EQUITY

A. Transit System Fund

Deficits in the fund balance at June 30, 2023 and 2022, in the amounts of \$553,788 and \$281,276 respectively, were due to expenditures in excess of revenues. This deficit is expected to be alleviated through future revenues or transfers from other funds.

NOTE 6 – PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA)

In November 2006, California Voters passed a bond measure enacting the Highway Safety Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of State general obligation bonds authorized, \$4 million was set aside by the State, as instructed by statute, as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement. During the years ended June 30, 2023 and 2022, the City did not receive additional PTMISEA funds. During the fiscal years ended June 30, 2023 and 2022, the TDA Funds had PTMISEA expenditures of \$61,595 and \$0, respectively.

NOTE 7 – LOW CARBON TRANSIT OPERATION PROGRAM (LCTOP) FUNDING

During the fiscal years ended June 30, 2023 and 2022, the City received \$42,236 and \$38,596, respectively, in additional LCTOP funds, which partially funded CATX bus and bus stop related expenditures. During the years ended June 30, 2023 and 2022, the City spent \$0 and \$45,086, respectively, of LCTOP funds on capital projects.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHOWCHILLA TRANSPORTATION DEVELOPMENT ACT FUNDS | FOR THE YEAR ENDED JUNE 30, 2023

Budgetary Comparison Schedules

Street & Road Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
LTF non-transit allocations	\$ 384,797	\$ 384,797	\$ -	\$ (384,797)
Other non-transit revenues	1,199,582	1,310,876	251,634	(1,059,242)
Other intergovernmental revenues	485,703	485,703	485,703	-
Total revenues	<u>2,070,082</u>	<u>2,181,376</u>	<u>737,337</u>	<u>(1,444,039)</u>
EXPENDITURES				
Traffic signal maintenance	-	123	123	-
Street maintenance	926,389	1,024,573	892,782	131,791
Capital outlay - streets	1,968,676	1,968,677	2,436,317	(467,640)
Total expenditures	<u>2,895,065</u>	<u>2,993,373</u>	<u>3,329,222</u>	<u>(335,849)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(824,983)</u>	<u>(811,997)</u>	<u>(2,591,885)</u>	<u>(1,779,888)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,104,126	1,132,387	2,501,791	1,369,404
Transfers out	(1,000,000)	(1,000,000)	(219,942)	780,058
Total other financing sources (uses)	<u>104,126</u>	<u>132,387</u>	<u>2,281,849</u>	<u>2,149,462</u>
Net changes in fund balance	<u>\$ (720,857)</u>	<u>\$ (679,610)</u>	<u>(310,036)</u>	<u>\$ 369,574</u>
Fund balance (deficit) - beginning			<u>1,288,779</u>	
Fund balance (deficit) - ending			<u>\$ 978,743</u>	

CITY OF CHOWCHILLA TRANSPORTATION DEVELOPMENT ACT FUNDS | FOR THE YEAR ENDED JUNE 30, 2023

Budgetary Comparison Schedules

Transit Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
STA - transit allocation claims	\$ 162,544	\$ 212,172	\$ -	\$ (212,172)
Other transit revenues	182,247	276,024	262,913	(13,111)
Other intergovernmental revenues	291,334	297,124	4,903	(292,221)
Transit bus ticket sales	<u>22,500</u>	<u>25,827</u>	<u>25,827</u>	<u>-</u>
Total revenues	<u>658,625</u>	<u>811,147</u>	<u>293,643</u>	<u>(517,504)</u>
EXPENDITURES				
Transit bus costs	579,513	538,884	504,560	34,324
Capital outlay - transit	<u>103,504</u>	<u>204,804</u>	<u>97,811</u>	<u>106,993</u>
Total expenditures	<u>683,017</u>	<u>743,688</u>	<u>602,371</u>	<u>141,317</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,392)</u>	<u>67,459</u>	<u>(308,728)</u>	<u>(376,187)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>24,392</u>	<u>64,392</u>	<u>36,216</u>	<u>(28,176)</u>
Total other financing sources (uses)	<u>24,392</u>	<u>64,392</u>	<u>36,216</u>	<u>(28,176)</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ 131,851</u>	<u>(272,512)</u>	<u>\$ (404,363)</u>
Fund balance (deficit) - beginning			<u>(281,276)</u>	
Fund balance (deficit) - ending			<u>\$ (553,788)</u>	

NOTE 1 – BUDGETARY INFORMATION

The City of Chowchilla, California (the City) establishes annual budgets for the Transportation Development Act Funds (TDA Funds). Except for encumbrances and long-term projects in progress, which are carried forward to the following year, all appropriations remaining will lapse at year-end. The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedules:

- 1) The department heads prepare a budget request based upon the previous year’s expenditures.
- 2) A meeting is held between the department heads, Finance Director and the City Administrator for the purpose of reviewing and prioritizing the budget requests.
- 3) The City Administrator submits the proposed City Budget to the City Council, who makes decisions regarding department budgets.
- 4) The approved budget is placed in the City’s accounting system and monitored by the Finance Department as well as by the department heads.

Department heads may, with the City Administrator’s authorization, transfer amounts between line items which do not change the original operational budget appropriation limit of the department. The transfers between departments and funds require approval of the City Council.

- 5) Budgets are adopted on the modified accrual basis. Revenues are budgeted in the year receipt is expected, and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued. Budgeted amounts are maintained as originally adopted and as further amended by the City Council. The level of control (level at which expenditures may not exceed budget) is at fund level for the TDA Funds.

NOTE 2 – EXCESS EXPENDITURE OVER APPROPRIATIONS

The City incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2023:

	Expenditures		
	Budget	Actual	Excess
Street & Road Fund:			
Capital outlay - streets	\$ 1,968,677	\$ 2,436,317	\$ (467,640)

There were no excess expenditures for the Transit fund in the year ended June 30, 2023, and neither fund had excess expenditures in the year ended June 30, 2022.



**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*
AND THE RULES AND REGULATIONS OF THE TRANSPORTATION DEVELOPMENT ACT**

To the Board of Commissioners
Madera County Transportation Commission
Madera, 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 of America, the financial statements of the Transportation Development Act Funds (TDA Funds) of the City of Chowchilla, California (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City's TDA Funds financial statements, and have issued our report thereon dated June 6, 2024.

Report on 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 it relates to the TDA Funds, 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 TDA Funds of the City'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the TDA Funds of the City'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. Our audit was further made to determine that TDA Funds allocated to and received by the City were expended in conformance with applicable statutes, rules and regulations of the Transportation Development Act and the allocation

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instructions and resolutions of the Madera County Transportation Commission as required by Sections 6666 and 6667 of Title 21 of the California Code of Regulations. 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* or the Rules and Regulations of the Transportation Development Act.

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 as it relates to the TDA Funds. 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.

Price Page & Company

Clovis, California
June 6, 2024