

**CITY OF CHOWCHILLA, CALIFORNIA  
MEASURE "T" FUND**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2019**



**CITY OF CHOWCHILLA, CALIFORNIA  
MEASURE "T" FUND  
JUNE 30, 2019**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS:	
BALANCE SHEET .....	4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES.....	5
NOTES TO THE FINANCIAL STATEMENTS .....	6
REQUIRED SUPPLEMENTARY INFORMATION:	
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL .....	12
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION .....	13
SUPPLEMENTARY INFORMATION:	
BALANCE SHEET BY FUNDING SOURCE.....	16
SCHEDULE OF REVENUES AND EXPENDITURES BY FUNDING SOURCE.....	17
OTHER INDEPENDENT AUDITOR'S REPORT:	
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 <i>GOVERNMENT AUDITING STANDARDS</i> AND THE RULES AND REGULATIONS OF THE MEASURE "T" ENABLING LEGISLATION .....	21





INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Measure "T" Fund of the City of Chowchilla, California (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Measure "T" Fund's 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 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. 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 City'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 City's internal control as it relates to the Measure "T" Fund. 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 opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure "T" Fund of the City of Chowchilla, California as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Measure "T" Fund of the City of Chowchilla and do not purport to, and do not present fairly the financial position of the City, as of June 30, 2019, and the changes in financial position or 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.

## **Other Matters**

### *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 12-13 be presented to supplement the financial statements. Such 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. 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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's Measure "T" Fund's financial statements. The Balance Sheet by Funding Source and the Schedule of Revenues and Expenditures by Funding Source (the Schedules) are presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information 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 Schedules are 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 our report dated April 28, 2020, on our consideration of the City's internal control over financial reporting as it relates to the Measure "T" 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 as it relates to the Measure "T" Fund.

*Price Paice & Company*

Clovis, California  
April 28, 2020

## FINANCIAL STATEMENTS

**CITY OF CHOWCHILLA, CALIFORNIA  
MEASURE "T" FUND  
BALANCE SHEET  
JUNE 30, 2019**

**ASSETS**

Cash and investments	\$ 1,329,079
Due from MCTA	<u>100,944</u>
 Total assets	 <u>\$ 1,430,023</u>

**DEFERRED INFLOWS OF RESOURCES**

Unavailable revenues	\$ <u>36,920</u>
 Total deferred inflows of resources	 <u>36,920</u>

**FUND BALANCE**

Restricted for highway and streets	<u>1,393,103</u>
 Total fund balance	 <u>1,393,103</u>

Total deferred inflows of resources and fund balance	 <u>\$ 1,430,023</u>
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The accompanying notes are an integral part of this statement.



**CITY OF CHOWCHILLA, CALIFORNIA  
 MEASURE "T" FUND  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2019**

<b>REVENUES</b>	
Measure "T" sales tax	\$ 575,870
Interest	<u>21,920</u>
Total revenues	<u>597,790</u>
<b>EXPENDITURES</b>	
Debt service:	
Principal	<u>159,264</u>
Total expenditures	<u>159,264</u>
Excess of revenues over (under) expenditures	<u>438,526</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers out	<u>(312,208)</u>
Total other financing sources (uses)	<u>(312,208)</u>
Net change in fund balance	126,318
Fund balance - beginning	<u>1,266,785</u>
Fund balance - ending	<u><u>\$ 1,393,103</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF CHOWCHILLA, CALIFORNIA  
MEASURE “T” FUND  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING INFORMATION**

**Description of Reporting Entity**

The accompanying financial statements present only the Measure “T” Transportation Sales Tax Fund as recorded in the Measure “T” Fund of the City of Chowchilla, California (the City) and are not intended to present fairly the financial position, changes in financial position, or cash flows of the City with accounting principles generally accepted in the United States of America.

**Basis of Accounting and Measurement Focus**

The financial statements of the Measure “T” Fund 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 more significant of the Measure “T” Fund’s accounting policies are described below.

The Measure “T” Fund is a governmental fund specifically categorized as a special revenue fund. Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes. Governmental funds are accounted for on a “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 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Measure “T” Fund are intergovernmental revenues. Expenditures are recorded in the accompanying period in which the related fund liability is incurred.

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 only for failure to meet prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier, if they meet the availability criterion.

**Use of Estimates**

The preparation of 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.

**Due from Madera County Transportation Authority (MCTA)**

Due from MCTA consists of the Measure “T” allocations due from Madera Commission Transportation Authority. As of June 30, 2019, the balance of \$100,944 is related to the fourth quarter and excess disbursements of the fiscal year 2019 Measure “T” allocations.

**CITY OF CHOWCHILLA, CALIFORNIA  
MEASURE "T" FUND  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING INFORMATION** (Continued)

**Unavailable Revenue**

In the fund financial statements, unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unavailable revenue for transactions for which revenues have been earned, but for which funds are not available to meet current financial obligations. The City received the excess allocations of fiscal year 2019 Measure "T" monies after the available period (60 days after year-end).

**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 Fund Balance

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 Fund Balance

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 Fund Balance

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 Fund Balance

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.

Unassigned Fund Balance

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.

**CITY OF CHOWCHILLA, CALIFORNIA  
MEASURE "T" FUND  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 2 – CASH AND INVESTMENTS**

The Measure "T" Fund participates 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 funds 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 year ended June 30, 2019, 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 of the City's financial statements.

**NOTE 3 – LONG-TERM DEBT**

The following is a summary of long-term debt transactions for the year ended June 30, 2019:

	<u>June 30, 2018</u>	<u>Reductions</u>	<u>June 30, 2019</u>	<u>Amount Due Within One Year</u>
Measure T Interprogram Loan (MCTA)	\$ 157,500	\$ (157,500)	\$ -	\$ -
Total Long-Term Debt	<u>\$ 157,500</u>	<u>\$ (157,500)</u>	<u>\$ -</u>	<u>\$ -</u>

The City entered into a loan agreement in 2009, with the Madera County Transportation Authority to receive an advance of Measure "T" revenues. The loan is a lien on the City's portion of the Regional Rehabilitation/Reconstruction/Maintenance Program and Safe Routes to School and Job Program. Principal is payable annually on June 30 in the amount of \$157,500, plus interest payments calculated as the total principal outstanding times the average LAIF rate for the prior calendar year. The final payment on this loan was made during the year ended June 30, 2019.

Long-term debt is not reported on the balance sheet which uses the "current financial resources" measurement focus and the modified accrual basis of accounting as required by the Generally Accepted Accounting Principles (GAAP). However, under the modified accrual basis of accounting, the principal on the long-term debt is reported on the statement of revenues, expenditures and changes in fund balances.

**CITY OF CHOWCHILLA, CALIFORNIA  
MEASURE "T" FUND  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any items to report as a deferred outflow of resources.

In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of deferred inflows, unavailable revenues, which totaled \$36,920 as of June 30, 2019.

**NOTE 5 – TRANSFERS**

Transfers for the year ended June 30, 2019 are summarized as follows:

	<u>Transfers Out</u>
Measure T Fund	\$ 312,208 <sup>(1)</sup>

<sup>(1)</sup> Measure T Fund transferred \$212,948 to Streets and Roads (LTF) for street maintenance and operational costs and \$99,260 to the Capital Projects Fund for the Wilson Scholl Project.

**NOTE 6 – SUBSEQUENT EVENT**

On March 11, 2020 the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. In response, the State of California issued a shelter in-place order and the temporary closure of all businesses deemed to be nonessential. Accordingly, there will be a contraction of the national, state and City's economy, which will potentially result in a reduction and/or delay of the receipt of tax revenues. While the City expects there to potentially be a negative financial impact, since the duration and impact is unknown, management is unable to reasonably quantify the effect on future financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CHOWCHILLA, CALIFORNIA  
 MEASURE "T" FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Measure "T" sales tax	\$ 379,010	\$ 379,010	\$ 575,870	\$ 196,860
Interest	<u>8,225</u>	<u>8,225</u>	<u>21,920</u>	<u>13,695</u>
Total revenues	<u>387,235</u>	<u>387,235</u>	<u>597,790</u>	<u>210,555</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	158,133	169,233	159,264	9,969
Interest expense	<u>1,420</u>	<u>1,420</u>	<u>-</u>	<u>1,420</u>
Total expenditures	<u>159,553</u>	<u>170,653</u>	<u>159,264</u>	<u>11,389</u>
Excess of revenues over (under) expenditures	<u>227,682</u>	<u>216,582</u>	<u>438,526</u>	<u>221,944</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	<u>(463,763)</u>	<u>(463,763)</u>	<u>(312,208)</u>	<u>151,555</u>
Total other financing sources (uses)	<u>(463,763)</u>	<u>(463,763)</u>	<u>(312,208)</u>	<u>151,555</u>
Net change in fund balance	<u>\$ (236,081)</u>	<u>\$ (247,181)</u>	126,318	<u>\$ 373,499</u>
Fund balance - beginning			<u>1,266,785</u>	
Fund balance - ending			<u>\$ 1,393,103</u>	



**CITY OF CHOWCHILLA, CALIFORNIA  
MEASURE "T" FUND  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2019**

**BUDGETARY INFORMATION**

The City of Chowchilla, California (the City) establishes annual budgets for the Measure "T" Fund. 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 in which the applicable purchase orders are to be made. Budgeted amounts are maintained as originally adopted until further amended as described above. The level of control (level at which expenditures may not exceed budget) is at the fund levels for the Measure "T" Fund.

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## SUPPLEMENTARY INFORMATION

**CITY OF CHOWCHILLA, CALIFORNIA  
 MEASURE "T" FUND  
 BALANCE SHEET  
 BY FUNDING SOURCE  
 JUNE 30, 2019**

	Commuter Corridors/ Farm to Market	Safe Routes to School and Jobs	Transit Enhancement	Environmental Enhancement	Fund Total
<b>ASSETS</b>					
Cash and investments	\$ 340,327	\$ 780,278	\$ 105,626	\$ 102,848	\$ 1,329,079
Due from MCTA	<u>49,213</u>	<u>43,841</u>	<u>3,945</u>	<u>3,945</u>	<u>100,944</u>
Total assets	<u>\$ 389,540</u>	<u>\$ 824,119</u>	<u>\$ 109,571</u>	<u>\$ 106,793</u>	<u>\$ 1,430,023</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues	\$ 17,981	\$ 16,045	\$ 1,447	\$ 1,447	\$ 36,920
Total deferred inflows of resources	<u>17,981</u>	<u>16,045</u>	<u>1,447</u>	<u>1,447</u>	<u>36,920</u>
<b>FUND BALANCE</b>					
Restricted for highway and streets	<u>371,559</u>	<u>808,074</u>	<u>108,124</u>	<u>105,346</u>	<u>1,393,103</u>
Total fund balance	<u>371,559</u>	<u>808,074</u>	<u>108,124</u>	<u>105,346</u>	<u>1,393,103</u>
Total deferred inflows of resources and fund balance	<u>\$ 389,540</u>	<u>\$ 824,119</u>	<u>\$ 109,571</u>	<u>\$ 106,793</u>	<u>\$ 1,430,023</u>

**CITY OF CHOWCHILLA, CALIFORNIA  
 MEASURE "T" FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 BY FUNDING SOURCE  
 FOR THE YEAR ENDED JUNE 30, 2019**

	Commute Corridors/ Farm to Market	Safe Routes to School and Jobs	Transit Enhancement	Environmental Enhancement	Fund Total
<b>REVENUES</b>					
Measure "T" sales tax	\$ 280,912	\$ 250,011	\$ 22,474	\$ 22,473	\$ 575,870
Interest	<u>7,254</u>	<u>11,850</u>	<u>1,429</u>	<u>1,387</u>	<u>21,920</u>
Total revenues	<u>288,166</u>	<u>261,861</u>	<u>23,903</u>	<u>23,860</u>	<u>597,790</u>
<b>EXPENDITURES</b>					
Debt service:					
Principal	<u>104,586</u>	<u>54,678</u>	-	-	<u>159,264</u>
Total expenditures	<u>104,586</u>	<u>54,678</u>	-	-	<u>159,264</u>
Excess of revenues over (under) expenditures	<u>183,580</u>	<u>207,183</u>	<u>23,903</u>	<u>23,860</u>	<u>438,526</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	<u>(212,948)</u>	<u>(99,260)</u>	-	-	<u>(312,208)</u>
Total other financing sources (uses)	<u>(212,948)</u>	<u>(99,260)</u>	-	-	<u>(312,208)</u>
Net change in fund balance	(29,368)	107,923	23,903	23,860	126,318
Fund balance - beginning	<u>400,927</u>	<u>700,151</u>	<u>84,221</u>	<u>81,486</u>	<u>1,266,785</u>
Fund balance - ending	<u>\$ 371,559</u>	<u>\$ 808,074</u>	<u>\$ 108,124</u>	<u>\$ 105,346</u>	<u>\$ 1,393,103</u>

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OTHER INDEPENDENT AUDITOR'S REPORT

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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 MEASURE "T" ENABLING LEGISLATION

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, the financial statements of the Measure "T" Fund of the City of Chowchilla, California (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Measure "T" Fund's financial statements, and have issued our report thereon dated April 28, 2020, which included an explanatory paragraph describing that the financial statements only present the City's Measure "T" Fund.

#### 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 Measure "T" Fund, 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 City's Measure "T" Fund 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 City's Measure "T" Fund 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 determination of financial statement amounts. Our audit was further made to determine that allocations made and expended by the City were made in accordance with the Measure "T" Enabling Legislation. However, providing an

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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 City's internal control or on compliance as it relates to the Measure "T" Fund. 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.

A handwritten signature in blue ink that reads "Price Paige & Company". The signature is written in a cursive, flowing style.

Clovis, California  
April 28, 2020