City of Chowchilla | California

Measure T Fund

Financial Statements

For the Year Ended June 30, 2023

PRICE PAIGE & COMPANY
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council of the City of
Chowchilla, California

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's Measure T 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 Measure T Fund of the City of Chowchilla, California, as of June 30, 2023, 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.

Basis for Opinions

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. 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 Measure T Fund of the City of Chowchilla, are intended to present the financial position and changes in financial position of the Measure T Fund of the City of Chowchilla. They do not purport to, and do not present fairly the financial position of the City, as of June 30, 2023, and the changes in its financial position, 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.

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.

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.

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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. 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 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Chowchilla's Measure T fund financial statements. The accompanying 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. 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. The 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 Balance Sheet by Funding Source and the Schedule of Revenues and Expenditures by Funding Source 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 May 21, 2024, on our consideration of the City's internal control over financial reporting as it relates to the Measure T 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 City's internal control over financial reporting and compliance as it relates to the Measure T Funds.

Price Paige & Company

Clovis, California
May 21, 2024

FINANCIAL STATEMENTS

CITY OF CHOWCHILLA MEASURE T FUND | JUNE 30, 2023
Balance Sheet

ASSETS	
Current assets:	
Cash and investments	$ 1,786,211
Due from other funds	4,500
Due from MCTA	430,517
Total assets	$ 2,221,228
LIABILITIES	
Current liabilities:	
Accounts payable	$ 4,500
Total liabilities	4,500
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues	348,071
Total deferred inflows of resources	348,071
FUND BALANCE	
Restricted for highway and streets	1,868,657
Total fund balance	1,868,657
Total liabilities, deferred inflows of resources and fund balance	$ 2,221,228

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

CITY OF CHOWCHILLA MEASURE T FUND | FOR THE YEAR ENDED JUNE 30, 2023
Statement of Revenues, Expenditures and Changes in Fund Balance

REVENUES	
Measure "T" sales tax	$ 786,149
Unrealized gain/loss	4,599
Interest	35,704
Total revenues	826,452
EXPENDITURES	
Current:	
Highway and streets	35,781
Total expenditures	35,781
Excess (deficiency) of revenues over (under) expenditures	790,671
OTHER FINANCING SOURCES (USES)	
Transfers out	(365,419)
Total other financing sources (uses)	(365,419)
Net change in fund balance	425,252
Fund balance - beginning	1,443,405
Fund balance - ending	$ 1,868,657

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 Measure T Transportation Sales Tax Fund as recorded in the Measure T Fund (Measure T Fund) of the City of Chowchilla, California (the City) and are not intended to present fairly the financial position, and changes in 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 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 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 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.

C. 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.

D. 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, 2023, the balance of $430,517 is due to the third quarter, fourth quarter and excess disbursements of the fiscal year 2023 Measure T allocations.

E. 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 third-quarter, fourth-quarter and excess allocations of fiscal year 2023 Measure T monies after the available period (60 days after year-end). As of June 30, 2023, the City's total unavailable revenues were $348,071.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING INFORMATION (Continued)

F. 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.

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

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, 2023, 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 – TRANSFERS

For the year ended June 30, 2023 the Measure T Fund transferred $365,419 to the Streets and Roads (LTF) for street maintenance and operational costs.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHOWCHILLA MEASURE T FUND | FOR THE YEAR ENDED JUNE 30, 2023
Budgetary Comparison Schedule

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Measure T sales tax	$ 593,290	$ 809,841	$ 786,149	$ (23,692)
Unrealized gain/loss	-	-	4,599	4,599
Interest	7,568	23,633	35,704	12,071
Total revenues	600,858	833,474	826,452	(7,022)
EXPENDITURES				
Current:				
Highway and streets	-	32,422	35,781	(3,359)
Total expenditures	-	32,422	35,781	(3,359)
Excess (deficiency) of revenues over (under) expenditures	600,858	801,052	790,671	(10,381)
OTHER FINANCING SOURCES (USES)				
Transfers out	(754,820)	(802,402)	(365,419)	436,983
Total other financing sources (uses)	(754,820)	(802,402)	(365,419)	436,983
Net change in fund balance	$ (153,962)	$ (1,350)	425,252	$ 426,602
Fund balance - beginning			1,443,405	
Fund balance - ending			$ 1,868,657	

NOTE 1 – 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.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2023, expenditures exceeded appropriations in individual fund as follows:

Measure T Fund:		
Current:		
Highway and streets	$	3,359

SUPPLEMENTARY INFORMATION

CITY OF CHOWCHILLA MEASURE T FUND | JUNE 30, 2023
Balance Sheet by Funding Source

	Commute Corridors/ Farm to Market	Safe Routes to School and Jobs	Transit Enhancement	Environmental Enhancement	Fund Total
ASSETS					
Current assets:					
Cash and investments	$ 876,166	$ 565,779	$ 155,471	$ 188,795	$ 1,786,211
Due from other funds	4,500	-	-	-	4,500
Due from MCTA	169,790	233,560	13,584	13,583	430,517
Total assets	$ 1,050,456	$ 799,339	$ 169,055	$ 202,378	$ 2,221,228
LIABILITIES					
Current liabilities:					
Accounts payable	$ 4,500	$ -	$ -	$ -	$ 4,500
Total liabilities	4,500	-	-	-	4,500
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	169,790	151,114	13,584	13,583	348,071
Total deferred inflows of resources	169,790	151,114	13,584	13,583	348,071
FUND BALANCES					
Restricted for highway and streets	876,166	648,225	155,471	188,795	1,868,657
Total fund balances	876,166	648,225	155,471	188,795	1,868,657
Total liabilities, deferred inflows of resources and fund balances	$ 1,050,456	$ 799,339	$ 169,055	$ 202,378	$ 2,221,228

CITY OF CHOWCHILLA MEASURE T FUND | FOR THE YEAR ENDED JUNE 30, 2023

Schedule of Revenues and Expenditures by Funding Source

	Commute Corridors/ Farm to Market	Safe Routes to School and Jobs	Transit Enhancement	Environmental Enhancement	Fund Total
REVENUES					
Measure T sales tax	$ 331,936	$ 401,103	$ 26,555	$ 26,555	$ 786,149
Unrealized gain/loss	1,967	1,753	443	436	4,599
Interest	15,574	13,544	3,320	3,266	35,704
Total revenues	349,477	416,400	30,318	30,257	826,452
EXPENDITURES					
Current:					
Highway and streets	1,436	33,702	324	319	35,781
Total expenditures	1,436	33,702	324	319	35,781
Excess (deficiency) of revenues over (under) expenditures	348,041	382,698	29,994	29,938	790,671
OTHER FINANCING SOURCES (USES)					
Transfers out	(60,297)	(268,906)	(36,216)	-	(365,419)
Total other financing sources (uses)	(60,297)	(268,906)	(36,216)	-	(365,419)
Net change in fund balances	287,744	113,792	(6,222)	29,938	425,252
Fund balances - beginning	588,422	534,433	161,693	158,857	1,443,405
Fund balances - ending	$ 876,166	$ 648,225	$ 155,471	$ 188,795	$ 1,868,657

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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 Honorable Mayor and the City Council of the City of
Chowchilla, 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, 2023, 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 May 21, 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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Measure T Fund'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 allocations made and expended by the City were made in accordance with the

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Measure T Enabling Legislation. 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 City's internal control or on compliance as it relates to the Measure T 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 Paige & Company

Clovis, California
May 21, 2024