

**CITY OF GRIDLEY  
SENIOR TAXI FUND**

Audited Financial Statements  
and Compliance Report

June 30, 2020

CITY OF GRIDLEY  
Senior Taxi Fund

Audited Financial Statements  
and Compliance Report

June 30, 2020

Audited Financial Statements

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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Gridley, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Senior Taxi Fund (the Fund) of the City of Gridley (the City), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Senior Taxi Fund of the City of Gridley as of June 30, 2020 and 2019, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the City Council  
City of Gridley, California

**Emphasis-of-Matter**

As discussed in Note B, the financial statements present only the Senior Taxi Fund of the City of Gridley and do not purport to, and do not, present fairly the financial position of the City of Gridley as of June 30, 2020 and 2019, the changes in financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2021 on our consideration of the City's internal control over financial reporting related to the Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, and the Transportation Development Act. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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.

*Richardson & Company, LLP*

April 6, 2021

CITY OF GRIDLEY  
SENIOR TAXI FUND

BALANCE SHEETS

June 30, 2020 and 2019

	2020	2019
<b>ASSETS AND DEFERED OUTFLOWS OF RESOURCES</b>		
<b>ASSETS</b>		
Cash and investments	\$ 175,142	\$ 56,260
Interest receivable	193	306
<b>TOTAL CURRENT ASSETS</b>	<b>175,335</b>	<b>56,566</b>
Capital assets, depreciable, net	26,542	33,177
<b>TOTAL ASSETS</b>	<b>201,877</b>	<b>89,743</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension plan	51,932	54,535
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 253,809</b>	<b>\$ 144,278</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 6,184	\$ 3,022
Compensated absences - current	4,714	4,400
Due to other City funds	145,061	3,297
<b>TOTAL CURRENT LIABILITIES</b>	<b>155,959</b>	<b>10,719</b>
<b>NONCURRENT LIABILITIES</b>		
Compensated absences - noncurrent	14,030	6,046
Net pension liability	217,424	210,670
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>231,454</b>	<b>216,716</b>
<b>TOTAL LIABILITIES</b>	<b>387,413</b>	<b>227,435</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension plan	20,261	22,016
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>407,674</b>	<b>249,451</b>
<b>NET POSITION</b>		
Investment in capital assets	26,542	33,177
Deficit	(180,407)	(138,350)
<b>TOTAL NET POSITION</b>	<b>(153,865)</b>	<b>(105,173)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 253,809</b>	<b>\$ 144,278</b>

The accompanying notes are an integral part of these financial statements.

CITY OF GRIDLEY  
SENIOR TAXI FUND

STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION

For the Years Ended June 30, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Passenger fares	\$ 7,556	\$ 15,838
TOTAL OPERATING REVENUES	7,556	15,838
OPERATING EXPENSES		
Salaries and benefits	111,262	111,903
Administrative	24,127	8,657
Fuel	3,973	4,753
Maintenance	2,362	2,670
Insurance	1,605	1,512
Special department expense	1,691	3
Communications	1,486	1,385
Professional	140	620
Office		497
Depreciation	6,635	6,635
TOTAL OPERATING EXPENSES	153,281	138,635
NET LOSS FROM OPERATIONS	(145,725)	(122,797)
NONOPERATING REVENUES (EXPENSES)		
State Transit Assistance	87,418	
Taxi subsidy	7,837	5,781
Interest	1,196	1,325
Local Transportation Fund	385	100,200
State of Good Repair	197	
Other		(712)
TOTAL NONOPERATING REVENUES	97,033	106,594
CHANGE IN NET POSITION	(48,692)	(16,203)
Net position, beginning of year	(105,173)	(88,970)
NET POSITION, END OF YEAR	\$ (153,865)	\$ (105,173)

The accompanying notes are an integral part of these financial statements.

CITY OF GRIDLEY  
SENIOR TAXI FUND

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2020 and 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 7,556	\$ 15,838
Cash paid to suppliers for goods and services	(32,222)	(21,609)
Cash paid to employees for services	(95,362)	(102,401)
NET CASH USED FOR OPERATING ACTIVITIES	(120,028)	(108,172)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	1,309	1,244
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,309	1,244
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Taxi subsidy received	7,837	5,781
Cash received from other funds	141,764	(26,703)
Contributions from other governments	88,000	102,087
Other nonoperating (expenses)		(712)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	237,601	80,453
NET CHANGE IN CASH AND CASH EQUIVALENTS	118,882	(26,475)
Cash and cash equivalents, beginning of year	56,260	82,735
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 175,142	\$ 56,260
<b>RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES</b>		
Net loss from operations	\$ (145,725)	\$ (122,797)
Adjustments to reconcile net loss from operations to net cash used for operating activities		
Depreciation	6,635	6,635
Change in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Accounts payable and accrued liabilities	3,162	(1,512)
Deferred outflows/inflows of resources	848	11,995
Compensated absences	8,298	2,045
Net pension liability	6,754	(4,538)
NET CASH USED FOR OPERATING ACTIVITIES	\$ (120,028)	\$ (108,172)

The accompanying notes are an integral part of these financial statements.

CITY OF GRIDLEY  
SENIOR TAXI FUND

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE A – ORGANIZATION

The City of Gridley (the City) receives funds under the provision of the Transportation Development Act (TDA) from the Butte County Local Transportation Fund (LTF) under Article 4, Section 99260(a) and 99402 and State Transit Assistance (STA) under California Code of Regulations Section 6720(a). The STA funds are to be used for public transportation services only. The LTF funds are to be used to support the transportation systems as defined in the TDA. State of Good Repair Fund are available for the purchase of new vehicles and the maintenance and rehabilitation of transit facilities and vehicles. The City operates the Gridley Golden Feather Flyer which provides fixed route and dial-a-ride transportation service for seniors and the disabled. The Senior Taxi Fund is used to account for these TDA funds received by the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The financial statements of the Senior Taxi Fund (the Fund) of the City have been prepared in conformity with generally accepted accounting principles 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.

Reporting Entity: The financial statements are intended to present the financial position and results of operations of only those transactions recorded in the Fund. The Fund is included in the financial statements of the City.

Fund Accounting: The accounts of the City are organized on the basis of funds. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The City utilizes the enterprise fund type of the proprietary fund group to account for the activities of the Fund.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for using the economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the balance sheet. Net position is segregated into the net investment in capital assets, amounts restricted and amounts unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

The accrual basis of accounting is used by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. TDA revenues are recognized when all eligibility requirements have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Fund are fees received from passengers for transportation services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents: For purposes of reporting cash flows, cash and cash equivalents is defined as those amounts included in the balance sheet caption "Cash and cash equivalents" and consist of amounts held in the City's cash and investments pool, which is available upon demand.

Short-term Interfund Receivables/Payables: During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due to

CITY OF GRIDLEY  
SENIOR TAXI FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020 and 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

other City funds” and “due from other City funds” on the balance sheet. The amount reported as due to other funds at June 30, 2020 represents streets and roads revenue recorded in the Transit Fund. The amount is due to the City’s Transportation Development Act Fund.

Capital Assets: Capital assets are stated at cost. Provision is made for depreciation of the vehicle by the straight-line method over the estimated useful life of the asset, which is 5 years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets. It is the policy of the City to capitalize asset acquisitions with an individual cost greater than \$10,000.

Compensated Absences: Compensated absences comprise unused vacation leave and compensatory time off, which are accrued as earned. In addition, those employees who have reached the age of retirement may cash out sick leave upon retirement. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net position by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources represent amounts deferred related to the City’s pension plan as described in Note F.

Restricted Net Position: Restrictions of net position are amounts that are legally restricted for specific uses under the Transportation Development Act or other outside agencies. The Senior Taxi Fund had no restricted net position as of June 30, 2020 and 2019.

Use of Estimates: The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE C – CASH AND INVESTMENTS

The Fund’s cash is held in the City Treasury. The City maintains cash and investments in the State of California’s Local Agency Investment Fund (LAIF) and other money market funds and allocates interest to the various funds based upon the average daily cash balances. Investments held in the City Treasury are available on demand to the Fund and are stated at cost, which approximates fair value. The City’s investment policy, interest rate risk and credit risk may be found in the notes to the City’s basic financial statements.

CITY OF GRIDLEY  
SENIOR TAXI FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020 and 2019

NOTE D – CAPITAL ASSETS

Capital asset activity for the years ended June 30 was as follows:

	Balance at July 1, 2019	Additions	Retirements	Balance at June 30, 2020
Capital assets, being depreciated:				
Vehicle	\$ 46,447			\$ 46,447
Accumulated depreciation	(13,270)	\$ (6,635)		(19,905)
Capital assets, net	<u>\$ 33,177</u>	<u>\$ (6,635)</u>	<u>\$ -</u>	<u>\$ 26,542</u>
	Balance at July 1, 2018	Additions	Retirements	Balance at June 30, 2019
Less accumulated depreciation for:				
Vehicle	\$ 46,447			\$ 46,447
Accumulated depreciation	(6,635)	\$ (6,635)		(13,270)
Capital assets, net	<u>\$ 39,812</u>	<u>\$ (6,635)</u>	<u>\$ -</u>	<u>\$ 33,177</u>

NOTE E – LONG TERM LIABILITIES

Changes in long-term liabilities consisted of the following for the years ended June 30:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Compensated absences	\$ 10,446	\$ 8,298		\$ 18,744	\$ 4,714
Net pension liability	210,670	6,754		217,424	
	<u>\$ 221,116</u>	<u>\$ 15,052</u>	<u>\$ -</u>	<u>\$ 236,168</u>	<u>\$ 4,714</u>
	Restated Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Compensated absences	\$ 8,401	\$ 2,045		\$ 10,446	\$ 4,400
Net pension liability	215,208		\$ (4,538)	210,670	
	<u>\$ 223,609</u>	<u>\$ 2,045</u>	<u>\$ (4,538)</u>	<u>\$ 221,116</u>	<u>\$ 4,400</u>

NOTE F – PENSION LIABILITY

The City participates in a cost-sharing defined benefit pension plan with CalPERS consisting of the following risk pools and a number of rate plans: Safety Risk Pool (Police and Fire) and the Miscellaneous Risk Pool for all other City employees. Information is available about the City's pension plan in the City's financial statements. The Senior Taxi Fund employees are included in the Miscellaneous Risk Pool. However, the actuarial valuation for the City's participation in the Miscellaneous Risk Pool received from CalPERS does not separately disclose information that is required to be reported under GASB 68 and 71 for the Senior Taxi Fund. The pension liability reported in the

CITY OF GRIDLEY  
SENIOR TAXI FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020 and 2019

NOTE F – PENSION LIABILITY (Continued)

Senior Taxi Fund represents a proportional share of the pension liability of the City’s participation in the Miscellaneous Risk Pool as a whole based on a proportional share of cash basis employer contributions paid on behalf of the Senior Taxi Fund employees compared to all non-Safety City employees. The deferred outflows of resources, net pension liability, deferred inflows of resources and pension expense related to the Senior Taxi Fund were \$51,932, \$217,424, \$20,261, and \$14,784 respectively, as of and for the year ended June 30, 2020, and \$54,535, \$210,670, \$22,016, and \$22,044 respectively as of and for the year ended June 30, 2019. Pension expense was reported as part of salaries and benefits expenses.

NOTE G – FARE REVENUE RATIO

The City is required to maintain a fare revenue to operating expense ratio of 10.00% in accordance with Section 99268.5 of the Transportation Development Act. The fare revenue to operating expenses ratio for the City is calculated as follows for the years ended June 30:

	2020	2019
Fare revenues	\$ 7,556	\$ 15,838
Local support: taxi subsidy	7,837	5,781
Local funds: interest	1,196	1,325
	16,589	22,944
Operating expenses	153,281	138,635
Less allowable exclusions:		
Depreciation and amortization	(6,635)	(6,635)
Net operating expenses	\$ 146,646	\$ 132,000
Actual fare revenue ratio	11.31%	17.38%
Required fare revenue ratio	10.00%	10.00%

The City met the minimum required fare revenue ratio during the years ending June 30, 2020 and 2019.

NOTE H – CONCENTRATIONS

The Fund receives a substantial amount of its support from a statewide retail sales tax from the LTF and diesel sales tax from the STA created by the Transportation Development Act. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Fund’s activities.

NOTE I – CONTINGENCIES

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The extent of the impact of COVID-19 on the City’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on the citizens of the City, all of which are uncertain and cannot be predicted. At this point, the full extent to which COVID-19 may impact the financial condition or results of operations is uncertain. Possible effects could be a loss or reduction of revenue sources.

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 TRANSPORTATION DEVELOPMENT ACT

To the City Council  
City of Gridley, California

We have audited, 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, the financial statements of the Senior Taxi Fund (the Fund) of the City of Gridley (the City), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Fund's financial statements, and have issued our report thereon dated April 6, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Fund'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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as finding 2020-001, that we consider to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that Transportation Development Act (TDA) Funds allocated and received by the Fund were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6667 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 performing our tests disclosed an instance of noncompliance that is required to be reported under *Governmental Auditing Standards* or the TDA that is described in the accompanying schedule of findings and responses as finding 2020-002.

To the City Council  
City of Gridley, California

### **The City's Response to Findings**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the TDA in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

*Richardson & Company, LLP*

April 6, 2021

CITY OF GRIDLEY  
SENIOR TAXI FUND

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2020 and 2019

CURRENT YEAR FINDINGS:

INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING 2020-001 – Material Weakness

Criteria: Internal controls over financial reporting should be in place to ensure management has the ability to initiate, record, process and report financial data consistently with the assertions of management in the financial statements.

Condition: The City did not record audit adjustments made during the June 30, 2019 and prior audits causing the net position to not rollforward correctly.

Effect: Audit adjustments were required to report the City's financial statements in accordance with Generally Accepted Accounting Principles.

Cause: The City did not record audit adjustments.

Recommendation: We recommend the City record all audit adjustments made during the TDA audit so the general ledger is consistent with how the fund is reported in the audited financial statements.

Management's Response: The City will record all future audit adjustments during the TDA audit so that the general ledger is consistent with how the fund is reported in the audited financial statements.

COMPLIANCE

FINDING 2020-002

Criteria: Public Utility Code (PUC) Section 99314.6 requires transit operators to include a calculation of compliance with operating criteria (change in expenses incurred compared to the change in the Consumer Price Index) in its claim if State Transit Assistance (STA) is claimed for operating purposes.

Condition: The City claimed STA Funds for operating purposes, but did not include a computation of compliance with operating criteria in its claim.

Effect: The City was not in compliance with PUC Section 99314.6.

Cause: The operating criteria calculation was not prepared and submitted with the City's claim.

Recommendation: The City should include a calculation of the City's compliance with PUC Section 99314.6 in its claim if STA is claimed for operations.

Management's Response: Management will strive to submit claims with all required information.

PRIOR YEAR FINDINGS:

INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING 2019-001 – Material Weakness

Current Status: Finding 2020-001 is a continuation of Finding 2019-001.