



Financial Statements
June 30, 2018

Transportation Development Act Fund
City of Brawley, California

**City of Brawley, California
Transportation Development Act Fund**

**Financial Statements
for the Year Ended June 30, 2018**

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FINANCIAL SECTION



Independent Auditor's Report

Members of City Council
City of Brawley, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Article 3 and Article 8 (e) Transportation Development Act Funds (TDA Funds) of the City of Brawley (City), as of and for the year ended June 30, 2018, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the TDA Funds of the City as of June 30, 2018, 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Funds and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2018, and the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements of the TDA Funds of the City. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Riverside, California
January 20, 2020

City of Brawley, California
Transportation Development Act Funds

Combining Balance Sheet
June 30, 2018

	<u>Article 3</u>	<u>Article 8(e)</u>	<u>Totals</u>
Assets			
Cash and investments	\$ 109,790	\$ 186,713	\$ 296,503
Account receivable	25,293	61,208	86,501
Prepaid expenses	-	8,920	8,920
Total assets	<u>\$ 135,083</u>	<u>\$ 256,841</u>	<u>\$ 391,924</u>
Liabilities, Deferred Inflows of Resources and Fund Balance			
Liabilities			
Accounts payable	<u>\$ -</u>	<u>\$ 540</u>	<u>\$ 540</u>
Deferred inflows of resources			
Unavailable revenue	<u>25,293</u>	<u>61,208</u>	<u>86,501</u>
Fund Balance			
Restricted	<u>109,790</u>	<u>195,093</u>	<u>304,883</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 135,083</u>	<u>\$ 256,841</u>	<u>\$ 391,924</u>

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

City of Brawley, California
Transportation Development Act Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended June 30, 2018

	<u>Article 3</u>	<u>Article 8(e)</u>	<u>Totals</u>
Revenues			
Interest	<u>\$ 158</u>	<u>\$ 318</u>	<u>\$ 476</u>
Expenditures			
Current:			
Supplies and materials	-	12,054	12,054
Services	-	<u>18,051</u>	<u>18,051</u>
Total expenditures	<u>-</u>	<u>30,105</u>	<u>30,105</u>
Net Changes in Fund Balance	158	(29,787)	(29,629)
Fund Balance, Beginning of Year	<u>109,632</u>	<u>224,880</u>	<u>334,512</u>
Fund Balance, End of Year	<u><u>\$ 109,790</u></u>	<u><u>\$ 195,093</u></u>	<u><u>\$ 304,883</u></u>

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

Note 1 – Summary of Significant Accounting Policies

A. Financial Reporting Entity

The financial statements are intended to reflect the financial position and changes in financial position of the Transportation Development Act Article 3 and Article 8(e) Funds (TDA Funds) only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City of Brawley, California (City) as of June 30, 2018, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The funds presented include the following Transportation Development Act Articles:

PUC 99234	Article 3 (SB821) Pedestrian and Bicycle Facilities
PUC 99400e	Article 8 Fixed Facilities

Article 3

The City has entered into a Cooperative Agreement (TDA 3 Agreement) to enhance bicycle and pedestrian facilities in accordance with Section 99234 of the California Public Utilities Code (Code). According to the Code, TDA Article 3 monies may only be used for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (that are closed to motorized traffic) and bicycle safety education programs. TDA Article 3 Funds may also be used for transportation-related projects that enhance quality of life through the design of pedestrian walkways and bicycle facilities. TDA Article 3 projects may be stand-alone projects, such as projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots and transit terminals where other funds are available. TDA Article 3 projects may also be add-ons to normal transportation projects, such as additional sidewalk and bike lanes on a bridge, enhanced pedestrian lighting, and median refuge islands for pedestrians.

Article 8

Article 8 funding is provided to the local claimants for the purposes of local streets and roads in accordance with Section 99400 of the California Public Utilities Code, which may include those purposes necessary and convenient to the development, construction, and maintenance of the city or county's streets and highways network, which further includes planning and contributions to the transportation planning process, acquisition of real property, construction of facilities and buildings. The fund may also be used for passenger rail service operations and capital improvements.

Article 8 subdivision C further allows payments to counties, cities, and transit districts for their administrative and planning cost with respect to transportation services. A claimant may also receive payments for capital expenditures to acquire vehicles and related equipment, bus shelters, bus benches, and communication equipment for the transportation services.

The accounting policies of the TDA Funds of the City conform to accounting principles generally accepted in the United States of America. The following is a summary of significant accounting policies.

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting

The City accounts for the activity of the TDA in its Article 3 Fund and Article 8 Fund, respectively, which are special revenue funds.

The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related benefits, and equity, segregated for the purpose of carrying out specific activities.

Capital project funds are used to account for the proceeds to be used for capital project activity.

C. Measurement Focus and Basis of Accounting

The capital projects funds of the City are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 30 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred.

D. Deferred Inflows of Resources

Deferred inflows of resources-unavailable revenue represents revenue earned during the period but unavailable to liquidate current liabilities. These amounts are deferred and will be recognized in the period in which the amounts become available.

E. Fund Balance

Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

City of Brawley, California
Transportation Development Act Funds

Notes to Financial Statements
June 30, 2018

Note 2 – Cash and Investments

Cash and investments are pooled by the City to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds including the TDA Fund based upon the average cash balance. The investment policies and the risks related to applicable to the TDA Funds, are those of the City and are disclosed in the City's basic financial statements. The City's basic financial statements can be obtained at City Hall.

The TDA Fund's cash and investments are reported at fair value. The fair value measurements are based on the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The TDA Fund's deposits and withdrawals in the City Investment Pool are made on the basis of \$1 and not fair value. Accordingly, the TDA Fund's investment in the City Investment Pool is measured with inputs that are uncategorized and not defined as Level 1, Level 2, or Level 3.



SUPPLEMENTARY INFORMATION

City of Brawley, California
Transportation Development Act Funds

Article 3 – Budgetary Comparison Schedule
for the Year Ended June 30, 2018

Article 3	Budget		Actual	Variance From
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 24,947	\$ 24,947	\$ -	\$ (24,947)
Interest	-	-	158	158
Total revenues	<u>24,947</u>	<u>24,947</u>	<u>158</u>	<u>(24,789)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,947</u>	<u>24,947</u>	<u>158</u>	<u>(24,789)</u>
Net Change in Fund Balance	24,947	24,947	158	(24,789)
Fund Balance, at Beginning of Year	<u>109,632</u>	<u>109,632</u>	<u>109,632</u>	-
Fund Balance, at End of Year	<u>\$ 134,579</u>	<u>\$ 134,579</u>	<u>\$ 109,790</u>	<u>\$ (24,789)</u>

City of Brawley, California
Transportation Development Act Funds

Article 8(E) – Budgetary Comparison Schedule
for the Year Ended June 30, 2018

Article 8(e)	Budget		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 61,212	\$ 61,212	\$ -	\$ (61,212)
Interest	600	600	318	(282)
Total revenues	<u>61,812</u>	<u>61,812</u>	<u>318</u>	<u>(61,494)</u>
Expenditures				
Current:				
Supplies and materials	8,200	8,200	12,054	(3,854)
Services	41,800	41,800	18,051	23,749
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>30,105</u>	<u>19,895</u>
Revenues over/(Under) Expenditures	<u>11,812</u>	<u>11,812</u>	<u>(29,787)</u>	<u>(41,599)</u>
Net Change in Fund Balance	11,812	11,812	(29,787)	(41,599)
Fund Balance, at Beginning of Year	<u>224,880</u>	<u>224,880</u>	<u>224,880</u>	<u>-</u>
Fund Balance, at End of Year	<u>\$ 236,692</u>	<u>\$ 236,692</u>	<u>\$ 195,093</u>	<u>\$ (41,599)</u>