

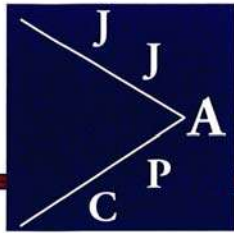
CITY OF CERES
TRANSPORTATION DEVELOPMENT ACT FUNDS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022

City of Ceres
Transportation Development Act Funds
For the year ended June 30, 2022

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JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
of the City of Ceres
Ceres, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Transportation Development Act Funds (TDA Funds) of the City of Ceres, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise TDA Fund's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the TDA Funds, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the Pedestrian and Bicycles, and Streets and Roads Special Revenue Funds 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 (GAAS) 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.

Responsibilities of Management for the Financial Statements

The City's 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.

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 GAAS 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 GAAS, 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 TDA Fund'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 TDA Fund'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 basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are 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 February 24, 2023 on our consideration of the City's internal control over financial reporting 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 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.

February 24, 2023

JJACPA, Inc.

**JJACPA, Inc.
Dublin, CA**

BASIC FINANCIAL STATEMENTS

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City of Ceres
Transportation Development Act Funds
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 48,064	\$ 555,044	\$ 603,108
Receivables:			
Interest	-	53	53
Total assets	<u>48,064</u>	<u>555,097</u>	<u>603,161</u>
Deferred outflows: Pension Plan	-	15,792	15,792
Total assets and deferred outflows	<u>\$ 48,064</u>	<u>\$ 570,889</u>	<u>\$ 618,953</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 101	\$ -	\$ 101
Due to the City of Ceres	22,545	-	22,545
Total current liabilities	<u>22,646</u>	<u>-</u>	<u>22,646</u>
Net pension obligation	-	55,781	55,781
Total liabilities	<u>22,646</u>	<u>55,781</u>	<u>78,427</u>
Deferred inflows: Pension Plan	-	15,731	15,731
Total liabilities and deferred inflows	<u>22,646</u>	<u>71,512</u>	<u>94,158</u>
NET POSITION			
Net investment in capital assets	-	-	-
Restricted			
Transit services	25,418	-	25,418
Unrestricted	-	499,377	499,377
Total net position	<u>25,418</u>	<u>499,377</u>	<u>524,795</u>
Total liabilities, deferred inflows, and net position	<u>\$ 48,064</u>	<u>\$ 570,889</u>	<u>\$ 618,953</u>

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

City of Ceres
Transportation Development Act Funds
Statement of Activities
June 30, 2022

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
Engineering and Transportation	\$ 1,632	\$ -	\$ -
Total governmental activities	1,632	-	-
Business-type activities:			
STANCOG	83	-	-
Total business-type activities	83	-	-
Total primary government	\$ 1,715	\$ -	\$ -
General revenues:			
Use of money and property			
Transfer from the City of Ceres			
Total general revenues			
Change in net position			
Net position:			
Beginning of year			
Net assets - Ending			

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

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business-Type Activities	Totals
\$ (1,632)	\$ -	\$ (1,632)
(1,632)	-	(1,632)
-	(83)	(83)
-	(83)	(83)
(1,632)	(83)	(1,715)
-	1,621	1,621
-	-	-
-	1,621	1,621
(1,632)	1,538	(94)
27,050	497,839	524,889
<u>\$ 25,418</u>	<u>\$ 499,377</u>	<u>\$ 524,795</u>

City of Ceres**Transportation Development Act Funds**

Combined Balance Sheet

Governmental Funds

June 30, 2022

	Special Revenue Funds		
	Pedestrians and Bicycle Facilities	Streets and Roads	Total
ASSETS			
Cash and investments	\$ 48,064	\$ -	\$ 48,064
Accounts receivable	-	-	-
Total assets	\$ 48,064	\$ -	\$ 48,064
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	101	\$ -	\$ 101
Due to the City of Ceres	25	22,520	22,545
Total liabilities	126	22,520	22,646
Fund balances:			
Restricted	47,938	-	47,938
Committed for encumbrances	-	-	-
Unassigned (Deficit)	-	(22,520)	(22,520)
Total fund balances	47,938	(22,520)	25,418
Total liabilities and fund balances	\$ 48,064	\$ -	\$ 48,064

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

City of Ceres

Transportation Development Act Funds

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2022

	Special Revenue Funds		
	Pedestrians and Bicycle Facilities	Streets and Roads	Total
REVENUES:			
Revenues from other agencies	\$ -	\$ -	\$ -
Use of money and property	-	-	-
Other revenues	-	-	-
Total revenues	-	-	-
EXPENDITURES:			
Salaries and benefits	-	1,531	1,531
Project improvements	101	-	101
Total expenditures	101	1,531	1,632
Revenues over (under) expenditures	(101)	(1,531)	(1,632)
FUND BALANCES (DEFICIT):			
Beginning of year	48,039	(20,989)	27,050
End of year	\$ 47,938	\$ (22,520)	\$ 25,418

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

City of Ceres

Transportation Development Act Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances -

Budget and Actual - Special Revenue Funds

For the year ended June 30, 2022

	Pedestrians and Bicycle Facilities			Streets and Roads		
			Variance Positive (Negative)			Variance Positive (Negative)
	Budget	Actual		Budget	Actual	
REVENUES:						
Revenues from other agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	-	0	-	-
Total revenues	-	-	-	-	-	-
EXPENDITURES:						
Salaries and benefits	-	-	-	-	1,531	(1,531)
Project improvements	260,884	101	260,783	-	-	-
Total expenditures	260,884	101	260,783	-	1,531	(1,531)
REVENUES OVER (UNDER)						
EXPENDITURES	<u>\$ (260,884)</u>	<u>\$ (101)</u>	<u>\$ 260,783</u>	<u>\$ -</u>	<u>\$ (1,531)</u>	<u>\$ (1,531)</u>
FUND BALANCES (DEFICIT):						
Beginning of year		48,039			(20,989)	
End of year		<u>\$ 47,938</u>			<u>\$ (22,520)</u>	

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

City of Ceres

Transportation Development Act Funds

Statement of Net Position

Proprietary Fund

June 30, 2022

	Enterprise Fund Dial-a-Ride
ASSETS	
Cash and investments	\$ 555,044
Accounts receivable	-
Interest receivable	53
Total assets	555,097
Deferred outflows: Pension Plan	15,792
Total assets and deferred outflows	\$ 570,889
LIABILITIES AND NET POSITION	
Liabilities:	
Accounts payable	-
Net pension obligation	55,781
Total liabilities	55,781
Deferred inflows: Pension Plan	15,731
Total liabilities and deferred inflows	71,512
Net Position:	
Net investment in capital assets	-
Unrestricted	499,377
Total net position	499,377
Total liabilities, deferred inflows, and net position	\$ 570,889

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

City of Ceres

Transportation Development Act Funds

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Fund

For the year ended June 30, 2022

	Enterprise Fund Dial-a-Ride
OPERATING REVENUES	
Charges for services	\$ -
TDA 1/4¢ sales tax	-
Total operating revenues	-
OPERATING EXPENSES:	
Salaries and benefits	-
Contractual services	83
Total operating expenses	83
Operating income (Loss)	(83)
NONOPERATING REVENUES (EXPENSES)	
Investment income	1,621
Total nonoperating revenues (expenses)	1,621
Change in net position	1,538
NET POSITION:	
Beginning of year	497,839
End of year	\$ 499,377

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

City of Ceres

Transportation Development Act Funds

Statement of Cash Flows

Proprietary Fund

For the year ended June 30, 2022

	Enterprise Fund Dial-a-Ride
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers/taxes	\$ -
Cash payments to suppliers for goods and services	(83)
Cash payments to employees for services	(440)
Net cash provided by operating activities	(523)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	-
Net cash provided by (used for) capital and related financing activities	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers received (paid)	-
Net cash provided (used for) noncapital financing activities:	-
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	1,594
Net cash provided (used) by investing activities	1,594
Net increase (decrease) in cash and cash equivalents	1,071
CASH AND CASH EQUIVALENTS	
Beginning of year	553,973
End of year	<u>\$ 555,044</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ (83)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	-
Changes in assets and liabilities:	
Accounts receivable	-
Accounts payable	(440)
Total adjustments	(440)
Net cash provided by operating activities	\$ (523)

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

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NOTES TO FINANCIAL STATEMENTS

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City of Ceres
Transportation Development Act Funds
Notes to Financial Statements
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The Transportation Development Act Funds of the City of Ceres (TDA Funds) are separate funds of the City of Ceres, California (City). The financial statements are intended to present the financial position and results of operations and cash flows, where applicable, for the TDA Funds, and not those transactions of the City as a whole.

B. Basis of Accounting and Measurement Focus

The basic financial statements of the TDA Funds have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) 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 TDA Fund's accounting policies are described below.

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

Governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the 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 TDA Funds, are property tax, sales tax, and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred.

City of Ceres
Transportation Development Act Funds
Notes to Financial Statements, Continued
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

The various funds are grouped in the accompanying financial statements into fund types as follows:

Governmental Fund Type

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Fund Type

Enterprise Fund - Enterprise fund is used to account for operations financed and operated similar to business activities such as services rendered to the general public on a fee basis.

C. Cash and Investments

The City pools cash resources from all funds in order to facilitate the management of cash and achieve the goal of obtaining the highest yield with the greatest safety and least risk. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. Interest earned on investments is allocated to all funds on the basis of monthly cash and investments balances.

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 Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

City of Ceres
Transportation Development Act Funds
Notes to Financial Statements, Continued
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Fund Balances and Net Position

In accordance with GASB Statement No. 54, Governmental Fund Balances consist of the following: Nonspendable, restricted, committed and assigned. Nonspendable fund balance consists of investments that will not convert to cash soon enough to affect the current period. Restricted fund balance consists of resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government. Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action of the City's highest level of decision-making authority. Assigned fund balance consists of amounts where intent is expressed by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Unassigned amounts are a result of deficits in any other fund other than the General Fund.

Commitments of fund balance are described below:

Committed for Encumbrances – This amount represents commitments for materials and services on purchase orders and contracts, which remain open as of the end of the fiscal year.

In the Proprietary Fund Financial Statements, net assets may be classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that does not meet the definition of “invested in capital assets, net of related debt” or “restricted net position.”

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 expenditures during the reporting period. Actual results could differ from those estimates.

F. Budget

An annual budget is adopted by City Council for the special revenue funds. The budget is the maximum authorization for spending in a fiscal year. An encumbrance system is used to record commitments and obligations incurred throughout the year to ensure the budget authorization is not exceeded.

City of Ceres
Transportation Development Act Funds
Notes to Financial Statements, Continued
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Budget, Continued

The budget is developed for the Special Revenue Funds using the modified accrual basis of accounting. Amendments to the approved budget are approved by City Council. Supplemental appropriations are authorized by City Council during the year. All unencumbered budget appropriations lapse at the end of each fiscal year. Encumbrances for significant capital projects are reappropriated as part of the following year's budget. Outstanding encumbrances are committed in fund balance. At the fund level, expenditures may not legally exceed appropriations.

2. CASH AND INVESTMENTS

A. Summary of Cash and Investments

The TDA Funds participate in the City's cash and investment pool that includes all other City funds, which the City Treasurer invests to enhance interest earnings. The pooled interest earned is allocated to each fund based on average month-end and investment balances in these funds.

As of June 30, 2022, the TDA Funds' cash and investment balance was comprised of the following:

	Balance June 30, 2021
Governmental funds	\$ 48,064
Proprietary fund	555,044
Total	<u>\$ 603,108</u>

The California Government Code requires California banks and savings and loan associations to secure cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name. The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

City of Ceres
Transportation Development Act Funds
Notes to Financial Statements, Continued
For the year ended June 30, 2022

2. CASH AND INVESTMENTS, Continued

B. Investments

The investments made by the City Treasurer are limited to those allowable under State statutes as incorporated into the City's Investment Policy, which is more conservative than State statutes.

Under provisions of this policy, the City is authorized to invest in the following types of investments:

Medium-term Corporate Notes	Government Agency Securities
Certificates of Deposit	Treasury Bills and Notes
Bankers' Acceptances	Passbook Savings Accounts
Commercial Paper	State of California Local Agency Investment Fund
Repurchase Agreements	

C. Risk Disclosure

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At June 30, 2022, the City's pooled cash and investments had the following maturities:

<u>Maturity</u>	<u>Percentage of Investment</u>
Less than one year	63.0%
One to two years	7.1%
Two to three years	30.0%

Credit Risk: It is the City's policy that commercial paper have a rating of "A-1" or higher by a nationally recognized statistical rating organization (NRSRO) and have a maturity date not exceeding 180 days from the date of purchase. Medium-term notes, with a final maturity not exceeding five years from the date of purchase, must have a rating of A or the equivalent by a NRSRO. Federal instrumentalities must have a rating of AAA or the equivalent by a NRSRO at the time of purchase with a maximum maturity of five years at the time of purchase. LAIF has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities, with the exception of the money market funds and LAIF, are held by a third-party custodian (Union Bank of California Trust Division). Union Bank is a registered member of the Federal Reserve Bank. The securities held by Union Bank are in street name, and an account number assigned to the City identifies ownership.

City of Ceres
Transportation Development Act Funds
Notes to Financial Statements, Continued
For the year ended June 30, 2022

2. CASH AND INVESTMENTS, Continued

D. External Investment Pool – Local Agency Investment Fund

The City's investments with LAIF at June 30, 2022, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

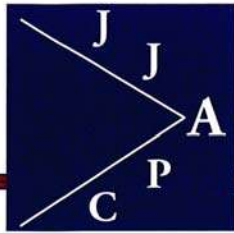
- *Structured Notes* - debt securities (other than Asset-Backed Securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
- *Asset-Backed Securities* - generally mortgage-backed securities which entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

The City is a voluntary participant in California Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute and is chaired by the State Treasurer who is responsible for day to day administration of LAIF. The total amount invested by all public agencies as of June 30, 2022 was \$35,761,173,309 of which the City had a balance of \$4,524,156. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2022 has a portfolio with market valuation of \$193,463,490 thousand. Of the total invested, 98.12% was invested in non-derivative financial products and 1.88% in structured notes and asset-backed securities. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

3. DUE TO THE CITY OF CERES

Due to and from balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between TDA Fund and the City of Ceres are made.

The Pedestrians and Bicycle Facilities Fund had a due to the City of Ceres balance of \$25 as of June 30, 2022 and the Streets and Road Fund had a due to the City of Ceres of \$22,520.



JJACPA, Inc.

A Professional Accounting Services Corp.

**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***

To the Honorable Mayor and Members of the City Council
of the City of Ceres
Ceres, California

We have audited, in accordance with the auditing standard 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 Transportation Development Act Funds (TDA Funds) of the City of Ceres (City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the TDA Fund's basic financial statements, and have issued our report thereon dated February 24, 2023.

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) 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 internal control 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 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 the 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 considered to be material weaknesses. However, material weaknesses may exist that we have not identified.

Compliance and Other Matters

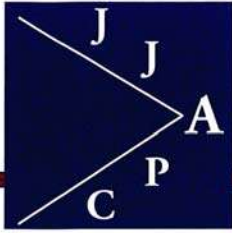
As part of obtaining reasonable assurance about whether the City's TDA Funds financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements (including those for the public transportation modernization improvement and service enhancement account (PTMISEA) of the transportation development act funds), noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 result 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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

February 24, 2023

JJACPA, Inc.
JJACPA, INC.
Dublin, CA



JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITORS' COMPLIANCE REPORT

To the Honorable Mayor and Members of the City Council
of the City of Ceres
Ceres, California

We have examined City of Ceres', California (City) Transportation Development Act Funds (TDA Funds) compliance with the types of compliance requirements described in Section 6666 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987* (the Act) and the allocation instructions and resolutions of the Metropolitan Transportation Commission and the Stanislaus Council of Governments during the year ended June 30, 2022. The City's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the TDA Funds. Our responsibility is to express an opinion on the TDA Funds' compliance based on our audit.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and accordingly, included examining on a test basis, evidence about TDA Funds' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the TDA Funds' compliance with specified requirements.

In our opinion, the TDA Funds complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2022.

This report is intended for the information of the Mayor, City Council Members, management, and the Stanislaus Council of Governments, and is not intended to be, and should not be, used by anyone other than these specified parties.

June 23, 2022

JJACPA, Inc.

**JJACPA, Inc.
Dublin, CA**