

**COUNTY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS**

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

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

**COUNTY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
JUNE 30, 2019**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
BALANCE SHEET	4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	5
NOTES TO THE FINANCIAL STATEMENTS	6
OTHER REPORT:	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> AND THE TRANSPORTATION DEVELOPMENT ACT	11



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Transportation Development Act Funds (TDA) Funds of the County of Madera, California (the County), as of and for the year ended June 30, 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 audit. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County'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 County's internal control as it relates to the TDA Funds. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the TDA Funds of the County of Madera, California as of June 30, 2019, and the respective changes in financial position thereof 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 of the County of Madera, California and do not purport to, and do not present fairly the financial position of the County, as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis and budgetary comparison information 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 28, 2020 on our consideration of the County's internal control over financial reporting as it relates to the TDA 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 County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance as it relates to the TDA Funds.

Price Price & Company

Clovis, California
April 28, 2020

FINANCIAL STATEMENTS

**COUNTY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
BALANCE SHEET
JUNE 30, 2019**

ASSETS

Due from LTF/STA \$ 2,187,223

Total assets \$ 2,187,223

LIABILITIES

Accounts payable \$ 2,187,223

Total liabilities 2,187,223

FUND BALANCE

Unassigned -

Total liabilities and fund balance \$ 2,187,223

The accompanying notes are an integral part of this statement.

**COUNTY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019**

REVENUES

LTF non-transit allocations	\$ 1,587,149
LTF/STA transit allocation claims - CAPMC - Senior/Escort Transit	137,273
LTF/STA transit allocation claims - Madera County Connection	386,508
LTF/STA transit allocation claims - City of Madera Dial-A-Ride	251,936
LTF/STA transit allocation claims - City of Chowchilla CTAX	144,677
LTF transit allocations claims - County of Madera Amtrak	7,470
PTMISEA distributions	<u>7,489</u>

Total revenues	<u>2,522,502</u>
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EXPENDITURES

Road construction and maintenance	1,587,149
CAPMC - Senior/Escort Transit costs	137,273
Madera County Connection Transit costs	386,508
Chowchilla Area Transit Express costs	251,936
Dial-A-Ride costs	144,677
Amtrak costs	7,470
Transit facility improvements (nonoperating)	<u>7,489</u>

Total expenditures	<u>2,522,502</u>
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Net change in fund balance	-
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Fund balance - beginning	<u>-</u>
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Fund balance - ending	<u><u>\$ -</u></u>
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The accompanying notes are an integral part of this statement.

**COUNTY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity

The accompanying financial statements present only the Transportation Development Act (TDA) Funds allocated to the County of Madera, California (the County) and are not intended to present fairly the financial position, changes in financial position, or cash flows of the County with accounting principles generally accepted in the United States of America.

Basis of Accounting and Measurement Focus

The financial statements of the TDA Funds 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 TDA Fund's accounting policies are described below.

The TDA Funds are accounted for in the governmental funds, specifically as a special revenue fund. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Governmental funds are accounted for on a spending of "current financial resources" measurement focus and the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the TDA Funds are Local Transportation Fund (LTF) and other intergovernmental revenues. Expenditures are recorded in the accompanying period in which the related fund liability is incurred.

Public Transportation Fund

The County contracts bus services in the Bass Lake, Oakhurst, Ahwahnee, and Coarsegold areas from the Community Action Partnership of Madera County. The Community Action Partnership of Madera County operates the service, the "Eastern Madera County Senior Citizen Bus," on a cost reimbursement basis (net of revenue collected). The bus service is available on a twenty-four hour advance notice pick-up schedule running Monday through Friday.

The County also contracts with the Community Action Partnership of Madera County for an escort service which provides transportation between Oakhurst, North Fork, Madera and Fresno. The program employs individuals driving privately-owned vehicles who are paid for each day of service.

In addition, the County contracts with First Transit, Inc. to operate the Madera County Connection bus service which connects the City of Chowchilla, California and the Eastern Madera County mountain area with the City of Madera, California and Children's Hospital of Central California.

The County also shares costs with the City of Chowchilla, California to enable the Chowchilla Area Transit Express bus to cover areas of the County.

The County contracts with the City of Madera to provide Dial-A-Ride general public, demand-response service to County residents residing primarily within the Madera Urbanized Area. Service is provided Monday through Friday from 7:00am to 6:30pm, Saturday from 9:00am to 4:00pm and on Sunday from 8:30am to 2:30pm. The agreement is renewed annually and funded with a combination of Transportation Development Act Funds, Federal Transit Administration section 5307 funds, and fare revenue.

**COUNTY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of the 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 may differ from these estimates.

Due from Other Governmental Agencies

Claims made for reimbursement of costs incurred during the fiscal year have been accrued as due from the Madera County Transportation Commission or due from other governmental agencies in the same fiscal year.

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 County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable Fund Balance

Amounts cannot be spent either because they are in nonspendable form (such as inventory or prepaid expense, and long-term loans and notes receivable) or because they are legally or contractually required to be maintained intact (such as principal of a permanent fund).

Restricted Fund Balance

Amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, contributors, or laws or regulations of other governments, etc.) or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Supervisors, the County's highest level of decision-making authority, through an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified uses through the same type of formal action taken to establish the commitment.

Assigned Fund Balance

Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the Board of Supervisors or its designee and may be changed at the discretion of the Board of Supervisors 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.

**COUNTY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification (Continued)

Unassigned Fund Balance

This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the County.

When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, followed by the committed, assigned and unassigned resources as they are needed.

NOTE 2 – PROPOSITION 1B (PTMISEA FUNDING)

In November 2006, California Voters passed a bond measure enacting the Highway Safety Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of State general obligation bonds authorized, \$4 million was set aside by the State, as instructed by statute, as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements and for rolling stock procurement, rehabilitation or replacement.

Activity of the County PTMISEA account is as follows:

PTMISEA funds received in FY 2018/2019	\$ 7,489
Expenditures incurred in FY 2018/2019	<u>(7,489)</u>
PTMISEA funds, as of June 30, 2019	<u>\$ -</u>

NOTE 3 – SUBSEQUENT EVENT

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

OTHER REPORT

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS AND THE TRANSPORTATION DEVELOPMENT ACT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Transportation Development Act Funds (TDA) Funds of the County of Madera, California (the County), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise of the TDA Funds' financial statements, and have issued our report thereon dated April 28, 2020, which included an explanatory paragraph describing that the financial statements only present the County's TDA Funds.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control), as it relates to the TDA Funds, 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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of County'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 TDA Fund'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 may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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, 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 TDA Funds allocated to and received by the County were expended in conformance with applicable statutes, rules and regulations of the Transportation Development Act and the allocation instructions and resolutions of the Madera County Transportation Commission as required by Sections 6666 and 6667 of Title 21 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 our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the Transportation Development Act.

Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA)

In November 2006, California Voters passed a bond measure enacting the Highway Safety Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of State general obligation bonds authorized, \$4 million was set aside by the State as instructed by statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements and for rolling stock procurement, rehabilitation or replacement.

During the fiscal year ended June 30, 2019, the County expended \$7,489 of PTMISEA funding.

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 County's internal control or on compliance as it relates to the TDA Funds. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Clovis, California
April 28, 2020