

**MADERA COUNTY TRANSPORTATION
AUTHORITY**

FINANCIAL STATEMENTS

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

MADERA COUNTY TRANSPORTATION AUTHORITY

JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madera County Transportation Authority (the "Authority") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic 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 opinions 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 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 Authority'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 Authority'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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Authority, as of June 30, 2019, 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.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-8 and 34-35 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Measure T Sales Tax Receipts is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Measure T Sales Tax Receipts 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Measure T Sales Tax Receipts is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2020, on our consideration of the Authority'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 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 Authority'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 Authority's internal control over financial reporting and compliance.



Clovis, California
January 22, 2020

MANAGEMENT DISCUSSION AND ANALYSIS

**MADERA COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

As management of the Madera County Transportation Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2019. We encourage the readers to consider the information presented here in conjunction with the Authority's financial audit.

Financial Highlights

1. The assets of the Authority exceeded its liabilities at the close of the fiscal year by \$52,122 (net position).
2. The Authority's total net position for the fiscal year ended June 30, 2019, increased by \$84,218 primarily because of lower expenditures on budgeted capital expenditures.
3. As of the close of the current fiscal year, the Authority's governmental funds reported a combined ending net assets balance of \$11,743,269, a decrease of \$1,598,425 in comparison with the prior year. Approximately \$10,955,008 is reserved for specific regional capital projects and road improvements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basic Financial Statements

The first two statements in the basic financial statements are **Government-Wide Financial Statements**. They provide both short and long-term information about the Authority's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Authority's government. These financial statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental fund statements and 2) the fiduciary and agency fund statements.

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner like a private-sector business, and consist of the following two statements:

The **statement of net position** presents information on the Authority's net position and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The **statement of activities** presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, the revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

**MADERA COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

The government-wide financial statements report on the functions of the Authority that are principally supported by sales tax revenues. The Authority's function is to provide administration and planning services for the Measure T program.

The government-wide financial statements can be found on pages 10 to 11 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Madera County Transportation Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, tax revenue fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The basic governmental fund financial statements can be found on pages 14 through 17 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Trust funds. Trust funds are used to account for Measure T resources held for the benefit of local agencies (City of Madera, County of Madera, and the City of Chowchilla). The Authority has one trust fund (Measure T Trust Funds). Trust funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Authority's programs.

The basic trust fund financial statements can be found on pages 18 through 19 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 32 of this report.

Other information. This report also presents certain required supplemental information concerning compliance with the Authority's annual budget for the general fund which is the Authority's main operating fund. This information and associated notes immediately follow the basic financial statements and their accompanying notes.

**MADERA COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Government-Wide Financial Analysis

Following are the government-wide financial statements for the fiscal year ended June 30, 2019:

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$52,122 at the close of the fiscal year 2018-2019.

**MCTA Net Position
Figure 1**

	<u>2019</u>	<u>2018</u>	<u>% Change</u>
Assets:			
Current assets	\$ 10,133,767	\$ 8,439,395	20%
Noncurrent assets	<u>3,070,422</u>	<u>7,834,804</u>	-61%
Total assets	<u>13,204,189</u>	<u>16,274,199</u>	
Liabilities:			
Current liabilities	1,659,876	3,157,906	-47%
Long-term liabilities	<u>11,492,191</u>	<u>13,148,389</u>	-13%
Total liabilities	<u>13,152,067</u>	<u>16,306,295</u>	
Net position:			
Restricted	3,070,911	-	100%
Unrestricted	<u>(3,018,789)</u>	<u>(32,096)</u>	9305%
Total net position	<u>\$ 52,122</u>	<u>\$ (32,096)</u>	

**MADERA COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

**MCTA Changes in Net Position
Figure 2**

	<u>2019</u>	<u>2018</u>	<u>% Change</u>
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 83,882	\$ 93,362	-10%
General revenues:			
Sales taxes	5,203,253	4,675,244	11%
Interest income	<u>208,555</u>	<u>161,563</u>	29%
Total revenues	<u>5,495,690</u>	<u>4,930,169</u>	11%
Expenses:			
Public ways and facilities	4,820,909	1,529,110	215%
Interest on long-term debt	<u>590,563</u>	<u>667,768</u>	-12%
Total expenses	<u>5,411,472</u>	<u>2,196,878</u>	146%
Change in net position	84,218	2,733,291	-97%
Net position - beginning	<u>(32,096)</u>	<u>(2,765,387)</u>	-99%
Net position - ending	<u>\$ 52,122</u>	<u>\$ (32,096)</u>	

Governmental Activities: The Authority's net position increased by \$84,218 for the fiscal year ended June 30, 2019. The Figure 2 table above indicates the change in net position for governmental activities. The key elements of this increase are primarily attributable to lower capital project expenditures than anticipated. Budget and fund financial statements reflect the modified accrual basis of accounting under U.S. generally accepted accounting principles. Under this approach, capital assets purchased and debt principal payments are recorded as expenditures. Further, revenues are accrued if measurable and available within the Authority's availability period established at 90 days. Conversely, the statement of activities is reported under the accrual basis of accounting, which capitalizes capital asset purchases, reduces liabilities by principal payments and recognizes revenues collected after the 90-day period.

The Authority's Funds

As the Authority completed this year, our governmental funds reported a combined fund balance of \$11,743,269, which is a decrease of \$1,598,425 from last year.

The primary reasons for these changes are:

1. The general fund is our principal operating fund. The fund balance in the general fund changed by \$1,408 due to interest earned.
2. The capital projects fund decreased by \$1,599,833 due to expenditures on capital projects.

**MADERA COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

General Fund Budgetary Highlights

During the year there was no change between the original budget and the final budget for the General Fund. Actual revenues were more than the final budget by \$13,357 and expenditures were more than the final budget by \$11,949. The net effect of these differences results in a change of \$1,408 in the fund balance in the general fund.

Long-Term Obligations

At the end of 2019, the Authority had \$11,492,191 in debt outstanding. The debt consisted of Series 2009 and 2010 of the sales tax revenue bonds (see Note 7).

Economic Factors and Next Year's Budget

The Authority began to receive sales tax revenues under Measure T in 2007/08. As approved by Madera County voters in November 2006, Measure T provides funding for all modes of transportation and enables agencies within the County to address the needs of residents, businesses, and major industries in providing for road improvements, public transit, and other programs that improve mobility and air quality.

The following economic factors were considered in preparing the Authority's fiscal year 2019-20 budget:

- Projected an increase of 4% in sales tax receipts in 2019-20 compared to actual sales tax receipts in 2018-19
- Estimated expenditures for capital projects in the amount of \$9,592,709
- Bond Debt Service in the amount of \$2,278,126

Contacting Madera County 2006 Transportation Authority's Financial Manager

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Additional financial information can be obtained by contacting Patricia Taylor, Executive Director, Madera County 2006 Transportation Authority, 2001 Howard Road, Suite 201, Madera, California 93637.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**MADERA COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Governmental Activities
ASSETS	
Cash and investments	\$ 9,208,666
Measure T sales tax receivable	925,101
Restricted assets:	
Cash and investments	3,070,422
Total assets	13,204,189
LIABILITIES	
Accounts payable	24,705
Interest payable	198,956
Due to trust funds	1,296,528
Due to other governments	139,687
Long-term liabilities:	
Portion due or payable within one year:	
Bond payable	1,690,000
Portion due or payable after one year:	
Bond payable	9,802,191
Total liabilities	13,152,067
NET POSITION	
Restricted for:	
Debt service	771,406
Capital projects	2,299,505
Unrestricted	(3,018,789)
Total net position	\$ 52,122

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

**MADERA COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary government:				
Governmental activities:				
Public ways and facilities	\$ 4,820,909	\$ -	\$ 83,882	\$ (4,737,027)
Interest on long-term debt	<u>590,563</u>	<u>-</u>	<u>-</u>	<u>(590,563)</u>
Total primary government	<u>\$ 5,411,472</u>	<u>\$ -</u>	<u>\$ 83,882</u>	<u>(5,327,590)</u>
General revenues:				
Taxes:				
Sales taxes				5,203,253
Interest income				<u>208,555</u>
Total general revenues				<u>5,411,808</u>
Change in net position				84,218
Net position - beginning				<u>(32,096)</u>
Net position - ending				<u>\$ 52,122</u>

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

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FUND FINANCIAL STATEMENTS

**MADERA COUNTY TRANSPORTATION AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 2,048,551	\$ 7,160,115	\$ 9,208,666
Restricted cash and investments	-	3,070,422	3,070,422
Due from other funds	-	643,624	643,624
Receivables:			
Measure T sales tax	<u>18,976</u>	<u>906,125</u>	<u>925,101</u>
 Total assets	 <u>\$ 2,067,527</u>	 <u>\$ 11,780,286</u>	 <u>\$ 13,847,813</u>
LIABILITIES			
Accounts payable	\$ -	\$ 24,705	\$ 24,705
Due to other funds	643,624	-	643,624
Due to trust funds	1,296,528	-	1,296,528
Due to other governments	<u>110,520</u>	<u>29,167</u>	<u>139,687</u>
 Total liabilities	 <u>2,050,672</u>	 <u>53,872</u>	 <u>2,104,544</u>
FUND BALANCES			
Restricted:			
Debt service	-	771,406	771,406
Capital projects	-	2,299,505	2,299,505
Assigned:			
Road improvements	-	8,655,503	8,655,503
Unassigned	<u>16,855</u>	<u>-</u>	<u>16,855</u>
 Total fund balances	 <u>16,855</u>	 <u>11,726,414</u>	 <u>11,743,269</u>
 Total liabilities and fund balances	 <u>\$ 2,067,527</u>	 <u>\$ 11,780,286</u>	 <u>\$ 13,847,813</u>

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

**MADERA COUNTY TRANSPORTATION AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2019**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$ 11,743,269
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds:</p>	
Bonds payable	(11,492,191)
<p>Unmatured interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.</p>	
	<u>(198,956)</u>
Net position of governmental activities	<u>\$ 52,122</u>

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

**MADERA COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Sales tax	\$ 106,733	\$ 5,096,520	\$ 5,203,253
Federal revenue	-	83,882	83,882
Interest revenue	<u>1,924</u>	<u>206,631</u>	<u>208,555</u>
Total revenues	<u>108,657</u>	<u>5,387,033</u>	<u>5,495,690</u>
EXPENDITURES			
Current:			
Public ways and facilities:			
Administration and planning	107,249	29,167	136,416
Debt service:			
Principal	-	1,605,000	1,605,000
Interest	-	671,254	671,254
Capital outlay - road improvements	<u>-</u>	<u>4,681,445</u>	<u>4,681,445</u>
Total expenditures	<u>107,249</u>	<u>6,986,866</u>	<u>7,094,115</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,408</u>	<u>(1,599,833)</u>	<u>(1,598,425)</u>
Net change in fund balances	1,408	(1,599,833)	(1,598,425)
Fund balances - beginning	<u>15,447</u>	<u>13,326,247</u>	<u>13,341,694</u>
Fund balances - ending	<u>\$ 16,855</u>	<u>\$ 11,726,414</u>	<u>\$ 11,743,269</u>

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

**MADERA COUNTY TRANSPORTATION AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (1,598,425)
<p>Proceeds from long-term debt provide current financial sources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt is an expenditure in the governmental funds, however, in the statement of net position the repayment reduces long-term liabilities.</p>	
Repayment of long-term debt	1,605,000
<p>Premiums on bonds are amortized over the term of the bond in the government-wide statements but are recorded as an other source of funds in the year of issue on the governmental fund statements.</p>	
	51,198
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Change in interest payable	<u>26,445</u>
Change in net position of governmental activities	<u>\$ 84,218</u>

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

**MADERA COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUND
JUNE 30, 2019**

	Trust Fund
ASSETS	
Cash and investments	\$ 3,600
Measure T sales tax receivable	972,542
Due from general fund	1,296,528
Total assets	\$ 2,272,670
LIABILITIES	
Due to other governments	\$ 2,269,067
Total liabilities	2,269,067
NET POSITION	
Held in trust	3,603
Total net position	3,603
Total liabilities and net position	\$ 2,272,670

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

**MADERA COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Trust Fund
ADDITIONS	
Sales tax	\$ 5,470,087
Investment income	29,376
Total additions	5,499,463
DEDUCTIONS	
Disbursements to local agencies	5,499,450
Total deductions	5,499,450
Change in net position	13
Net position - beginning	3,590
Net position - ending	\$ 3,603

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS

**MADERA COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Scope of Financial Reporting Entity

The Madera County Transportation Authority (the “Authority”) was created by the approval of Measure T by the voters of Madera County (the “County”) in November 2006. Measure T authorized the imposition of a ½% retail transaction and use tax (“sales tax”) in the County for 20 years through the year 2027.

The proceeds from Measure T are principally reserved for regional projects, local transportation, public transportation, and environmental enhancement.

The sales tax revenues received by the Authority under Measure T, after deducting certain administrative costs, are to be spent for programs as set forth in the investment plan included in Measure T and approved by the voters of the County.

The primary elements of the Measure T Program consist of the following:

Commute Corridor/Farm to Market Program (Regional Transportation Program) – authorizes major new projects to improve freeway interchanges, adds additional lanes, increases safety as determined by the local jurisdictions, and improves and reconstructs major commute corridors.

Safe Routes to Schools and Jobs Program (Local Transportation Program) – goal of this program is to improve each individual City’s and the County’s local transportation systems.

Transit Enhancement Program (Public Transportation Program) – goal of this program is to expand or enhance public transit programs that address the transit dependent population and have a demonstrated ability to get people out of their cars and improve air quality.

Environmental Enhancement Program – goal of this program is to improve air quality and the environment through four programs: environmental mitigation, air quality, bicycle/pedestrian facilities, and car/van pools.

Administration and Planning Program – funding is provided to the Authority to prepare investment plan updates, develop allocation program requirements, and administer and conduct specified activities identified in the other four programs.

Madera County Transportation Authority Structure Under the Measure T Program

The Authority administers the Measure T Program in compliance with PUC 180000. The Authority is responsible for administering the Measure T Program in accordance with plans and programs outlined in the Investment Plan and any subsequent updates.

PUC180000 includes provisions regarding the number of members on the Authority Board. Specifically, the Authority is represented by six (6) members including:

- ♦ Three (3) members of the Board of Supervisors, appointed by the Board.
- ♦ Two (2) members representing the City of Madera, consisting of members of the city council, appointed by the city council.
- ♦ One (1) member representing the City of Chowchilla consisting of a member of the city council, appointed by the city council.

**MADERA COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements

The basic financial statements consist of the following:

- ◆ Government-wide financial statements
- ◆ Fund financial statements
- ◆ Notes to the basic financial statements

The government-wide financial statements consist of the statement of net position and the statement of activities, and report information on all of the non-fiduciary activities of the Primary Government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net position have been eliminated.

Both of the government-wide and fund financial statements distinguish functions of the Authority that are principally supported by taxes and intergovernmental revenues (governmental activities).

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Indirect expenses are allocated based on the annual cost allocation plan. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items, not properly included among program revenues, are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds and trust funds, even though the latter are excluded from the government-wide financial statements.

Measurement Focus, Basis of Accounting and Financial Statement

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the trust funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred. However, debt service expenditures and claims and judgments, are recorded only when payment is due and payable.

The fund financial statements provide information about the Authority's individual funds including governmental and trust funds. Separate statements for each fund category are presented. The balance sheet and the statement of revenues, expenditures and changes in fund balances focus on the presentation of major governmental funds – the general fund and capital projects funds. These two statements are used to report information regarding the Authority's own operations and programs. The statement of fiduciary net position and the statement of changes in fiduciary net position provide information regarding the sales tax proceeds and related disbursements, which are exclusively restricted for local agencies for the support of regional public transit, local transportation and regional transportation within the County. Disbursements of Measure T funds during the fiscal year ended June 30, 2019 were made to the Cities of Madera and Chowchilla and the County of Madera.

**MADERA COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement (Continued)

The Authority reports the following major governmental funds:

General Fund – the Authority’s primary operating fund – used to account for all the financial resources and the legally authorized activities of the Authority except those required to be accounted for in other specialized funds.

Capital Projects Fund – used to account for the accumulation of resources to be used to pay the costs of capital projects designated by Measure T.

Additionally, the Authority reports the following fiduciary fund:

Private-purpose Trust Fund – used to account for Measure T sales tax funds held by the Authority in a trustee capacity.

Cash and Cash Equivalents

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Authority does not consider amounts invested in external investment pools, such as the Madera County Treasury, to be cash equivalents.

Deposits with the Madera County Treasury

The Authority deposits all funds received in the County Treasury. Funds in the County Treasury participate in the County’s pooled investments, an external investment pool. The County Treasurer invests the Authority’s excess cash in an external investment pool on behalf of the Authority and other governments maintaining cash in the County Treasury. The County apportions a portion of the interest earned on pooled investments on the basis of the fund’s average balance. Investment policies and associated risk factors applicable to the Madera County Transportation Authority are those of the County of Madera. All of the County’s investments in securities are insured, registered, or are held by the County or its agents in the County’s name.

The County of Madera Board of Supervisors exercises primary oversight responsibility for the County of Madera’s investments. The County Treasurer manages the portfolio and reports results to the Board. A Madera County Treasury Oversight Committee consisting of the County Treasurer, the Auditor-Controller, and a third member representing the County schools (the primary external pool participant) also monitors the Treasury’s investment on a regular basis. No regulatory agency outside of the County of Madera exercises any regulatory responsibilities over the County’s investments. The County’s pool is not registered with the SEC as an investment company.

Interfund Balances

Sales tax receipts from the State are deposited into the General Fund upon receipt and subsequently transferred to the Capital Projects and Trust Funds. Amounts that have not been transferred between funds at the end of the fiscal year, as well as all other outstanding balances between funds are reported as “due to/from other funds”. Internal balances are eliminated in the statement of net position.

**MADERA COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Payable

Accounts payable reported in the financial statements of the Authority are amounts that are due and payable at year-end and, thereby, accrued as an expense and liability. Accounts payable primarily consist of capital outlay costs for road improvements.

Interest Payable

In the government-wide financial statements, interest payable of long-term debt is recognized as the liability is incurred for governmental fund types and proprietary fund types.

In the fund financial statements, proprietary fund types recognize the interest payable when the liability is incurred.

Long-Term Obligations

In the government-wide financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 Authority 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:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Authority did not have any nonspendable resources as of June 30, 2019.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**MADERA COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification (Continued)

- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board Commissioners. These amounts cannot be used for any other purpose unless the Board Commissioners removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Authority did not have any committed resources as of June 30, 2019.
- **Assigned:** This classification includes amounts that are constrained by the Authority's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board Commissioners or through the Board Commissioners delegating this responsibility to the Authority Manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned:** This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the Authority.

The Authority's policy is to use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as restricted and unrestricted.

Restricted Net Position – This category presents external restrictions imposed by creditor, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the Authority, not restricted for any project or other purpose.

When an expense is incurred for purposes for which both restricted and unrestricted net position area available, the Authority's policy is to apply restricted net position first.

Use of Management Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**MADERA COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A reconciliation of the total fund balances for governmental funds to the total net position of governmental activities has been prepared as part of the basic financial statements, including explanations of differences.

A reconciliation of the total net change in fund balances for governmental funds to the total changes in net position of governmental activities has been prepared as part of the basic financial statements, including explanations of differences.

NOTE 3 – SUMMARY OF RELATED PARTY TRANSACTIONS

Madera County Transportation Commission (the "Commission") maintains the Madera County Transportation Authority's accounting records and incurs various administrative and other expenses on behalf of the Authority. Expenses incurred by the Authority to the Commission in the 2018-2019 fiscal year totaled to \$136,416. The total accounts payable to the Commission was \$139,687 for the year ended June 30, 2019.

NOTE 4 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 9,208,666
Restricted cash and investments	3,070,422
Statement of Fiduciary Net Position:	
Trust fund	<u>3,600</u>
 Total cash and investments	 <u>\$ 12,282,688</u>

Cash and investments as of June 30, 2019 consist of the following:

County investment pool	\$ 11,511,771
Investments	<u>770,917</u>
 Total cash and investments	 <u>\$ 12,282,688</u>

**MADERA COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 – CASH AND INVESTMENTS (Continued)

Investments Authorized by the California Government Code and the Authority's Investment Policy

The table below identifies the investment types that are authorized for the Authority by the California Government Code (or the Authority's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Authority's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	None
Commercial Paper	270 days	None	None
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	None	None
Medium-Term Notes	5 years	None	None
Mutual Funds	n/a	None	None
Money Market Mutual Funds	n/a	None	None
Mortgage Pass-Through Securities	5 years	None	None
County Pooled Investment Funds	n/a	100%	None
Local Agency Investment Fund (LAIF)	n/a	None	None

Investments Authorized by Debt Agreements

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, in accordance with the provisions of the Government Code of the State of California. All funds of the Authority have been invested in the commingled investment pool of the County of Madera, California.

**MADERA COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 – CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investment by maturity:

Investment Type	Amount	Remaining Maturity Date
Governmental Activities:		
County investment pool	\$ 11,511,771	12 months or less
Held by bond trustee:		
BlackRock Treasury Trust Institutional	<u>770,917</u>	12 months or less
Total	<u>\$ 12,282,688</u>	

Disclosures Related to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Authority's investment policy, and the actual rating as of year-end for each investment type.

Investment Type	Amount	Rating as of Year-End	
		AAAm	Not Rated
Governmental Activities:			
County investment pool	\$ 11,511,771	\$ -	\$ 11,511,771
Held by bond trustee:			
BlackRock Treasury Trust Institutional	<u>770,917</u>	<u>770,917</u>	<u>-</u>
Total	<u>\$ 12,282,688</u>	<u>\$ 770,917</u>	<u>\$ 11,511,771</u>

Concentration of Credit Risk

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer, with the exception to Banker's Acceptances, which has a maximum percentage of 40%.

Investments in any one issuer that represent 5 percent or more of total investments by reporting unit is as follows:

- The Authority holds investments of \$770,917 in Blackrock Treasury Trust Institutional.

**MADERA COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 – CASH AND INVESTMENTS (Continued)

Fair Value Hierarchy

The Authority categorizes its fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: 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.

Fair value measurements of the Authority's investments are as follows at June 30, 2019.

- Investment in the County's pooled investments: valued at \$11,511,771. The County invests in numerous types of investments ranging all levels in the fair value hierarchy. Accordingly, the County's pool investments are not an investment type that can be categorized in any particular level in the fair value hierarchy.
- Investments held by bond trustee: valued at \$770,917, invested in BlackRock Treasury Trust Institutional, a Level 1 input.

NOTE 5 – INTERFUND BALANCES

Due To/Due From

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed and are expected to be paid shortly after the end of the fiscal year.

Activities within due from/due to other fund balances at June 30, 2019 are as follows:

	Due from	Due to	
General Fund	\$ -	\$ 1,940,152	
Capital Projects Fund	643,624	-	
Total Governmental Funds	643,624	1,940,152	
Trust Funds	1,296,528	-	
Total	\$ 1,940,152	\$ 1,940,152	

NOTE 6 – NOTES RECEIVABLE

In April 2009, the Authority's Board of Commissioners approved an inter-program loan in the amount of \$1,575,000 to the City of Chowchilla to accelerate the delivery of the City of Chowchilla's Measure T Improvement Projects. The loan is due in ten annual principal payments of \$157,500 beginning June 30, 2010, plus interest at a variable rate based on the LAIF rates. The note receivable was paid off as of June 30, 2019.

**MADERA COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 – LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2019 consisted of the following:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due within One Year
Sales Tax Revenue Bonds:					
Series 2009	\$ 3,535,000	\$ -	\$ (440,000)	\$ 3,095,000	\$ 475,000
Series 2010	9,255,000	-	(1,165,000)	8,090,000	1,215,000
Series 2010-premiums, net of amortization	<u>358,389</u>	-	<u>(51,198)</u>	<u>307,191</u>	<u>-</u>
Total	<u>\$ 13,148,389</u>	<u>\$ -</u>	<u>\$ (1,656,198)</u>	<u>\$ 11,492,191</u>	<u>\$ 1,690,000</u>

Payments on the sales tax revenue bonds are made by the Capital Projects Fund.

SERIES 2009

The series 2009 bonds were issued on October 28, 2009, with a maturity date of September 1, 2024, and an interest rate of 7.44%. Annual principal reductions on the bonds range from \$80,000 to \$335,000. The bonds are secured by sales tax revenues. There is a provision in the bonds whereby in the event of default the lender may declare the entire unpaid principal and interest immediately due and payable.

Annual debt service requirements to maturity of the series 2009 bonds are as follows:

Fiscal Years Ending June 30	Principal	Interest	Total
2020	\$ 475,000	\$ 221,526	\$ 696,526
2021	510,000	185,628	695,628
2022	550,000	146,940	696,940
2023	590,000	105,276	695,276
2024	635,000	60,636	695,636
2025	<u>335,000</u>	<u>12,462</u>	<u>347,462</u>
Total	<u>\$ 3,095,000</u>	<u>\$ 732,468</u>	<u>\$ 3,827,468</u>

SERIES 2010

The series 2010 bonds were issued on June 29, 2010, with a maturity date of March 1, 2025, and an interest rate between 2.00-4.00%. Annual principal reductions on the bonds range from \$630,000 to \$1,505,000. The bonds are secured by sales tax revenues. There is a provision in the bonds whereby in the event of default the lender may declare the entire unpaid principal and interest immediately due and payable.

Annual debt service requirements to maturity of the series 2010 bonds are as follows:

Fiscal Years Ending June 30	Principal	Interest	Total
2020	\$ 1,215,000	\$ 366,600	\$ 1,581,600
2021	1,260,000	318,000	1,578,000
2022	1,315,000	267,600	1,582,600
2023	1,365,000	215,000	1,580,000
2024	1,430,000	146,750	1,576,750
2025	<u>1,505,000</u>	<u>75,250</u>	<u>1,580,250</u>
Total	<u>\$ 8,090,000</u>	<u>\$ 1,389,200</u>	<u>\$ 9,479,200</u>

**MADERA COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets, injuries to employees, and natural disasters. The Authority manages and finances these risks by purchasing commercial insurance for which a \$1,000 deductible applies. There have been no significant reductions in insurance coverage from the previous year, nor have settled claims exceeded the Authority's commercial insurance coverage in any of the past three years.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Authority has entered into various cooperative agreements with governmental entities amounting to a total commitment of approximately \$44,705,714. The Authority has made cumulative expenditures of \$42,424,818 on these commitments through June 30, 2019; therefore, the Authority's outstanding commitments at June 30, 2019, total \$2,280,896.

As of June 30, 2019, the Authority had the following commitments with respect to the unfinished capital projects:

<u>Project</u>	<u>Amount</u>	<u>Completion Date</u>
SR 41 Passing Lanes	\$ 988,072	12/31/19
SR 99/Ave 12 Interchange	469,972	12/31/19
SR 99 - Ave 12 to Ave 17 Widening (E&P, PS&E, R/W)	104,991	12/31/19
Oakhurst Mid Town Connector (Through R/W)	700,891	06/30/20
SR 233 Interchange Operational Improvements (Through E&P)	16,970	06/30/20
	<u>\$ 2,280,896</u>	

REQUIRED SUPPLEMENTARY INFORMATION

**MADERA COUNTY TRANSPORTATION AUTHORITY
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sales tax	\$ 95,300	\$ 95,300	\$ 106,733	\$ 11,433
Interest revenue	<u>-</u>	<u>-</u>	<u>1,924</u>	<u>1,924</u>
Total revenues	<u>95,300</u>	<u>95,300</u>	<u>108,657</u>	<u>13,357</u>
EXPENDITURES				
Administration and planning	<u>95,300</u>	<u>95,300</u>	<u>107,249</u>	<u>(11,949)</u>
Total expenditures	<u>95,300</u>	<u>95,300</u>	<u>107,249</u>	<u>(11,949)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>1,408</u>	<u>1,408</u>
Net change in fund balances	-	-	1,408	1,408
Fund balance - beginning	<u>15,447</u>	<u>15,447</u>	<u>15,447</u>	<u>-</u>
Fund balance - ending	<u>\$ 15,447</u>	<u>\$ 15,447</u>	<u>\$ 16,855</u>	<u>\$ 1,408</u>

**MADERA COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019**

BUDGETS AND BUDGETARY DATA

The Authority adopts a legal annual operating budget for its general fund. All budget transfers and expenditures are approved by the Board or by the Authority Administrator prior to disbursement. The legal level of budgetary control is at the account balance level. The final budget revenue and expenditure amounts represent the original budget modified by any amendments and adjustments that have occurred during the year. Unencumbered appropriations lapse at year-end.

A budgetary comparison schedule for the general fund is presented on page 34. Its purpose is to demonstrate compliance with the approved budget for fiscal year 2018-2019. Actual expenditures appearing on the schedule are presented using the accrual method of accounting.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2019, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund:	
Administration and planning	\$ 11,949

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SUPPLEMENTARY INFORMATION

**MADERA COUNTY TRANSPORTATION AUTHORITY
SCHEDULE OF MEASURE T SALES TAX RECEIPTS
JUNE 30, 2019**

Fiscal Year	Total Sales Tax Receipts *	Changes from Previous Year
2007/08	\$ 7,707,106	--
2008/09	7,311,825	-5.13%
2009/10	6,118,354	-16.32%
2010/11	6,939,324	13.42%
2011/12	7,775,292	12.05%
2012/13	7,960,277	2.38%
2013/14	8,439,910	6.03%
2014/15	9,017,126	6.84%
2015/16	9,327,292	3.44%
2016/17	9,521,593	2.08%
2017/18	9,810,897	3.04%
2018/19	10,398,296	5.99%

* Net of State Board of Equalization fees

OTHER AUDITOR'S 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

To the Board of Commissioners
Madera County Transportation Authority
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 governmental activities, each major fund, and the aggregate remaining fund information of the Madera County Transportation Authority (the "Authority") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 22, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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.

677 Scott Avenue
Clovis, CA 93612

tel 559.299.9540
fax 559.299.2344

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 results of that testing, and not to provide an opinion on the effectiveness of the Madera County Transportation Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Paige & Company

Clovis, California
January 22, 2020

**MADERA COUNTY TRANSPORTATION AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	_____ Yes <u> X </u> No
Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes <u> X </u> None Reported
Noncompliance material to financial statements noted?	_____ Yes <u> X </u> No

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings reported.

**MADERA COUNTY TRANSPORTATION AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENT FINDINGS

No findings reported.