

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

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

**FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019**

**COUNTY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
JUNE 30, 2020 AND 2019**

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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 Madera County Transportation Commission's pass-through Transportation Development Act Funds (TDA Funds) of the County of Madera, California (the County), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 respective financial position of the TDA Funds of the County as of June 30, 2020 and 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 of the TDA Funds of the County, are intended to present the financial position and the changes in financial position of only that portion of the TDA Funds of the County that is attributable to the transactions related to Madera County Transportation Commission's pass-through TDA Funds. They do not purport to, and do not present fairly the financial position of the County as of June 30, 2020 and 2019, or the changes in its financial position for the years 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 12, 2021 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 Pange & Company

Clovis, California
April 12, 2021

FINANCIAL STATEMENTS

**COUNTY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
BALANCE SHEET
JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
Due from other governments	\$ 2,746,936	\$ 2,187,223
Total assets	<u>\$ 2,746,936</u>	<u>\$ 2,187,223</u>
LIABILITIES		
Accounts payable	\$ 2,746,936	\$ 2,187,223
Total liabilities	<u>2,746,936</u>	<u>2,187,223</u>
FUND BALANCE		
Unassigned	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 2,746,936</u>	<u>\$ 2,187,223</u>

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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
REVENUES		
LTF non-transit allocations	\$ 1,835,456	\$ 1,587,149
LTF/STA transit allocation claims - CAPMC - Senior/Escort Transit	-	137,273
LTF/STA transit allocation claims - Madera County Connection	901,710	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	9,769	7,470
PTMISEA distributions	<u>-</u>	<u>7,489</u>
 Total revenues	 <u>2,746,935</u>	 <u>2,522,502</u>
EXPENDITURES		
Road construction and maintenance	1,835,456	1,587,149
CAPMC - Senior/Escort Transit costs	-	137,273
Madera County Connection Transit costs	901,710	386,508
Chowchilla Area Transit Express costs	-	251,936
Dial-A-Ride costs	-	144,677
Amtrak costs	9,769	7,470
Transit facility improvements (nonoperating)	<u>-</u>	<u>7,489</u>
 Total expenditures	 <u>2,746,935</u>	 <u>2,522,502</u>
 Net change in fund balance	 -	 -
 Fund balance - beginning	 <u>-</u>	 <u>-</u>
 Fund balance - ending	 <u>\$ -</u>	 <u>\$ -</u>

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, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity

The accompanying financial statements present only the Madera County Transportation Commission's pass-through Transportation Development Act Funds (TDA Funds) of the County of Madera, California (the County) and are not intended to present fairly the financial position, and changes in financial position 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 County's significant accounting policies are described below.

The TDA Funds are accounted for in the County's 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. The County considers revenue to be available if they are collected within 60 days after end of current fiscal period. Expenditures are recorded in the accompanying period in which the related fund liability is incurred.

Intergovernmental revenues (primarily grants and subventions), which are received as reimbursement for specific purposes or projects, are recognized based upon the expenditures recorded. Intergovernmental revenues, which are usually restricted as to use, are revocable for failure to meet prescribed compliance requirements, are reflected as revenues at the time of receipts or earlier, if they meet the availability criteria.

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, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of 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

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

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

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

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, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification (Continued)

Unassigned

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 – PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT (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. During the fiscal years ended June 30, 2020 and 2019, the TDA Funds had PTMISEA expenditures of \$0 and \$7,489, respectively.

NOTE 3 – FARE REVENUE RATIO

The County is required to maintain a minimum fare revenue to operating expenses ratio of 10% in accordance with the Transportation Development Act. The calculation of the fare revenue ratio is as follows for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Revenues		
Fare revenues	<u>\$ 46,123</u>	<u>\$ 55,595</u>
Total fare revenues	46,123	55,595
Operating expenses	<u>\$ 1,033,597</u>	<u>\$ 1,239,751</u>
Fare revenue ratio	4.5%	4.5%

Although the County is required to maintain a fare revenue ratio of 10%, Assembly Bill 90 waived the fare revenue ratio penalty for operators not meeting the ratio requirement for the fiscal year ending June 30, 2020.

**COUNTY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 4 – CONTINGENCY

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. In response, the State of California issued stay at home orders which include the temporary closure of all businesses deemed to be nonessential. Many stay at home orders have required individuals living in the San Joaquin Valley Region to stay at home, except as allowed, to maintain continuity of the federal critical infrastructure sectors. Accordingly, some functions of the County's operations have been limited to protect the health and safety of its employees. The financial impact that could occur as a result of the pandemic is unknown at this time.

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COMPLIANCE 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 Madera County Transportation Commission's pass-through Transportation Development Act Funds (TDA Funds) of the County of Madera, California (the County), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's TDA Funds financial statements, and have issued our report thereon dated April 12, 2021.

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, as a basis for designing 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 County's TDA Funds 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 financial statements. 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, 2020, the County did not expend 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.

Price Pange & Company

Clovis, California
April 12, 2021