COUNTY OF MADERA
TRANSPORTATION DEVELOPMENT ACT FUNDS

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORTS

FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022

TABLE OF CONTENTS

Page

Independent Auditors' Report 1

Financial Statements:

Balance Sheets 4
Statements of Revenues, Expenditures, and Changes in Fund Balance 5
Notes to Financial Statements 6

Independent Auditors' 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* 11

Schedule of Findings and Questioned Costs 13

Summary Schedule of Prior Year Audit Findings 15

HHC INC.
certified public accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
County of Madera, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Transportation Development Act Funds (the TDA Funds) of the County of Madera, California (the County), as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

2022 Financial Statements

The TDA Fund's financial statements for the year ended June 30, 2022, were audited by other auditors whose report thereon date November 22, 2023, expressed an unmodified opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Funds and do not purport to, and do not, present fairly the financial position of the County as of June 30, 2023 and 2022, the change in financial position, or, where applicable, its cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the TDA Funds' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control of the TDA Funds. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the TDA Funds' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United states of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards* and the Rules and Regulations of the Transportation Development Act

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2024, on our consideration of the TDA Funds' 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 TDA Funds' 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 TDA Funds' internal control over financial reporting and compliance.

HHC, INC.

HHC, Inc.

Fresno, California
May 16, 2024

COUNTY OF MADERA
TRANSPORTATION DEVELOPMENT ACT FUNDS
BALANCE SHEETS
JUNE 30, 2023 AND 2022

	2023	(restated) 2022
ASSETS		
Intergovernmental receivable	$ 2,964,908	$ 3,046,594
Total Assets	$ 2,964,908	$ 3,046,594
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 2,964,908	$ 3,046,594
Total Liabilities	2,964,908	3,046,594
Fund Balance		
Unassigned	-	-
Total Fund Balance	-	-
Total Liabilities and Fund Balance	$ 2,964,908	$ 3,046,594

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

COUNTY OF MADERA
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	(restated) 2022
REVENUES		
LTF non-transit allocations	$ 2,475,362	$ 2,822,428
LTF/STA transit allocations - Madera County Connection	889,443	791,078
LTF transit allocations - Amtrak	7,454	5,363
PTMISEA distributions	1,068,198	95,930
LCTOP distributions	102,280	-
Total Revenues	4,542,737	3,714,799
EXPENDITURES		
Public ways and Facilities		
Road construction and maintenance	2,475,362	2,822,428
Madera County Connection transit costs	889,443	791,078
Amtrak costs	7,454	5,363
Transit facility improvements (non-operating)	1,068,198	95,930
LCTOP costs	102,280	-
Total Expenditures	4,542,737	3,714,799
Net Change in Fund Balance	-	-
Fund Balance, Beginning of Year	-	-
Fund Balance, End of Year	$ -	$ -

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

COUNTY OF MADERA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The accompanying financial statements present only the Transportation Development Act Funds (the TDA Funds) of 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 (U.S. GAAP). The financial statements of the TDA Funds of the County have been prepared in conformity with U.S. GAAP as applied to governmental 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 Funds' accounting policies are described below.

Financial Statements: The Transportation Development Act (TDA) provides funding of public transportation through regional planning and programming agencies. Funds are allocated to the County through the county transportation planning agency, the Madera County Transportation Commission (MCTC). The TDA Funds account for the County's share of the TDA allocations, which are legally restricted for specific purposes as detailed in applicable sections of the Public Utilities Code.

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

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

Measurement Focus and Basis of Accounting: The TDA Special Revenue Funds are reported using the "current financial resources" measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available, and expenditures are recognized when the fund liabilities are incurred. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County uses an availability period of 60 days. Revenues that are susceptible to accrual include local transportation fund allocations and investment earnings.

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 unrestricted as to use and are revocable only for failure to meet prescribed compliance requirements, are reflected as revenues at the time of receipts, or earlier, if they meet the availability criteria.

The County contracts all bus services from Fresno Economic Opportunities Commission (Fresno EOC). This includes services in the Madera, Chowchilla, Bass Lake, Oakhurst, Ahwahnee, and Coarsegold areas. Fresno EOC operated four fixed route bus routes, as well as on-demand services marketed as the Eastern Madera County Senior Bus, the Medical Escort and Dial-A-Ride service (County areas around the cities of Madera & Chowchilla). The Fresno EOC contract includes fixed and variable rates (net of revenue collected). The bus services are available on various schedules, primarily Monday through Friday with some exceptions. The County Medical Escort service provides transportation between Oakhurst, North Fork, Madera and Fresno two days a week. Madera Dial-A-Ride 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 a five-year agreement with two option years, funded with a combination of the TDA Funds, Federal Transit Administration section 5307 and 5311 funds, and fare revenue.

When both restricted and unrestricted resources are available for use, it is the TDA Funds' policy to use restricted resources first, and then unrestricted resources as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants: Grant revenues and amounts due from other governmental agencies are recorded when earned on grants that have been approved and funded by the grantor. Grant sources include Federal Transit Administration (FTA), State Transit Assistance (STA), Local Transportation Funds (LTF), Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA), and Transit System Safety, Security and Disaster Response Account (TSSSDRA) established pursuant to Proposition 1B approved by the voters of the State of California on November 7, 2006, and Measure T.

Due from Local 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 from governmental agencies in the same fiscal year.

Fund Balance: In the fund financial statements, in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the TDA Funds of the County is bound to honor constraints on how specific amounts can be spent. Fund balances are categorized as follows:

- *Nonspendable* – Amounts indicate the portion of fund balance which cannot be spent because they are either not in spendable form, such as prepaid items, inventories or loans receivable, or legally or contractually required to be maintained intact, such as the principal portion of an endowment. The TDA Funds did not have any nonspendable resources as of June 30, 2023.
- *Restricted* – Amounts indicate the portion of fund balance 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 by enabling legislation. The TDA Funds did not have any restricted resources as of June 30, 2023.
- *Committed* – Amounts indicate the portion of the fund balance that can be used only for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority (Board of Supervisors). These amounts cannot be used for any other purpose unless the Board of Supervisors 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 TDA Funds did not have any committed resources as of June 30, 2023.
- *Assigned* – Amounts indicate the portion of fund balance that is constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County Council or through the Board of Supervisors delegating this responsibility to the Finance Director through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except the General Fund. The TDA Funds did not have any assigned resources as of June 30, 2023.
- *Unassigned* – Amounts indicate the portion of fund balance that does not fall into one of the above categories. However, in governmental funds, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned for those purposes, it may be necessary to report a negative unassigned fund balance in that particular fund. The TDA Funds did not have any unassigned resources as of June 30, 2023.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the County's policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the County's policy is to first apply committed fund balance, then assigned fund balance, then finally unassigned fund balance.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance (continued):

The County's Board of Supervisors establishes, modifies, or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is typically done through adoption of the budget and subsequent budget amendments that occur throughout the year.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Governmental Accounting Standards Update: During the year ending June 30, 2023, the TDA Fund of the County implemented the following standards on the financial statements:

GASB Statement No. 91 – *Conduit Debt Obligations.* The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Subsequent to issuance, GASB Statement No. 95 postponed the requirements of this statement to reporting periods beginning after December 15, 2021.

GASB Statement No. 93 – *Replacement of Interbank Offered Rates*. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. Subsequent to issuance, GASB Statement No. 95 postponed the certain requirements of this statement to reporting periods beginning after June 15, 2022.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements.* The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

Released GASB Statements to be implemented in future financial statements are as follows:

GASB Statement No. 99 – *Omnibus 2022*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The requirement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for reporting periods beginning after June 15, 2023.

GASB Statement No. 100 – *Accounting Changes and Error Corrections*. The requirements of this statement are effective for reporting periods beginning after June 15, 2023.

GASB Statement No. 101 – *Compensated Absences*. The requirements of this statement are effective for reporting periods beginning after December 15, 2023.

Subsequent Events: In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in the financial statements. Management has determined that no events require disclosure in accordance with accounting standards. These subsequent events have been evaluated through May 16, 2024, which is the date the financial statements were available to be issued.

NOTE 2 – RESTRICTIONS

Funds received pursuant to TDA Article 8 in Street Construction and Intermodal Building Operations Special Revenue Funds may only be used for local streets and roads and projects for use by pedestrians and bicycles.

Funds received pursuant to TDA Article 8c in the Local Transit Enterprise Fund may only be used to provide local public transportation services for transit contracts.

As outlined in Public Utilities Code (PUC) Section 9233, LTF funds are restricted for transit services, bicycle and pedestrian facilities and projects, transportation planning and programming, and street construction and maintenance projects.

NOTE 3 – FARE RATIO

The County is required to maintain a minimum fare revenue to operating expenses ratio of 15% in accordance with the Transportation Development Act. The calculation of the fare revenue ratios for the Madera County Connection are as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Passenger fares	$ 52,293	$ 42,213
Total fares	$ 52,293	$ 42,213
Operating expenses	$ 2,206,185	$ 1,674,539
Fare revenue ratio	2.37%	2.52%

Although the County is required to maintain a fare revenue ratio of 15%, Assembly Bill 90 waived the fare revenue ratio penalty for operators not meeting the ratio requirement for the fiscal years ending June 30, 2023 and 2022.

NOTE 4 – PROPOSITION 1B (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.

Proposition 1B activities during the years ended June 30, 2023 and 2022 were as follows:

	2023	(restated) 2022
Unspent PTMISEA Funds, beginning of year	$ -	$ -
Funds received	1,068,198	95,930
Funds used	(1,068,198)	(95,930)
Unspent PTMISEA Funds, end of year	$ -	$ -

NOTE 5 – CONTINGENCIES

Litigation: There are several lawsuits and unresolved disputes involving the County or its employees in which the County is represented by the County counsel and outside counsel. However, in the opinion of the County counsel and outside counsel, these actions will not, in the aggregate, have a material adverse effect upon the operation or financial position of the TDA Funds.

TDA Funds: The TDA Funds are subject to program compliance audits by the grantors and their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 6 – PRIOR PERIOD RESTATEMENT

A prior period restatement of $76,055 was recorded to properly record transit facility improvements (non-operating) expenses that were incurred prior to the beginning of the fiscal year ended June 30, 2023, but were not recorded as of June 30, 2022. The adjustment increased intergovernmental receivable, accounts payable, PTMISEA distributions, and transit facility improvements (non-operating) expenses by $76,055 as of June 30, 2022 as the total amount was incurred in the year ended June 30, 2022 but received and paid in the year ended June 30, 2023. The following table shows the changes in the restated financial statements:

	Restated 2022	As Previously Recorded 2022	Change
Intergovernmental receivable	$ 3,046,594	$ 2,970,539	$ 76,055
Accounts payable	$ 3,046,594	$ 2,970,539	$ 76,055
PTMISEA distributions	$ 95,930	$ 19,875	$ 76,055
Transit facility improvements (non-operating)	$ 95,930	$ 19,875	$ 76,055

	Restated 2022	As Previously Recorded 2022	Change
Total Assets	$ 3,046,594	$ 2,970,539	$ 76,055
Total Liabilities	$ 3,046,594	$ 2,970,539	$ 76,055
Total Liabilities and Fund Balance	$ 3,046,594	$ 2,970,539	$ 76,055
Total Revenues	$ 3,714,799	$ 3,638,744	$ 76,055
Total Expenditures	$ 3,714,799	$ 3,638,744	$ 76,055

HHC INC.
certified public accountants

INDEPENDENT AUDITORS' 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 Supervisors
County of 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 (the TDA Funds) of the County of Madera, California (the County), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the TDA Funds of the County's basic financial statements, and have issued our report thereon dated May 16, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the TDA Funds' internal control over financial reporting (internal control) 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 the TDA Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the TDA Funds' 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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the TDA Funds' 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 financial statements. 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, described in the accompanying schedule of findings and questioned costs as item 2023-001.

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In connection with our audit referred to above, we also performed an audit for compliance with the Transportation Development Act, the *California Code of Regulations*, and the rules and regulations and allocation instructions of the Madera County Transportation Commission, for the year ended June 30, 2023. In connection with our audit, we performed to the extent applicable, the compliance audit tasks set forth in Sections §6666 and §6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the *California Code of Regulations*. The results of performing the tasks specified above disclosed one instance of noncompliance with the applicable statutes, rules, regulations, of the Transportation Development Act, and the allocation instructions and resolutions of the Madera County Transportation Commission. In our opinion, the funds allocated to and received by the TDA Funds for the year ended June 30, 2023, pursuant to the Transportation Development Act, were accounted for and expended in conformance with the Transportation Development Act, the *California Code of Regulations*, and the rules and regulations and allocation instructions of the Madera County Transportation Commission.

The County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 to express an opinion on the compliance of the TDA Funds with the Transportation Development Act, the *California Code of Regulations*, and the allocation instructions and resolutions of the Madera County Transportation Commission, and not to provide an opinion on the effectiveness of the TDA Funds' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the TDA Funds' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HHC, INC.

HHC, Inc.

Fresno, California
May 16, 2024

COUNTY OF MADERA
TRANSPORTATION DEVELOPMENT ACT FUNDS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting: Material weakness identified?	_____	Yes	X	No
Significant deficiencies identified that are not considered to be material weaknesses?	_____	Yes	X	No
Noncompliance material to financial statements noted?	X	Yes	_____	No

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2023-001 – Late Submission of Certified Fiscal Audit:

Criteria:
Pursuant to the California Public Utilities Code (PUC) Section 99245 and California Code of Regulations (CCRs), Title 21, Sections §6663 and §6664, "requires that each claimant expending transit funds submit a fiscal and compliance report issued by an independent auditor to the State Controller's Office annually and within 180 days after the end of the fiscal year. The responsible entity (transportation planning agency, county transportation commission, or metropolitan transit development board) may grant an extension to the claimant of up to 90 days as it deems necessary. Except for the claimant's first report, the report must also include the audited amounts for the fiscal year prior to the fiscal year audited. If a claimant has delinquent transit or audit reports, the responsible entity will suspend payments until the claimant's audit report submissions are current."

Condition:
The County has experienced significant delays in the preparation and issuance of the 2023 TDA financial statements as required under PUC Section 99245 and CCRs, Title 21, Sections §6663 and §6664.

Cause:
The County has experienced significant turnovers in key personnel in the County's finance department in past years. When vacancies occur, information can be lost and as individuals are getting up to speed, some processes may not be fully executed if they are manual and not fully embedded into an automated system. Staff had to take on additional responsibilities and did not have sufficient resources to review and reconcile the sub-ledger to the general ledger in a timely manner.

Effect:
Delays in processing year-end closing procedures caused the financial statements release to be delayed. In addition, the County is neither in compliance with PUC and CCRs, nor is it meeting its current demands for external financial reporting.

Recommendation:
The Auditor-Controller department should look at increasing the number of experienced finance staff to help facilitate year-end closing processes and the preparation of its basic financial statements. Because the basic financial statements are the responsibility of the County, it is in its best interest to closely monitor the accounting process to ensure that financial position and operating results are accurately and timely reported. The following steps could be used to avoid future delays:

- Assign additional qualified accounting personnel to help process complex transactions;
- Identify critical due dates and develop a listing of assignment, including department coordinated items, based on available resources to meet those deadlines;
- Hold periodic meetings to monitor the progress of assignments and responsibilities; and
- Conduct management reviews of financial statements and audit schedules prior to presenting them to the auditors.

Management Response:
County management concurs with the comments and recommendations. The Auditor-Controller's office is regularly attempting to obtain and retain a full complement of experienced finance and accounting staff, within normal budgetary constraints. This was difficult in the fiscal years 2022 and 2023. With our current staffing level, we will perform the last three steps recommended above.

COUNTY OF MADERA
TRANSPORTATION DEVELOPMENT ACT FUNDS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2022-001 – Late Submission of Certified Fiscal Audit:

Criteria:
Pursuant to the California Public Utilities Code (PUC) Section 99245 and California Code of Regulations (CCRs), Title 21, Sections §6663 and §6664, "requires that each claimant expending transit funds submit a fiscal and compliance report issued by an independent auditor to the State Controller's Office annually and within 180 days after the end of the fiscal year. The responsible entity (transportation planning agency, county transportation commission, or metropolitan transit development board) may grant an extension to the claimant of up to 90 days as it deems necessary. Except for the claimant's first report, the report must also include the audited amounts for the fiscal year prior to the fiscal year audited. If a claimant has delinquent transit or audit reports, the responsible entity will suspend payments until the claimant's audit report submissions are current."

Condition:
The County has experienced significant delays in the preparation and issuance of the 2022 TDA financial statements as required under PUC Section 99245 and CCRs, Title 21, Sections §6663 and §6664.

Cause:
The County has experienced significant turnovers in key personnel in the County's finance department in past years. When vacancies occur, information can be lost and as individuals are getting up to speed, some processes may not be fully executed if they are manual and not fully embedded into an automated system. Staff had to take on additional responsibilities and did not have sufficient resources to review and reconcile the sub-ledger to the general ledger in a timely manner.

Effect:
Delays in processing year-end closing procedures caused the financial statements release to be delayed. In addition, the County is neither in compliance with PUC and CCRs, nor is it meeting its current demands for external financial reporting.

Recommendation:
The Auditor-Controller department should look at increasing the number of experienced finance staff to help facilitate year-end closing processes and the preparation of its basic financial statements. Because the basic financial statements are the responsibility of the County, it is in its best interest to closely monitor the accounting process to ensure that financial position and operating results are accurately and timely reported. The following steps could be used to avoid future delays:

- Assign additional qualified accounting personnel to help process complex transactions;
- Identify critical due dates and develop a listing of assignment, including department coordinated items, based on available resources to meet those deadlines;
- Hold periodic meetings to monitor the progress of assignments and responsibilities; and
- Conduct management reviews of financial statements and audit schedules prior to presenting them to the auditors.

Management Response:
County management concurs with the comments and recommendations. The Auditor-Controller's office is regularly attempting to obtain and retain a full complement of experienced finance and accounting staff, within normal budgetary constraints. This was difficult for us in late 2022 and early 2023. With our current staffing level, we will perform the last three steps recommended above.

Current Year Status:
See Finding 2023-001.