

**MADERA COUNTY TRANSPORTATION
AUTHORITY**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2012**

MADERA COUNTY TRANSPORTATION AUTHORITY

JUNE 30, 2012

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Madera County Transportation Authority (the Authority), as of and for the year ended June 30, 2012, which collectively comprise the Authority's financial statements, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Madera County Transportation Authority as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2013, on our consideration of the Madera County Transportation 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and budgetary comparison information on pages 36 through 37 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Price Pange & Company

Clovis, California
January 21, 2013

MANAGEMENT DISCUSSION AND ANALYSIS

**MADERA COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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, 2012. 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 \$2,836,305 (net assets).
2. The Authority's total net assets for the fiscal year ended June 30, 2012, decreased by \$6,493,469 primarily because of expenditures on budgeted capital expenditures.
3. As of the close of the current fiscal year, the Authority's governmental funds reported a combined ending fund balance of \$24,363,389, a decrease of \$7,372,410 in comparison with the prior year. Approximately \$22,858,463 is reserved for specific regional capital projects.

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 basic 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 basic 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 similar to a private-sector business, and consist of the following two statements:

The **statement of net assets** presents information on the Authority's net assets 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 DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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 through 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 balances 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 basic 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 basic financial statements can be found on pages 22 through 34 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 DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Government-Wide Financial Analysis

Following are the government-wide financial statements for the fiscal year ended June 30, 2012:

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$2,836,305 at the close of the fiscal year 2011-2012.

At the end of the current fiscal year, the Authority reported a positive balance in net assets for the Authority as a whole and two of the three other net assets components.

MCTA Net Assets

Figure 1

	<u>2012</u>	<u>2011</u>	<u>% Change</u>
Assets:			
Current assets	\$ 9,679,016	\$ 8,358,402	15.80%
Non-current assets	<u>16,739,700</u>	<u>25,619,639</u>	-34.66%
 Total assets	 <u>\$ 26,418,716</u>	 <u>\$ 33,978,041</u>	
 Liabilities:			
Current liabilities	\$ 1,848,030	\$ 974,831	89.57%
Long-term liabilities	<u>21,734,381</u>	<u>23,000,579</u>	-5.51%
 Total liabilities	 <u>23,582,411</u>	 <u>23,975,410</u>	
 Net assets:			
Restricted for debt service	1,500,655	1,549,101	100.00%
Unrestricted	<u>1,335,650</u>	<u>7,424,664</u>	-82.01%
 Total net assets	 <u>\$ 2,836,305</u>	 <u>\$ 8,973,765</u>	

**MADERA COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2012**

**MCTA Changes in Net Assets
Figure 2**

	<u>2012</u>	<u>2011</u>	<u>% Change</u>
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 151,032	\$ 157,542	-4.13%
General revenues:			
Sales taxes	3,158,287	3,422,492	-7.72%
Investment income	<u>200,136</u>	<u>449,910</u>	-55.52%
Total revenues	<u>3,509,455</u>	<u>4,029,944</u>	-12.92%
Expenses:			
Public ways and facilities	8,598,208	2,882,145	198.33%
Interest on long-term debt	<u>1,404,716</u>	<u>1,239,226</u>	100.00%
Total expenses	<u>10,002,924</u>	<u>4,121,371</u>	142.71%
Change in net assets	(6,493,469)	(91,427)	7002.35%
Net assets - beginning	9,329,774	8,047,657	15.93%
Prior period adjustments	<u>-</u>	<u>1,017,535</u>	-100.00%
Net assets - ending	<u>\$ 2,836,305</u>	<u>\$ 8,973,765</u>	

Governmental Activities: The Authority's net assets decreased by \$6,493,469 for the fiscal year ended June 30, 2012. The Figure 2 table above indicates the changes in net assets for governmental activities. The key elements of this decrease are primarily attributable to capital project expenditures. 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 \$24,363,389, which is a decrease of \$7,372,410 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 increased by \$93 due to higher revenues than anticipated.
2. The capital projects fund decreased by \$7,372,503 due to expenditures on capital projects in construction.

**MADERA COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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 \$17,203 and expenditures were more than the final budget by \$17,110. The net effect of these differences results in a change in fund balance in the general fund of \$93.

Long-Term Obligations

At the end of 2012, the Authority had \$21,734,381 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 2012/13 budget:

- Projected increase of 2% in sales tax receipts in 2012/13 compared to actual sales tax receipts in 2011/12
- Estimated expenditures for capital projects in the amount of \$22,251,000
- Bond Debt Service in the amount of \$2,277,781

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 ASSETS
JUNE 30, 2012**

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 9,040,829
Measure T sales tax receivable	638,187
Total current assets	9,679,016
Non-current assets:	
Restricted cash and investments	15,028,535
Notes receivable	1,102,500
Interest receivable	59,846
Deferred charges	548,819
Total non-current assets	16,739,700
Total assets	\$ 26,418,716
 <u>LIABILITIES AND NET ASSETS</u>	
Current liabilities:	
Accounts payable	\$ 388,501
Interest payable	341,522
Due to trust funds	1,026,590
Due to other governments	91,417
Total current liabilities	1,848,030
Long-term liabilities:	
Due within one year	1,260,000
Due in more than one year	20,474,381
Total long-term liabilities	21,734,381
Total liabilities	23,582,411
Net assets:	
Restricted for debt service	1,500,655
Unrestricted	1,335,650
Total net assets	2,836,305
Total liabilities and net assets	\$ 26,418,716

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

**MADERA COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary government:				
Governmental activities:				
Public ways and facilities	\$ 8,598,208	\$ -	\$ 151,032	\$ (8,447,176)
Interest on long-term debt	<u>1,404,716</u>	<u>-</u>	<u>-</u>	<u>(1,404,716)</u>
 Total primary government	 <u>\$ 10,002,924</u>	 <u>\$ -</u>	 <u>\$ 151,032</u>	 <u>(9,851,892)</u>
 General revenues:				
Sales taxes				3,158,287
Interest income				<u>200,136</u>
 Total general revenues				 <u>3,358,423</u>
 Change in net assets				 (6,493,469)
 Net assets - beginning				 <u>9,329,774</u>
 Net assets - ending				 <u>\$ 2,836,305</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, 2012**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and investments	\$ 1,459,297	\$ 7,581,532	\$ 9,040,829
Restricted cash and investments	-	15,028,535	15,028,535
Due from other funds	-	354,316	354,316
Receivables:			
Measure T sales tax	13,558	624,629	638,187
Notes	-	1,102,500	1,102,500
Interest	<u>3,739</u>	<u>56,107</u>	<u>59,846</u>
 Total assets	 <u>\$ 1,476,594</u>	 <u>\$ 24,747,619</u>	 <u>\$ 26,224,213</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 388,501	\$ 388,501
Due to other funds	1,380,906	-	1,380,906
Due to other governments	<u>91,417</u>	<u>-</u>	<u>91,417</u>
 Total liabilities	 <u>1,472,323</u>	 <u>388,501</u>	 <u>1,860,824</u>
Fund balances:			
Restricted:			
Debt service	-	1,500,655	1,500,655
Assigned:			
Road improvements	-	22,858,463	22,858,463
Unassigned	<u>4,271</u>	<u>-</u>	<u>4,271</u>
 Total fund balances	 <u>4,271</u>	 <u>24,359,118</u>	 <u>24,363,389</u>
 Total liabilities and fund balances	 <u>\$ 1,476,594</u>	 <u>\$ 24,747,619</u>	 <u>\$ 26,224,213</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 ASSETS
JUNE 30, 2012**

Fund balance - governmental funds \$ 24,363,389

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

Payment of costs for the issuance of bonds is an expenditure in the governmental funds, but is recorded as deferred charges and amortized on the the statement of net assets over the life of the bonds. 548,819

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities:
Bonds payable (21,734,381)

Unmatured interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. (341,522)

Net assets - governmental activities \$ 2,836,305

**MADERA COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Sales and use taxes	\$ 91,311	\$ 3,066,976	\$ 3,158,287
Federal revenue	-	151,032	151,032
Interest revenue	<u>1,922</u>	<u>198,214</u>	<u>200,136</u>
Total revenues	<u>93,233</u>	<u>3,416,222</u>	<u>3,509,455</u>
Expenditures			
Current:			
Public ways and facilities:			
Administration and planning	93,140	-	93,140
Debt service:			
Principal	-	1,215,000	1,215,000
Interest	-	1,065,348	1,065,348
Capital outlays - road improvements	<u>-</u>	<u>8,508,377</u>	<u>8,508,377</u>
Total expenditures	<u>93,140</u>	<u>10,788,725</u>	<u>10,881,865</u>
Net changes in fund balances	93	(7,372,503)	(7,372,410)
Fund balances, beginning of year	<u>4,178</u>	<u>31,731,621</u>	<u>31,735,799</u>
Fund balances, end of year	<u>\$ 4,271</u>	<u>\$ 24,359,118</u>	<u>\$ 24,363,389</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, 2012**

Total net changes in fund balances - governmental funds \$ (7,372,410)

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

Proceeds from long-term debt provide current financial sources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt is an expenditure in the governmental funds, but in the statement of net assets the repayment reduces long-term liabilities.

Repayment of long-term debt 1,215,000

Payment of costs for the issuance of bonds is an expenditure in the governmental funds, but is recorded as a deferred charge and amortized on the statement of net assets over the life of the bonds.

(45,735)

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.

51,198

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.

Change in interest payable (341,522)

Changes in net assets of governmental activities \$ (6,493,469)

**MADERA COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF FIDUCIARY NET ASSETS
SPECIAL PURPOSE TRUST FUND
JUNE 30, 2012**

	Trust Fund
Assets	
Cash and investments	\$ 1,232
Measure T sales tax receivable	717,613
Due from other funds	1,026,590
Total assets	\$ 1,745,435
Liabilities and net assets	
Liabilities:	
Due to other governments	\$ 1,744,201
Total liabilities	1,744,201
Net assets:	
Held in trust	1,234
Total net assets	1,234
Total liabilities and net assets	\$ 1,745,435

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

**MADERA COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
SPECIAL PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Trust Fund
Additions:	
Sales tax	\$ 4,833,004
Investment income (loss)	6,066
Total additions	4,839,070
Deductions:	
Disbursements to local agencies	4,838,637
Total deductions	4,838,637
Changes in net assets	433
Net assets, beginning of year	906,136
Prior period adjustments	(905,335)
Net assets, end of year	\$ 1,234

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, 2012**

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 public transit, 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 strategic plan included in Measure T and approved by the voters of the County. The strategic plan will be updated every two years to adjust the projection of sales tax receipts.

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, and additional lanes, increase safety as determined by the local jurisdictions, and improve and reconstruct 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 members of the city council, appointed by the city council.

**MADERA COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

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 assets 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 assets have been eliminated.

Both of the government-wide 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 funds 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 assets and the statement of changes in fiduciary net assets 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, 2012, 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, 2012**

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:

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

Deferred Bond Issue Costs

Deferred bond issue costs represent initial direct costs incurred in connection with the issuance of revenue bonds. Such costs are being amortized using the straight-line method, which is not materially different from the effective interest method, over the life of the related bonds.

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.

Government Accounting Standards Board Statement No. 31 requires that these investments in the pool be reported at fair value. The Authority’s management has elected not to report the investment in the County’s external pool at fair value because the difference between fair value and amortized cost (the basis of presentation in these statements) is not material to these financial statements.

**MADERA COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 assets.

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 government 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, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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, 2012.
- **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, 2012**

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.
- 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 would typically 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 Assets

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

Restricted Net Assets – 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 Assets – This category represents net assets of the Authority, not restricted for any project or other purpose.

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, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Implementation of Governmental Accounting Standards Board Statements

Governmental Accounting Standards Board Statement No. 60

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (“SCAs”), which are a type of public-private or public-public partnership. This Statement requires disclosures about an SCA including a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and guarantees and commitments. Application of this Statement is effective for the Authority’s fiscal year ending June 30, 2013.

Governmental Accounting Standards Board Statement No. 62

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (“FASB”) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (“AICPA”) Committee on Accounting Procedure

Governmental Accounting Standards Board Statement No. 63

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement also amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The requirements of this Statement are effective for the Authority’s fiscal year ending June 30, 2013.

Governmental Accounting Standards Board Statement No. 64

In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. This Statement sets forth criteria to establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of this Statement enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty’s credit support provider, is replaced. The requirements of this Statement are effective for the Authority’s fiscal year ending June 30, 2012. This statement did not have an impact on the Authority’s financial statements.

Governmental Accounting Standards Board Statement No. 65

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement are effective for the Authority’s fiscal year ending June 30, 2014.

**MADERA COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Implementation of Governmental Accounting Standards Board Statements (Continued)

Governmental Accounting Standards Board Statement No. 66

In March 2012, GASB issued Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2014.

Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements." This Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. Application of this Statement is effective for the Authority's fiscal year ending June 30, 2013.

Governmental Accounting Standards Board Statement No. 67

In June 2012, GASB issued No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2014.

Governmental Accounting Standards Board Statement No. 68

In June 2012, GASB issued No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2015.

**MADERA COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

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

A reconciliation of the total fund balances for governmental funds to the total net assets 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 assets 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 maintains the Madera County Transportation Authority's accounting records and incurs various administrative and other expenses on behalf of the Authority. These expenses, reimbursed by the Authority to the Commission in 2011-2012 fiscal year, totaled to \$77,859.

NOTE 4 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2012, are classified in the accompanying financial statements as follows:

Cash and investments	<u>\$ 24,070,596</u>
Total cash and investments	<u>\$ 24,070,596</u>

Cash and investments as of June 30, 2012, consist of the following:

Statement of Net Assets:	
Cash and investments	\$ 9,040,829
Restricted cash and investments	15,028,535
Fiduciary Funds Statement of Net Assets:	
Trust Funds	<u>1,232</u>
Total cash and investments	<u>\$ 24,070,596</u>

**MADERA COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

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, 2012**

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 (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Governmental Activities:					
County Investment Pool	\$ 9,042,061	\$ 9,042,061	\$ -	\$ -	\$ -
Held by bond trustee:					
Madera County Pool	<u>15,028,535</u>	<u>15,028,535</u>	-	-	-
Total	<u>\$ 24,070,596</u>	<u>\$ 24,070,596</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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	Minimum Legal Rating	Rating as of Year-End		
			AAA	Aa	Not Rated
Governmental Activities:					
County Investment Pool	\$ 9,042,061	N/A	\$ -	\$ -	\$ 9,042,061
Held by bond trustee:					
Madera County Pool	<u>15,028,535</u>	N/A	-	-	<u>15,028,535</u>
Total	<u>\$ 24,070,596</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,070,596</u>

**MADERA COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 5 – INTERFUND BALANCES

Interfund Receivables/Payables (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.

Interfund receivable and payable balances at June 30, 2012, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ -	\$ 1,380,906
Capital projects fund	<u>354,316</u>	<u>-</u>
Total governmental funds	354,316	1,380,906
Trust funds	<u>1,026,590</u>	<u>-</u>
 Total	 <u>\$ 1,380,906</u>	 <u>\$ 1,380,906</u>

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 (the "City") to accelerate the delivery of the City'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 total outstanding notes receivable balance as of June 30, 2012, was \$1,102,500.

NOTE 7 – LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2012, consisted of the following:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2012</u>	<u>Due within One Year</u>
Sales Tax Revenue Bonds:					
Series 2009	\$ 5,865,000	\$ -	\$ (265,000)	\$ 5,600,000	\$ 285,000
Series 2010	16,470,000	-	(950,000)	15,520,000	975,000
Series 2010-premiums, net of amortization	<u>665,579</u>	<u>-</u>	<u>(51,198)</u>	<u>614,381</u>	<u>-</u>
Total	<u>\$ 23,000,579</u>	<u>\$ -</u>	<u>\$ (1,266,198)</u>	<u>\$ 21,734,381</u>	<u>\$ 1,260,000</u>

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

**MADERA COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 7 – LONG-TERM LIABILITIES Continued)

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%. The initial Cost of Issuance of \$193,439 was recorded as deferred charges on the government-wide financial statements and amortized over the life of the bonds (15 years) at \$12,896 per year. The unamortized deferred charges balance relating to the bond issue costs amounted to \$154,751.

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

Fiscal Years Ending June 30	Principal	Interest	Total
2013	\$ 285,000	\$ 411,432	\$ 696,432
2014	305,000	389,856	694,856
2015	330,000	366,792	696,792
2016	355,000	341,682	696,682
2017	380,000	314,898	694,898
2018-2022	2,385,000	1,095,168	3,480,168
2023-2025	1,560,000	178,374	1,738,374
Total	<u>\$ 5,600,000</u>	<u>\$ 3,098,202</u>	<u>\$ 8,698,202</u>

SERIES 2010

The series 2010 bonds were issued on June 29, 2010, with a maturity date of March 1, 2025, and interest rate between 2.00-4.00%. The initial Cost of Issuance of \$492,586 was recorded as deferred charges on the government-wide financial statements and amortized over the life of the bonds (15 years) at \$32,839 per year. The unamortized deferred charges balance relating to the bond issue costs amounted to \$394,068.

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

Fiscal Years Ending June 30	Principal	Interest	Total
2013	\$ 975,000	\$ 607,925	\$ 1,582,925
2014	995,000	583,550	1,578,550
2015	1,020,000	558,675	1,578,675
2016	1,070,000	528,075	1,598,075
2017	1,085,000	495,975	1,580,975
2018-2022	6,075,000	1,823,400	7,898,400
2023-2025	4,300,000	437,000	4,737,000
Total	<u>\$ 15,520,000</u>	<u>\$ 5,034,600</u>	<u>\$ 20,554,600</u>

**MADERA COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 8 – SALES TAX RECEIPTS

During the fiscal year ended June 30, 2012, the Authority received sales tax receipts in the amount of \$7,775,292 which are recorded in the following funds:

General Fund	\$ 77,753
Capital Projects Fund	3,582,147
Trust Funds	<u>4,115,392</u>
	<u>\$ 7,775,292</u>

NOTE 9 – 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 10 – COMMITMENTS AND CONTINGENCIES

The Authority has entered into various cooperative agreements with governmental entities amounting to a total commitment of approximately \$40,435,000. The Authority has made cumulative expenditures of \$13,424,374 on these commitments through June 30, 2012; therefore, the Authority's outstanding commitments at June 30, 2012, total \$27,010,626.

As of June 30, 2012, 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	\$ 8,074,000	12/31/16
SR 99/Ave 12 Interchange	11,577,000	12/31/14
Ellis St Overcrossing	1,358,612	12/31/12
Ave 17 Widening	1,885,000	12/31/16
4th St Widening	<u>4,116,014</u>	12/31/14
	<u>\$ 27,010,626</u>	

NOTE 11 – PRIOR PERIOD ADJUSTMENTS

The beginning net assets in the special purpose trust fund were adjusted by \$905,335 as a result of an understatement of disbursements to local agencies in the fiscal year ended June 30, 2011.

REQUIRED SUPPLEMENTARY INFORMATION

**MADERA COUNTY TRANSPORTATION AUTHORITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales and use taxes	\$ 76,030	\$ 76,030	\$ 91,311	\$ 15,281
Interest revenue	<u>-</u>	<u>-</u>	<u>1,922</u>	<u>1,922</u>
Total revenues	<u>76,030</u>	<u>76,030</u>	<u>93,233</u>	<u>17,203</u>
Expenditures				
Current:				
Public ways and facilities:				
Administration and planning	<u>76,030</u>	<u>76,030</u>	<u>93,140</u>	<u>(17,110)</u>
Total expenditures	<u>76,030</u>	<u>76,030</u>	<u>93,140</u>	<u>(17,110)</u>
Net change in fund balances	-	-	93	93
Fund balances, beginning of year	<u>4,178</u>	<u>4,178</u>	<u>4,178</u>	<u>-</u>
Fund balances, end of year	<u>\$ 4,178</u>	<u>\$ 4,178</u>	<u>\$ 4,271</u>	<u>\$ 93</u>

**MADERA COUNTY TRANSPORTATION AUTHORITY
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

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 36. Its purpose is to demonstrate compliance with the approved budget for fiscal year 2011-2012. Actual expenditures appearing on the schedule are presented using the accrual method of accounting.

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OTHER SUPPLEMENTARY INFORMATION

**MADERA COUNTY TRANSPORTATION AUTHORITY
SCHEDULE OF MEASURE T SALES TAX RECEIPTS
JUNE 30, 2012**

<u>Fiscal Year</u>	<u>Total Sales Tax Receipts *</u>	<u>Changes from Previous Year</u>
2007/08	\$ 7,707,106	-
2008/09	7,311,825	-5.13%
2009/10	6,118,354	-16.32%
2010/11	6,949,477	13.58%
2011/12	7,775,292	11.88%

* Net of State Board of Equalization fees

OTHER REPORT

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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 the financial statements of the governmental activities and each major fund of Madera County Transportation Authority (the Authority), as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated January 21, 2013. 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.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

This report is intended solely for the information and use of management and the Board of Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

Price Pange & Company

Clovis, California
January 21, 2013

**MADERA COUNTY TRANSPORTATION AUTHORITY
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

SECTION II – FINANCIAL STATEMENT FINDING

No findings reported