

**COUNTY OF MADERA, CALIFORNIA
MEASURE "T" FUND**

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

**FOR THE YEAR ENDED
JUNE 30, 2017**

**COUNTY OF MADERA, CALIFORNIA
MEASURE "T" FUND
JUNE 30, 2017**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure "T" Fund of the County of Madera (The County), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Measure "T" Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control as it relates to the Measure "T" Fund. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure "T" Fund of the County of Madera, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure "T" Fund of the County of Madera and do not purport to, and do not present fairly the financial position of the County as of June 30, 2017, the respective changes in its 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.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis (MD&A) and budgetary comparison information 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Measure "T" Fund's basic financial statements. The Balance Sheet by Funding Source and the Schedule of Revenues and Expenditures by Funding Source (the Schedules) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2018, on our consideration of the County's internal control over financial reporting as it relates to the Measure "T" Fund 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 the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
July 18, 2018

FINANCIAL STATEMENTS

**COUNTY OF MADERA, CALIFORNIA
MEASURE "T" FUND
BALANCE SHEET
JUNE 30, 2017**

ASSETS	
Cash	\$ 9,228,728
Due from other government	<u>588,689</u>
Total assets	<u>\$ 9,817,417</u>
LIABILITIES	
Accounts payable	\$ 23,177
Due to other funds	<u>64,359</u>
Total liabilities	<u>87,536</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	<u>588,689</u>
Total deferred inflows of resources	<u>588,689</u>
FUND BALANCE	
Restricted	<u>9,141,192</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 9,817,417</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF MADERA, CALIFORNIA
 MEASURE "T" FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2017**

REVENUES	
Measure "T" sales tax	\$ 1,975,073
Interest	<u>82,802</u>
Total revenues	<u>2,057,875</u>
EXPENDITURES	
Highway and streets	<u>569,295</u>
Total expenditures	<u>569,295</u>
Net change in fund balance	1,488,580
Fund balance - beginning, restated	<u>7,652,612</u>
Fund balance - ending	<u>\$ 9,141,192</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF MADERA, CALIFORNIA
MEASURE "T" FUND
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING INFORMATION

Description of Reporting Entity

The accompanying financial statements present only the Measure "T" Fund as recorded in the County of Madera (The County) and are not intended to present fairly the financial position, changes in financial position, or cash flows of the County with accounting principles generally accepted in the United States of America.

Basis of Accounting and Measurement Focus

The financial statements of the Measure "T" Fund have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Measure "T" Fund's accounting policies are described below.

The Measure "T" Fund is accounted for in a governmental fund. Governmental funds are accounted for on a spending of "current financial resources" measurement focus and the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

The Measure "T" Fund is a governmental fund specifically categorized as a special revenue fund. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

Measure "T" revenues, which are received as allocations for specific purposes or projects, are recognized based upon the receipts received. 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 receipt or earlier, if they meet the availability criterion.

Unavailable Revenue

In the fund financial statements, unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The County records unavailable revenue for transactions for which revenues have been earned, but for which funds are not available to meet current financial obligations.

**COUNTY OF MADERA, CALIFORNIA
MEASURE "T" FUND
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING INFORMATION (CONTINUED)

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the Board of Supervisors or its designee and may be changed at the discretion of the Board of Supervisors or its designee. For all governmental funds other than the General Fund, any remaining positive amounts not classified as nonspendable, restricted or committed must be designated as assigned fund balance.

Unassigned Fund Balance

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

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

**COUNTY OF MADERA, CALIFORNIA
MEASURE "T" FUND
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 2 – CASH AND INVESTMENTS

The Measure "T" Fund participates in the County's cash and investments pool that includes all other County funds, which the County Treasurer invests to enhance interest earnings. Income from the investment of pooled cash is allocated on a quarterly basis, based upon the actual daily balance of the fund as a percentage of the total pooled cash balance.

The County participates in an investment pool managed by the State of California, titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Assets-Backed Securities. The County values all of its cash and investments at fair value on a portfolio basis. The County manages its pooled idle cash and investments under a formal investment policy that is adopted and reviewed by the County Council, and that follows the guidelines of the State of California Government Code.

Countywide information concerning cash and investments for the year ended June 30, 2017, including authorized investments, custodial credit risk, credit and interest rate risk for debt securities and concentration of investments, carrying amount and market value of deposits and investments, may be found in the notes of the County's Financial Statement.

NOTE 3 – DUE FROM OTHER GOVERNMENT

Due from other government consists of the Measure "T" allocations due from Madera Commission Transportation Authority. As of June 30, 2017, the balance of \$588,689 is related to the fourth quarter and excess disbursements of the fiscal year 2016-17 Measure "T" allocations.

NOTE 4 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The County has no items to report in this category.

In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of deferred inflows, unavailable revenues, which totaled \$588,689 as of June 30, 2017.

NOTE 5 – RESTATEMENT OF BEGINNING FUND BALANCE

Revenues in the prior year were overstated by the Measure "T" excess allocation amount totaling \$127,382. The beginning balance of the fund has been restated on the fund basis financial statements to correct the prior year error.

SUPPLEMENTARY INFORMATION

**COUNTY OF MADERA, CALIFORNIA
 MEASURE "T" FUND
 BALANCE SHEET
 BY FUNDING SOURCE
 JUNE 30, 2017**

	Commuter Corridors/ Farm to Market	Safe Routes to School and Jobs	Transit Enhancement	Environmental Enhancement	Total
ASSETS					
Cash	\$ 4,253,096	\$ 4,266,075	\$ 72,216	\$ 637,341	\$ 9,228,728
Due from other government	<u>287,166</u>	<u>276,597</u>	<u>1,953</u>	<u>22,973</u>	<u>588,689</u>
Total assets	<u>\$ 4,540,262</u>	<u>\$ 4,542,672</u>	<u>\$ 74,169</u>	<u>\$ 660,314</u>	<u>\$ 9,817,417</u>
LIABILITIES					
Accounts payable	\$ 23,177	\$ -	\$ -	\$ -	\$ 23,177
Due to other funds	<u>1,186</u>	<u>13,388</u>	<u>-</u>	<u>49,785</u>	<u>64,359</u>
Total liabilities	<u>24,363</u>	<u>13,388</u>	<u>-</u>	<u>49,785</u>	<u>87,536</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>287,167</u>	<u>276,597</u>	<u>1,952</u>	<u>22,973</u>	<u>588,689</u>
Total deferred inflows of resources	<u>287,167</u>	<u>276,597</u>	<u>1,952</u>	<u>22,973</u>	<u>588,689</u>
FUND BALANCE					
Restricted	<u>4,228,732</u>	<u>4,252,687</u>	<u>72,217</u>	<u>587,556</u>	<u>9,141,192</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 4,540,262</u>	<u>\$ 4,542,672</u>	<u>\$ 74,169</u>	<u>\$ 660,314</u>	<u>\$ 9,817,417</u>

**COUNTY OF MADERA, CALIFORNIA
 MEASURE "T" FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BY FUNDING SOURCE
 FOR THE YEAR ENDED JUNE 30, 2017**

	Commuter Corridors/ Farm to Market	Safe Routes to School and Jobs	Transit Enhancement	Environmental Enhancement	Total
REVENUES					
Measure "T" sales tax	\$ 963,452	\$ 927,994	\$ 6,551	\$ 77,076	\$ 1,975,073
Interest	<u>37,938</u>	<u>38,370</u>	<u>666</u>	<u>5,828</u>	<u>82,802</u>
Total revenues	<u>1,001,390</u>	<u>966,364</u>	<u>7,217</u>	<u>82,904</u>	<u>2,057,875</u>
EXPENDITURES					
Highway and streets	<u>198,483</u>	<u>319,827</u>	<u>-</u>	<u>50,985</u>	<u>569,295</u>
Total expenditures	<u>198,483</u>	<u>319,827</u>	<u>-</u>	<u>50,985</u>	<u>569,295</u>
Net changes in fund balance	802,907	646,537	7,217	31,919	1,488,580
Fund balance - beginning, restated	<u>3,425,825</u>	<u>3,606,150</u>	<u>65,000</u>	<u>555,637</u>	<u>7,652,612</u>
Fund balance - ending	<u>\$ 4,228,732</u>	<u>\$ 4,252,687</u>	<u>\$ 72,217</u>	<u>\$ 587,556</u>	<u>\$ 9,141,192</u>

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE
RULES AND REGULATIONS OF THE MEASURE "T" ENABLING LEGISLATION

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure "T" Fund of the County of Madera (The County), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Measure "T" Fund's basic financial statements, and have issued our report thereon dated July 18, 2018, which included an explanatory paragraph that the financial statements only present the County's Measure "T" Fund.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting, as it relates to the Measure "T" Fund to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County's internal control. Accordingly, we do not express an opinion on the effectiveness of County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Measure "T" Fund's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's Measure "T" Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that allocations made and

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expended by the County were made in accordance with the Measure "T" Enabling Legislation. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance as it relates to the Measure "T" Fund. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Pange & Company

Clovis, California
July 18, 2018