

**MADERA COUNTY TRANSPORTATION  
AUTHORITY**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
JUNE 30, 2018**

**MADERA COUNTY TRANSPORTATION AUTHORITY**

**JUNE 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madera County Transportation Authority (the "Authority") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Authority, as of June 30, 2018, 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.

677 Scott Avenue  
Clovis, CA 93612

tel 559.299.9540  
fax 559.299.2344

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Supplementary Information*

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

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Price Pange & Company*

Clovis, California  
December 12, 2018

## MANAGEMENT DISCUSSION AND ANALYSIS

**MADERA COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

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, 2018. We encourage the readers to consider the information presented here in conjunction with the Authority's financial audit.

**Financial Highlights**

1. The liabilities of the Authority exceeded its assets at the close of the fiscal year by \$32,096 (net position).
2. The Authority's total net position for the fiscal year ended June 30, 2018, increased by \$2,733,291 primarily because of lower expenditures on budgeted capital expenditures.
3. As of the close of the current fiscal year, the Authority's governmental funds reported a combined ending net assets balance of \$13,341,694, an increase of \$1,126,991 in comparison with the prior year. Approximately \$11,682,284 is reserved for specific regional capital projects and road improvements.

**Overview of the Financial Statements**

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

**Basic Financial Statements**

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

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

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

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

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

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

**MADERA COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

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

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

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

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

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

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

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

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

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

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

**MADERA COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**Government-Wide Financial Analysis**

Following are the government-wide financial statements for the fiscal year ended June 30, 2018:

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, liabilities exceeded assets by \$32,096 at the close of the fiscal year 2017-2018.

**MCTA Net Position  
Figure 1**

	<u>2018</u>	<u>2017</u>	<u>% Change</u>
<b>Assets:</b>			
Current assets	\$ 8,439,395	\$ 5,765,807	46.37%
Noncurrent assets	<u>7,834,804</u>	<u>8,009,724</u>	-2.18%
Total assets	<u>\$ 16,274,199</u>	<u>\$ 13,775,531</u>	
<b>Liabilities:</b>			
Current liabilities	\$ 3,157,906	\$ 1,811,331	74.34%
Long-term liabilities	<u>13,148,389</u>	<u>14,729,587</u>	-10.73%
Total liabilities	<u>16,306,295</u>	<u>16,540,918</u>	
<b>Net position:</b>			
Unrestricted	<u>(32,096)</u>	<u>(2,765,387)</u>	-98.84%
Total net position	<u>\$ (32,096)</u>	<u>\$ (2,765,387)</u>	



**MADERA COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**MCTA Changes in Net Position  
Figure 2**

	<u>2018</u>	<u>2017</u>	<u>% Change</u>
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 93,362	\$ 102,666	-9.06%
General revenues:			
Sales taxes	4,675,244	4,666,758	0.18%
Interest income	<u>161,563</u>	<u>99,578</u>	62.25%
Total revenues	<u>4,930,169</u>	<u>4,869,002</u>	1.26%
Expenses:			
Public ways and facilities	1,529,110	2,517,870	-39.27%
Interest on long-term debt	<u>667,768</u>	<u>737,593</u>	-9.47%
Total expenses	<u>2,196,878</u>	<u>3,255,463</u>	-32.52%
Change in net position	2,733,291	1,613,539	69.40%
Net position - beginning	<u>(2,765,387)</u>	<u>(4,378,926)</u>	-36.85%
Net position - ending	<u>\$ (32,096)</u>	<u>\$ (2,765,387)</u>	

**Governmental Activities:** The Authority's net position increased by \$2,733,291 for the fiscal year ended June 30, 2018. The Figure 2 table above indicates the change in net position for governmental activities. The key elements of this increase are primarily attributable to lower capital project expenditures than anticipated. Budget and fund financial statements reflect the modified accrual basis of accounting under U.S. generally accepted accounting principles. Under this approach, capital assets purchased and debt principal payments are recorded as expenditures. Further, revenues are accrued if measurable and available within the Authority's availability period established at 90 days. Conversely, the statement of activities is reported under the accrual basis of accounting, which capitalizes capital asset purchases, reduces liabilities by principal payments and recognizes revenues collected after the 90-day period.

**The Authority's Funds**

As the Authority completed this year, our governmental funds reported a combined fund balance of \$13,341,694, which is an increase of \$1,126,991 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 did not change.
2. The capital projects fund increased by \$1,126,991 due to lower expenditures on capital projects in construction than planned.

**MADERA COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**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 \$4,018 and expenditures were more than the final budget by \$4,018. The net effect of these differences results in no change in the fund balance in the general fund.

**Long-Term Obligations**

At the end of 2018, the Authority had \$13,148,389 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 2018-19 budget:

- Projected an increase of 3.2% in sales tax receipts in 2018-19 compared to actual sales tax receipts in 2017-18
- Estimated expenditures for capital projects in the amount of \$12,205,250
- Bond Debt Service in the amount of \$2,273,206

**Contacting Madera County 2006 Transportation Authority's Financial Manager**

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

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

**MADERA COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 7,648,379
Measure T sales tax receivable	791,016
Total current assets	8,439,395
Noncurrent assets:	
Restricted cash and investments	7,677,103
Notes receivable	157,701
Total noncurrent assets	7,834,804
Total assets	\$ 16,274,199
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	341,132
Interest payable	225,401
Due to trust funds	2,473,126
Due to other governments	118,247
Total current liabilities	3,157,906
Long-term liabilities:	
Due within one year	1,605,000
Due in more than one year	11,543,389
Total long-term liabilities	13,148,389
Total liabilities	16,306,295
<b>NET POSITION</b>	
Unrestricted	(32,096)
Total net position	\$ (32,096)

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

**MADERA COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
				Governmental Activities
Primary government:				
Governmental activities:				
Public ways and facilities	\$ 1,529,110	\$ -	\$ 93,362	\$ (1,435,748)
Interest on long-term debt	<u>667,768</u>	<u>-</u>	<u>-</u>	<u>(667,768)</u>
Total primary government	<u>\$ 2,196,878</u>	<u>\$ -</u>	<u>\$ 93,362</u>	<u>(2,103,516)</u>
				General revenues:
				Sales taxes
				Interest income
				<u>4,675,244</u>
				<u>161,563</u>
				Total general revenues
				<u>4,836,807</u>
				Change in net position
				2,733,291
				Net position - beginning
				<u>(2,765,387)</u>
				Net position - ending
				<u>\$ (32,096)</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, 2018**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 3,857,717	\$ 3,790,662	\$ 7,648,379
Restricted cash and investments	-	7,677,103	7,677,103
Due from other funds	-	1,283,673	1,283,673
Receivables:			
Measure T sales tax	16,226	774,790	791,016
Notes	<u>-</u>	<u>157,701</u>	<u>157,701</u>
Total assets	<u>\$ 3,873,943</u>	<u>\$ 13,683,929</u>	<u>\$ 17,557,872</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 341,132	\$ 341,132
Due to other funds	1,283,673	-	1,283,673
Due to trust funds	2,473,126	-	2,473,126
Due to other governments	<u>101,697</u>	<u>16,550</u>	<u>118,247</u>
Total liabilities	<u>3,858,496</u>	<u>357,682</u>	<u>4,216,178</u>
<b>FUND BALANCES</b>			
Restricted:			
Debt service	-	1,643,963	1,643,963
Capital projects	-	6,008,321	6,008,321
Assigned:			
Road improvements	-	5,673,963	5,673,963
Unassigned	<u>15,447</u>	<u>-</u>	<u>15,447</u>
Total fund balances	<u>15,447</u>	<u>13,326,247</u>	<u>13,341,694</u>
Total liabilities and fund balances	<u>\$ 3,873,943</u>	<u>\$ 13,683,929</u>	<u>\$ 17,557,872</u>

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



**MADERA COUNTY TRANSPORTATION AUTHORITY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2018**

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

Total fund balances - governmental funds	\$ 13,341,694
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.</p> <p style="margin-left: 20px;">Long-term liabilities:</p> <p style="margin-left: 40px;">Bonds payable</p>	
(13,148,389)	(13,148,389)
<p>Unmatured interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.</p>	
(225,401)	<u>(225,401)</u>
Net position of governmental activities	<u>\$ (32,096)</u>

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

**MADERA COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Sales and use taxes	\$ 95,903	\$ 4,579,341	\$ 4,675,244
Federal revenue	-	93,362	93,362
Interest revenue	<u>1,115</u>	<u>160,448</u>	<u>161,563</u>
 Total revenues	 <u>97,018</u>	 <u>4,833,151</u>	 <u>4,930,169</u>
<b>EXPENDITURES</b>			
Current:			
Public ways and facilities:			
Administration and planning	97,018	16,550	113,568
Debt service:			
Principal	-	1,530,000	1,530,000
Interest	-	746,871	746,871
Capital outlays - road improvements	<u>-</u>	<u>1,412,739</u>	<u>1,412,739</u>
 Total expenditures	 <u>97,018</u>	 <u>3,706,160</u>	 <u>3,803,178</u>
Excess (deficiency) of revenues over (under) expenditures	 <u>-</u>	 <u>1,126,991</u>	 <u>1,126,991</u>
Net change in fund balances	-	1,126,991	1,126,991
Fund balances - beginning	<u>15,447</u>	<u>12,199,256</u>	<u>12,214,703</u>
Fund balances - ending	<u>\$ 15,447</u>	<u>\$ 13,326,247</u>	<u>\$ 13,341,694</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, 2018**

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

Net change in fund balances - total governmental funds	\$ 1,126,991
<p>Proceeds from long-term debt provide current financial sources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt is an expenditure in the governmental funds, however, in the statement of net position the repayment reduces long-term liabilities.</p>	
Repayment of long-term debt	1,530,000
<p>Premiums on bonds are amortized over the term of the bond in the government-wide statements but are recorded as an other source of funds in the year of issue on the governmental fund statements.</p>	
	51,198
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Change in interest payable	25,102
Change in net position of governmental activities	\$ 2,733,291

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

**MADERA COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF FIDUCIARY NET POSITION  
SPECIAL PURPOSE TRUST FUND  
JUNE 30, 2018**

	Trust Fund
<b>ASSETS</b>	
Cash and investments	\$ 3,590
Measure T sales tax receivable	831,581
Due from general fund	2,473,126
Total assets	3,308,297
<b>LIABILITIES</b>	
Due to other governments	3,304,707
Total liabilities	3,304,707
<b>NET POSITION</b>	
Held in trust	3,590
Total net position	3,590
Total liabilities and net position	\$ 3,308,297

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

**MADERA COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
SPECIAL PURPOSE TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	Trust Fund
<b>ADDITIONS</b>	
Sales tax	\$ 4,914,999
Investment income (loss)	17,957
Total additions	4,932,956
<b>DEDUCTIONS</b>	
Disbursements to local agencies	4,931,256
Total deductions	4,931,256
Change in net position	1,700
Net position - beginning	1,890
Net position - ending	\$ 3,590

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, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Scope of Financial Reporting Entity**

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

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

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

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

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

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

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

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

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

**Madera County Transportation Authority Structure Under the Measure T Program**

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

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

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



**MADERA COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basic Financial Statements**

The basic financial statements consist of the following:

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

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

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

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

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

**Measurement Focus, Basis of Accounting and Financial Statement**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred. However, debt service expenditures and claims and judgments, are recorded only when payment is due and payable.

The fund financial statements provide information about the Authority's individual funds including governmental and trust funds. Separate statements for each fund category are presented. The balance sheet and the statement of revenues, expenditures and changes in fund balances focus on the presentation of major governmental funds – the general fund and capital projects funds. These two statements are used to report information regarding the Authority's own operations and programs. The statement of fiduciary net position and the statement of changes in fiduciary net position provide information regarding the sales tax proceeds and related disbursements, which are exclusively restricted for local agencies for the support of regional public transit, local transportation and regional transportation within the County. Disbursements of Measure T funds during the fiscal year ended June 30, 2018 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, 2018**

**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.

**Cash and Cash Equivalents**

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

**Deposits with the Madera County Treasury**

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

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

**Interfund Balances**

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

**MADERA COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts Payable**

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

**Interest Payable**

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

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

**Long-Term Obligations**

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

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

**Fund Balance Classification**

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

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Authority did not have any nonspendable resources as of June 30, 2018.
- **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, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Balance Classification (Continued)**

- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board Commissioners. These amounts cannot be used for any other purpose unless the Board Commissioners removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Authority did not have any committed resources as of June 30, 2018.
- **Assigned:** This classification includes amounts that are constrained by the Authority's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board Commissioners or through the Board Commissioners delegating this responsibility to the Authority Manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned:** This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the Authority.

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

**Net Position**

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

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

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

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

**Use of Management Estimates**

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

**MADERA COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2018**

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

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

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

**NOTE 3 – SUMMARY OF RELATED PARTY TRANSACTIONS**

Madera County Transportation Commission (the "Commission") maintains the Madera County Transportation Authority's accounting records and incurs various administrative and other expenses on behalf of the Authority. Expenses incurred by the Authority to the Commission in the 2017-2018 fiscal year totaled to \$113,568. The total accounts payable to the Commission was \$118,247 for the year ended June 30, 2018.

**NOTE 4 – CASH AND INVESTMENTS**

Cash and investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

Cash and investments	<u>\$ 15,329,072</u>
Total cash and investments	<u>\$ 15,329,072</u>

Cash and investments as of June 30, 2018 consist of the following:

Statement of Net Position:	
Cash and investments	\$ 7,648,379
Restricted cash and investments	7,677,103
Statement of Fiduciary Net Position:	
Trust fund	<u>3,590</u>
Total cash and investments	<u>\$ 15,329,072</u>

**MADERA COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2018**

**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, 2018**

**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	\$ 14,508,571	\$ 14,508,571	\$ -	\$ -	\$ -
Held by bond trustee:					
BlackRock Treasury Trust Institutional	<u>820,501</u>	<u>820,501</u>	-	-	-
Total	<u>\$ 15,329,072</u>	<u>\$ 15,329,072</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	\$ 14,508,571	N/A	\$ -	\$ -	\$ 14,508,571
Held by bond trustee:					
BlackRock Treasury Trust Institutional	<u>820,501</u>	N/A	<u>820,501</u>	-	-
Total	<u>\$ 15,329,072</u>		<u>\$ 820,501</u>	<u>\$ -</u>	<u>\$ 14,508,571</u>

**MADERA COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 4 – CASH AND INVESTMENTS (Continued)**

Fair Value Hierarchy

The Authority categorizes its fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority's only investments, which are allocated at fair value, are in the County's pooled investments. The County invests in numerous types of investments ranging all levels in the fair value hierarchy. Accordingly, County's pool investments are not an investment type that can be categorized in any particular level in the fair value hierarchy.

**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 receivables and payables balances at June 30, 2018 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 3,756,799
Capital Projects Fund	<u>1,283,673</u>	<u>-</u>
Total Governmental Funds	1,283,673	3,756,799
Trust Funds	<u>2,473,126</u>	<u>-</u>
Total	<u>\$ 3,756,799</u>	<u>\$ 3,756,799</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, 2018 was \$157,701.



**MADERA COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2018**

**NOTE 7 – LONG-TERM LIABILITIES**

Long-term liabilities activity for the year ended June 30, 2018 consisted of the following:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due within One Year
Sales Tax Revenue Bonds:					
Series 2009	\$ 3,945,000	\$ -	\$ (410,000)	\$ 3,535,000	\$ 440,000
Series 2010	10,375,000	-	(1,120,000)	9,255,000	1,165,000
Series 2010-premiums, net of amortization	409,587	-	(51,198)	358,389	-
Total	<u>\$ 14,729,587</u>	<u>\$ -</u>	<u>\$ (1,581,198)</u>	<u>\$ 13,148,389</u>	<u>\$ 1,605,000</u>

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

**SERIES 2009**

The series 2009 bonds were issued on October 28, 2009, with a maturity date of September 1, 2024, and an interest rate of 7.44%.

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

Fiscal Years Ending June 30	Principal	Interest	Total
2019	\$ 440,000	\$ 255,006	\$ 695,006
2020	475,000	221,526	696,526
2021	510,000	185,628	695,628
2022	550,000	146,940	696,940
2023	590,000	105,276	695,276
Thereafter	970,000	73,098	1,043,098
Total	<u>\$ 3,535,000</u>	<u>\$ 987,474</u>	<u>\$ 4,522,474</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%.

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

Fiscal Years Ending June 30	Principal	Interest	Total
2019	\$ 1,165,000	\$ 413,200	\$ 1,578,200
2020	1,215,000	366,600	1,581,600
2021	1,260,000	318,000	1,578,000
2022	1,315,000	267,600	1,582,600
2023	1,365,000	215,000	1,580,000
Thereafter	2,935,000	222,000	3,157,000
Total	<u>\$ 9,255,000</u>	<u>\$ 1,802,400</u>	<u>\$ 11,057,400</u>

**MADERA COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2018**

**NOTE 8 – RISK MANAGEMENT**

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

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

The Authority has entered into various cooperative agreements with governmental entities amounting to a total commitment of approximately \$44,705,713. The Authority has made cumulative expenditures of \$37,745,005 on these commitments through June 30, 2018; therefore, the Authority's outstanding commitments at June 30, 2018, total \$6,960,708.

As of June 30, 2018, the Authority had the following commitments with respect to the unfinished capital projects:

Project	Amount	Completion Date
SR 41 Passing Lanes	\$ 988,072	12/31/18
SR 99/Ave 12 Interchange	5,096,963	12/31/18
SR 99 - Ave 12 to Ave 17 Widening (E&P, PS&E, R/W)	153,667	12/31/18
Oakhurst Mid Town Connector (Through R/W)	700,891	12/31/18
SR 233 Interchange Operational Improvements (Through E&P)	21,115	12/31/18
	<u>\$ 6,960,708</u>	

REQUIRED SUPPLEMENTARY INFORMATION

**MADERA COUNTY TRANSPORTATION AUTHORITY  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES</b>				
Sales and use taxes	\$ 93,000	\$ 93,000	\$ 95,903	\$ 2,903
Interest revenue	<u>-</u>	<u>-</u>	<u>1,115</u>	<u>1,115</u>
Total revenues	<u>93,000</u>	<u>93,000</u>	<u>97,018</u>	<u>4,018</u>
<b>EXPENDITURES</b>				
Administration and planning	<u>93,000</u>	<u>93,000</u>	<u>97,018</u>	<u>(4,018)</u>
Total expenditures	<u>93,000</u>	<u>93,000</u>	<u>97,018</u>	<u>(4,018)</u>
Excess (deficiency)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	<u>15,447</u>	<u>15,447</u>	<u>15,447</u>	<u>-</u>
Fund balances - ending	<u>\$ 15,447</u>	<u>\$ 15,447</u>	<u>\$ 15,447</u>	<u>\$ -</u>

**MADERA COUNTY TRANSPORTATION AUTHORITY  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 1 – BUDGETS AND BUDGETARY DATA**

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

A budgetary comparison schedule for the general fund is presented on page 34. Its purpose is to demonstrate compliance with the approved budget for fiscal year 2017-2018. Actual expenditures appearing on the schedule are presented using the accrual method of accounting.

The general fund incurred \$4,018 of expenditures in excess of appropriations for the year ended June 30, 2018. The excess expenditures were covered by additional current year revenues in the fund.

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## OTHER SUPPLEMENTARY INFORMATION

**MADERA COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF MEASURE T SALES TAX RECEIPTS  
JUNE 30, 2018**

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

\* Net of State Board of Equalization fees



## OTHER REPORT

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Madera County Transportation Authority (the "Authority") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 12, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

677 Scott Avenue  
Clovis, CA 93612

tel 559.299.9540  
fax 559.299.2344

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*Price Page & Company*

Clovis, California  
December 12, 2018

**MADERA COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**FINANCIAL STATEMENTS**

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

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No findings reported.

**MADERA COUNTY TRANSPORTATION AUTHORITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

**FINANCIAL STATEMENT FINDINGS**

No findings reported.