

**MADERA COUNTY TRANSPORTATION
COMMISSION**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2013**

MADERA COUNTY TRANSPORTATION COMMISSION

JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the general fund and the aggregate remaining fund information of the of Madera County Transportation Commission (the Commission) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission'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 Commission'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 Commission'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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund and the aggregate remaining fund information of the Madera County Transportation Commission, as of June 30, 2013, 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.

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 4-9 and 36-37 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Other Supplementary Information as listed in the table of contents, including the Combining Statements of Fiduciary Funds and Other Schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The Other Supplementary Information as listed in the table of contents, including the Combining Statements of Fiduciary Funds and Other 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 Other Supplementary Information, including the Combining Statements of Fiduciary Funds and Other Schedules, and the Schedule of Expenditures of Federal Awards 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 February 25, 2014, on our consideration of the Commission'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* in considering the Commission's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
February 25, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MADERA COUNTY TRANSPORTATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

As management of the Madera County Transportation Commission (the "Commission"), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2013. We encourage the readers to consider the information presented here in conjunction with the Commission's financial audit.

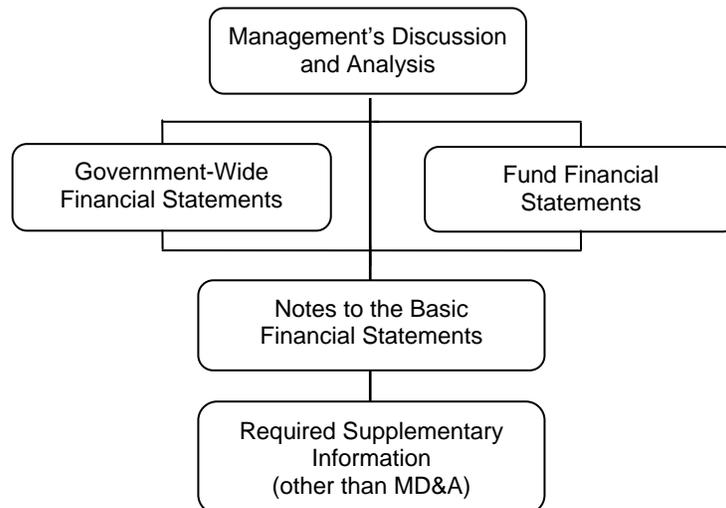
Financial Highlights

- ◆ The assets of the Commission exceeded its liabilities at the close of the fiscal year by \$1,455,533 (net position).
- ◆ The Commission's total net position for the fiscal year ended June 30, 2013 increased by \$391,517 primarily due to a prior period adjustment.
- ◆ As of the close of the current fiscal year, the Commission's governmental funds reported combined ending net asset balances of \$1,493,282, an increase of \$401,466 in comparison with the prior year. Approximately \$1,493,282 is available for spending at the Commission's discretion (unreserved/unrestricted fund balance).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission'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 (see Figure 1). This report also contains other supplementary information in addition to the basic financial statements themselves.

**Required Components of Annual Financial Report
Figure 1**



**MADERA COUNTY TRANSPORTATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

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 Commission's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Commission's government. These 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. After the notes, **supplementary information** is provided to show details about the Commission's nonmajor governmental funds which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Commission'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 Commission's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The statement of activities presents information showing how the Commission's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the 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 fiscal periods.

The government-wide financial statements report on the function of the Commission that is principally supported by local, state, and federal funding. The Commission's function is to foster intergovernmental coordination; undertake comprehensive regional planning with an emphasis on transportation issues; provide a forum for citizen input into the planning process; and to provide technical services to its member agencies (City of Madera, County of Madera, and the City of Chowchilla). In all of these activities the Commission works to develop a consensus among its members with regards to multi-jurisdictional transportation issues.

The government-wide financial statements can be found on pages 12 to 13 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 Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**MADERA COUNTY TRANSPORTATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

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 16 through 19 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.

Fiduciary Trust Funds. Trust funds are used to account for resources held for the benefit of parties outside the Commission. The Commission has four trust funds (STA, LTF, RSTP, and PTMISEA). Trust funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Commission's programs.

The basic trust fund financial statements can be found on pages 20 through 21 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 24 through 34 of this report.

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

**MADERA COUNTY TRANSPORTATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Government-Wide Financial Analysis

Below is a summary of the government-wide financial statements for the fiscal year ended June 30, 2013:

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceeded liabilities by \$1,455,533 at the close of the fiscal year 2012-2013.

At the end of the current fiscal year, the Commission reported a positive balance in net position.

**MCTC Net Position
Figure 2**

	<u>2013</u>	<u>2012</u>	<u>Change</u>
ASSETS			
Assets:			
Current and other assets	\$ 1,512,825	\$ 1,510,010	0%
Capital assets, net	<u>4,982</u>	<u>6,067</u>	-18%
Total assets	<u>\$ 1,517,807</u>	<u>\$ 1,516,077</u>	
LIABILITIES			
Current liabilities	<u>\$ 62,274</u>	<u>\$ 452,061</u>	-86%
Total liabilities	<u>62,274</u>	<u>452,061</u>	
NET POSITION			
Net investment in capital assets	4,982	6,067	-18%
Unrestricted	<u>1,450,551</u>	<u>1,057,949</u>	37%
Total net position	<u>\$ 1,455,533</u>	<u>\$ 1,064,016</u>	

**MADERA COUNTY TRANSPORTATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

**MCTC Changes in Net Position
Figure 3**

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 1,099,313	\$ 912,624	20%
General revenues:			
Investment income	2,305	4,436	-48%
Fall Policy Conference	<u>-</u>	<u>21,470</u>	-100%
Total revenues	<u>1,101,618</u>	<u>938,530</u>	17%
Expenses:			
Transportation planning	<u>1,107,526</u>	<u>880,423</u>	26%
Total expenses	<u>1,107,526</u>	<u>880,423</u>	26%
Change in net position	(5,908)	58,107	-110%
Net position - beginning	1,064,016	1,005,909	6%
Prior period adjustments	<u>397,425</u>	<u>-</u>	100%
Net position - ending	<u>\$ 1,455,533</u>	<u>\$ 1,064,016</u>	37%

Governmental Activities: The Commission's net position increased by \$391,517 for the fiscal year ended June 30, 2013. The Figure 3 table above indicates the changes in net position for governmental activities. The key element of this increase is primarily attributable to a prior period adjustment of \$397,425. 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 Commission'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 Commission's Funds

As the Commission completed this year, our governmental funds reported a combined fund balance of \$1,493,282, which is an increase of \$401,466 from last year due to a prior period adjustment.

General Fund Budgetary Highlights

During the fiscal year, the Commission revised the budget on three occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

**MADERA COUNTY TRANSPORTATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

The Commission adopts an annual budget for its General Fund. The budget is a legally adopted document that incorporates input from the Technical Advisory Committee, the management of the Commission, and the decisions of the Policy Board about which services to provide and how to pay for them. It also authorizes the Commission to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Commission complied with the budget ordinance whether or not the Commission succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting.

During the year there was a \$93,680 increase in revenue between the original budget and the final budget for the General Fund primarily as a result of higher than estimated expenditures. Actual revenues were less than the final budget by \$366,178 and expenditures were less than the final budget by \$370,219. The net effect of these differences results in a change in fund balance in the general fund of \$4,041.

Long-Term Obligations

At the end of 2013, the Commission had \$42,731 in debt outstanding. The debt consisted of compensated absences (see Note 6).

Contacting Madera County Transportation Commission's Financial Manager

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

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

**MADERA COUNTY TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2013**

	Governmental Activities
ASSETS	
Cash and investments	\$ 578,355
Due from other governments	922,828
Prepaid expenditures	11,642
Depreciable capital assets	54,785
Accumulated depreciation	(49,803)
Total assets	\$ 1,517,807
LIABILITIES	
Accounts payable	\$ 19,543
Compensated absences	42,731
Total liabilities	62,274
NET POSITION	
Net investment in capital assets	4,982
Unrestricted	1,450,551
Total net position	\$ 1,455,533

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

**MADERA COUNTY TRANSPORTATION COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary government:				
Governmental activities:				
Transportation planning	\$ 1,107,526	\$ 79,685	\$ 1,019,628	\$ (8,213)
Total primary government	<u>\$ 1,107,526</u>	<u>\$ 79,685</u>	<u>\$ 1,019,628</u>	<u>(8,213)</u>
General revenue:				
Investment income				<u>2,305</u>
Total general revenue				<u>2,305</u>
				Change in net position (5,908)
				Net position - beginning 1,064,016
				Prior period adjustment <u>397,425</u>
				Net position - ending <u>\$ 1,455,533</u>

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

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FUND FINANCIAL STATEMENTS

**MADERA COUNTY TRANSPORTATION COMMISSION
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2013**

	<u>General Fund</u>
ASSETS	
Cash and investments	\$ 578,355
Due from other governments	922,828
Prepaid expenditures	<u>11,642</u>
Total assets	<u>\$ 1,512,825</u>
LIABILITIES	
Accounts payable	<u>\$ 19,543</u>
Total liabilities	<u>19,543</u>
FUND BALANCE	
Assigned:	
Transportation planning	<u>1,493,282</u>
Total fund balance	<u>1,493,282</u>
Total liabilities and fund balance	<u>\$ 1,512,825</u>

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

**MADERA COUNTY TRANSPORTATION COMMISSION
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2013**

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

Fund balance - governmental fund		\$ 1,493,282
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.

Cost of capital assets	\$ 54,785		
Accumulated depreciation	<u>(49,803)</u>		4,982

Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental fund.		<u>(42,731)</u>
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Net position of governmental activities		<u>\$ 1,455,533</u>
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**MADERA COUNTY TRANSPORTATION COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>
REVENUES	
Aid from federal government	\$ 726,306
Aid from state government	105,833
Aid from local government	187,485
Administrative service charges	79,685
Interest revenue	2,305
Total revenues	1,101,614
EXPENDITURES	
Current:	
Transportation:	
Salaries and benefits	690,362
Planning and administration	284,397
Supplies and services	122,814
Total expenditures	1,097,573
Net change in fund balance	4,041
Fund balance - beginning	1,091,816
Prior period adjustment	397,425
Fund balance - ending	\$ 1,493,282

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

**MADERA COUNTY TRANSPORTATION COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

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

Net change in fund balance - governmental fund	\$	4,041
The Governmental fund reports capital outlays as expenditures; however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		(1,087)
Compensated absences 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 fund.		<u>(8,862)</u>
Change in net position of governmental activities	\$	<u><u>(5,908)</u></u>

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

**MADERA COUNTY TRANSPORTATION COMMISSION
STATEMENT OF FIDUCIARY NET POSITION
SPECIAL PURPOSE TRUST FUND
JUNE 30, 2013**

	Trust Fund
ASSETS	
Cash and investments	\$ 11,344,892
Due from other governments	2,489,404
Total assets	\$ 13,834,296
LIABILITIES	
Liabilities:	
Due to local agencies	\$ 3,297,094
Total liabilities	3,297,094
NET POSITION	
Held in trust for other governments	\$ 10,537,202

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

**MADERA COUNTY TRANSPORTATION COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SPECIAL PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	Trust Fund
ADDITIONS	
Sales tax	\$ 3,448,847
Aid from state government	4,493,697
Interest revenue	40,612
Total additions	7,983,156
DEDUCTIONS	
Administration expense	172,604
LTF claims paid	2,568,146
STA distributions	810,246
PTMISEA distributions	183,382
RSTP distributions	2,006,936
Total deductions	5,741,314
Change in net position	2,241,842
Net position - beginning	8,295,360
Net position - ending	\$ 10,537,202

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS

**MADERA COUNTY TRANSPORTATION COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Scope of Financial Reporting Entity

The Madera County Transportation Commission (the “Commission”) is the Regional Transportation Planning Agency for Madera County. The Commission’s members are the County of Madera, City of Madera, and the City of Chowchilla. The Commission’s role is to foster intergovernmental coordination, undertake comprehensive regional planning with an emphasis on transportation issues, provide a forum for citizen input into the planning process and to provide technical services to its member agencies. In all these activities, the Commission works to develop a consensus among its members with regards to multijurisdictional transportation issues. The Commission is the Regional Transportation Planning Agency (RTPA) for Madera County. In addition, the Commission also serves as staff for the Madera County Transportation Authority, which administers funding collected as part of the Measure T transportation funding initiative. As the designated RTPA, the Commission is responsible for a wide variety of actions supporting a continuous, comprehensive and coordinated planning process. In this regard, the Commission is responsible for the development of a Regional Transportation Plan (RTP) and Regional Transportation Improvement Plan (RTIP). As the RTPA, the Commission is also responsible for administering Transportation Development Act (TDA) funds, State Transit Assistance (STA) funds, Local Transportation Funds (LTF), and other transportation-related funds, as well as identifying regionally significant projects and developing funding strategies to address them. As the RTPA, the Commission is responsible for outlining and implementing transit plans that align with the Regional Transportation Plan Guidelines so as to ensure the region continues to receive federal and state funding for ongoing public transportation development. The Commission Board of Directors is comprised of three members from the Madera County Board of Supervisors, two members from the Madera City Council, and one member from the Chowchilla City Council.

Basic Financial Statements

The basic financial statements consist of the following:

- ◆ Government-wide financial statements,
- ◆ Fund financial statements, and
- ◆ 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 and its component units. 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 financial statements distinguish functions of the Commission 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 the general fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**MADERA COUNTY TRANSPORTATION COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statements

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 Commission considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures are recorded when a liability is incurred except for compensated absences and claims and judgments, which are recorded only when payment is due and payable.

The fund financial statements provide information about the Commission's individual funds including the general fund 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 a major governmental fund, the general fund. These two statements are used to report information regarding the Commission'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, aid from the State Government, and related disbursements. Disbursements of the trust funds during the fiscal year ended June 30, 2013, were made to the Cities of Madera and Chowchilla and the County of Madera.

For the fund financial statements, the Commission considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and are recorded at the time of receipt or earlier, if the susceptible to accrual criteria are met.

The accounts of the Commission are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Commission reports the following major governmental fund:

General Fund – the Commission's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the Commission except those required to be accounted for in other specialized funds.

Additionally, the Commission reports the following fiduciary fund:

Trust Fund – used to account for Local Transportation Funds, State Transit Assistance Funds, Regional Surface Transportation Funds, and Public Transportation Modernization, Improvement, and Service Enhancement Account Funds held by the Commission in a trustee capacity.

**MADERA COUNTY TRANSPORTATION COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Cash and Investments

The Commission deposits all funds received in the County Treasury and advances funds monthly from the Treasury to a commercial checking account to cover expenditures.

Deposits with Financial Institutions

Deposits with financial institutions are fully insured or collateralized by securities in the government's name.

Deposits with the Madera County Treasury

Funds in the County Treasury participate in the County's pooled investments, an external investment pool. The County Treasurer invests the Commission's excess cash in an external investment pool on behalf of the Commission 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 Commission 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 Oversight Committee consisting of the County Treasurer and 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 Commission'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.

Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the Commission as assets with an estimated useful life in excess of one year. The Commission maintains a capitalization threshold of \$5,000 in fiscal year 2013.

When purchased, such assets are recorded as expenditures in the governmental fund. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

**MADERA COUNTY TRANSPORTATION COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Computer equipment	5 to 10 years
Office furniture and equipment	5 to 10 years
Traffic monitoring equipment	5 to 10 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the Statement of Net Position.

Accounts Payable

Accounts payable reported on the financial statements of the Commission are amounts that are due and payable at year-end and, thereby, accrued as an expense and liability. Accounts payable primarily consist of professional and specialized services and office expenses.

Unearned Revenue

Unearned revenue is that for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Commission typically records unearned revenues related to intergovernmental revenues (primarily grants and subventions) received but not earned (qualifying expenditures not yet incurred).

Unavailable Revenue

On the governmental fund financial statements, receivables that will not be collected within the available period are recorded as unavailable revenue.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. Earned compensated absences are made up of accrued vacation payable and vested accrued sick leave payable as determined by policy established by the Board of Directors. The Commission's policy states that accrued vacation must be paid in full, up to a maximum accrual amount ranging from 240 to 360 hours, depending on the number of years of service. Accrued sick leave is paid on a percentage basis on number of years in service.

Overhead

Administrative and office overhead is allocated to each project on the basis of the Commission's approved indirect cost rate. Professional and specialized services are charged directly to the applicable project.

**MADERA COUNTY TRANSPORTATION COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 Commission 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:

- Non-spendable: 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.
- 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.
- 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 remove or change 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 Commission'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 Commission 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 Commission.

The Commission 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 Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are 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. Net position is reported as unrestricted when the assets are 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 COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements

a. New Accounting Pronouncements Adopted

Governmental Accounting Standards Board Statement No. 62

Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedures which does not conflict with or contradict other GASB pronouncements. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. As of July 1, 2012, the Commission adopted this standard, which did not have a significant impact on its financial statements.

Governmental Accounting Standards Board Statement No. 63

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and renames the resulting measure as net position rather than net assets. The provisions of this Statement are effective for financial statements with periods beginning after December 31, 2011. As of July 1, 2012, the Commission adopted this standard, which did not have a significant impact on its 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 Commission's fiscal year ending June 30, 2014. The Commission implemented this Statement as of June 30, 2013, which did not have a significant impact on its financial statements.

b. New Pronouncements Not Yet Adopted

Governmental Accounting Standards Board Statement No. 68

In June 2012, GASB issued Statement 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 interperiod 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 Commission's fiscal year ending June 30, 2014.

**MADERA COUNTY TRANSPORTATION COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements (Continued)

b. New Pronouncements Not Yet Adopted (Continued)

Governmental Accounting Standards Board Statement No. 69

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement requires disclosure to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The requirements of this Statement are effective for the Commission's fiscal year ending June 30, 2015.

Government Accounting Standards Board Statement No. 70

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The requirements of this Statement are effective for the Commission's fiscal year ending June 30, 2014.

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

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

A reconciliation of the net change in fund balance for the governmental fund to the change 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

The 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 the 2012-2013 fiscal year, totaled to \$79,685.

NOTE 4 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 14,204
Investments	<u>11,909,043</u>
	<u>\$ 11,923,247</u>

**MADERA COUNTY TRANSPORTATION COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4 – CASH AND INVESTMENTS (Continued)

Cash and investments as of June 30, 2013 consist of the following:

Statement of Net Position:	
Cash and investments	\$ 578,355
Fiduciary Funds Statement of Net Position:	
Trust Fund	<u>11,344,892</u>
 Total cash and investments	 <u>\$ 11,923,247</u>

Investments Authorized by the California Government Code and the Commission's Investment Policy

The table below identifies the investment types that are authorized for the Commission by the California Government Code (or the Commission's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Commission's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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	None	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	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

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 Commission's investments to market rate fluctuations is provided by the following table that shows the distribution of the Commission's investments 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	<u>\$ 11,909,043</u>	<u>\$ 11,909,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Totals	<u>\$ 11,909,043</u>	<u>\$ 11,909,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MADERA COUNTY TRANSPORTATION COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4 – CASH AND INVESTMENTS (Continued)

Disclosures Relating 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 Commission’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	\$ 11,909,043	N/A	\$ -	\$ -	\$ 11,909,043
Totals	<u>\$ 11,909,043</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,909,043</u>

NOTE 5 – CAPITAL ASSETS

The following is a summary of changes in capital assets:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets being depreciated:				
Computer equipment	\$ 25,138	\$ -	\$ -	\$ 25,138
Leasehold improvements	10,868	-	-	10,868
Office furniture and equipment	14,861	-	-	14,861
Traffic monitoring equipment	<u>3,918</u>	<u>-</u>	<u>-</u>	<u>3,918</u>
Total capital assets being depreciated	<u>54,785</u>	<u>-</u>	<u>-</u>	<u>54,785</u>
Less accumulated depreciation for:				
Computer equipment	25,138	-	-	25,138
Leasehold improvements	4,799	1,085	-	5,884
Office furniture and equipment	14,863	-	-	14,863
Traffic monitoring equipment	<u>3,918</u>	<u>-</u>	<u>-</u>	<u>3,918</u>
Total accumulated depreciation	<u>48,718</u>	<u>1,085</u>	<u>-</u>	<u>49,803</u>
Total capital assets, net	<u>\$ 6,067</u>	<u>\$ (1,085)</u>	<u>\$ -</u>	<u>\$ 4,982</u>

**MADERA COUNTY TRANSPORTATION COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 6 – COMPENSATED ABSENCES

As of June 30, 2013 compensated absences payable are as follows:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Total	<u>\$ 33,867</u>	<u>\$ 8,864</u>	<u>\$ -</u>	<u>\$ 42,731</u>

NOTE 7 – DEFINED CONTRIBUTION EMPLOYEE RETIREMENT BENEFIT PLAN

The Commission provides retirement benefits for all of its full-time employees through a defined contribution plan created in accordance with Internal Revenue Code (IRC) Section 401(a), which is being administered by I.C.M.A. Retirement Corporation. In addition to the employer defined contribution, the employees may elect to make contributions to a deferred compensation plan created in accordance with IRC Section 457. The plan permits employees to defer a minimum of 7.5% of the salaries until future years. The maximum amount an employee may defer is the lesser of 100% of annual gross salary or \$12,000. Under the 401(a) plan the employer contributes 15% of the employee's gross salary. Vesting in the 401(a) plan occurs immediately. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Employees, though, may obtain loans from the 401(a) plans secured by their individual contributions and accumulated earnings. Employer contributions to the 401(a) plan amounted to \$69,119 for the year ended June 30, 2013.

NOTE 8 – OPERATING LEASES

The Commission conducts its operations from leased facilities and also leases various office equipment. The building lease, which expires January 31, 2018, is classified as an operating lease.

The following is a schedule of future minimum rental payments under operating leases:

Year ending June 30,	
2014	\$ 62,085
2015	62,607
2016	64,653
2017	66,120
2018	<u>47,024</u>
Total	<u>\$ 302,489</u>

Total rental expense for all operating leases for the year ended June 30, 2013 was \$61,500.

**MADERA COUNTY TRANSPORTATION COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 9 – CONTINGENT LIABILITIES

Grants have been received by the Commission for specific purposes that are subject to review and audit by grantor agencies. Such audits could lead to a request for reimbursement for costs disallowed under the terms of the grants. The amount, if any, of costs that may be disallowed by the granting agencies cannot be determined at this time.

NOTE 10 – PROPOSITION 1B (PTMISEA) FUNDING

The Commission receives Proposition 1B (PTMISEA) funding on behalf of transit agencies for approved capital projects. During the fiscal year ended June 30, 2013, the Commission received Proposition 1B funds of \$2,003,594 and expended \$183,382. These funds are held in an interest bearing account and have earned interest of \$7,270 for the year ended June 30, 2013.

NOTE 11 – RSTP FUNDING

The Commission receives Regional Surface Transportation Program (RSTP) funding on behalf of transit agencies for enhancing, repairing, maintaining, rebuilding, and rehabilitating the transportation infrastructure. During the fiscal year ended June 30, 2013, the Commission received RSTP funds of \$1,649,047 and expended \$2,006,936. These funds are held in an interest bearing account and have earned interest of \$4,867 for the year ended June 30, 2013.

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

For the year ending June 30, 2013, the beginning balance in the governmental funds has been adjusted by the following amount:

Governmental Fund Financial Statement

	<u>General Fund</u>
Overstatement of deferred revenue	\$ 397,425
Total prior period adjustments	<u>\$ 397,425</u>

For the year ending June 30, 2013, the beginning net position in the government-wide statement of activities has been adjusted by the following amount:

Government-Wide Financial Statement

	<u>Governmental Activities</u>
Overstatement of deferred revenue	\$ 397,425
Total prior period adjustments	<u>\$ 397,425</u>

REQUIRED SUPPLEMENTARY INFORMATION

**MADERA COUNTY TRANSPORTATION COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Aid from federal government	\$ 994,519	\$ 1,019,953	\$ 726,306	\$ (293,647)
Aid from state government	183,252	241,310	105,833	(135,477)
Aid from local governments	196,341	189,142	187,485	(1,657)
Miscellaneous revenue	-	17,387	79,685	62,298
Interest revenue	-	-	2,305	2,305
	<u>1,374,112</u>	<u>1,467,792</u>	<u>1,101,614</u>	<u>(366,178)</u>
EXPENDITURES				
Current:				
Transportation:				
Salaries and benefits	709,422	713,902	690,362	23,540
Planning and administration	508,550	583,750	284,397	299,353
Supplies and services	156,140	170,140	122,814	47,326
	<u>1,374,112</u>	<u>1,467,792</u>	<u>1,097,573</u>	<u>370,219</u>
Net change in fund balance	-	-	4,041	4,041
Fund balances - beginning	1,091,816	1,091,816	1,091,816	-
Prior period adjustments	-	-	397,425	397,425
Fund balances - ending	<u>\$ 1,091,816</u>	<u>\$ 1,091,816</u>	<u>\$ 1,493,282</u>	<u>\$ 401,466</u>

**MADERA COUNTY TRANSPORTATION COMMISSION
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013**

NOTE 1 – BUDGETARY DATA

The Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

Five months before the beginning of the year, the Executive Director submits to the Policy Advisory Committee for their approval, a draft operating budget by overall work plan elements for the General Fund for the year commencing July 1. The Policy Advisory Committee then has 45 days, to April 1, to review and make recommendations on the draft operating budget. After the recommendations have been made, the proposed operating budget is brought to the Commission for their review and approval. On or prior to the May meeting of the Commission, the budget is legally adopted through passage of a resolution.

The budget of the Commission represents a financial plan to undertake the work program of the Commission and includes proposed expenditures and the means of financing them.

All transfers, modifications, and supplemental appropriations to the budget must be approved by the Commission through resolution. Actual expenditures may not legally exceed “budget” appropriations at the individual fund level. Budgetary control, however, is maintained at the department level.

Appropriations lapse at the end of the year to the extent that they have not been expended or encumbered.

The Commission prepares its budget on a basis of accounting in accordance with accounting principles generally accepted in the United States of America. A budgetary comparison schedule for the general fund is presented on page 36.

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OTHER SUPPLEMENTARY INFORMATION

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FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the government in a trustee capacity.

Trust Funds:

State Transit Assistance Fund – This fund is used to account for the state fund, derived from statewide sales tax on gasoline and diesel fuel, apportioned to Madera County for transportation planning and mass transportation purposes.

Local Transportation Fund – This fund is used to account for 1/4 cent sales tax revenues collected by the State under the Transportation Development Act (TDA) and distributed to Madera County Transportation Commission for allocation to eligible claimants for transit streets and roads and pedestrian/bicycle facilities, as well as regional transportation planning and TDA administration.

Proposition 1B (PTMISEA) Fund – This fund is used to account for funds received from the Public Transportation, Improvement and Service Enhancement Account (PTMISEA) on behalf of transit agencies for approved capital projects. This fund is available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement.

Regional Surface Transportation Fund – This fund was established by California State Statute utilizing Surface Transportation Program Funds. This program provides funding for enhancing, repairing, maintaining, rebuilding, and rehabilitating the transportation infrastructure.

**MADERA COUNTY TRANSPORTATION COMMISSION
 COMBINING STATEMENT OF NET POSITION
 TRUST FUNDS
 JUNE 30, 2013**

	State Transit Assistance Fund	Local Transportation Fund	Proposition IB (PTMISEA) Fund	Regional Surface Transportation Fund	Total
ASSETS					
Cash and investments	\$ 1,060,330	\$ 6,991,973	\$ 3,247,588	\$ 45,001	\$ 11,344,892
Due from other governments	<u>223,754</u>	<u>612,952</u>	<u>3,601</u>	<u>1,649,097</u>	<u>2,489,404</u>
Total assets	<u>\$ 1,284,084</u>	<u>\$ 7,604,925</u>	<u>\$ 3,251,189</u>	<u>\$ 1,694,098</u>	<u>\$ 13,834,296</u>
LIABILITIES					
Due to local agencies	<u>\$ 583,317</u>	<u>\$ 1,967,916</u>	<u>\$ -</u>	<u>\$ 745,861</u>	<u>\$ 3,297,094</u>
Total liabilities	<u>583,317</u>	<u>1,967,916</u>	<u>-</u>	<u>745,861</u>	<u>3,297,094</u>
NET POSITION					
Held in trust for other governments	<u>700,767</u>	<u>5,637,009</u>	<u>3,251,189</u>	<u>948,237</u>	<u>10,537,202</u>
Total liabilities and net position	<u>\$ 1,284,084</u>	<u>\$ 7,604,925</u>	<u>\$ 3,251,189</u>	<u>\$ 1,694,098</u>	<u>\$ 13,834,296</u>

**MADERA COUNTY TRANSPORTATION COMMISSION
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013**

	State Transit Assistance Fund	Local Transportation Fund	Proposition IB (PTMISEA) Fund	Regional Surface Transportation Fund	Total
ADDITIONS					
Sales taxes	\$ -	\$ 3,448,847	\$ -	\$ -	\$ 3,448,847
Aid from state governments	841,056	-	2,003,594	1,649,047	4,493,697
Interest revenue	<u>3,748</u>	<u>24,728</u>	<u>7,270</u>	<u>4,866</u>	<u>40,612</u>
Total additions	<u>844,804</u>	<u>3,473,575</u>	<u>2,010,864</u>	<u>1,653,913</u>	<u>7,983,156</u>
DEDUCTIONS					
Administration expense	-	172,604	-	-	172,604
LTF claims paid	-	2,568,146	-	-	2,568,146
STA distributions	810,246	-	-	-	810,246
PTMISEA distributions	-	-	183,382	-	183,382
RSTP distributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,006,936</u>	<u>2,006,936</u>
Total deductions	<u>810,246</u>	<u>2,740,750</u>	<u>183,382</u>	<u>2,006,936</u>	<u>5,741,314</u>
Change in net position	34,558	732,825	1,827,482	(353,023)	2,241,842
Net position - beginning	<u>666,209</u>	<u>4,904,184</u>	<u>1,423,707</u>	<u>1,301,260</u>	<u>8,295,360</u>
Net position - ending	<u>\$ 700,767</u>	<u>\$ 5,637,009</u>	<u>\$ 3,251,189</u>	<u>\$ 948,237</u>	<u>\$ 10,537,202</u>

**MADERA COUNTY TRANSPORTION COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grantor's Number	Grant Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<u>Federal Highways Administration</u>			
Pass-through California Department of Transportation Highway Planning and Construction Grant	20.205	74A0123	\$ 694,367
Total Federal Highway Works Administration			<u>694,367</u>
<u>Federal Transit Administration</u>			
Pass-through California Department of Transportation Federal Transit Technical Studies Grant - MPO	20.505	74A0123	<u>31,940</u>
Total Federal Transit Administration			<u>31,940</u>
Total Federal Financial Assistance			<u>\$ 726,307</u>

**MADERA COUNTY TRANSPORTATION COMMISSION
SCHEDULE OF APPORTIONMENTS BY PURPOSE
STATE TRANSIT ASSISTANCE FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	Public Utilities Code		
	Article 6.5 99314.3(a) C.A.C.6730(a) (Transit Operations)	Article 6.5 99313 C.A.C.6731(b&d) (Transit Population)	Total
City of Chowchilla	\$ -	\$ 67,631	\$ 67,631
City of Madera	-	349,993	349,993
County of Madera	-	433,782	433,782
 Total apportionments by purpose	 <u>\$ -</u>	 <u>\$ 851,406</u>	 <u>\$ 851,406</u>

**MADERA COUNTY TRANSPORTATION COMMISSION
SCHEDULE OF APPORTIONMENTS BY PURPOSE
LOCAL TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	Article 3 99234 (Bicycle and Pedestrian)	Article 4.5 99275 (Social Services)	Article 4 and 8 99260/99400(a) (Transit Operations/ Streets and Roads)	MCTC RTP 99402/99233.1 (Planning and Administration)	Total
City of Chowchilla	\$ 5,434	\$ -	\$ 243,918	\$ -	\$ 249,352
City of Madera	119,536	-	3,018,589	-	3,138,125
County of Madera	34,851	-	1,655,412	-	1,690,263
Madera County Transportation Commission	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,606</u>	<u>172,606</u>
 Total apportionments by purpose	 <u>\$ 159,821</u>	 <u>\$ -</u>	 <u>\$ 4,917,919</u>	 <u>\$ 172,606</u>	 <u>\$ 5,250,346</u>

**MADERA COUNTY TRANSPORTATION COMMISSION
SCHEDULE OF DISBURSEMENTS BY PURPOSE
STATE TRANSIT ASSISTANCE FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	Public Utilities Code		
	Article 6.5 99314.3(a) C.A.C.6730(a) (Transit Operations)	Article 6.5 99313 C.A.C.6731(b&d) (Transit Population)	Total
City of Chowchilla	\$ -	\$ 67,631	\$ 67,631
City of Madera	-	349,992	349,992
County of Madera	-	392,623	392,623
 Total disbursements by purpose	 <u>\$ -</u>	 <u>\$ 810,246</u>	 <u>\$ 810,246</u>

**MADERA COUNTY TRANSPORTATION COMMISSION
SCHEDULE OF DISBURSEMENTS BY PURPOSE
LOCAL TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	Article 3 99234 (Bicycle and Pedestrian)	Article 4.5 99275 (Social Services)	Article 4 99260 (Transit Operations)	Article 8a 99400(a) (Streets and Roads)	MCTC RTP 99402/99233.1 (Planning and Administration)	Total
City of Chowchilla	\$ -	\$ -	\$ 50,781	\$ -	\$ -	\$ 50,781
City of Madera	28,706	-	213,790	627,526	-	870,022
County of Madera	-	-	402,283	1,245,058	-	1,647,341
Madera County Transportation Commission	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,606</u>	<u>172,606</u>
Total disbursements by purpose	<u>\$ 28,706</u>	<u>\$ -</u>	<u>\$ 666,854</u>	<u>\$ 1,872,584</u>	<u>\$ 172,606</u>	<u>\$ 2,740,750</u>

**MADERA COUNTY TRANSPORTATION COMMISSION
SCHEDULE OF ALLOCATIONS, DISBURSEMENTS
AND UNEXPENDED ALLOCATIONS
STATE TRANSIT ASSISTANCE FUND
JUNE 30, 2013**

Claimant - Claim	New/Unused Allocations	Disbursements	Unexpended Allocations
COUNTY OF MADERA			
Dial-A-Ride			
12/13	\$ 33,360	\$ -	\$ 33,360
10/11 - Operations	183,608	-	183,608
Chowchilla Transit			
11/12	16,654	-	16,654
Senior Escort/Transit			
11/12	21,050	-	21,050
MCC			
12/13	400,422	392,622	7,800
11/12	689	-	689
10/11 - Operations	247,523	-	247,523
CITY OF MADERA			
Madera Area Express			
12/13 - Operations	349,993	349,993	-
08/09 - Capital	12,945	-	12,945
FTA Sec 5307 Intermodal			
08/09 - Capital Match	11,528	-	11,528
CITY OF CHOWCHILLA			
Chowchilla Area Transit Express			
12/13	67,631	67,631	-
11/12	15,582	-	15,582
10/11	10,776	-	10,776
08/09	(9)	-	(9)
Total allocations, disbursements, and unexpended allocations	<u>\$ 1,371,752</u>	<u>\$ 810,246</u>	<u>\$ 561,506</u>

**MADERA COUNTY TRANSPORTATION COMMISSION
SCHEDULE OF ALLOCATIONS, DISBURSEMENTS
AND UNEXPENDED ALLOCATIONS
LOCAL TRANSPORTATION FUND
JUNE 30, 2013**

Claimant - Claim	New/Unused Allocations	Disbursements	Unexpended Allocations
COUNTY OF MADERA			
Street Maintenance			
12/13	\$ 1,245,061	\$ 1,245,061	\$ -
10/11	52,489	-	52,489
Pedestrian/Bicycle Facilities			
12/13	34,851	-	34,851
11/12	24,127	-	24,127
10/11	454,274	-	454,274
CATX - City of Chowchilla			
12/13	93,000	92,906	94
11/12	16,970	-	16,970
10/11	21,596	-	21,596
09/10	16,021	-	16,021
Madera County Connection			
11/12	37,426	-	37,426
10/11	45,153	-	45,153
Senior Escort Transit - CAPMC			
12/13	105,000	97,025	7,975
10/11	15,500	-	15,500
DAR - City of Madera			
12/13	212,351	212,351	-
CITY OF MADERA			
Dial-A-Ride			
12/13	184,885	175,687	9,198
11/12	91,765	91,765	-
Fixed Route (MAX)			
12/13	148,987	13,726	135,261
11/12	202,560	202,560	-
Intermodal			
12/13	31,369	24,377	6,992
11/12	8,250	8,250	-
Pedestrian & Bicycle			
12/13	42,428	20,273	22,155
11/12	33,425	33,425	-
07/08	8,052	8,052	-
Other Projects			
Transportation Improvement Projects 12/13	2,653,348	627,526	2,025,822
Fresno River Trail Project - 12/13	77,108	8,433	68,675
Subtotal	<u>5,855,996</u>	<u>2,861,417</u>	<u>2,994,579</u>

**MADERA COUNTY TRANSPORTATION COMMISSION
SCHEDULE OF ALLOCATIONS, DISBURSEMENTS
AND UNEXPENDED ALLOCATIONS
LOCAL TRANSPORTATION FUND
JUNE 30, 2013
(CONTINUED)**

Claimant - Claim	New/Unused Allocations	Disbursements	Unexpended Allocations
CITY OF CHOWCHILLA			
Local Agency Planning			
12/13	5,000	-	5,000
10/11	2,297	-	2,297
Street Maintenance			
12/13	125,684	-	125,684
11/12	1,858	-	1,858
10/11	18,290	-	18,290
Road & Street Projects			
10/11	41,146		41,146
Chowchilla Transit System (CATX)			
Operating - 12/13	103,234	50,781	52,453
Capital - 12/13	10,000	-	10,000
Operating - 11/12	23,534	-	23,534
Capital - 11/12	10,000	-	10,000
10/11	57,817	-	57,817
Citywide Reconstruction			
11/12	37,694	-	37,694
Pedestrian & Bicycle			
12/13	5,434	-	5,434
11/12	3,613	-	3,613
10/11	18,140	-	18,140
Unallocated Funds	<u>86,198</u>	<u>-</u>	<u>86,198</u>
 Total allocations, disbursements, and unexpended allocations	 <u>\$ 6,405,935</u>	 <u>\$ 2,912,198</u>	 <u>\$ 3,493,737</u>

**MADERA COUNTY TRANSPORTATION COMMISSION
SCHEDULE OF GRANT RECEIPTS AND EXPENDITURE CLAIMS
JUNE 30, 2013**

	Total	Local Resources	FHWA (PL 021)	FTA (FTA 5303)	State STIP-PPM 6138 (016)	SJ Valley Blueprint
Revenues:						
Federal grants	\$ 726,306	\$ -	\$ 694,366	\$ 31,940	\$ -	\$ -
Non-federal revenue:						
State revenue	105,833	-	-	-	88,000	17,833
Local revenue sources	267,170	267,170	-	-	-	-
Interest revenue	<u>2,305</u>	<u>2,305</u>	-	-	-	-
Total revenue	<u>1,101,614</u>	<u>269,475</u>	<u>694,366</u>	<u>31,940</u>	<u>88,000</u>	<u>17,833</u>
Expenditures:						
100 Regional Transportation Plan	268,271	-	221,681	-	46,591	-
110 Regional Planning Database	32,907	-	27,511	-	5,396	-
111 Traffic Monitoring Program	15,850	-	13,912	-	1,938	-
112 Regional Transportation Modeling	118,790	-	99,293	-	19,497	-
113 Air Quality Transportation Planning	46,011	-	39,024	-	6,987	-
120 Streets and Highways Planning	75,268	1,372	62,638	-	11,258	-
122 Highway Project Support	64,555	-	-	-	64,555	-
130 Public Transportation	38,459	6,519	-	31,940	-	-
140 Other Modal Elements	64,148	-	54,201	-	9,948	-
150 Public Information and Participation	37,965	-	31,244	-	6,721	-
151 Transportation Demand Management	998	998	-	-	-	-
200 Transportation Program Development	62,503	-	52,956	-	9,547	-
901 Local Transportation Funds Admin.	23,822	23,822	-	-	-	-
902 Overall Work Program and Budget	31,593	-	25,811	-	5,782	-
904 Valleywide Coordination	78,199	-	66,095	-	12,103	-
905 SJV Blueprint	21,639	-	-	-	3,806	17,833
907 Board Costs and Other Costs	35,562	35,562	-	-	-	-
910 MCTA Administration	<u>72,402</u>	<u>72,402</u>	-	-	-	-
Total expenditures	<u>1,088,942</u>	<u>\$ 140,675</u>	<u>\$ 694,366</u>	<u>\$ 31,940</u>	<u>\$ 204,128</u>	<u>\$ 17,833</u>
Over-recovery of indirect expenses - 10/11	(17,495)					
Compensated absences	<u>8,864</u>					
Net gain	<u>\$ 4,041</u>					

**MADERA COUNTY TRANSPORTATION COMMISSION
SCHEDULE OF INSURANCE COVERAGE
FOR THE YEAR ENDED JUNE 30, 2013**

Insurance coverage for the Commission at June 30, 2013 is as follows:

Liability coverage:

All inclusive (combined single limit):	
Bodily injury	\$1,000,000
Office personal property 90% co-insurance	\$100,000
Workers' compensation insurance	Statutory

**MADERA COUNTY TRANSPORTATION COMMISSION
SCHEDULE OF COST ALLOCATION PLAN RECONCILIATION
AND FIXED RATE OVERHEAD CARRYOVER
FOR THE YEAR ENDED JUNE 30, 2013**

Budget Item	Basic Financial Statements		Adjustments Allocated to Other Programs	Cost Allocation Plan	
	Actual Expense	Eligible Depreciation		Direct Expense	Indirect Expense
Salaries and benefits:					
Direct	\$ 463,138	\$ -	\$ -	\$ 463,138	\$ -
Indirect	<u>236,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>236,088</u>
Total salaries and benefits	<u>699,226</u>	<u>-</u>	<u>-</u>	<u>463,138</u>	<u>236,088</u>
Indirect overhead:					
Rent	57,434	-	-	-	57,434
Utilities	4,331	-	-	-	4,331
Telephone/facsimile	5,168	-	-	-	5,168
Outside services	4,680	-	-	-	4,680
Bank fee	420	-	-	-	420
Office furniture and equipment	553	-	-	-	553
Office supplies	4,890	-	-	-	4,890
Computer supplies	1,678	-	-	-	1,678
Travel, cell and auto allowance	8,167	-	-	-	8,167
Contracts	11,414	-	-	-	11,414
Insurance and bonds	1,171	-	-	-	1,171
Membership fees	50	-	-	-	50
Conference/training/education	1,267	-	-	-	1,267
Audits	19,240	-	-	-	19,240
Miscellaneous	1,690	-	-	-	1,690
Postage	1,929	-	-	-	1,929
Depreciation	-	1,087	-	-	1,087
Board costs and unallowable costs	<u>25,025</u>	<u>-</u>	<u>(25,025)</u>	<u>-</u>	<u>-</u>
Total indirect overhead	<u>149,107</u>	<u>1,087</u>	<u>(25,025)</u>	<u>-</u>	<u>125,169</u>
Total costs	<u>\$ 848,333</u>	<u>\$ 1,087</u>	<u>\$ (25,025)</u>	<u>\$ 463,138</u>	<u>\$ 361,257</u>
Direct expenses - year ended June 30, 2013				\$ 463,138	
Approved indirect cost rate - year ended June 30, 2013				76.73%	
Total allocable indirect expenses - year ended June 30, 2013				<u>\$ 355,366</u>	
Actual indirect expenses - year ended June 30, 2013				\$ 361,257	
(Over)/Under recovery of indirect expenses - year ended June 30, 2011				<u>(17,495)</u>	
Net eligible indirect expenses - year ended June 30, 2012				<u>\$ 343,762</u>	
(Over)/Under recovery of indirect expenses - year ended June 30, 2013				<u>\$ (11,603)</u>	
(Over)/Under recovery of indirect expenses - year ended June 30, 2012				<u>\$ 2,070</u>	

OVERALL COMPLIANCE, INTERNAL CONTROL AND
FEDERAL AWARDS SECTION

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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 Directors
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 governmental activities, the general fund and the aggregate remaining fund information of the Madera County Transportation Commission (the Commission), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated February 25, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 Commission's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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*.

Commission's Response to Finding

The Commission's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Pange & Company

Clovis, California
February 25, 2014



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the Madera County Transportation Commission's (the Commission) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2013. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Madera County Transportation Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Price Pange & Company

Clovis, California
February 25, 2014



REPORT ON COMPLIANCE WITH RULES AND REGULATIONS OF
THE CALIFORNIA TRANSPORTATION DEVELOPMENT ACT

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

We have audited the financial statements of the Madera County Transportation Commission (the Commission) for the year ended June 30, 2013, and have issued our report thereon dated February 25, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Transportation Development Act (TDA) Statutes and California Codes of Regulations, January 2005*, published by the California Department of Transportation, Division of Mass Transportation. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 opinion.

The Commission's management is responsible for the Commission's compliance with laws and regulations. In connection with the audits referred to above, we selected and tested transactions and records to determine the Commission's compliance with the state laws and regulations applicable to the determination of the Commission's ability to receive funds allocated to it, and the propriety of expenditures in accordance with the Transportation Development Act and the rules and the California Administrative Code.

In our opinion, the results of our tests indicated the Madera County Transportation Commission complied in all material respects with the provisions referred to in the preceding paragraphs.

This report is intended solely for the information and use of the Madera County Transportation Commission's management, Board of Directors, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Price Paige & Company

Clovis, California
February 25, 2014

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INDEPENDENT AUDITOR'S COMPLIANCE REPORT

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

We have audited the compliance of the Madera County Transportation Commission (the Commission) Transportation Development Act Funds (TDA) with the types of compliance requirements described in Section 6666 of the Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987 (the Act) and the allocation instructions and resolutions of the Commission. Compliance with the requirements of laws, regulations, contracts, and grants applicable to the TDA Funds is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

As part of the audit, we performed testing of the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA).

In November 2006, California Voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of the state general obligation bonds authorized, \$4 billion was set aside by the State as instructed by the statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement.

During the fiscal year ended June 30, 2013, the Commission applied for and received \$2,003,594 from the State's PTMISEA account for (1) City of Madera – New Transit Facility, (2) County of Madera – Bus shelters and Park & Ride Lots, and (3) City of Chowchilla - CATX Facility Improvements. As of June 30, 2013, PTMISEA funds of \$183,382 were expended on (1) City of Madera - MAX Bus Shelters, (2) County of Madera - Fairmead Bus Shelter, and (3) City of Chowchilla - CATX Bus.

During the fiscal year ended June 30, 2013, the Commission applied for and received \$1,649,047 from the State's Regional Surface Transportation Program (RSTP) for enhancing, repairing, maintaining, rebuilding, and rehabilitating the transportation infrastructure. As of June 30, 2013, the Commission disbursed \$2,006,936 of RSTP funds to City of Chowchilla (\$113,784), City of Madera (\$1,313,120) and County of Madera (\$580,032).

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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 noncompliance with the types of compliance requirements referred to above that could have direct and material effect on the TDA funds. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Commission's compliance with those requirements.

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Clovis, CA 93612

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In our opinion, the TDA funds allocated to and received by the Commission pursuant to the Act were expended in conformance with the applicable statutes, rules and regulations of the Act and the allocation instructions and resolutions of the Commission.

This report is intended solely for the information and use of the Madera County Transportation Commission's management, Board of Directors, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Price Page & Company

Clovis, California
February 25, 2014

FINDINGS AND QUESTIONED COSTS

**MADERA COUNTY TRANSPORTATION COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? X yes no

Significant deficiencies identified that are not
considered to be material weaknesses? yes X none reported

Noncompliance material to financial
statements noted? yes X no

Federal Awards

Internal control over major programs:
Material weaknesses identified? yes X no

Significant deficiencies identified that are not
considered to be material weaknesses? yes X none reported

Type of auditor's report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with Section 510(a)
of Circular A-133? yes X no

Identification of Major Programs

<u>CFDA Number</u> 20.205	<u>Name of Federal Program or Cluster</u> Highway Planning and Construction Grant
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as a low-risk auditee?	<u> </u> yes <u> X </u> no

**MADERA COUNTY TRANSPORTATION COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2013-001 Accrued Liabilities

Criteria: The Commission is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

Condition: The accounting records for the special purpose trust funds did not accurately reflect financial position for these funds.

Effect: Expenses for the special purpose trust funds were understated for the year ended June 30, 2013. Consequently, liabilities were understated and net position was overstated by \$745,861.

Recommendation: The accounting records must accurately reflect the financial position of the Commission. We recommend that the Commission enhances their year-end review process to ensure identification of expenses, for inclusion in the accounting records, in the proper period

Management Response:

Management understands the importance of accurately reflecting the financial position of the Commission. Staff has implemented procedures to enhance the year-end review process.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No items were reported.

**MADERA COUNTY TRANSPORTATION COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENT FINDINGS

No items were reported.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No items were reported.