

**Measure T Citizens' Oversight Committee**  
Wednesday, August 9, 2017 – 5:00 p.m.

Madera County Transportation Commission Board Room  
2001 Howard Road, Suite 201, Madera, CA 93637  
Citizens Business Bank Building – 2<sup>nd</sup> Floor

**Teleconference Information**  
Call in number: 1-800-325-1307  
Conference code: 322238

**Agenda**

<b>Item</b>	<b>Description</b>	<b>Enclosure</b>	<b>Action</b>
	<b>Welcome and Introductions</b>		
<b>I.</b>	<b>Public Comment</b> This portion of the meeting is reserved for persons wishing to address the Committee on items within its jurisdiction but not on the agenda. Note: Prior to action by the Committee on any item on this agenda, the public may comment on that item.	No	No
<b>II.</b>	<b>Minutes of September 28, 2016 Citizens' Oversight Committee Meeting</b>	Yes	Approve
<b>III.</b>	<b>FY 2015/16 Measure T Compliance Audits</b> ( <i>McNeil/Auditor</i> )	Yes/Handout	Info/Disc
<b>IV.</b>	<b>FY 2016/17 Annual Report to the Public</b>	Yes	Approve
<b>V.</b>	<b>Annual Work Program</b>	Handout	Info/Disc
	a. Local Program Updates ( <i>Local Agency Staff</i> )		
	b. Regional Program Update ( <i>McNeil</i> )		
<b>VI.</b>	<b>Other Items</b>	No	N/A
	a. Meeting Schedule		
	b. Agenda Items for Next Meeting		
	c. Items from Committee Members		
<b>VIII.</b>	<b>Adjournment</b>		

**Measure T Citizens' Oversight Committee  
Executive Minutes**

**Date:** Wednesday, September 28, 2016

**Time:** 5:00 p.m.

**Place:** Madera County Transportation Commission Conference Room  
2001 Howard Road, Suite 201, Madera, CA 93637

**Members Present:** Tom Kellner, District 1  
John Reed, District 5  
Michelle Robinson, Member At Large  
Cynthia Russell Member At Large

**Members Absent:** Sue Saunders, District 3

**Vacant Seats:** Districts 2 and 4

**Local Agency Staff:** Jose Aguilar, City of Madera

**MCTA Staff:** Troy McNeil, Fiscal Supervisor  
Sandy Ebersole, Grants Analyst

**Auditor:** David Dybas  
Price Paige & Company

**Agenda**

**Welcome and Introductions**

The meeting was called to order at 5:00 p.m. Committee Members and Agency Staff introduced themselves.

**I. Public Comment**

This portion of the meeting is reserved for persons wishing to address the Committee on items within its jurisdiction but not on the agenda. Note: Prior to action by the Committee on any item on this agenda, the public may comment on that item.

There were no public comments.

**II. Elect Chair and Vice Chair**

Upon motion by Mr. Kellner, seconded by Ms. Russell to nominate Mr. Reed as Chair. A vote was called and the motion carried.

Upon motion of Ms. Russell, seconded by Ms. Robinson, to nominate Ms. Russell as Vice Chair. A vote was called and the motion carried.

**III. Minutes of June 24, 2015 and July 27, 2016 Citizens' Oversight Committee Meeting**

Upon motion by Mr. Kellner, seconded by Ms. Russell, the June 24, 2015 and July 27, 2016 Executive Minutes were approved as written. A vote was called and the motion carried.

**IV. FY 2014/15 Measure T Compliance Audits**

MCTA's financial statements and Agency compliance audits for the fiscal year 2014/15 were audited by David Dybas, Price Paige & Company. Price Paige & Company presented and explained the audits to the Committee. No adverse findings were reported in the FY 2014/15 Measure T compliance audits.

At the July 27, 2016 meeting Mr. Reed noted an error in the Measure T Compliance audit for the City of Chowchilla. The error has been corrected.

Upon motion by Mr. Kellner, seconded by Ms. Russell to accept the 2014/15 Measure T Compliance Audits. A vote was called and the motion carried.

**V. FY 2015/16 Annual Report to the Public**

Upon motion by Mr. Kellner, seconded by Ms. Russell to approve the Annual Report to the Public. A vote was called and the motion carried.

**VI. Other Items**

a. Meeting Schedule

The Committee will meet on a biannual basis. The next meeting will be February 2017 with the date to be determined.

b. Agenda Items for Next Meeting

Agency updates of Measure T projects.

c. Items from Committee Members

Discussion regarding the need for acceleration lane on SR 41 due to a future increase in usage from Austin Quarry.

Oakhurst midtown connector update.

**VII. Other Items**

Meeting adjourned at 6:35 p.m.

Respectfully submitted,

Troy McNeil, Fiscal Supervisor  
Madera County Transportation Commission

**CITY OF CHOWCHILLA, CALIFORNIA  
MEASURE "T" FUND**

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

**FOR THE YEAR ENDED  
JUNE 30, 2016**

**CITY OF CHOWCHILLA, CALIFORNIA  
MEASURE "T" FUND  
JUNE 30, 2016**

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## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the Measure "T" Fund of the City of Chowchilla (Measure "T" Fund), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Measure "T" Fund's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure "T" Fund of the City of Chowchilla, as of June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Measure "T" Fund of the City of Chowchilla and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2016, and the changes in financial position or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 12-13 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.

### *Supplementary Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2017, on our consideration of the City's internal control over financial reporting as it relates to the Measure "T" Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 City's internal control over financial reporting and compliance.

*Price Pange & Company*

Clovis, California  
March 15, 2017

## FINANCIAL STATEMENTS

**CITY OF CHOWCHILLA, CALIFORNIA  
MEASURE "T" FUND  
BALANCE SHEET  
JUNE 30, 2016**

<b>ASSETS</b>	
Cash	\$ 1,385,291
Due from MCTA	<u>117,155</u>
 Total assets	 <u>\$ 1,502,446</u>
 <b>LIABILITIES</b>	
Accounts payable	<u>\$ -</u>
 Total liabilities	 <u>-</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenues	<u>48,299</u>
 Total deferred inflows of resources	 <u>48,299</u>
 <b>FUND BALANCE</b>	
Restricted for highway and streets	<u>1,454,147</u>
 Total fund balance	 <u>1,454,147</u>
 Total liabilities, deferred inflows or resources, and fund balance	 <u>\$ 1,502,446</u>

The accompanying notes are an integral part of this statement.

**CITY OF CHOWCHILLA, CALIFORNIA  
 MEASURE "T" FUND  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2016**

<b>REVENUES</b>	
Measure "T" sales tax	\$ 414,040
Interest	<u>4,057</u>
Total revenues	<u>418,097</u>
<b>EXPENDITURES</b>	
Current:	
Highway and streets	11,435
Debt service:	
Principal	157,500
Interest expense	<u>1,481</u>
Total expenditures	<u>170,416</u>
Excess of revenues over (under) expenditures	<u>247,681</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers out	<u>(75,840)</u>
Total other financing sources (uses)	<u>(75,840)</u>
Net change in fund balance	171,841
Fund balance - beginning	<u>1,282,306</u>
Fund balance - ending	<u><u>\$ 1,454,147</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF CHOWCHILLA, CALIFORNIA  
MEASURE "T" FUND  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**Description of Reporting Entity**

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

**Basis of Accounting and Measurement Focus**

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

The Measure "T" Fund is a governmental fund specifically categorized as a special revenue fund. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Governmental funds are accounted for on a spending of "current financial resources" measurement focus and the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

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

Intergovernmental revenues (primarily grants and subventions), which are received as reimbursement for specific purposes or projects, are recognized based upon the expenditures recorded. Intergovernmental revenues, which are usually unrestricted as to use and are revocable only for failure to meet prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier, if they meet the availability criterion.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Due from Madera County Transportation Authority (MCTA) / Unavailable Revenue**

Costs incurred during the current reporting period may not be funded from current year allocations until after the beginning of the next fiscal year. These amounts, if any, are reported as receivables in the financial statements. The Measure "T" Funds due from MCTA in the amount of \$117,155, as of June 30, 2016, are related to the final and excess disbursement of the 2015-16 Measure "T" allocation.

In the fund financial statements, unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unavailable revenue for transactions for which revenues have been earned, but for which funds are not available to meet current financial obligations. Typical transactions for which unavailable revenue is recorded are grants when funding requirements have been met, but the related funding is not yet available. The City received the final disbursement of fiscal year 2015-16 Measure "T" monies after the available period (60 days after year-end).

**CITY OF CHOWCHILLA, CALIFORNIA  
MEASURE "T" FUND  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**Fund Balance Classification**

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

The City would typically use restricted fund balances first, followed by committee resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to deter the use of these other classified funds.

**CITY OF CHOWCHILLA, CALIFORNIA  
MEASURE "T" FUND  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2 – CASH AND INVESTMENTS**

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

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

Citywide information concerning cash and investments for the year ended June 30, 2016, including authorized investments, custodial credit risk, credit and interest rate risk for debt securities and concentration of investments, carrying amount and market value of deposits and investments, may be found in the notes of the City's Financial Statements.

**NOTE 3 – LONG-TERM DEBT**

The following is a summary of long-term debt transactions for the year ended June 30, 2016:

	<u>June 30, 2015</u>	<u>Reductions</u>	<u>June 30, 2016</u>
Measure T Interprogram Loan (MCTA)	\$ 630,000	\$ (157,500)	\$ 472,500
Total Long-Term Debt	<u>\$ 630,000</u>	<u>\$ (157,500)</u>	<u>\$ 472,500</u>

The City entered into a loan agreement in 2009, with the Madera County Transportation Authority to receive an advance of Measure "T" revenues. The loan is a lien on the City's portion of the Regional Rehabilitation/Reconstruction/Maintenance Program and Safe Routes to School and Job Program. Principal is payable annually on June 30 in the amount of \$157,500, plus interest payments calculated as the total principal outstanding times the average LAIF rate for the prior calendar year. The loan matures on June 30, 2019.

Annual debt service requirements to maturity of the Measure "T" Interprogram loan are as follows:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 157,500	\$ 307
2018	157,500	-
2019	<u>157,500</u>	<u>-</u>
	<u>\$ 472,500</u>	<u>\$ 307</u>

Long-term debt is not reported on the Balance Sheet which uses the "current financial resources" measurement focus and the modified accrual basis of accounting as required by the Generally Accepted Accounting Principles (GAAP). However, under the modified accrual basis of accounting, the principal and interest expense on the long-term debt is reported on the Statement of Revenues, Expenditures and Changes in Fund Balances.

**CITY OF CHOWCHILLA, CALIFORNIA  
MEASURE "T" FUND  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

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

In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type, unavailable revenues, which totaled \$48,299 as of June 30, 2016.

**NOTE 5 – TRANSFERS**

Transfers for the year ended June 30, 2016 are summarized as follows:

	<u>Transfers Out</u>
Measure T Fund	75,840 (1)

(1) The Measure T Fund transferred \$75,840 to the Street and Road Fund for street maintenance and operational costs.

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CHOWCHILLA, CALIFORNIA  
MEASURE "T" FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Measure "T" sales tax	\$ 357,408	\$ 357,408	\$ 414,040	\$ 56,632
Interest	<u>1,500</u>	<u>1,500</u>	<u>4,057</u>	<u>2,557</u>
Total revenues	<u>358,908</u>	<u>358,908</u>	<u>418,097</u>	<u>59,189</u>
<b>EXPENDITURES</b>				
Current:				
Highway and streets	-	-	11,435	(11,435)
Debt service:				
Principal	157,500	157,500	157,500	-
Interest expense	<u>2,050</u>	<u>2,050</u>	<u>1,481</u>	<u>569</u>
Total expenditures	<u>159,550</u>	<u>159,550</u>	<u>170,416</u>	<u>(10,866)</u>
Excess of revenues over (under) expenditures	<u>199,358</u>	<u>199,358</u>	<u>247,681</u>	<u>48,323</u>
Other financing sources (uses)				
Transfers out	<u>(75,840)</u>	<u>(75,840)</u>	<u>(75,840)</u>	<u>-</u>
Total other financing sources (uses)	(75,840)	(75,840)	(75,840)	-
Net change in fund balance	<u>\$ 123,518</u>	<u>\$ 123,518</u>	171,841	<u>\$ 48,323</u>
Fund balance - beginning			<u>1,282,306</u>	
Fund balance - ending			<u>\$ 1,454,147</u>	

**CITY OF CHOWCHILLA, CALIFORNIA  
MEASURE "T" FUND  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016**

**A. BUDGETARY INFORMATION**

The City establishes annual budgets for the Measure "T" Fund. Except for encumbrances and long-term projects in progress, which are carried forward to the following year, all appropriations remaining will lapse at year-end. The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedules:

- 1) The department heads prepare a budget request based upon the current anticipated expenditures.
- 2) A meeting is held between the department heads, Finance Director and the City Administrator for the purpose of reviewing and prioritizing the budget requests.
- 3) The City Administrator submits the proposed City Budget to the City Council, who makes decisions regarding department budgets.
- 4) The approved budget is placed in the City's accounting system and monitored by the Finance Department, as well as by the department heads.

Department heads may, with the City Administrator's authorization, transfer amounts between line items which do not change the original operational budget appropriation limit of the department. The transfers between departments and funds require approval of the City Council.

- 5) Budgets are adopted on the modified accrual basis. Revenues are budgeted in the year in which receipt is expected, and expenditures are budgeted in the year in which the applicable purchase orders are to be made. Budgeted amounts are maintained as originally adopted until further amended as described above. The level of control (level at which expenditures may not exceed budget) is at the fund levels for the Measure "T" Fund.

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## SUPPLEMENTARY INFORMATION

**CITY OF CHOWCHILLA, CALIFORNIA  
 MEASURE "T" FUND  
 BALANCE SHEET  
 BY FUNDING SOURCE  
 JUNE 30, 2016**

	Commute Corridors/ Farm to Market	Safe Routes to School and Jobs	Transit Enhancement	Environmental Enhancement	Fund Total
<b>ASSETS</b>					
Current Assets:					
Cash	\$ 313,314	\$ 950,095	\$ 69,180	\$ 52,702	\$ 1,385,291
Due from MCTA	<u>57,164</u>	<u>50,877</u>	<u>4,557</u>	<u>4,557</u>	<u>117,155</u>
Total assets	<u>\$ 370,478</u>	<u>\$ 1,000,972</u>	<u>\$ 73,737</u>	<u>\$ 57,259</u>	<u>\$ 1,502,446</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues	<u>23,576</u>	<u>20,983</u>	<u>1,870</u>	<u>1,870</u>	<u>48,299</u>
Total deferred inflows of resources	<u>23,576</u>	<u>20,983</u>	<u>1,870</u>	<u>1,870</u>	<u>48,299</u>
<b>FUND BALANCE</b>					
Restricted for highway and streets	<u>346,902</u>	<u>979,989</u>	<u>71,867</u>	<u>55,389</u>	<u>1,454,147</u>
Total fund balance	<u>346,902</u>	<u>979,989</u>	<u>71,867</u>	<u>55,389</u>	<u>1,454,147</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 370,478</u>	<u>\$ 1,000,972</u>	<u>\$ 73,737</u>	<u>\$ 57,259</u>	<u>\$ 1,502,446</u>

**CITY OF CHOWCHILLA, CALIFORNIA  
MEASURE "T" FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BY FUNDING SOURCE  
FOR THE YEAR ENDED JUNE 30, 2016**

	Commuter Corridors/ Farm to Market	Safe Routes to School and Jobs	Transit Enhancement	Environmental Enhancement	Fund Total
<b>REVENUES</b>					
Measure "T" sales tax	\$ 201,972	\$ 179,755	\$ 16,155	\$ 16,158	\$ 414,040
Interest	<u>2,325</u>	<u>1,684</u>	<u>24</u>	<u>24</u>	<u>4,057</u>
Total revenues	<u>204,297</u>	<u>181,439</u>	<u>16,179</u>	<u>16,182</u>	<u>418,097</u>
<b>EXPENDITURES</b>					
Current:					
Highway and streets	-	7,944	-	3,491	11,435
Debt service:					
Principal	95,193	62,307	-	-	157,500
Interest expense	<u>875</u>	<u>606</u>	<u>-</u>	<u>-</u>	<u>1,481</u>
Total expenditures	<u>96,068</u>	<u>70,857</u>	<u>-</u>	<u>3,491</u>	<u>170,416</u>
Excess of revenues over (under) expenditures	<u>108,229</u>	<u>110,582</u>	<u>16,179</u>	<u>12,691</u>	<u>247,681</u>
Other financing sources (uses)					
Transfers out	<u>-</u>	<u>(75,840)</u>	<u>-</u>	<u>-</u>	<u>(75,840)</u>
Total other financing sources (uses)	<u>-</u>	<u>(75,840)</u>	<u>-</u>	<u>-</u>	<u>(75,840)</u>
Net change in fund balance	108,229	34,742	16,179	12,691	171,841
Fund balance - beginning	<u>238,673</u>	<u>945,247</u>	<u>55,688</u>	<u>42,698</u>	<u>1,282,306</u>
Fund balance - ending	<u>\$ 346,902</u>	<u>\$ 979,989</u>	<u>\$ 71,867</u>	<u>\$ 55,389</u>	<u>\$ 1,454,147</u>

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## OTHER REPORT

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure "T" Fund of the City of Chowchilla, California (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Measure "T" Fund's basic financial statements, and have issued our report thereon dated March 15, 2017, which included an explanatory paragraph describing that the financial statements only present the City's Measure "T" Fund.

#### **Internal Control Over Financial Reporting**

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

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

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

#### **Compliance and Other Matters**

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

opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Price Pange & Company*

Clovis, California  
March 15, 2017

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

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

**FOR THE YEAR ENDED  
JUNE 30, 2016**



**CITY OF MADERA, CALIFORNIA  
MEASURE "T" FUND  
JUNE 30, 2016**

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## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the Measure "T" Fund of the City of Madera (Measure "T" Fund), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Measure "T" Fund's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure "T" Fund of the City of Madera, as of June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Measure "T" Fund of the City of Madera and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2016, and the changes in financial position or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 10-11 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.

### *Supplementary Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2017, on our consideration of the City's internal control over financial reporting as it relates to the Measure "T" Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 City's internal control over financial reporting and compliance.

*Price Pange & Company*

Clovis, California  
March 13, 2017

## FINANCIAL STATEMENTS

**CITY OF MADERA, CALIFORNIA  
 MEASURE "T" FUND  
 BALANCE SHEET  
 JUNE 30, 2016**

<b>ASSETS</b>	
Cash	\$ 6,813,823
Due from MCTA	<u>466,944</u>
Total assets	<u>\$ 7,280,767</u>
<b>LIABILITIES</b>	
Accounts payable	<u>\$ 50</u>
Total liabilities	<u>50</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenues	<u>102,403</u>
Total deferred inflows of resources	<u>102,403</u>
<b>FUND BALANCE</b>	
Restricted	<u>7,178,314</u>
Total fund balance	<u>7,178,314</u>
Total liabilities and fund balances	<u>\$ 7,280,767</u>

The accompanying notes are an integral part of this statement.

**CITY OF MADERA, CALIFORNIA  
MEASURE "T" FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016**

REVENUES	
Measure "T" sales tax	\$ 1,969,510
Interest	<u>24,618</u>
Total revenues	<u>1,994,128</u>
EXPENDITURES	
Highway and streets	<u>824,469</u>
Total expenditures	<u>824,469</u>
Net change in fund balance	1,169,659
Fund balance - beginning	<u>6,008,655</u>
Fund balance - ending	<u>\$ 7,178,314</u>

The accompanying notes are an integral part of this statement.

**CITY OF MADERA, CALIFORNIA  
MEASURE "T" FUND  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**Description of Reporting Entity**

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

**Basis of Accounting and Measurement Focus**

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

The Measure "T" Fund is a governmental fund specifically categorized as a special revenue fund. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Governmental funds are accounted for on a spending of "current financial resources" measurement focus and the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

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

Intergovernmental revenues (primarily grants and subventions), which are received as reimbursement for specific purposes or projects, are recognized based upon the expenditures recorded. Intergovernmental revenues, which are usually unrestricted as to use and are revocable only for failure to meet prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier, if they meet the availability criterion.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Due from Madera County Transportation Authority (MCTA)**

Costs are incurred during the current reporting period but are not reimbursed until after the beginning of the next fiscal period. These costs are reported as receivables in the financial statements. The Measure "T" Fund's current due from MCTA balance of \$466,944, as of June 30, 2016, is related to payments for construction costs and fees.

**CITY OF MADERA, CALIFORNIA  
MEASURE "T" FUND  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**Fund Balance Classification**

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

The City would typically use restricted fund balances first, followed by committee resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to deter the use of these other classified funds.

**CITY OF MADERA, CALIFORNIA  
MEASURE "T" FUND  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2 – CASH AND INVESTMENTS**

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

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

Citywide information concerning cash and investments for the year ended June 30, 2016, including authorized investments, custodial credit risk, credit and interest rate risk for debt securities and concentration of investments, carrying amount and market value of deposits and investments, may be found in the notes of the City's Financial Statements.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF MADERA, CALIFORNIA  
 MEASURE "T" FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Measure "T" sales tax	\$ 1,862,972	\$ 1,862,972	\$ 1,969,510	\$ 106,538
Interest	<u>-</u>	<u>-</u>	<u>24,618</u>	<u>24,618</u>
Total revenues	<u>1,862,972</u>	<u>1,862,972</u>	<u>1,994,128</u>	<u>131,156</u>
<b>EXPENDITURES</b>				
Highway and streets	<u>5,780,894</u>	<u>5,780,894</u>	<u>824,469</u>	<u>4,956,425</u>
Total expenditures	<u>5,780,894</u>	<u>5,780,894</u>	<u>824,469</u>	<u>4,956,425</u>
Net change in fund balance	<u>\$ (3,917,922)</u>	<u>\$ (3,917,922)</u>	1,169,659	<u>\$ 5,087,581</u>
Fund balance - beginning			<u>6,008,655</u>	
Fund balance - ending			<u>\$ 7,178,314</u>	

**CITY OF MADERA, CALIFORNIA  
MEASURE "T" FUND  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016**

**A. BUDGETARY INFORMATION**

The City establishes annual budgets for the Measure "T" Fund. Except for encumbrances and long-term projects in progress, which are carried forward to the following year, all appropriations remaining will lapse at year-end. The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedules:

- 1) The department heads prepare a budget request based upon the previous year's expenditures.
- 2) A meeting is held between the department heads, Finance Director and the City Administrator for the purpose of reviewing and prioritizing the budget requests.
- 3) The City Administrator submits the proposed City Budget to the City Council, who makes decisions regarding department budgets.
- 4) The approved budget is placed in the City accounting system and monitored by the Finance Department as well as by the department heads.

Department heads may, with the City Administrator's authorization, transfer amounts between line items which do not change the original operational budget appropriation limit of the department. The transfers between departments and funds require approval of the City Council.

- 5) Budgets are adopted on the modified accrual basis. Revenues are budgeted in the year receipt is expected, and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued. Budgeted amounts are maintained as originally adopted and as further amended by the City Council. The level of control (level at which expenditures may not exceed budget) is at fund level for the Measure "T" Fund.

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OTHER SUPPLEMENTARY INFORMATION

**CITY OF MADERA, CALIFORNIA  
 MEASURE "T" FUND  
 BALANCE SHEET BY FUNDING SOURCE  
 JUNE 30, 2016**

	Commuter Corridors/ Farm to Market	Safe Routes to School and Jobs	Transit Enhancement	Environmental Enhancement	Total
<b>ASSETS</b>					
Cash	\$ 4,881,861	\$ 1,467,149	\$ 267,403	\$ 197,410	\$ 6,813,823
Due from MCTA	<u>227,777</u>	<u>202,722</u>	<u>18,223</u>	<u>18,222</u>	<u>466,944</u>
Total assets	<u>\$ 5,109,638</u>	<u>\$ 1,669,871</u>	<u>\$ 285,626</u>	<u>\$ 215,632</u>	<u>\$ 7,280,767</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 50	\$ -	\$ 50
Total liabilities	<u>-</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>50</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues	<u>49,953</u>	<u>44,458</u>	<u>3,996</u>	<u>3,996</u>	<u>102,403</u>
Total deferred inflows of resources	<u>49,953</u>	<u>44,458</u>	<u>3,996</u>	<u>3,996</u>	<u>102,403</u>
<b>FUND BALANCE</b>					
Restricted	<u>5,059,685</u>	<u>1,625,413</u>	<u>281,580</u>	<u>211,636</u>	<u>7,178,314</u>
Total fund balance	<u>5,059,685</u>	<u>1,625,413</u>	<u>281,580</u>	<u>211,636</u>	<u>7,178,314</u>
Total liabilities and fund balances	<u>\$ 5,109,638</u>	<u>\$ 1,669,871</u>	<u>\$ 285,626</u>	<u>\$ 215,632</u>	<u>\$ 7,280,767</u>

**CITY OF MADERA, CALIFORNIA  
 MEASURE "T" FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 BY FUNDING SOURCE  
 FOR THE YEAR ENDED JUNE 30, 2016**

	Commute Corridors/ Farm to Market	Safe Routes to School and Jobs	Transit Enhancement	Environmental Enhancement	Total
<b>REVENUES</b>					
Measure "T" sales tax	\$ 1,042,844	\$ 799,844	\$ 63,411	\$ 63,411	\$ 1,969,510
Interest	<u>16,850</u>	<u>5,897</u>	<u>1,085</u>	<u>786</u>	<u>24,618</u>
Total revenues	<u>1,059,694</u>	<u>805,741</u>	<u>64,496</u>	<u>64,197</u>	<u>1,994,128</u>
<b>EXPENDITURES</b>					
Highway and streets	<u>352,614</u>	<u>301,962</u>	<u>72,248</u>	<u>97,645</u>	<u>824,469</u>
Total expenditures	<u>352,614</u>	<u>301,962</u>	<u>72,248</u>	<u>97,645</u>	<u>824,469</u>
Net change in fund balance	707,080	503,779	(7,752)	(33,448)	1,169,659
Fund balance - beginning	<u>4,352,605</u>	<u>1,121,634</u>	<u>289,332</u>	<u>245,084</u>	<u>6,008,655</u>
Fund balance - ending	<u>\$ 5,059,685</u>	<u>\$ 1,625,413</u>	<u>\$ 281,580</u>	<u>\$ 211,636</u>	<u>\$ 7,178,314</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure "T" Fund of the City of Madera (Measure "T" Fund), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Measure "T" Fund's basic financial statements, and have issued our report thereon dated March 13, 2017, which included an explanatory paragraph that the financial statements only present the City's Measure "T" Fund.

#### **Internal Control Over Financial Reporting**

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

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

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

#### **Compliance and Other Matters**

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

opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Price Pange & Company*

Clovis, California  
March 13, 2017

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

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

**FOR THE YEAR ENDED  
JUNE 30, 2016**

**COUNTY OF MADERA, CALIFORNIA  
MEASURE "T" FUND  
JUNE 30, 2016**

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## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the Measure "T" Fund of the County of Madera (Measure "T" Fund), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Measure "T" Fund's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure "T" Fund of the County of Madera, as of June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Measure "T" Fund of the County of Madera and do not purport to, and do not, present fairly the financial position of the County as of June 30, 2016, and the changes in financial position or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2017 on our consideration of the County's internal control over financial reporting as it relates to the Measure "T" Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Price Pange & Company*

Clovis, California  
March 13, 2017

## FINANCIAL STATEMENTS

**COUNTY OF MADERA, CALIFORNIA  
MEASURE "T" FUND  
BALANCE SHEET  
JUNE 30, 2016**

<b>ASSETS</b>	
Cash	\$ 7,905,383
Due from other governments	<u>127,383</u>
Total assets	<u>\$ 8,032,766</u>
<b>LIABILITIES</b>	
Due to other funds	<u>\$ 252,772</u>
Total liabilities	<u>252,772</u>
<b>FUND BALANCE</b>	
Restricted	<u>7,779,994</u>
Total liabilities and fund balance	<u>\$ 8,032,766</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF MADERA, CALIFORNIA  
MEASURE "T" FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016**

REVENUES	
Measure "T" sales tax	\$ 2,473,734
Interest	<u>45,573</u>
Total revenues	<u>2,519,307</u>
EXPENDITURES	
Highway and streets	<u>4,131,364</u>
Total expenditures	<u>4,131,364</u>
Net change in fund balance	(1,612,057)
Fund balance - beginning	<u>9,392,051</u>
Fund balance - ending	<u><u>\$ 7,779,994</u></u>

The accompanying notes are an integral part of this statement.

**COUNTY OF MADERA, CALIFORNIA  
MEASURE "T" FUND  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**Description of Reporting Entity**

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

**Basis of Accounting and Measurement Focus**

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

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

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

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

Measure "T" revenues, which are received as allocations for specific purposes or projects, are recognized based upon the receipts received. Intergovernmental revenues, which are usually unrestricted as to use and are revocable only for failure to meet prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier, if they meet the availability criterion.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Fund Balance**

In governmental fund financial statements, reservations of fund balances represent amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**COUNTY OF MADERA, CALIFORNIA  
MEASURE "T" FUND  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2 – CASH AND INVESTMENTS**

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

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

Countywide information concerning cash and investments for the year ended June 30, 2016, including authorized investments, custodial credit risk, credit and interest rate risk for debt securities and concentration of investments, carrying amount and market value of deposits and investments, may be found in the notes of the County's Financial Statement.

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## SUPPLEMENTARY INFORMATION

**COUNTY OF MADERA, CALIFORNIA  
 MEASURE "T" FUND  
 BALANCE SHEET  
 BY FUNDING SOURCE  
 JUNE 30, 2016**

	Commuter Corridors/ Farm to Market	Safe Routes to School and Jobs	Transit Enhancement	Environmental Enhancement	Total
<b>ASSETS</b>					
Cash	\$ 3,490,086	\$ 3,757,184	\$ 64,999	\$ 593,114	\$ 7,905,383
Due from other governments	<u>62,138</u>	<u>59,851</u>	<u>423</u>	<u>4,971</u>	<u>127,383</u>
Total assets	<u>\$ 3,552,224</u>	<u>\$ 3,817,035</u>	<u>\$ 65,422</u>	<u>\$ 598,085</u>	<u>\$ 8,032,766</u>
<b>LIABILITIES</b>					
Due to other funds	<u>\$ 64,261</u>	<u>\$ 151,034</u>	<u>\$ -</u>	<u>\$ 37,477</u>	<u>\$ 252,772</u>
Total liabilities	<u>64,261</u>	<u>151,034</u>	<u>-</u>	<u>37,477</u>	<u>252,772</u>
<b>FUND BALANCE</b>					
Restricted	<u>3,487,963</u>	<u>3,666,001</u>	<u>65,422</u>	<u>560,608</u>	<u>7,779,994</u>
Total liabilities and fund balance	<u>\$ 3,552,224</u>	<u>\$ 3,817,035</u>	<u>\$ 65,422</u>	<u>\$ 598,085</u>	<u>\$ 8,032,766</u>

**COUNTY OF MADERA, CALIFORNIA  
 MEASURE "T" FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 BY FUNDING SOURCE  
 FOR THE YEAR ENDED JUNE 30, 2016**

	Commuter Corridors/ Farm to Market	Safe Routes to School and Jobs	Transit Enhancement	Environmental Enhancement	Total
<b>REVENUES</b>					
Measure "T" sales tax	\$ 1,195,409	\$ 1,151,452	\$ 8,130	\$ 118,743	\$ 2,473,734
Interest	<u>20,489</u>	<u>21,607</u>	<u>350</u>	<u>3,127</u>	<u>45,573</u>
Total revenues	<u>1,215,898</u>	<u>1,173,059</u>	<u>8,480</u>	<u>121,870</u>	<u>2,519,307</u>
<b>EXPENDITURES</b>					
Highway and streets	<u>2,983,317</u>	<u>1,106,172</u>	<u>-</u>	<u>41,875</u>	<u>4,131,364</u>
Total expenditures	<u>2,983,317</u>	<u>1,106,172</u>	<u>-</u>	<u>41,875</u>	<u>4,131,364</u>
Net changes in fund balance	(1,767,419)	66,887	8,480	79,995	(1,612,057)
Fund balance - beginning	<u>5,255,382</u>	<u>3,599,114</u>	<u>56,942</u>	<u>480,613</u>	<u>9,392,051</u>
Fund balance - ending	<u>\$ 3,487,963</u>	<u>\$ 3,666,001</u>	<u>\$ 65,422</u>	<u>\$ 560,608</u>	<u>\$ 7,779,994</u>

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## OTHER REPORT

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure "T" Fund of the County of Madera (Measure "T" Fund), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Measure "T" Fund's basic financial statements, and have issued our report thereon dated March 13, 2017, which included an explanatory paragraph that the financial statements only present the County's Measure "T" Fund.

#### **Internal Control Over Financial Reporting**

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

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

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

#### **Compliance and Other Matters**

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

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

**Purpose of this Report**

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

*Price Pange & Company*

Clovis, California  
March 13, 2017

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**MADERA COUNTY TRANSPORTATION  
AUTHORITY**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
JUNE 30, 2016**

**MADERA COUNTY TRANSPORTATION AUTHORITY**

**JUNE 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madera County Transportation Authority (the Authority) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Madera County Transportation Authority, as of June 30, 2016, 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.

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## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-8 and 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 Authority's basic financial statements. The Schedule of Measure T Sales Tax Receipts is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2016, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Authority's internal control over financial reporting and compliance.

*Price Pange & Company*

Clovis, California  
December 31, 2016

## MANAGEMENT DISCUSSION AND ANALYSIS

**MADERA COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

As management of the Madera County Transportation Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2016. We encourage the readers to consider the information presented here in conjunction with the Authority's financial audit.

**Financial Highlights**

1. The liabilities of the Authority exceeded its assets at the close of the fiscal year by \$4,378,926 (net position).
2. The Authority's total net position for the fiscal year ended June 30, 2016, increased by \$4,791 primarily because of lower expenditures on budgeted capital expenditures.
3. As of the close of the current fiscal year, the Authority's governmental funds reported a combined ending fund balance of \$12,139,444, a decrease of \$1,490,911 in comparison with the prior year. Approximately \$10,047,800 is reserved for specific regional capital projects.

**Overview of the Financial Statements**

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

**Basic Financial Statements**

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

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

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

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

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

The **statement of activities** presents information showing how the Authority's net 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 related cash flows. Thus, the revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

**MADERA COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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

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

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

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

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

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

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

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

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 22 through 34 of this report.

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

**MADERA COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**Government-Wide Financial Analysis**

Following are the government-wide financial statements for the fiscal year ended June 30, 2016:

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, liabilities exceeded assets by \$4,378,926 at the close of the fiscal year 2015-2016.

**MCTA Net Position  
Figure 1**

	<u>2016</u>	<u>2015</u>	<u>% Change</u>
<b>Assets:</b>			
Current assets	\$ 4,700,847	\$ 7,104,462	-33.83%
Noncurrent assets	<u>8,482,925</u>	<u>10,039,407</u>	-15.50%
Total assets	<u>\$ 13,183,772</u>	<u>\$ 17,143,869</u>	
<b>Liabilities:</b>			
Current liabilities	\$ 1,316,913	\$ 3,805,603	-65.40%
Long-term liabilities	<u>16,245,785</u>	<u>17,721,983</u>	-8.33%
Total liabilities	<u>17,562,698</u>	<u>21,527,586</u>	
<b>Net position:</b>			
Unrestricted	<u>(4,378,926)</u>	<u>(4,383,717)</u>	-0.11%
Total net position	<u>\$ (4,378,926)</u>	<u>\$ (4,383,717)</u>	

**MADERA COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**MCTA Changes in Net Position  
Figure 2**

	<u>2016</u>	<u>2015</u>	<u>% Change</u>
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 111,152	\$ 119,071	-6.65%
General revenues:			
Sales taxes	4,559,001	4,411,878	3.33%
Investment income	<u>66,138</u>	<u>96,921</u>	-31.76%
Total revenues	<u>4,736,291</u>	<u>4,627,870</u>	2.34%
Expenses:			
Public ways and facilities	3,881,247	5,713,410	-32.07%
Interest on long-term debt	<u>850,253</u>	<u>907,083</u>	-6.27%
Total expenses	<u>4,731,500</u>	<u>6,620,493</u>	-28.53%
Change in net position	4,791	(1,992,623)	-100.24%
Net position - beginning	<u>(4,383,717)</u>	<u>(2,391,094)</u>	83.34%
Net position - ending	<u>\$ (4,378,926)</u>	<u>\$ (4,383,717)</u>	

**Governmental Activities:** The Authority's net position increased by \$4,791 for the fiscal year ended June 30, 2016. The Figure 2 table above indicates the change in net position for governmental activities. The key elements of this increase are primarily attributable to lower capital project expenditures than anticipated. Budget and fund financial statements reflect the modified accrual basis of accounting under U.S. generally accepted accounting principles. Under this approach, capital assets purchased and debt principal payments are recorded as expenditures. Further, revenues are accrued if measurable and available within the Authority's availability period established at 90 days. Conversely, the statement of activities is reported under the accrual basis of accounting, which capitalizes capital asset purchases, reduces liabilities by principal payments and recognizes revenues collected after the 90-day period.

**The Authority's Funds**

As the Authority completed this year, our governmental funds reported a combined fund balance of \$12,139,444, which is a decrease of \$1,490,911 from last year.

The primary reasons for these changes are:

1. The general fund is our principal operating fund. The fund balance in the general fund increased by \$165 due to higher interest revenue earned than planned.
2. The capital projects fund decreased by \$1,491,076 due to expenditures on capital projects in construction.

**MADERA COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**General Fund Budgetary Highlights**

During the year there was no change between the original budget and the final budget for the General Fund. Actual revenues were more than the final budget by \$5,411 and expenditures were more than the final budget by \$5,246. The net effect of these differences results in a change in fund balance in the general fund of \$165.

**Long-Term Obligations**

At the end of 2016, the Authority had \$16,245,785 in debt outstanding. The debt consisted of Series 2009 and 2010 of the sales tax revenue bonds (see Note 7).

**Economic Factors and Next Year's Budget**

The Authority began to receive sales tax revenues under Measure T in 2007/08. As approved by Madera County voters in November 2006, Measure T provides funding for all modes of transportation and enables agencies within the County to address the needs of residents, businesses, and major industries in providing for road improvements, public transit, and other programs that improve mobility and air quality.

The following economic factors were considered in preparing the Authority's fiscal year 2016/17 budget:

- Projected an increase of 3.95% in sales tax receipts in 2016/17 compared to actual sales tax receipts in 2015/16
- Estimated expenditures for capital projects in the amount of \$10,925,954
- Bond Debt Service in the amount of \$2,275,873

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

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

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

**MADERA COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 3,827,243
Measure T sales tax receivable	873,604
Total current assets	4,700,847
Noncurrent assets:	
Restricted cash and investments	8,010,425
Notes receivable	472,500
Total noncurrent assets	8,482,925
Total assets	\$ 13,183,772
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 766,649
Interest payable	272,585
Due to trust funds	160,803
Due to other governments	116,876
Total current liabilities	1,316,913
Long-term liabilities:	
Due within one year	1,465,000
Due in more than one year	14,780,785
Total long-term liabilities	16,245,785
Total liabilities	17,562,698
<b>NET POSITION</b>	
Unrestricted	(4,378,926)
Total net position	\$ (4,378,926)

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

**MADERA COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:				
Governmental activities:				
Public ways and facilities	\$ 3,881,247	\$ -	\$ 111,152	\$ (3,770,095)
Interest on long-term debt	<u>850,253</u>	<u>-</u>	<u>-</u>	<u>(850,253)</u>
Total primary government	<u>\$ 4,731,500</u>	<u>\$ -</u>	<u>\$ 111,152</u>	<u>(4,620,348)</u>
		General revenues:		
			Sales taxes	4,559,001
			Interest income	<u>66,138</u>
			Total general revenues	<u>4,625,139</u>
			Change in net position	4,791
			Net position - beginning	<u>(4,383,717)</u>
			Net position - ending	<u>\$ (4,378,926)</u>

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

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## FUND FINANCIAL STATEMENTS

**MADERA COUNTY TRANSPORTATION AUTHORITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 575,768	\$ 3,251,475	\$ 3,827,243
Restricted cash and investments	-	8,010,425	8,010,425
Due from other funds	-	319,606	319,606
Receivables:			
Measure T sales tax	17,920	855,684	873,604
Notes	<u>-</u>	<u>472,500</u>	<u>472,500</u>
 Total assets	 <u>\$ 593,688</u>	 <u>\$ 12,909,690</u>	 <u>\$ 13,503,378</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 766,649	\$ 766,649
Due to other funds	480,409	-	480,409
Due to other governments	<u>97,832</u>	<u>19,044</u>	<u>116,876</u>
 Total liabilities	 <u>578,241</u>	 <u>785,693</u>	 <u>1,363,934</u>
<b>FUND BALANCES</b>			
Restricted:			
Debt service	-	2,076,226	2,076,226
Assigned:			
Road improvements	-	10,047,771	10,047,771
Unassigned	<u>15,447</u>	<u>-</u>	<u>15,447</u>
 Total fund balances	 <u>15,447</u>	 <u>12,123,997</u>	 <u>12,139,444</u>
 Total liabilities and fund balances	 <u>\$ 593,688</u>	 <u>\$ 12,909,690</u>	 <u>\$ 13,503,378</u>

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

**MADERA COUNTY TRANSPORTATION AUTHORITY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2016**

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

Total fund balances - governmental funds	\$ 12,139,444	
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.</p> <p>    Long-term liabilities:</p> <p>        Bonds payable</p>		(16,245,785)
<p>Unmatured interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.</p>		<u>(272,585)</u>
Net position of governmental activities	<u>\$ (4,378,926)</u>	

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

**MADERA COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Sales and use taxes	\$ 93,518	\$ 4,465,483	\$ 4,559,001
Federal revenue	-	111,152	111,152
Interest revenue	<u>393</u>	<u>65,745</u>	<u>66,138</u>
 Total revenues	 <u>93,911</u>	 <u>4,642,380</u>	 <u>4,736,291</u>
<b>EXPENDITURES</b>			
Current:			
Public ways and facilities:			
Administration and planning	93,746	19,044	112,790
Debt service:			
Principal	-	1,425,000	1,425,000
Interest	-	872,407	872,407
Capital outlays - road improvements	<u>-</u>	<u>3,817,005</u>	<u>3,817,005</u>
 Total expenditures	 <u>93,746</u>	 <u>6,133,456</u>	 <u>6,227,202</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>165</u>	 <u>(1,491,076)</u>	 <u>(1,490,911)</u>
 Net change in fund balances	 165	 (1,491,076)	 (1,490,911)
 Fund balances - beginning	 <u>15,282</u>	 <u>13,615,073</u>	 <u>13,630,355</u>
 Fund balances - ending	 <u>\$ 15,447</u>	 <u>\$ 12,123,997</u>	 <u>\$ 12,139,444</u>

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

**MADERA COUNTY TRANSPORTATION AUTHORITY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

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

Net change in fund balances - total governmental funds	\$ (1,490,911)
<p>Proceeds from long-term debt provide current financial sources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt is an expenditure in the governmental funds, however, in the statement of net position the repayment reduces long-term liabilities.</p>	
Repayment of long-term debt	1,425,000
<p>Premiums on bonds are amortized over the term of the bond in the government-wide statements but are recorded as an other source of funds in the year of issue on the governmental fund statements.</p>	
	51,198
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Change in interest payable	<u>19,504</u>
Change in net position of governmental activities	<u>\$ 4,791</u>

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

**MADERA COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF FIDUCIARY NET POSITION  
SPECIAL PURPOSE TRUST FUND  
JUNE 30, 2016**

	Trust Fund
<b>ASSETS</b>	
Cash and investments	\$ 522,763
Measure T sales tax receivable	918,404
Due from other funds	248,697
Total assets	1,689,864
<b>LIABILITIES</b>	
Due to other funds	87,894
Due to other governments	1,600,497
Total liabilities	1,688,391
<b>NET POSITION</b>	
Held in trust	1,473
Total net position	1,473
Total liabilities and net position	\$ 1,689,864

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

**MADERA COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
SPECIAL PURPOSE TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

	Trust Fund
<b>ADDITIONS</b>	
Sales tax	\$ 4,792,796
Investment income (loss)	4,901
Total additions	4,797,697
<b>DEDUCTIONS</b>	
Disbursements to local agencies	4,800,575
Total deductions	4,800,575
Change in net position	(2,878)
Net position - beginning	4,351
Net position - ending	\$ 1,473

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

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

**MADERA COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**Scope of Financial Reporting Entity**

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

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

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

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

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

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

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

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

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

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

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

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

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

**MADERA COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**Basic Financial Statements**

The basic financial statements consist of the following:

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

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

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

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

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

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

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

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

The fund financial statements provide information about the Authority's individual funds including governmental and trust funds. Separate statements for each fund category are presented. The balance sheet and the statement of revenues, expenditures and changes in fund balances focus on the presentation of major governmental funds – the general fund and capital projects funds. These two statements are used to report information regarding the Authority's own operations and programs. The statement of fiduciary net position and the statement of changes in fiduciary net position provide information regarding the sales tax proceeds and related disbursements, which are exclusively restricted for local agencies for the support of regional public transit, local transportation and regional transportation within the County. Disbursements of Measure T funds during the fiscal year ended June 30, 2016 were made to the Cities of Madera and Chowchilla and the County of Madera.

**MADERA COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**Measurement Focus, Basis of Accounting and Financial Statement (Continued)**

The Authority reports the following major governmental funds:

General Fund – the Authority’s primary operating fund – used to account for all the financial resources and the legally authorized activities of the Authority except those required to be accounted for in other specialized funds.

Capital Projects Fund – used to account for the accumulation of resources to be used to pay the costs of capital projects designated by Measure T.

Additionally, the Authority reports the following fiduciary fund:

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

**Cash and Cash Equivalents**

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

**Deposits with the Madera County Treasury**

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

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

**Interfund Balances**

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

**MADERA COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**Accounts Payable**

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

**Interest Payable**

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

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

**Long-Term Obligations**

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

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

**Fund Balance Classification**

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

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Authority did not have any nonspendable resources as of June 30, 2016.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**MADERA COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**Fund Balance Classification** (Continued)

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

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

**Net Position**

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

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

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

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

**Use of Management Estimates**

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

**MADERA COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

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

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

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

Madera County Transportation Commission (the "Commission") maintains the Madera County Transportation Authority's accounting records and incurs various administrative and other expenses on behalf of the Authority. These expenses incurred by the Authority to the Commission in 2015-2016 fiscal year totaled to \$112,790. The total accounts payable to the Commission was \$116,876 for the year ended June 30, 2016.

**NOTE 4 – CASH AND INVESTMENTS**

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Cash and investments	<u>\$ 12,360,431</u>
Total cash and investments	<u>\$ 12,360,431</u>

Cash and investments as of June 30, 2016 consist of the following:

Statement of Net Position:	
Cash and investments	\$ 3,827,243
Restricted cash and investments	8,010,425
Statement of Fiduciary Net Position:	
Trust Fund	<u>522,763</u>
Total cash and investments	<u>\$ 12,360,431</u>

**MADERA COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

Investments Authorized by the California Government Code and the Authority’s Investment Policy

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker’s Acceptances	180 days	40%	None
Commercial Paper	270 days	None	None
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	None	None
Medium-Term Notes	5 years	None	None
Mutual Funds	n/a	None	None
Money Market Mutual Funds	n/a	None	None
Mortgage Pass-Through Securities	5 years	None	None
County Pooled Investment Funds	n/a	100%	None
Local Agency Investment Fund (LAIF)	n/a	None	None

Investments Authorized by Debt Agreements

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, in accordance with the provisions of the Government Code of the State of California. All funds of the Authority have been invested in the commingled investment pool of the County of Madera, California.

**MADERA COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investment by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Governmental Activities:					
County Investment Pool	\$ 11,090,854	\$ 11,090,854	\$ -	\$ -	\$ -
Held by bond trustee:					
Bank of NY Mellon	<u>1,269,577</u>	<u>1,269,577</u>	-	-	-
Total	<u>\$ 12,360,431</u>	<u>\$ 12,360,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Related to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Authority's investment policy, and the actual rating as of year-end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of Year-End		
			AAA	Aa	Not Rated
Governmental Activities:					
County Investment Pool	\$ 11,090,854	N/A	\$ -	\$ -	\$ 11,090,854
Held by bond trustee:					
Bank of NY Mellon	<u>1,269,577</u>	N/A	-	-	<u>1,269,577</u>
Total	<u>\$ 12,360,431</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,360,431</u>

**MADERA COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

Fair Value Hierarchy

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

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

**NOTE 5 – INTERFUND BALANCES**

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Interfund receivables and payables balances at June 30, 2016 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 480,409
Capital Projects Fund	<u>319,606</u>	<u>-</u>
Total Governmental Funds	319,606	480,409
Trust Funds	<u>248,697</u>	<u>87,894</u>
Total	<u>\$ 568,303</u>	<u>\$ 568,303</u>

**NOTE 6 – NOTES RECEIVABLE**

In April 2009, the Authority's Board of Commissioners approved an inter-program loan in the amount of \$1,575,000 to the City of Chowchilla (the "City") to accelerate the delivery of the City's Measure T Improvement Projects. The loan is due in ten annual principal payments of \$157,500 beginning June 30, 2010, plus interest at a variable rate based on the LAIF rates. The total outstanding notes receivable balance as of June 30, 2016 was \$472,500.

**MADERA COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 7 – LONG-TERM LIABILITIES**

Long-term liabilities activity for the year ended June 30, 2016 consisted of the following:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due within One Year
Sales Tax Revenue Bonds:					
Series 2009	\$ 4,680,000	\$ -	\$ (355,000)	\$ 4,325,000	\$ 380,000
Series 2010	12,530,000	-	(1,070,000)	11,460,000	1,085,000
Series 2010-premiums, net of amortization	511,983	-	(51,198)	460,785	-
Total	<u>\$ 17,721,983</u>	<u>\$ -</u>	<u>\$ (1,476,198)</u>	<u>\$ 16,245,785</u>	<u>\$ 1,465,000</u>

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

**SERIES 2009**

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

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

Fiscal Years Ending June 30	Principal	Interest	Total
2017	\$ 380,000	\$ 314,898	\$ 694,898
2018	410,000	286,068	696,068
2019	440,000	255,006	695,006
2020	475,000	221,526	696,526
2021	510,000	185,628	695,628
Thereafter	2,110,000	325,314	2,435,314
Total	<u>\$ 4,325,000</u>	<u>\$ 1,588,440</u>	<u>\$ 5,913,440</u>

**SERIES 2010**

The series 2010 bonds were issued on June 29, 2010, with a maturity date of March 1, 2025, and interest rate between 2.00-4.00%.

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

Fiscal Years Ending June 30	Principal	Interest	Total
2017	\$ 1,085,000	\$ 495,975	\$ 1,580,975
2018	1,120,000	458,000	1,578,000
2019	1,165,000	413,200	1,578,200
2020	1,215,000	366,600	1,581,600
2021	1,260,000	318,000	1,578,000
Thereafter	5,615,000	704,600	6,319,600
Total	<u>\$ 11,460,000</u>	<u>\$ 2,756,375</u>	<u>\$ 14,216,375</u>

**MADERA COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 8 – SALES TAX RECEIPTS**

During the fiscal year ended June 30, 2016, the Authority received sales tax receipts in the amount of \$9,327,292 which are recorded in the following funds:

General	\$ 93,273
Capital Projects	4,453,782
Trust	<u>4,780,237</u>
	<u>\$ 9,327,292</u>

**NOTE 9 – RISK MANAGEMENT**

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

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

The Authority has entered into various cooperative agreements with governmental entities amounting to a total commitment of approximately \$43,468,714. The Authority has made cumulative expenditures of \$33,962,165 on these commitments through June 30, 2016; therefore, the Authority's outstanding commitments at June 30, 2016, total \$9,506,549.

As of June 30, 2016, the Authority had the following commitments with respect to the unfinished capital projects:

<u>Project</u>	<u>Amount</u>	<u>Completion Date</u>
SR 41 Passing Lanes	\$ 1,834,667	12/31/16
SR 99/Ave 12 Interchange	5,112,611	12/31/16
SR 99 - Ave 12 to Ave 17 Widening (E&P, PS&E, R/W)	2,410,008	12/31/17
Oakhurst Mid Town Connector (Through PS&E)	52,226	12/31/17
SR 233 Interchange Operational Improvements (Through E&P)	<u>97,037</u>	12/31/17
	<u>\$ 9,506,549</u>	

**MADERA COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 11 – PRONOUNCEMENTS**

**(1) New Accounting Pronouncements Adopted**

Governmental Accounting Standards Board Statement No. 72

In February 2015, GASB issued Statement No. 72, Fair Value Measurement and Application. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement were implemented by the Authority during the current fiscal year.

Governmental Accounting Standards Board Statement No. 76

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this statement were considered but had no effect on the Authority’s current fiscal year.

Governmental Accounting Standards Board Statement No. 79

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The requirements of this statement were considered but had no effect on the Authority’s current fiscal year.

Governmental Accounting Standards Board Statement No. 82

In March 2016, GASB issued Statement No. 82, *Pension Issues—an Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement was adopted by the Authority during the current fiscal year. The effects of the adoption of this statement included a change in the manner covered payroll is reported in the following required supplementary schedules: Proportionate Share of Net Pension Liability (Asset) and Schedule of Contributions. The requirements of this statement were considered but had no effect on the Authority’s current fiscal year.

**MADERA COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 11 – PRONOUNCEMENTS (Continued)**

**(2) New Accounting Pronouncements Not Yet Adopted**

Governmental Accounting Standards Board Statement No. 75

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (*other* postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2018.

Governmental Accounting Standards Board Statement No. 77

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2017.

Governmental Accounting Standards Board Statement No. 80

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units— an Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2017.

Governmental Accounting Standards Board Statement No. 81

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2018, and should be applied retroactively.

REQUIRED SUPPLEMENTARY INFORMATION

**MADERA COUNTY TRANSPORTATION AUTHORITY  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Sales and use taxes	\$ 88,500	\$ 88,500	\$ 93,518	\$ 5,018
Interest revenue	-	-	393	393
Total revenues	<u>88,500</u>	<u>88,500</u>	<u>93,911</u>	<u>5,411</u>
<b>EXPENDITURES</b>				
Administration and planning	<u>88,500</u>	<u>88,500</u>	<u>93,746</u>	<u>(5,246)</u>
Total expenditures	<u>88,500</u>	<u>88,500</u>	<u>93,746</u>	<u>(5,246)</u>
Net change in fund balances	-	-	165	165
Fund balances - beginning	<u>15,282</u>	<u>15,282</u>	<u>15,282</u>	-
Fund balances - ending	<u>\$ 15,282</u>	<u>\$ 15,282</u>	<u>\$ 15,447</u>	<u>\$ 165</u>

**MADERA COUNTY TRANSPORTATION AUTHORITY  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 1 – Budgets and Budgetary Data**

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

A budgetary comparison schedule for the general fund is presented on page 36. Its purpose is to demonstrate compliance with the approved budget for fiscal year 2015-2016. Actual expenditures appearing on the schedule are presented using the accrual method of accounting.

The general fund incurred \$5,246 of expenditures in excess of appropriations for the year ended June 30, 2016. The excess expenditures were covered by available fund balance in the fund.

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## OTHER SUPPLEMENTARY INFORMATION

**MADERA COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF MEASURE T SALES TAX RECEIPTS  
JUNE 30, 2016**

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

\* Net of State Board of Equalization fees

## OTHER REPORT

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Madera County Transportation Authority (the Authority) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 31, 2016.

#### Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

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

677 Scott Avenue  
Clovis, CA 93612  
tel 559.299.9540  
fax 559.299.2344

**Purpose of this Report**

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

*Price Page & Company*

Clovis, California  
December 31, 2016

**MADERA COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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

**FINANCIAL STATEMENTS**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?  Yes  No

Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No findings reported.

**MADERA COUNTY TRANSPORTATION AUTHORITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016**

**FINANCIAL STATEMENT FINDINGS**

No findings reported.