

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS**

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

**FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020**

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
JUNE 30, 2021 AND 2020**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET – GOVERNMENTAL FUNDS.....	4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS.....	6
STATEMENT OF NET POSITION – PROPRIETARY FUND – LOCAL TRANSIT FUND	8
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUND – LOCAL TRANSIT FUND	9
STATEMENT OF CASH FLOWS – PROPRIETARY FUND – LOCAL TRANSIT FUND	10
NOTES TO THE FINANCIAL STATEMENTS	11
REQUIRED SUPPLEMENTARY INFORMATION:	
BUDGETARY COMPARISON SCHEDULE – STREET CONSTRUCTION SPECIAL REVENUE FUND.....	20
BUDGETARY COMPARISON SCHEDULE – INTERMODAL BUILDING OPERATIONS SPECIAL REVENUE FUND.....	21
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	22
COMPLIANCE REPORT:	
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 <i>GOVERNMENT AUDITING STANDARDS</i> AND RULES AND REGULATIONS OF THE TRANSPORTATION DEVELOPMENT ACT.....	25



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 Transportation Development Act Funds (TDA Funds) of the City of Madera, California (the City), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the TDA Funds' 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 the 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 TDA Funds. 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the TDA Funds of the City, as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof 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 TDA Funds of the City and do not purport to, and do not present fairly the financial position of the City as of June 30, 2021 and 2020, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the 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 20-22 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2022, on our consideration of the City's internal control over financial reporting as it relates to the TDA Funds and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance as it relates to the TDA Funds.

Price Pange & Company

Clovis, California
August 19, 2022

FINANCIAL STATEMENTS

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Special Revenue Funds		
	Street Construction	Intermodal Building Operations	Total
ASSETS			
Prepaid expenses	\$ 3,957	\$ -	\$ 3,957
Due from local government agencies	2,435,533	54,294	2,489,827
Total assets	\$ 2,439,490	\$ 54,294	\$ 2,493,784
LIABILITIES			
Accounts payable	\$ 1,711,602	\$ 1,360	\$ 1,712,962
Salaries payable	-	129	129
Due to General Fund	259,537	26,827	286,364
Total liabilities	1,971,139	28,316	1,999,455
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	1,640,000	-	1,640,000
Total deferred inflows of resources	1,640,000	-	1,640,000
FUND BALANCES			
Nonspendable	3,957	-	3,957
Restricted	(1,175,606)	25,978	(1,149,628)
Total fund balances	(1,171,649)	25,978	(1,145,671)
Total liabilities and fund balances	\$ 2,439,490	\$ 54,294	\$ 2,493,784

The accompanying notes are an integral part of this statement.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Special Revenue Funds		
	Street Construction	Intermodal Building Operations	Total
ASSETS			
Prepaid expenses	\$ 3,815	\$ -	\$ 3,815
Due from local government agencies	1,126,151	59,300	1,185,451
Total assets	\$ 1,129,966	\$ 59,300	\$ 1,189,266
LIABILITIES			
Accounts payable	\$ 52,629	\$ 5,042	\$ 57,671
Salaries payable	-	103	103
Due to general fund	583,638	24,462	608,100
Unearned revenue	-	1,322	1,322
Total liabilities	636,267	30,929	667,196
FUND BALANCES			
Nonspendable	3,815	-	3,815
Restricted	489,884	28,371	518,255
Total fund balances	493,699	28,371	522,070
Total liabilities and fund balances	\$ 1,129,966	\$ 59,300	\$ 1,189,266

The accompanying notes are an integral part of this statement.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds		Total
	Street Construction	Intermodal Building Operations	
REVENUES			
Local transportation funds	\$ 966,120	\$ -	\$ 966,120
Aid from other governmental agencies	-	22,417	22,417
Building rents and leases	-	30,310	30,310
Utility reimbursements	-	58,243	58,243
	<u>966,120</u>	<u>110,970</u>	<u>1,077,090</u>
Total revenues			
EXPENDITURES			
Street and road maintenance	2,118,459	-	2,118,459
Intermodal building improvements	-	37,218	37,218
Administrative	1,009	64,452	65,461
	<u>2,119,468</u>	<u>101,670</u>	<u>2,221,138</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(1,153,348)</u>	<u>9,300</u>	<u>(1,144,048)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(512,000)	(11,693)	(523,693)
	<u>(512,000)</u>	<u>(11,693)</u>	<u>(523,693)</u>
Total other financing sources (uses)			
Change in fund balances	(1,665,348)	(2,393)	(1,667,741)
Fund balances - beginning	493,699	28,371	522,070
Fund balances - ending	<u>\$ (1,171,649)</u>	<u>\$ 25,978</u>	<u>\$ (1,145,671)</u>

The accompanying notes are an integral part of this statement.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Special Revenue Funds		
	Street Construction	Intermodal Building Operations	Total
REVENUES			
Local transportation funds	\$ 1,277,961	\$ 23,258	\$ 1,301,219
Aid from other governmental agencies	-	51,847	51,847
Building rents and leases	-	11,469	11,469
Utility reimbursements	-	42,396	42,396
	<u>1,277,961</u>	<u>128,970</u>	<u>1,406,931</u>
EXPENDITURES			
Street and road maintenance	768,662	-	768,662
Intermodal building improvements	-	77,941	77,941
Administrative	3,352	48,977	52,329
	<u>772,014</u>	<u>126,918</u>	<u>898,932</u>
Excess (deficiency) of revenues over (under) expenditures	<u>505,947</u>	<u>2,052</u>	<u>507,999</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(512,000)	(2,087)	(514,087)
	<u>(512,000)</u>	<u>(2,087)</u>	<u>(514,087)</u>
Change in fund balances	(6,053)	(35)	(6,088)
Fund balances - beginning	499,752	28,406	528,158
Fund balances - ending	<u>\$ 493,699</u>	<u>\$ 28,371</u>	<u>\$ 522,070</u>

The accompanying notes are an integral part of this statement.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENT OF NET POSITION
PROPRIETARY FUND – LOCAL TRANSIT FUND
JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
Current assets:		
Due from local governmental agencies	\$ 631,688	\$ 1,754,706
Prepaid expenses	952	26
Total current assets	632,640	1,754,732
Noncurrent assets:		
Capital assets, not depreciated	320,500	320,500
Capital assets, net of accumulated depreciation	8,154,645	8,166,454
Total noncurrent assets	8,475,145	8,486,954
Total assets	9,107,785	10,241,686
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow of resources related to pensions	110,680	113,508
Total deferred outflows of resources	110,680	113,508
LIABILITIES		
Current liabilities:		
Accounts payable	15,697	304,679
Salaries payable	11,747	5,087
Due to General Fund	529,788	1,439,092
Compensated absences, due within one year	14,997	16,064
Total current liabilities	572,229	1,764,922
Noncurrent liabilities:		
Compensated absences, due in more than one year	12,369	4,900
Net pension liability	469,936	465,236
Total noncurrent liabilities	482,305	470,136
Total liabilities	1,054,534	2,235,058
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	32,377	35,779
Total deferred inflows of resources	32,377	35,779
NET POSITION		
Net investment in capital assets	8,475,145	8,486,954
Unrestricted (deficit)	(343,591)	(402,597)
Total net position	\$ 8,131,554	\$ 8,084,357

The accompanying notes are an integral part of this statement.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND – LOCAL TRANSIT FUND
FOR THE YEAR ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Charges for services	\$ -	\$ 120,138
Other	<u>16,750</u>	<u>-</u>
Total operating revenues	<u>16,750</u>	<u>120,138</u>
Operating expenses:		
Salaries and benefits	302,793	251,853
General and administrative	1,553,132	1,811,275
Vehicle supplies and maintenance	142,254	165,918
Depreciation	<u>424,873</u>	<u>174,743</u>
Total operating expenses	<u>2,423,052</u>	<u>2,403,789</u>
Operating income (loss)	<u>(2,406,302)</u>	<u>(2,283,651)</u>
Nonoperating revenues (expenses):		
Interest income	768	2,780
Operating grants	907,308	2,930,377
Gain (loss) on disposal of property	135,300	-
Capital grants	<u>1,408,108</u>	<u>2,524,414</u>
Total nonoperating revenues (expenses)	<u>2,451,484</u>	<u>5,457,571</u>
Income (loss) before capital contributions and transfers	<u>45,182</u>	<u>3,173,920</u>
Capital contributions	82,613	298,731
Transfers out	<u>(80,598)</u>	<u>(57,000)</u>
Change in net position	47,197	3,415,651
Net position - beginning	<u>8,084,357</u>	<u>4,668,706</u>
Net position - ending	<u>\$ 8,131,554</u>	<u>\$ 8,084,357</u>

The accompanying notes are an integral part of this statement.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND – LOCAL TRANSIT FUND
FOR THE YEAR ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ -	\$ 120,138
Payments to suppliers	(1,985,294)	(2,286,262)
Payments to employees	(285,605)	(239,364)
Receipts from other operating activities	16,750	-
Net cash provided by (used for) operating activities	(2,254,149)	(2,405,488)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from (to) other funds	(80,598)	(57,000)
Due from (to) other funds	(909,304)	(62,464)
Operating grants	2,030,326	3,334,851
Net cash provided by (used for) noncapital financing activities	1,040,424	3,215,387
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants	1,408,108	2,524,414
Acquisition and construction of capital assets	(330,451)	(3,337,093)
Proceeds from the sale of assets	135,300	-
Net cash (used for) capital and related financing activities	1,212,957	(812,679)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	768	2,780
Net cash provided by (used for) investing activities	768	2,780
Net increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents - beginning	-	-
Cash and cash equivalents - ending	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (2,406,302)	\$ (2,283,651)
Adjustments to reconcile net operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	424,873	174,743
(Gain) loss on disposal of capital assets		
Changes in assets and liabilities:		
(Increase) decrease in prepaid expenses	(926)	(26)
(Increase) decrease in deferred outflows of resources from pensions	2,828	11,106
Increase (decrease) in accounts payable	(288,982)	(309,043)
Increase (decrease) in salaries payable	6,660	(4,439)
Increase (decrease) in deferred inflows of resources from pensions	(3,402)	(4,534)
Increase (decrease) in net pension liability	4,700	11,148
Increase (decrease) in compensated absences	6,402	(792)
Net cash provided by (used for) operating activities	\$ (2,254,149)	\$ (2,405,488)
Noncash investing, capital, and financing activities:		
Developer and other capital contributions	\$ 82,613	\$ 298,731

The accompanying notes are an integral part of this statement.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity

The accompanying financial statements present only the Transportation Development Act Funds of the City of Madera (TDA Funds) and are not intended to present fairly the financial position, changes in financial position, or cash flows of the City of Madera (the City) with accounting principles generally accepted in the United States of America.

Basis of Accounting and Measurement Focus

The financial statements of the TDA Funds 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 TDA Fund's accounting policies are described below.

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 City considers revenue to be available if it is collected within 60 days after end of current fiscal period. Expenditures are recorded in the accompanying period in which the related fund liability is incurred.

The primary revenue sources, which have been treated as susceptible to accrual by the TDA Funds are Local Transportation Fund allocations and other intergovernmental revenues. Expenditures are recorded in the accompanying period in which the related fund liability is incurred.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for as a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Operating revenues in the enterprise fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

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 receipts or earlier, if they meet the availability criteria.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated assets are valued at their estimated fair market value on the date donated.

Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	25-30 years
Improvements	5-50 years
Equipment	4-15 years
Infrastructure	10-50 years

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, bridges, sidewalks, drainage systems, and lighting systems, etc. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the financial statements. The appropriate operating department maintains information regarding the subsystems.

Transfers Between Funds

With City Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund that has made expenditures on behalf of another fund.

Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is classified in the following categories:

- *Net investment in capital assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.
- *Restricted* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* – This category represents net amounts that do not meet the criteria for “restricted” or “net investment in capital assets”.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted first, and then unrestricted resources as they are needed.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the 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 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.

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council 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 City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the Finance Director 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 City.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to first apply committed fund balance, then assigned fund balance, and finally unassigned fund balance.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The various funds are grouped in the accompanying financial statements into fund types as follows:

Government Fund Type

Special Revenue Funds – Street Construction and Intermodal Building Operations Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Fund Type

Enterprise Fund – The Local Transit Fund is used to account for operations financed and operated similar to business activities such as services rendered to the general public on a fee basis. The fund records the costs of the City's Dial-A-Ride and fixed route service, Madera Metro.

Use of Estimates

A number of estimates and assumptions relating to the reporting of revenues, expenditures/expenses, assets, deferred outflows of resources, liabilities and deferred inflows of resources, and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Due from Local Governmental Agencies

Claims made for reimbursement of costs incurred during the fiscal year have been accrued as due from the Madera County Transportation Commission or from other governmental agencies in the same fiscal year.

Payables

Certain costs are incurred by the City during the current period but are not paid until after the beginning of next fiscal period. These costs are reported as payables in the financial statements.

Unearned Revenue

Unearned revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrued basis of accounting. The City typically records intergovernmental revenues (primary grants and subventions) received but not earned (qualifying expenditures not yet incurred).

Due to General Fund

These amounts resulted from temporary reclassifications made at June 30, 2021 to cover cash shortfalls.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 – CASH AND INVESTMENTS

Cash is pooled in the City's cash and investments. Income from the investment of pooled cash is allocated to the City on a monthly basis, based upon the actual daily balance of the fund as a percentage of the total pooled cash balance. Cash and investments consist of U.S. government-backed securities and investments in the State of California Local Agency Investment Fund, as well as banker acceptances, commercial paper and money market funds, and are not identified with any single fund of the City. The City values 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.

Investments are stated at fair value. The increase in the fair value of investments is recognized as an increase to the interest income revenue. The City normally holds investments to term; therefore, no realized gain/loss is recognized.

City-wide information concerning cash and investments for the years ended June 30, 2021 and 2020, 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 to the City's Financial Statements.

NOTE 3 – CAPITAL ASSETS

A summary of capital assets for the year ended June 30, 2021 is as follows:

	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021
Capital assets not being depreciated:				
Land	\$ 320,500	\$ -	\$ -	\$ 320,500
Total capital assets not being depreciated:	<u>320,500</u>	<u>-</u>	<u>-</u>	<u>320,500</u>
Capital assets being depreciated:				
Buildings and improvements	66,737	-	-	66,737
Equipment	10,241,942	413,064	(562,683)	10,092,323
Total capital assets being depreciated	<u>10,308,679</u>	<u>413,064</u>	<u>(562,683)</u>	<u>10,159,060</u>
Less accumulated depreciation for:				
Buildings and improvements	75,175	123,747	-	198,922
Infrastructure	-	66,279	-	66,279
Equipment	2,067,050	234,847	(562,683)	1,739,214
Total accumulated depreciation	<u>2,142,225</u>	<u>424,873</u>	<u>(562,683)</u>	<u>2,004,415</u>
Business-type activities capital assets, net	<u>\$ 8,486,954</u>	<u>\$ (11,809)</u>	<u>\$ -</u>	<u>\$ 8,475,145</u>

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 3 – CAPITAL ASSETS (Continued)

A summary of capital assets for the year ended June 30, 2020 is as follows:

	Balance 6/30/2019	Additions	Deletions	Transfers	Balance 6/30/2020
Capital assets not being depreciated:					
Land	\$ 320,500	\$ -	\$ -	\$ -	\$ 320,500
Construction in progress	<u>3,669,893</u>	<u>2,613,705</u>	<u>-</u>	<u>(6,283,598)</u>	<u>-</u>
Total capital assets not being depreciated	<u>3,990,393</u>	<u>2,613,705</u>	<u>-</u>	<u>-</u>	<u>320,500</u>
Capital assets being depreciated:					
Buildings and improvements	66,737	-	-	-	66,737
Equipment	<u>3,169,447</u>	<u>1,022,119</u>	<u>(233,222)</u>	<u>6,283,598</u>	<u>10,241,942</u>
Total capital assets being depreciated	<u>3,236,184</u>	<u>1,022,119</u>	<u>(233,222)</u>	<u>-</u>	<u>10,308,679</u>
Less accumulated depreciation for:					
Buildings and improvements	42,644	32,531	-	-	75,175
Equipment	<u>2,158,060</u>	<u>142,212</u>	<u>(233,222)</u>	<u>-</u>	<u>2,067,050</u>
Total accumulated depreciation	<u>2,200,704</u>	<u>174,743</u>	<u>(233,222)</u>	<u>-</u>	<u>2,142,225</u>
Business-type activities capital assets, net	<u>\$ 5,025,873</u>	<u>\$ 3,461,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,486,954</u>

For the years ended June 30, 2021 and 2020, depreciation expense was \$424,873 and \$174,743, respectively.

NOTE 4 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position and balance sheet 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. Deferred outflows of resources reported in the proprietary funds for the years ended June 30, 2021 and 2020 was \$110,680 and \$113,508, respectively, are related to contributions to the pension plan.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate 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, as such, will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the proprietary funds for the years ended June 30, 2021 and 2020 was \$32,377 and \$35,779, respectively, are related to the pension plan. Deferred inflows of resources in the governmental funds for the years ended June 30, 2021 and 2020 was \$1,640,000 and \$0, respectively, are related to unavailable revenues.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 5 – PENSION PLANS

The City recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, measured as of the City's fiscal year-end or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan. The amounts reported in the TDA Enterprise Fund as pension liability and the related deferred inflows and outflows represent that funds allocable share of the total City liability and deferred items. For a more comprehensive description of the City of Madera's pension activity, refer to the respective footnote contained in the Annual Comprehensive Financial Report located on the City's website.

NOTE 6 – FARE REVENUE RATIO

The City is required to maintain a minimum fare revenue to operating expenses ratio of 15% in accordance with the Transportation Development Act.

The calculation of the fare revenue ratio for Madera Metro and Dial-A-Ride (DAR) is as follows for the year ended June 30, 2021:

	<u>Madera Metro</u>	<u>DAR</u>	<u>Total</u>
Fares:	\$ -	\$ -	\$ -
Total fares	-	-	-
Operating costs	1,333,902	754,157	2,088,059
Less depreciation and capital outlay	<u>(80,615)</u>	<u>(70,365)</u>	<u>(150,980)</u>
Net operating costs	<u>\$ 1,253,287</u>	<u>\$ 683,792</u>	<u>\$ 1,937,079</u>
Fare revenue ratio	<u>0.0%</u>	<u>0.0%</u>	

The calculation of the fare revenue ratio for Madera Metro and Dial-A-Ride (DAR) is as follows for the year ended June 30, 2020:

	<u>Madera Metro</u>	<u>DAR</u>	<u>Total</u>
Fares:			
Farebox revenues	<u>\$ 81,501</u>	<u>\$ 38,637</u>	<u>\$ 120,138</u>
Total fares	<u>81,501</u>	<u>38,637</u>	<u>120,138</u>
Operating costs	1,328,894	938,034	2,266,928
Less depreciation and capital outlay	<u>(83,813)</u>	<u>(77,174)</u>	<u>(160,987)</u>
Net operating costs	<u>\$ 1,245,081</u>	<u>\$ 860,860</u>	<u>\$ 2,105,941</u>
Fare revenue ratio	<u>6.5%</u>	<u>4.5%</u>	

As of April 16, 2020, the City eliminated fares due to COVID-19, which therefore had an impact on fare collections. Although the City is required to maintain a fare revenue ratio of 15%, Assembly Bill 90 waived the fare revenue ratio penalty for operators not meeting the ratio requirement for the fiscal years ending June 30, 2021 and 2020.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 7 – PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA)

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

During the fiscal year ended June 30, 2021 and 2020, the TDA Funds had PTMISEA expenditures of \$0 and \$557,904, respectively. During the fiscal year ended June 30, 2021 and 2020, the City received PTMISEA funds of \$0 and \$557,904, respectively.

NOTE 8 – CONTINGENCY

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus, COVID-19, a pandemic. Accordingly, some functions of the City's operations were limited to protect the health and safety of its employees. The financial impact that could occur as a result of the pandemic is unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
BUDGETARY COMPARISON SCHEDULE
STREET CONSTRUCTION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local transportation funds	\$ 749,919	\$ 749,919	\$ 966,120	\$ 216,201
Total revenues	<u>749,919</u>	<u>749,919</u>	<u>966,120</u>	<u>216,201</u>
EXPENDITURES				
Local transportation funds	294,645	4,024,464	2,118,459	1,906,005
Administrative	<u>888</u>	<u>888</u>	<u>1,009</u>	<u>(121)</u>
Total expenditures	<u>295,533</u>	<u>4,025,352</u>	<u>2,119,468</u>	<u>1,905,884</u>
Excess (deficiency) of revenues over (under) expenditures	<u>454,386</u>	<u>(3,275,433)</u>	<u>(1,153,348)</u>	<u>2,122,085</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(512,000)</u>	<u>(512,000)</u>	<u>(512,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(512,000)</u>	<u>(512,000)</u>	<u>(512,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (57,614)</u>	<u>\$ (3,787,433)</u>	(1,665,348)	<u>\$ 2,122,085</u>
Fund balance - beginning			<u>493,699</u>	
Fund balance - ending			<u>\$ (1,171,649)</u>	

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
BUDGETARY COMPARISON SCHEDULE
INTERMODAL BUILDING OPERATIONS SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local transportation funds	\$ 65,000	\$ 65,000	\$ -	\$ (65,000)
Aid from other governmental agencies	65,000	65,000	22,417	(42,583)
Building rents and leases	-	-	30,310	30,310
Utility reimbursements	-	-	58,243	58,243
	<u>130,000</u>	<u>130,000</u>	<u>110,970</u>	<u>(19,030)</u>
EXPENDITURES				
Intermodal building improvements	37,893	37,893	37,218	675
Administrative	70,631	70,631	64,452	6,179
	<u>108,524</u>	<u>108,524</u>	<u>101,670</u>	<u>6,854</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,476</u>	<u>21,476</u>	<u>9,300</u>	<u>(12,176)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(244)</u>	<u>244</u>	<u>(11,693)</u>	<u>(11,937)</u>
	<u>(244)</u>	<u>1,640,244</u>	<u>(11,693)</u>	<u>(11,937)</u>
Net change in fund balance	<u>\$ 21,232</u>	<u>\$ 1,661,720</u>	<u>(2,393)</u>	<u>\$ (24,113)</u>
Fund balance - beginning			<u>28,371</u>	
Fund balance - ending			<u>\$ 25,978</u>	

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – BUDGETARY INFORMATION

The City establishes annual budgets for the Special Revenue Funds. 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 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 and 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 Transportation Development Act Funds.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2021, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
Street Construction:	
Administrative	<u>\$ 121</u>

COMPLIANCE REPORT

THIS PAGE IS LEFT BLANK INTENTIONALLY.



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 RULES
AND REGULATIONS OF THE TRANSPORTATION DEVELOPMENT ACT

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 Transportation Development Act Funds (TDA Funds) of the City of Madera, California (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the TDA Funds' financial statements, and have issued our report thereon dated August 19, 2022.

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 (internal control), as it relates to the TDA Funds, as a basis for designing 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 TDA Funds 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.

570 N. Magnolia Avenue, Suite 100
Clovis, CA 93611

tel 559.299.9540
fax 559.299.2344

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's TDA Funds 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 financial statements. Our audit was further made to determine that TDA Funds allocated to and received by the City were expended in conformance with applicable statutes, rules and regulations of the Transportation Development Act and the allocation instructions and resolutions of the Madera County Transportation Commission as required by Section 6666 and 6667 of Title 21 of the California Code of Regulations. 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* or the Transportation Development Act or the Rules and Regulations of the Transportation Development Act.

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 TDA Funds. 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
August 19, 2022