

MADERA COUNTY 2006 TRANSPORTATION AUTHORITY

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FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT  
AND  
REQUIRED GOVERNMENTAL REPORT

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FOR THE YEAR ENDED JUNE 30, 2009

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INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Madera County 2006 Transportation Authority  
Madera, California

We have audited the accompanying basic financial statements of the Madera County 2006 Transportation Authority, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Madera County 2006 Transportation Authority's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Madera County 2006 Transportation Authority as of June 30, 2009, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

8080 North  
Palm Avenue,  
Suite 201

Fresno, CA  
93711-5797

559/431-5500

Fax: 559/431-4937  
www.cpaplus.com

INDEPENDENT AUDITORS' REPORT (CONTINUED)

In accordance with "Government Auditing Standards," we have also issued our report dated May 5, 2010, on our consideration of the Madera County 2006 Transportation Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

The management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Madera County 2006 Transportation Authority's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dedekian, George, Small & Markarian  
Accountancy Corporation  
May 5, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

MADERA COUNTY 2006 TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009

As management of the Madera County 2006 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, 2009. We encourage the readers to consider the information presented here in conjunction with the Authority's financial audit.

### **Financial Highlights**

1. The assets of the Authority exceeded its liabilities at the close of the fiscal year by \$4,086,329 (net assets).
2. The Authority's total net assets for the fiscal year ended June 30, 2009 increased by \$1,987,956, primarily due to the fact that \$1,915,441 of sales tax revenue was earned and reserved for future capital projects.
3. As of the close of the current fiscal year, the Authority's governmental funds reported a combined ending net assets balance of \$4,086,329, an increase of \$1,987,956 in comparison with the prior year. Approximately \$4,077,555 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 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.

**The 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:

MADERA COUNTY 2006 TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2009

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

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

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.

**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.

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 government funds and government activities.

**Fiduciary Funds.** Fiduciary 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 fiduciary fund (Measure T Trust Funds).

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 - 20 of this report.

MADERA COUNTY 2006 TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2009

**Government-Wide Financial Analysis**

Following are the government-wide financial statements for the fiscal year ended June 30, 2009.

**MCTA Net Assets for the periods ending June 30, 2009 and 2008**  
**Figure 1**

	2009	2008	% Change
<u>ASSETS</u>			
Assets:			
Current and other assets	\$ 4,704,774	\$ 3,587,238	31%
Total assets	\$ 4,704,774	\$ 3,587,238	37%
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities:			
Current and other liabilities	\$ 618,445	\$ 1,488,865	(58)%
Total liabilities	618,445	1,488,865	(58)%
Net assets:			
Restricted for capital projects	4,077,555	2,090,627	95%
Unrestricted	8,774	7,746	13%
Total net assets	\$ 4,086,329	\$ 2,098,373	95%

**MCTA Changes in Net Assets for the periods ending June 30, 2009 and 2008**  
**Figure 2**

	2009	2008	% Change
Revenues:			
Program revenues	\$ -	\$ -	
General revenues	2,061,627	2,163,056	(5)%
Total revenues	2,061,627	2,163,056	(5)%
Expenses:			
Public ways and facilities	73,671	74,415	(1)%
Total expenses	73,671	74,415	(1)%
Change in net assets	1,987,956	2,088,641	(5)%
Net assets - beginning	2,098,373	9,732	21,462%
Net assets - ending	\$ 4,086,329	\$ 2,098,373	95%

MADERA COUNTY 2006 TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2009

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

MCTA 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.

During fiscal year 2008/09, MCTA accomplished the following:

- Held three meetings with Citizen's Oversight Committee to review annual work programs and compliance audits
- Established Phase 1 of the delivery of the Tier 1 Regional Projects

MCTA together with Caltrans, County of Madera, City of Madera, and City of Chowchilla will continue to meet its promised commitments:

- Timely and cost effective project delivery
- Maximize leveraging of outside fund sources
- Maximize the cost effective use of sales tax revenues
- Promote a balanced use of funds throughout the County
- Promote high environmental and conservation awareness

The following economic factors were considered in preparing MCTA's fiscal year 2009/10 budget:

- 3.8% increase in projected sales tax revenues compared to 08/09 projection
- Estimated expenditures for capital projects in the amount of \$13,308,000
- Private placement bond in the amount of \$6.06 million will be needed for delivery of the Ellis Street overcrossing project

**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.

BASIC FINANCIAL STATEMENTS

MADERA COUNTY 2006 TRANSPORTATION AUTHORITY  
STATEMENT OF NET ASSETS  
JUNE 30, 2009

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Assets:	
Cash and investments	\$ 4,704,774
Due from other funds	-
Total assets	<u>\$ 4,704,774</u>
<u>LIABILITIES AND NET ASSETS</u>	
Current liabilities:	
Accounts payable	\$ 8,397
Due to other funds	<u>610,048</u>
Total liabilities	<u>618,445</u>
Net assets:	
Restricted for capital projects	4,077,555
Unrestricted	<u>8,774</u>
Total net assets	<u>4,086,329</u>
Total liabilities and net assets	<u>\$ 4,704,774</u>

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

MADERA COUNTY 2006 TRANSPORTATION AUTHORITY  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary government:				
Governmental activities:				
Public ways and facilities	\$ 73,671	\$ -	\$ -	\$ (73,671)
Total primary government	<u>\$ 73,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(73,671)</u>
General revenues:				
Sales tax				1,974,192
Investment income				<u>87,435</u>
Total general revenues				<u>2,061,627</u>
Change in net assets				1,987,956
Net assets - beginning, as restated				<u>2,098,373</u>
Net assets - ending				<u>\$ 4,086,329</u>

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

MADERA COUNTY 2006 TRANSPORTATION AUTHORITY  
BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2009

	General	Capital Projects	Total
<u>ASSETS</u>			
Assets:			
Cash and investments	\$ 844,496	\$ 3,860,278	\$ 4,704,774
Due from other funds	-	217,277	217,277
Total assets	<u>\$ 844,496</u>	<u>\$ 4,077,555</u>	<u>\$ 4,922,051</u>
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities:			
Accounts payable	\$ 8,397	\$ -	\$ 8,397
Due to other funds	827,325	-	827,325
Total liabilities	<u>835,722</u>	<u>-</u>	<u>835,722</u>
Fund balances:			
Reserved for capital projects	-	4,077,555	4,077,555
Unreserved	8,774	-	8,774
Total fund balances	<u>8,774</u>	<u>4,077,555</u>	<u>4,086,329</u>
Total liabilities and fund balances	<u>\$ 844,496</u>	<u>\$ 4,077,555</u>	<u>\$ 4,922,051</u>

Amounts reported for governmental activities in the statement of net assets (page 7) are different because:

Total fund balances		\$ 4,086,329
Reconciling items		-
Net assets of governmental activities (page 7)		<u>\$ 4,086,329</u>

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

MADERA COUNTY 2006 TRANSPORTATION AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	General	Capital Projects	Total
Revenues:			
Sales and use taxes	\$ 73,118	\$ 1,901,074	\$ 1,974,192
Interest revenue	1,581	85,854	87,435
Total revenues	74,699	1,986,928	2,061,627
Expenditures:			
Current:			
Public ways and facilities:			
Administration and planning	73,671	-	73,671
Other	-	-	-
Total expenditures	73,671	-	73,671
Excess of revenue over expenditures	1,028	1,986,928	1,987,956
Fund balances at beginning of year, as restated	7,746	2,090,627	2,098,373
Fund balances at end of year	\$ 8,774	\$ 4,077,555	\$ 4,086,329

Amounts reported for governmental activities in the statement of revenues, expenses and changes in net assets (page 8) are different because:

Net change in fund balances - total governmental funds	\$ 1,987,956
Reconciling items	-
Change in net assets of governmental activities (page 8)	\$ 1,987,956

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

MADERA COUNTY 2006 TRANSPORTATION AUTHORITY  
STATEMENT OF FIDUCIARY NET ASSETS  
ALL FIDUCIARY FUNDS  
JUNE 30, 2009

	<u>Trust Funds</u>
<u>ASSETS</u>	
Assets:	
Cash and investments	\$ 304,696
Due from other funds	610,048
Note receivable	1,575,000
Total assets	\$ 2,489,744
<u>LIABILITIES AND NET ASSETS</u>	
Liabilities:	
Allocations payable	\$ -
Total liabilities	-
Net assets:	
Held in trust	2,489,744
Total net assets	2,489,744
Total liabilities and net assets	\$ 2,489,744

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

MADERA COUNTY 2006 TRANSPORTATION AUTHORITY  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 ALL FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2009

	<u>Trust Funds</u>
Additions:	
Sales tax	\$ 5,337,633
Interest revenue	<u>162,428</u>
Total additions	<u>5,500,061</u>
Deductions:	
Disbursements to local agencies	<u>5,429,159</u>
Total deductions	<u>5,429,159</u>
Change in net assets	70,902
Net assets - beginning, as restated	<u>2,418,842</u>
Net assets - ending	<u><u>\$ 2,489,744</u></u>

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

MADERA COUNTY 2006 TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Scope of Financial Reporting Entity

The Madera County 2006 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 public transit, local transportation, public transportation, and environmental enhancement.

The sales tax revenue received by the Authority under Measure T, after deducting certain administrative costs, are to be spent for programs as set forth in the strategic plan included in Measure T and approved by the voters of the County. The strategic plan will be updated every 2 years to adjust the projection of sales tax receipts.

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, add additional lanes, increase safety as determined by the local jurisdictions, and improve and reconstruct 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 - the goal 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 2006 TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Madera County Transportation Authority Structure Under the Measure 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.

PUC 180000 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 members of the city council appointed by the city council

Basic Financial Statements

Basic financial statements consist of the following:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the basic financial statements.

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

Both of the government-wide 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 fiduciary funds, even though the latter are excluded from the government-wide financial statements.

MADERA COUNTY 2006 TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 fiduciary 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.

Governmental funds 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences which are recognized when payment is due.

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

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

The Authority reports the following major governmental funds:

General Fund - the Authority's primary operating fund. It accounts 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:

Trust Funds - used to account for Measure T sales tax funds held by the Authority in a trustee capacity.

MADERA COUNTY 2006 TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2006 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 and Auditor-Controller and a third member representing the County schools (the primary external pool participant) also monitors the Treasury's investment on a regular basis. No regulatory agency outside of the County of Madera exercises any regulatory responsibilities over the County's investments. The County's pool is not registered with the SEC as an investment company.

Government Accounting Standards Board Statement 31 requires that these investments in the pool be reported at fair value. Authority management has elected not to report the investment in the County's external pool at fair value because the difference between fair value and amortized cost (the basis of presentation in these statements), is not material to these financial statements.

Interfund Balances

Sales tax revenues are deposited into the General Fund upon receipt and transferred to the Capital Projects and Trust Funds as required. Sales tax revenues 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."

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.

MADERA COUNTY 2006 TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Implementation of Governmental Accounting Standards Board Statements

GASB Statement No. 54 – In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The requirements of this statement are effective for the financial statements for periods beginning after June 15, 2010.

GASB Statement No. 55 – In March 2009, GASB issued Statement No. 55 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement incorporates the hierarchy of GAAP for state and local governments into the GASB authoritative literature. The goal of this statement is to enhance financial reporting by contributing to the GASB's efforts to codify all GAAP for state and local governments so that they derive from a single source. The requirements of this statement are effective upon issuance.

GASB Statement No. 56 – In March 2009, GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. This statement incorporates certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards into the GASB. The objective of this statement is to enhance financial reporting by contributing to the GASB's efforts to codify all sources of GAAP so that they derive from a single source. The requirements of this statement are effective upon issuance.

2. CASH AND INVESTMENTS

The following summarizes the Authority's cash and investments at June 30, 2009:

County Investment Pool	<u>\$ 5,009,470</u>
------------------------	---------------------

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.

MADERA COUNTY 2006 TRANSPORTATION AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2009

2. CASH AND INVESTMENTS (CONTINUED)

<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	None	None
Commercial Paper	270 days	None	None
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	None	None
Medium-Term Notes	5 years	None	None
Mutual Funds	N/A	None	None
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	5 years	None	None
County Pooled Investment Funds	N/A	100%	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Disclosures Relating to Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Governmental Activities					
County Investment Pool	\$ 5,009,470	\$ 5,009,470	\$ -	\$ -	\$ -
Totals	<u>\$ 5,009,470</u>	<u>\$ 5,009,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MADERA COUNTY 2006 TRANSPORTATION AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2009

2. CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Authority's investment policy, and the actual rating as of year end for each investment type. The column marked "exempt from disclosure" identifies those investment types for which GASB No. 40 does not require disclosure as to credit risk:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>	
				<u>AAA</u>	<u>Not Rated</u>
Governmental Activities					
County Investment Pool	\$ 5,009,470	N/A	\$ 5,009,470	\$ -	\$ 5,009,470
Totals	<u>\$ 5,009,470</u>	<u>N/A</u>	<u>\$ 5,009,470</u>	<u>\$ -</u>	<u>\$ 5,009,470</u>

3. INTERFUND BALANCES

Interfund balances at June 30, 2009 consisted of the following:

<u>Due to Fund</u>	<u>Due from Fund</u>	<u>Amount</u>	<u>Purpose</u>
Capital Project Fund	General Fund	\$ 217,277	Sales tax revenues received on behalf of fund
Trust Funds	General Fund	\$ 827,325	Sales tax revenues received on behalf of fund

4. NOTE RECEIVABLE

In April 2009, the Authority Board of Directors approved an interprogram 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.

5. SALES TAX REVENUES

During the fiscal year ended June 30, 2009, the Authority received sales tax revenues in the amount of \$7,311,825, accounted for as follows:

General Fund	\$ 73,118
Capital Projects Fund	1,901,074
Trust Funds	<u>5,337,633</u>
	<u>\$ 7,311,825</u>

MADERA COUNTY 2006 TRANSPORTATION AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2009

6. RESTATEMENT OF NET ASSETS

Beginning net assets for the General Fund, Capital Projects Fund, and Trust Fund were restated to reclassify sales tax receipts that were deposited and inadvertently recorded as revenues in the General Fund during the fiscal year ended June 30, 2008. Although the funds were remitted to the Capital Projects and Trust Funds during the fiscal year ended June 30, 2009, the sales tax receipts should have been reflected as revenues in the Capital Project and Trust Funds upon receipt by the General Fund during the fiscal year ended June 30, 2008.

	General Fund	Capital Projects Fund	Trust Funds
Net assets, June 30, 2008, as previously stated	\$ 1,496,611	\$ 1,703,465	\$ 1,332,030
To reclass sales tax revenues	(1,488,865)	387,162	1,086,812
Net assets, July 1, 2008, as restated	\$ 7,746	\$ 2,090,627	\$ 2,418,842

7. SUBSEQUENT EVENT

In October 2009, the Authority Board of Directors approved the sale of \$6.2 million in bonds for the construction of the Ellis Street Overcrossing project. The sales tax revenue bonds, issued as Build America Bonds, bear interest at 7.44%, commencing March 1, 2010, final maturity September 1, 2024, with semiannual mandatory redemptions.

Management has evaluated subsequent events through May 5, 2010, the date on which the financial statements were available to be issued.

OTHER SUPPLEMENTARY INFORMATION

MADERA COUNTY 2006 TRANSPORTATION AUTHORITY  
SCHEDULE OF ALLOCATIONS, DISBURSEMENTS  
AND UNEXPENDED ALLOCATIONS  
MEASURE T SALES TAX  
JUNE 30, 2009

Claimant - Claim	New/Unused Allocations	Disbursements	Unexpended Allocations
<b>MCTA</b>			
Administration/Planning	\$ 88,562	\$ 88,562	\$ -
Regional Streets and Highway Program	4,077,555	-	4,077,555
<b>County of Madera</b>			
Commuter Corridors/Farm to Market			
Regional Rehab	1,232,372	1,116,166	116,206
Safe Routes to School & Jobs			
Street Maintenance	640,834	580,407	60,427
County Maintenance District	431,330	390,658	40,672
Flexible	1,064,600	963,500	101,100
ADA Compliance	24,648	22,324	2,324
Transit Enhancement Program			
Transit Enhancement	87,745	79,221	8,524
ADA/Seniors/Paratransit	8,380	7,590	790
Environmental Enhancement			
Environmental Enhancement Program	95,873	86,576	9,297
<b>City of Madera</b>			
Commuter Corridors/Farm to Market			
Regional Rehab	833,515	755,075	78,440
Safe Routes to School & Jobs			
Street Maintenance	433,428	392,639	40,789
County Maintenance District	291,731	264,277	27,454
Flexible	717,442	649,199	68,243
ADA Compliance	16,671	15,102	1,569
Transit Enhancement Program			
Transit Enhancement	63,658	57,892	5,766
ADA/Seniors/Paratransit	5,712	5,178	534
Environmental Enhancement			
Environmental Enhancement Program	69,019	62,744	6,275

MADERA COUNTY 2006 TRANSPORTATION AUTHORITY  
SCHEDULE OF ALLOCATIONS, DISBURSEMENTS AND  
UNEXPENDED ALLOCATIONS  
MEASURE T SALES TAX (CONTINUED)  
JUNE 30, 2009

Claimant - Claim	New/Unused Allocations	Disbursements	Unexpended Allocations
<b>City of Chowchilla</b>			
Commuter Corridors/Farm to Market			
Regional Rehab	150,186	135,912	14,274
Safe Routes to School & Jobs			
Street Maintenance	78,096	70,673	7,423
County Maintenance District	52,565	47,569	4,996
Flexible	130,661	118,243	12,418
ADA Compliance	3,004	2,719	285
Transit Enhancement Program			
Transit Enhancement	11,294	10,291	1,003
ADA/Seniors/Paratransit	1,022	925	97
Environmental Enhancement			
Environmental Enhancement Program	12,568	11,426	1,142
	<u>\$ 10,622,471</u>	<u>\$ 5,934,868</u>	<u>\$ 4,687,603</u>

MADERA COUNTY 2006 TRANSPORTATION AUTHORITY  
SCHEDULE OF MEASURE T SALES TAX REVENUE  
JUNE 30, 2009

<u>Fiscal Year</u>	<u>Total Sales Tax Revenues*</u>	<u>Change from Previous Year</u>
2007/08	\$ 7,707,106	-
2008/09	\$ 7,311,825	(5.13)%

\*Net of State Board of Equalization fees.

OTHER REPORT SECTION

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"

The Board of Directors  
Madera County 2006 Transportation Authority  
Madera, California

We have audited the financial statements of the Madera County 2006 Transportation Authority, as of and for the year ended June 30, 2009, and have issued our report thereon dated May 5, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Madera County 2006 Transportation Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Madera County 2006 Transportation Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Madera County 2006 Transportation Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Madera County 2006 Transportation Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Madera County 2006 Transportation Authority's financial statements that is more than inconsequential will not be prevented or detected by the Madera County 2006 Transportation Authority's internal control.

8080 North  
Palm Avenue,  
Suite 201

Fresno, CA  
93711-5797

559/431-5500

Fax: 559/431-4937  
www.cpaplus.com

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"  
(CONTINUED)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Madera County 2006 Transportation Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Madera County 2006 Transportation Authority's financial statements are free of 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 Madera County 2006 Transportation Authority were made in accordance with the provisions of the Measure T Enabling Legislation and Measure T 2007 Strategic Plan. 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."

This report is intended solely for the information and use of the Madera County 2006 Transportation Authority's management and Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.



Dedekian, George, Small & Markarian  
Accountancy Corporation  
May 5, 2010