

**MARIPOSA COUNTY
TRANSPORTATION COMMISSION
(A Component Unit of the
County of Mariposa, California)**



**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2014**

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MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Annual Financial Report
For the Year Ended June 30, 2014

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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
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- **Supplementary Information**

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INDEPENDENT AUDITOR'S REPORT

Mariposa County Transportation Commission
County of Mariposa
Mariposa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Mariposa County Transportation Commission (Commission), a component unit of the County of Mariposa, California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 Commission as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1N to the financial statements, in 2014, the Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 70. Our opinion is not modified with respect to this matter.

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 as listed in the table of contents 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 Information

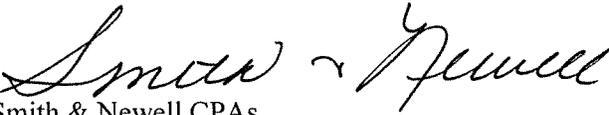
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Schedules of Allocations and Expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Allocations and Expenditures 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 of Allocations and Expenditures are fairly stated in all material respects in relation to the basic financial statements as a whole.

Mariposa County Transportation Commission
County of Mariposa
Mariposa, California

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 17, 2014 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control over financial reporting and compliance.


Smith & Newell CPAs
Yuba City, California
November 17, 2014

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**Management's Discussion and Analysis
(Unaudited)**

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**County of Mariposa
Transportation Commission
Fiscal Year 2013-14
Management Discussion and Analysis**

This report of the Mariposa County Transportation Commission presents a narrative and overview of the Transportation Commission's financial performance during the fiscal year ended June 30, 2014. The Local Transportation Commission exists pursuant to the Transportation Development Act and supports transportation planning, transit services, pedestrian and bicycle projects, road maintenance and construction and a regional transit system.

FINANCIAL HIGHLIGHTS

The assets of the Transportation Commission exceeded liabilities by \$692,530. Of this amount \$3,282 is unrestricted. The bulk of the \$391,879 in cash held by the commission is held in the Bicycle/Pedestrian Fund and in the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA) in the amounts of \$87,310 and \$267,117 respectively.

Summary of the Statement of Net Position

	<u>2014</u>	<u>2013</u>
Current Assets	\$ 582,037	\$ 834,481
Non-Current Assets	<u>286,818</u>	<u>131,107</u>
Total Assets	<u>868,855</u>	<u>965,588</u>
Current Liabilities	176,325	113,025
Non-Current Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>176,325</u>	<u>113,025</u>
Net Position:		
Investment in capital assets	286,818	131,107
Restricted	402,430	721,984
Unrestricted	<u>3,282</u>	<u>(528)</u>
Total Net Position	<u>\$ 692,530</u>	<u>\$ 852,563</u>

Summary of the Statement of Activities

	<u>2014</u>	<u>2013</u>
Expenses	\$ 854,585	\$ 722,469
Program Revenues	<u>690,221</u>	<u>934,426</u>
Net (Expense) Revenue	(164,364)	211,957
General Revenues	<u>4,331</u>	<u>4,492</u>
Change in Net Position	(160,033)	216,449
Total Net Position - Beginning	<u>852,563</u>	<u>636,114</u>
Total Net Position - Ending	<u>\$ 692,530</u>	<u>\$ 852,563</u>

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements include a statement of net position, statement of activities, balance sheet and a statement of revenues, expenditures and changes in fund balances. These are followed by notes to the financial statements.

The statement of net position presents information on assets and liabilities, with the difference between the two reported as net position. The net position figure, examined over a period of years, can be used as an indicator of the financial stability of the Transportation Commission.

The statement of activities presents the expenses and revenues and the effect on the net position of the Transportation Commission.

Finally, we present the balance sheet and revenues, expenditures and changes in fund balance for each of these governmental funds that make up the Transportation Commission. They are the Local Transportation Commission, State Transit Assistance, Transportation Planning, Bicycle/Pedestrian Fund and the PTMISEA projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Following is a statement of the capital assets held by the commission. There was a significant increase in Construction in Progress in FY2013-14.

	Balance <u>June 30, 2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2014</u>
Capital Assets, Not Being Depreciated				
Construction in Progress	\$ 119,254	\$ 157,969	\$ -	\$ 277,223
Total Capital Assets, Not Being Depreciated	<u>119,254</u>	<u>157,969</u>	<u>-</u>	<u>277,223</u>
Capital Assets, Being Depreciated				
Equipment	<u>35,690</u>	<u>-</u>	<u>-</u>	<u>35,690</u>
Total Capital Assets, Being Depreciated	<u>35,690</u>	<u>-</u>	<u>-</u>	<u>35,690</u>
Less Accumulated Depreciation for:				
Equipment	<u>(23,837)</u>	<u>(2,258)</u>	<u>-</u>	<u>(26,095)</u>
Total Accumulated Depreciation	<u>(23,837)</u>	<u>(2,258)</u>	<u>-</u>	<u>(26,095)</u>
Total Capital Assets Being Depreciated, Net	<u>11,853</u>	<u>(2,258)</u>	<u>-</u>	<u>9,595</u>
Total Capital Assets	<u>\$ 131,107</u>	<u>\$ 155,711</u>	<u>\$ -</u>	<u>\$ 286,818</u>

The Mariposa County Transportation Commission currently has two types of potential long-term liabilities, namely Compensated Absences and the Other Post Employment Benefits (OPEB) liability for medical benefits for retirees. There are no current balances for either category.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Revenues for the Local Transportation Commission Fund are from sales taxes.

The State Transit Assistance Fund receives an appropriation from the State of California. These monies are used to finance the operations of the Transit Department.

The Transportation Planning Fund receives funding predominately from Rural Planning Assistance monies which are allocated by the State of California through the Federal Transit Administration – Rural Transit Assistance Program. The Transportation Commission also receives funding through the State Transportation Improvement Program (STIP).

The financial situations for the California state government and the Federal government seem to be on more stable footing now than for the last several years. While there is still potential for these programs to be negatively impacted in FY2014-15 by actions taken at the State and/or Federal level, the greater probability is that the funding will be stable.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview to the taxpayers of the finances of the Mariposa County Transportation Commission. Questions regarding any information provided in this report or requests for additional information should be addressed to the Mariposa County Department of Public Works at 4639 Ben Hur Road, Mariposa, California 95338 or the County Auditor's Office at wdavis@mariposacounty.org or P.O. Box 729, Mariposa, California 95338.

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Basic Financial Statements

- **Government-Wide Financial Statements**

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MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Statement of Net Position
June 30, 2014

	<u>Total Governmental Activities</u>
ASSETS	
Cash and investments	\$ 391,879
Receivables:	
Intergovernmental	190,158
Capital assets:	
Non-depreciable	277,223
Depreciable, net	9,595
Total capital assets	<u>286,818</u>
Total Assets	<u>868,855</u>
LIABILITIES	
Accounts payable	38,140
Due to Mariposa County	<u>138,185</u>
Total Liabilities	<u>176,325</u>
NET POSITION	
Investment in capital assets	286,818
Restricted for PTMISEA	229,198
Restricted for transportation	173,232
Unrestricted	<u>3,282</u>
Total Net Position	<u><u>\$ 692,530</u></u>

The notes to the basic financial statements are an integral part of this statement.

MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Statement of Activities
For the Year Ended June 30, 2014

<u>Functions/Programs</u>	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:				
Transportation	\$ 854,585	\$ -	\$ 690,221	\$ -
Total Governmental Activities	854,585	-	690,221	-
Total	\$ 854,585	\$ -	\$ 690,221	\$ -
General revenues:				
Interest and investment earnings				4,331
Total General Revenues				4,331
Change in Net Position				(160,033)
Net Position - Beginning				852,563
Net Position - Ending				\$ 692,530

The notes to the basic financial statements are an integral part of this statement.

Basic Financial Statements

- **Fund Financial Statements**

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MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Balance Sheet
Governmental Funds
June 30, 2014

	<u>Local Transportation Commission</u>	<u>State Transit Assistance</u>	<u>Transportation Planning</u>	<u>Bicycle/ Pedestrian Fund</u>	<u>PTMISEA Projects</u>
ASSETS					
Cash and investments	\$ -	\$ 37,452	\$ -	\$ 87,310	\$ 267,117
Receivables:					
Intergovernmental	88,900	26,376	74,882	-	-
Total Assets	<u>\$ 88,900</u>	<u>\$ 63,828</u>	<u>\$ 74,882</u>	<u>\$ 87,310</u>	<u>\$ 267,117</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 221	\$ -	\$ 37,919
Due to County of Mariposa	66,806	-	71,379	-	-
Total Liabilities	<u>66,806</u>	<u>-</u>	<u>71,600</u>	<u>-</u>	<u>37,919</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	-	-	70,101	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>70,101</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	22,094	63,828	-	87,310	229,198
Unassigned	-	-	(66,819)	-	-
Total Fund Balances	<u>22,094</u>	<u>63,828</u>	<u>(66,819)</u>	<u>87,310</u>	<u>229,198</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 88,900</u>	<u>\$ 63,828</u>	<u>\$ 74,882</u>	<u>\$ 87,310</u>	<u>\$ 267,117</u>

The notes to the basic financial statements are an integral part of this statement.

Total

\$ 391,879

190,158

\$ 582,037

\$ 38,140

138,185

176,325

70,101

70,101

402,430

(66,819)

335,611

\$ 582,037

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MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Reconciliation of the Governmental Fund Balance Sheet to the
Government-Wide Statement of Net Position - Governmental Activities
June 30, 2014

Total Fund Balance - Total Governmental Funds	\$ 335,611
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.	286,818
Other long term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenues in the governmental funds.	<u>70,101</u>
Net Position of Governmental Activities	<u><u>\$ 692,530</u></u>

The notes to the basic financial statements are an integral part of this statement.

MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	<u>Local Transportation Commission</u>	<u>State Transit Assistance</u>	<u>Transportation Planning</u>	<u>Bicycle/ Pedestrian Fund</u>	<u>PTMISEA Projects</u>
REVENUES					
Intergovernmental:					
Local Transportation fund allocation	\$ 452,111	\$ -	\$ -	\$ -	\$ -
State Transit Assistance allocation	-	97,372	-	-	-
Rural Planning Assistance	-	-	39,828	-	-
STIP PPM	-	-	17,809	-	-
Unmet needs	-	-	3,000	-	-
Bicycle/pedestrian	-	-	-	10,000	-
Use of money	983	506	(19)	881	1,980
Total Revenues	<u>453,094</u>	<u>97,878</u>	<u>60,618</u>	<u>10,881</u>	<u>1,980</u>
EXPENDITURES					
Current:					
Regional transit services	136,360	-	-	-	-
Streets and roads	308,258	-	-	-	-
Mariposa Transit Agency	-	75,000	-	-	-
Bicycle/pedestrian pathways	10,000	-	-	192,800	-
Unmet needs	3,000	-	922	-	-
Transportation planning services	-	-	125,987	-	-
Capital outlay	-	-	-	-	157,969
Total Expenditures	<u>457,618</u>	<u>75,000</u>	<u>126,909</u>	<u>192,800</u>	<u>157,969</u>
Net Change in Fund Balances	(4,524)	22,878	(66,291)	(181,919)	(155,989)
Fund Balances - Beginning	<u>26,618</u>	<u>40,950</u>	<u>(528)</u>	<u>269,229</u>	<u>385,187</u>
Fund Balances - Ending	<u>\$ 22,094</u>	<u>\$ 63,828</u>	<u>\$ (66,819)</u>	<u>\$ 87,310</u>	<u>\$ 229,198</u>

The notes to the basic financial statements are an integral part of this statement.

Total

\$ 452,111
97,372
39,828
17,809
3,000
10,000
4,331

624,451

136,360
308,258
75,000
202,800
3,922
125,987
157,969

1,010,296

(385,845)

721,456

\$ 335,611

MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds	\$ (385,845)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for capital outlay	157,969
Less current year depreciation	(2,258)
Some revenues reported in the statement of activities will not be collected for several months after the Commission's year end and do not provide current financial resources and therefore are not reported as revenues in the governmental funds.	
Change in unavailable revenue	<u>70,101</u>
Change in Net Position of Governmental Activities	<u><u>\$ (160,033)</u></u>

The notes to the basic financial statements are an integral part of this statement.

Basic Financial Statements

- **Notes to Basic Financial Statements**

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MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Mariposa County Transportation Commission (Commission) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. 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 Commission's accounting policies are described below.

A. Reporting Entity

The Mariposa County Transportation Commission, the regional transportation planning agency for the County of Mariposa, was created pursuant to Title 3 of Government Code Section 29535. The Commission is responsible for transportation planning activities as well as administration of the Local Transportation Fund, State Transit Assistance Fund, Transportation Planning fund, the Bicycle/Pedestrian fund and the Prop 1B PTMISEA fund.

The Commission receives monies and allocates these monies for the planning, management, and operation of public transportation systems within the County of Mariposa. The Commission also has the authority to allocate monies for other transportation related activities including street and road projects.

The Commission is considered to be a component unit of the County of Mariposa. The Commission and County of Mariposa are legally separate entities for which the County is considered to be financially accountable and for which the nature and significance of the Commission's relationship with the County is such that exclusion would cause the combined financial statements to be misleading.

The Mariposa County Transportation Commission is presented as nonmajor governmental funds within the County of Mariposa's financial statements and when combined with all other component units, constitutes the reporting entity as defined in the County's annual financial report.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information on all the activities of the Commission. These statements include only the financial activities of the Commission. Certain revenues and expenditures reported in the Commission financial statements were reclassified as interfund transfers on the County financial statements to minimize double counting of internal activities. These statements report the governmental activities of the Commission, which are normally supported by taxes and inter-governmental revenues. The Commission had no business-type activities at June 30, 2014.

MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

Fund Financial Statements

Fund financial statements of the Commission are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. The funds of the Commission are organized into the governmental category. The emphasis is placed on major funds, each is displayed in a separate column.

The Commission reports the following major governmental funds:

- The Local Transportation Commission fund is a special revenue fund used to account for local transportation activities. Funding comes primarily from local transportation fund allocations.
- The State Transit Assistance fund is a special revenue fund used to account for the receipt and expenditure of State Transit Assistance funds. Funding comes primarily from state transit assistance fund allocations.
- The Transportation Planning fund is a special revenue fund used to account for monies expended in relation to the overall work program. Funding comes primarily from rural planning assistance and STIP grants.
- The Bicycle/Pedestrian fund is a special revenue fund used to account for activity related to pedestrian and bicycle pathways and bicycle education safety. Funding comes primarily from Commission allocations of local transportation funds.
- The PTMISEA Projects fund is a capital projects fund used to account for the receipt and expenditure of Prop 1B PTMISEA funds.

MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include sales tax, grants, entitlements, and donations. Under the accrual basis, revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Sales taxes, interest, and certain state and federal grants are considered susceptible to accrual and are accrued when their receipt occurs within sixty days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide statement of net position.

E. Cash and Investments

The Commission pools all cash and investments with the County of Mariposa. The Treasurer invests on behalf of most funds of the County and external participants in accordance with the California State Government Code and the County's investment policy. The Commission's share in the pool is displayed in the accompanying financial statements as cash and investments.

Participant's equity in the investment pool is determined by the dollar amount of participants deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on the amortized cost basis. Amortized premiums and accreted discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants each quarter based on the participant's average daily cash balance at quarter end in relation to the total pool investments. This method differs from the fair value method used to value investments in these financial statements. In these financial statements, the fair value of the Commission's investments in the pool was based on unaudited quoted market values as provided by the County Treasurer. The pool has not provided or obtained any legally binding guarantees during the period to support the value of investments.

MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments (Continued)

The County monitors and reviews the management of public funds maintained in the investment pool in accordance with the County investment policy and the California Government Code. The Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost and fair value.

Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Mariposa's financial statements may be obtained by contacting the County of Mariposa Auditor-Controller's office at 4982 10th Street, Mariposa, CA 95338.

F. Receivables

Receivables consist mainly of intergovernmental revenues. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

G. Inventory

Inventories are recorded as expenditures at the time the inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

H. Capital Assets

Capital assets, including public domain infrastructure, are defined by the Commission as an asset with a cost of more than \$5,000 and an estimated useful life of more than three years. Capital assets are recorded at historical, or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their estimated fair market value at the date of donation.

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets estimated useful life in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	3-25 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements or transfers.

Loans reported as receivables and payables are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not in spendable form.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide statement of activities.

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

J. Unearned Revenue

Under the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. When assets are recognized in connection with a transaction before the earnings process is complete, those assets are offset by a corresponding liability for unearned revenue.

K. Compensated Absences and Postemployment Benefits

The Commission does not have employees and consequently does not provide compensated absences or postemployment benefits. Employee cost from the County of Mariposa is charged at a calculated rate which includes all benefits and overhead. The total charges for the year ended June 30, 2014, were \$68,467.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. At June 30, 2014, the Commission did not have any deferred outflows of resources.

MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position 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 that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for receivables that have not been received within the modified accrual period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

M. Estimates

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

N. Implementation of Governmental Accounting Standards Board Statements (GASB)

The following Governmental Accounting Standards Board (GASB) Statement has been implemented, if applicable to the Mariposa County Transportation Commission, in the current financial statements.

Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. This statement improves accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance

The following major special revenue fund had a fund balance deficit:

The Transportation Planning fund had a fund balance deficit of \$66,819, which is expected to be eliminated in future years through revenue recognition.

NOTE 3: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2014, the Commission's cash and investments consisted of the following:

Investments:	
Mariposa County Treasurer's Pool	\$ 391,879
Total Cash and Investments	<u>\$ 391,879</u>

MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

B. Cash

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Commission will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The Commission complies with the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds.

C. Investments

The Commission does not have a formal investment policy. At June 30, 2014, all investments of the Commission were in the County of Mariposa investment pool. Under the provisions of the County's investment policy and the California Government Code, the County may invest or deposit in the following:

- United States Treasury Securities
- United States Government Agency Securities
- Municipal Securities of local and state entities within the State of California
- Banker's Acceptances
- Certificates of Deposit
- Commercial Paper
- Medium-Term Notes
- Asset Backed Securities
- Repurchase and Reverse Repurchase Agreements

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses resulting from increases in interest rates, the County limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations. The County limits its exposure to interest rate risk inherent in its portfolio by limiting individual maturities to 5 years or less.

Credit Risk - 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. The County's investment policy sets specific parameters by type of investment to be met at the time of purchase. As of June 30, 2014, the Commission's investments were all pooled with the County Treasury which is not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk for Investments - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the Commission will not be able to recover its deposits or collateral securities that are in the possession of an outside party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools.

MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the Commission's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law and the investment policy of the County contain limitations on the amount that can be invested in any one issuer. As of June 30, 2014, all investments of the Commission were in the County investment pool which contains a diversification of investments.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2014, was as follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2014</u>
Capital Assets, Not Being Depreciated:				
Construction in progress	\$ 119,254	\$ 157,969	\$ -	\$ 277,223
Total Capital Assets, Not Being Depreciated	<u>119,254</u>	<u>157,969</u>	<u>-</u>	<u>277,223</u>
Capital Assets, Being Depreciated:				
Equipment	<u>35,690</u>	<u>-</u>	<u>-</u>	<u>35,690</u>
Total Capital Assets, Being Depreciated	<u>35,690</u>	<u>-</u>	<u>-</u>	<u>35,690</u>
Less Accumulated Depreciation for:				
Equipment	(23,837)	(2,258)	-	(26,095)
Total Accumulated Depreciation	<u>(23,837)</u>	<u>(2,258)</u>	<u>-</u>	<u>(26,095)</u>
Total Capital Assets, Being Depreciated, Net	<u>11,853</u>	<u>(2,258)</u>	<u>-</u>	<u>9,595</u>
Total Capital Assets, Net	<u>\$ 131,107</u>	<u>\$ 155,711</u>	<u>\$ -</u>	<u>\$ 286,818</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

Transportation	<u>\$ 2,258</u>
Total Depreciation Expense	<u>\$ 2,258</u>

NOTE 5: NET POSITION

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- **Net investment in capital assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 5: NET POSITION (CONTINUED)

- **Restricted net position** - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - All other net position that does not meet the definition of “restricted: or “net investment in capital assets”.

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position is available, it is considered that restricted resources are used first, followed by the unrestricted resources.

NOTE 6: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the Commission is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2014, fund balance for governmental funds are made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the Commission’s highest level of decision-making authority. The Board of Commissioners is the highest level of decision making authority for the Commission that can, by adoption of an ordinance commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the Commission’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the negative residual amount when expenditures incurred exceed the amounts that are restricted, committed, or assigned.

MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 6: FUND BALANCES (CONTINUED)

The fund balances for all major governmental funds as of June 30, 2014, were distributed as follows:

	<u>Local Transportation Commission</u>	<u>State Transit Assistance</u>	<u>Transportation Planning</u>	<u>Bicycle/ Pedestrian Fund</u>	<u>PTMISEA Projects</u>	<u>Total</u>
Restricted for:						
PTMISEA	\$ -	\$ -	\$ -	\$ -	\$ 229,198	\$ 229,198
Transportation	<u>22,094</u>	<u>63,828</u>	<u>-</u>	<u>87,310</u>	<u>-</u>	<u>173,232</u>
Total Restricted	<u>22,094</u>	<u>63,828</u>	<u>-</u>	<u>87,310</u>	<u>229,198</u>	<u>402,430</u>
Unassigned	<u>-</u>	<u>-</u>	<u>(66,819)</u>	<u>-</u>	<u>-</u>	<u>(66,819)</u>
Total	<u>\$ 22,094</u>	<u>\$ 63,828</u>	<u>(\$ 66,819)</u>	<u>\$ 87,310</u>	<u>\$ 229,198</u>	<u>\$ 335,611</u>

Fund Balance Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance is available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policy

The Board of Commissioners adopted a fund balance policy for financial statement reporting in June 2012. The policy establishes procedures for reporting fund balance classifications.

NOTE 7: RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission is covered under the County of Mariposa's risk management programs.

NOTE 8: OTHER INFORMATION

A. Subsequent Events

Management has evaluated events subsequent to June 30, 2014 through November 17, 2014, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 8: OTHER INFORMATION (CONTINUED)

B. PTMISEA

The Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA) was created by Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the 19.925 billion available to Transportation, \$3.6 billion dollars was used for transit rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or rolling stock (buses and rail cars) procurement, rehabilitation or replacement. Funds in this account are appropriated annually by the Legislature to the State Controllers Office (SCO) for allocation in accordance with Public Utilities Code formula distributions.

During the year ended June 30, 2014, the Commission had a carryover balance of \$385,187 plus interest earnings of \$1,980 for a total amount available of \$387,167. For the year ended June 30, 2014, qualifying expenditures of \$157,969 were incurred and the remaining carryover balance of \$229,198 was recorded as restricted fund balance/net position.

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**Required Supplementary Information
(Unaudited)**

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MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Required Supplementary Information
Budgetary Comparison Schedule
Local Transportation Commission - Major Special Revenue Fund
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental:				
Local transportation fund allocation	\$ 430,000	\$ 430,000	\$ 452,111	\$ 22,111
Use of money	1,000	1,000	983	(17)
Total Revenues	<u>431,000</u>	<u>431,000</u>	<u>453,094</u>	<u>22,094</u>
EXPENDITURES				
Current:				
Regional Transit Services	136,360	136,360	136,360	-
Streets and roads	308,258	308,258	308,258	-
Bicycle/pedestrian pathways	10,000	10,000	10,000	-
Unmet needs	3,000	3,000	3,000	-
Total Expenditures	<u>457,618</u>	<u>457,618</u>	<u>457,618</u>	<u>-</u>
Net Change in Fund Balance	(26,618)	(26,618)	(4,524)	22,094
Fund Balance - Beginning	<u>26,618</u>	<u>26,618</u>	<u>26,618</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,094</u>	<u>\$ 22,094</u>

MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Required Supplementary Information
Budgetary Comparison Schedule
State Transit Assistance - Major Special Revenue Fund
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental:				
State Transit Assistance allocation	\$ 92,963	\$ 92,963	\$ 97,372	\$ 4,409
Use of money	175	175	506	331
Total Revenues	<u>93,138</u>	<u>93,138</u>	<u>97,878</u>	<u>4,740</u>
EXPENDITURES				
Current:				
Mariposa Transit Agency	75,000	75,000	75,000	-
Miscellaneous	59,088	59,088	-	59,088
Total Expenditures	<u>134,088</u>	<u>134,088</u>	<u>75,000</u>	<u>59,088</u>
Net Change in Fund Balance	(40,950)	(40,950)	22,878	63,828
Fund Balance - Beginning	<u>40,950</u>	<u>40,950</u>	<u>40,950</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,828</u>	<u>\$ 63,828</u>

MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Required Supplementary Information
Budgetary Comparison Schedule
Transportation Planning - Major Special Revenue Fund
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental:				
Rural Planning Assistance	\$ 179,679	\$ 179,679	\$ 39,828	\$ (139,851)
STIP-PPM	35,000	35,000	17,809	(17,191)
Unmet needs	3,000	3,000	3,000	-
Use of money	50	50	(19)	(69)
Total Revenues	<u>217,729</u>	<u>217,729</u>	<u>60,618</u>	<u>(157,111)</u>
EXPENDITURES				
Current:				
Unmet needs	4,240	4,240	922	3,318
Transportation planning services	212,962	212,962	125,987	86,975
Total Expenditures	<u>217,202</u>	<u>217,202</u>	<u>126,909</u>	<u>90,293</u>
Net Change in Fund Balance	527	527	(66,291)	(66,818)
Fund Balance - Beginning	<u>(528)</u>	<u>(528)</u>	<u>(528)</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (66,819)</u>	<u>\$ (66,818)</u>

MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Required Supplementary Information
Budgetary Comparison Schedule
Bicycle/Pedestrian Fund - Major Special Revenue Fund
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental:				
Bicycle /pedestrian	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Use of money	1,500	1,500	881	(619)
Total Revenues	<u>11,500</u>	<u>11,500</u>	<u>10,881</u>	<u>(619)</u>
EXPENDITURES				
Current:				
Bicycle/pedestrian pathways	-	192,800	192,800	-
Capital outlay	280,729	87,929	-	87,929
Total Expenditures	<u>280,729</u>	<u>280,729</u>	<u>192,800</u>	<u>87,929</u>
Net Change in Fund Balance	(269,229)	(269,229)	(181,919)	87,310
Fund Balance - Beginning	<u>269,229</u>	<u>269,229</u>	<u>269,229</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,310</u>	<u>\$ 87,310</u>

MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Required Supplementary Information
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2014

BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year. The Commission presents a comparison of annual budgets to actual results for all special revenue funds. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The following procedures are performed by the Commission in establishing the budgetary data reflected in the financial statements:

- (1) The Transit Manager submits to the Board of Commissioners a recommended budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.
- (2) The Board of Commissioners reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (3) Prior to July 1, the budget is adopted through the passage of a resolution.
- (4) The Board of Commissioners may amend the budget by motion during the fiscal year.

The Commission does not use encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

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Supplementary Information

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MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Schedule of Allocations and Expenditures
Local Transportation Fund
For the Year Ended June 30, 2014

	<u>Beginning Allocations</u>	<u>Allocated</u>	<u>Expended</u>	<u>Ending Allocations</u>
Mariposa County Transportation Commission				
99233.3	\$ -	\$ 10,000	\$ 10,000	\$ -
99233.2	-	3,000	3,000	-
Total Mariposa County Transportation Commission	<u>-</u>	<u>13,000</u>	<u>13,000</u>	<u>-</u>
County of Mariposa				
99400c	-	136,360	136,360	-
99402	-	308,258	308,258	-
Total County of Mariposa	<u>-</u>	<u>444,618</u>	<u>444,618</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ 457,618</u>	<u>\$ 457,618</u>	<u>\$ -</u>

MARIPOSA COUNTY TRANSPORTATION COMMISSION
(A Component Unit of the County of Mariposa, California)
Schedule of Allocations and Expenditures
State Transit Assistance Fund
For the Year Ended June 30, 2014

	<u>Beginning Allocations</u>	<u>Allocated</u>	<u>Expended</u>	<u>Ending Allocations</u>
Mariposa Transit Agency 99313.3	\$ -	\$ 75,000	\$ 75,000	\$ -

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
TRANSPORTATION DEVELOPMENT ACT**

Mariposa County Transportation Commission
County of Mariposa
Mariposa, 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 and the applicable fiscal audit requirements of the Transportation Development Act including Public Utilities Code Section 99245 and the California Code of Regulations Title 21, Section 6662, the financial statements of the governmental activities and each major fund of the Mariposa County Transportation Commission (Commission), a component unit of the County of Mariposa, California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated November 17, 2014.

Internal Control Over Financial Reporting

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

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 entity'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.

Mariposa County Transportation Commission
County of Mariposa
Mariposa, California

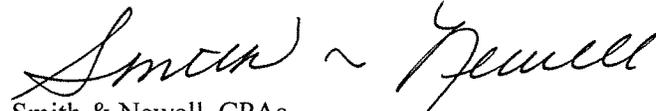
Compliance and Other Matters

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

Additionally, we performed tests to determine that allocations made and expenditures paid by the Commission were made in accordance with the allocation instructions and resolutions of the Commission and in conformance with the California Transportation Development Act. Specifically, we performed each of the specific tasks identified in the California Code of Regulations Title 21, Section 6666 that are applicable to the Commission and tests to determine that certain state funds were received and expended in accordance with applicable bond act and state accounting requirements. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported.

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

Handwritten signature in cursive script, reading "Smith & Newell".

Smith & Newell, CPAs
Yuba City, California
November 17, 2014