

**MERCED COUNTY ASSOCIATION OF GOVERNMENTS
MEASURE V FUNDING ACCOUNTS**

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

**FOR THE YEAR ENDED
JUNE 30, 2018**

MERCED COUNTY ASSOCIATION OF GOVERNMENTS
MEASURE V FUNDING ACCOUNTS
JUNE 30, 2018

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL SCHEDULE:	
SCHEDULE OF REVENUES AND EXPENDITURES	4
NOTES TO THE FINANCIAL SCHEDULE	5
SUPPLEMENTARY INFORMATION:	
EXPENDITURES BY FUNDING CATEGORY AS A PERCENTAGE OF TOTAL REVENUES.....	13
SCHEDULE OF REVENUES AND EXPENDITURES HELD BY MCAG TRUST	14
BUDGET TO ACTUAL – REVENUE ALLOCATIONS	15
OTHER AUDITOR'S REPORT:	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL SCHEDULES PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> AND THE RULES AND REGULATIONS OF THE MEASURE V ENABLING LEGISLATION	19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	21



INDEPENDENT AUDITOR'S REPORT

To the Citizens Oversight Committee
Merced County Association of Governments
Merced, California

Report on the Schedule of Revenues and Expenditures

We have audited the accompanying Schedule of Revenues and Expenditures of the Measure V Funding Accounts (Financial Schedule) of the Merced County Association of Governments (Association), as of and for the year ended June 30, 2018, and the related notes to the Financial Schedule.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule 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 the Financial Schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the Financial Schedule 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 Association's internal control as it relates to the Measure V Fund. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Financial Schedule.

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

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Opinion

In our opinion, the Financial Schedule referred to above presents fairly, in all material respects, the revenues and expenditures of the Measure V Funding Accounts for the year ended June 30, 2018 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Financial Schedule. The supplementary information as presented in the table of contents is presented for purposes of additional analysis.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2019, on our consideration of the Association's internal control over financial reporting as it relates to the Measure V Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
January 3, 2019

FINANCIAL SCHEDULE

**MERCED COUNTY ASSOCIATION OF GOVERNMENTS
MEASURE V FUNDING ACCOUNTS
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2018**

	City of Atwater	City of Dos Palos	City of Gustine	City of Livingston	City of Los Banos	City of Merced	County of Merced	Transit	Regional Eastside	Regional Westside	Administration	Total Measure V Funding Accounts
REVENUES												
Local projects	\$ 549,935	\$ 208,173	\$ 208,831	\$ 315,870	\$ 700,996	\$ 1,403,129	\$ 3,322,011	\$ -	\$ -	\$ -	\$ -	\$ 6,708,945
Local projects - Alt modes*	137,484	52,043	52,208	78,968	175,249	350,782	830,503	-	-	-	-	1,677,237
Regional Eastside	-	-	-	-	-	-	-	-	4,528,538	-	-	4,528,538
Regional Westside	-	-	-	-	-	-	-	-	-	2,851,302	-	2,851,302
Transit	-	-	-	-	-	-	-	838,618	-	-	-	838,618
Administration	-	-	-	-	-	-	-	-	-	-	167,724	167,724
Total revenues	687,419	260,216	261,039	394,838	876,245	1,753,911	4,152,514	838,618	4,528,538	2,851,302	167,724	16,772,364
EXPENDITURES												
Local projects	42,243	11,809	564	77,695	-	403,023	1,483,950	-	-	-	-	2,019,284
Local projects - Alt modes*	-	-	70	14,114	250,000	84,328	365,822	-	-	-	-	714,334
Regional Eastside	-	-	-	-	-	-	-	-	-	-	-	-
Regional Westside	-	-	-	-	-	-	-	-	-	-	-	-
Transit	-	-	-	-	-	-	-	135,521	-	-	-	135,521
Administration	-	-	-	-	-	-	-	-	-	-	132,916	132,916
Total expenditures	42,243	11,809	634	91,809	250,000	487,351	1,849,772	135,521	-	-	132,916	3,002,055
Excess of revenues over expenditures before other income/(expenditures)	<u>645,176</u>	<u>248,407</u>	<u>260,405</u>	<u>303,029</u>	<u>626,245</u>	<u>1,266,560</u>	<u>2,302,742</u>	<u>703,097</u>	<u>4,528,538</u>	<u>2,851,302</u>	<u>34,808</u>	<u>13,770,309</u>
OTHER INCOME (EXPENDITURES)												
Investment earnings	-	-	-	690	2,603	7,939	-	-	-	-	(57,265)	(46,033)
Total other income (expenditures)	-	-	-	690	2,603	7,939	-	-	-	-	(57,265)	(46,033)
Excess (deficiency) revenues over/ (under) expenditures	<u>\$ 645,176</u>	<u>\$ 248,407</u>	<u>\$ 260,405</u>	<u>\$ 303,719</u>	<u>\$ 628,848</u>	<u>\$ 1,274,499</u>	<u>\$ 2,302,742</u>	<u>\$ 703,097</u>	<u>\$ 4,528,538</u>	<u>\$ 2,851,302</u>	<u>\$ (22,457)</u>	<u>\$ 13,724,276</u>

*Alternative Modes Projects

The accompanying notes to the financial schedule are an integral part of this schedule.

**MERCED COUNTY ASSOCIATION OF GOVERNMENTS
MEASURE V FUNDING ACCOUNTS
NOTES TO THE SCHEDULE
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING INFORMATION

Financial Reporting Entity

Formed through a Joint Powers Agreement signed by member jurisdictions in 1967, Merced County Association of Governments' ("Association") serves as the Metropolitan Planning Organization, Regional Transportation Planning Agency and Local Transportation Authority for Merced County. The Association is comprised of a seven-member agency including six cities (Atwater, Dos Palos, Gustine, Livingston, Los Banos and Merced) and the County of Merced. The Association's Governing Board includes a supervisor from each of the five county districts and an elected official from each of the cities. In addition to transportation planning, the Association also administers the Transit Joint Powers Authority for Merced County, Merced County Regional Waste Management Authority, and Yosemite Area Regional Transportation System. For more information, visit the Association's website at <http://www.mcagov.org/>.

The Association is also responsible for the administration of Measure V, a 30-year life, ½ cent transportation sales tax passed by Merced County voters in November 2016. The measure went into effect April 1, 2017. Per the voter approved Measure V Expenditure Plan, 50% of the new revenue has been allocated directly to the local jurisdictions within Merced County, 44% to regional projects on the east and west sides of the county, and 5% to transit uses. The Association receives 1% of the revenue for administration and implementation activities. Additional information about Measure V can be found at <https://www.measurev-mcag.com/>.

The Association's governing board is comprised of a 14-member Citizen's Oversight Committee appointed by the Association's Board to review expenditures and payments through Measure V. The Committee consists of one member from each Agency receiving Measure V Funding and representatives from the following areas: Agriculture Industry, Audit, Finance or Budget Professional, Bike/Pedestrian or Transit Representative, Building Industry, Environmental Advocacy Group, Ethnic Community Group, and a Major Private Sector Employer.

Measure V Information

In November 2016, the County voters approved a ballot measure authorizing the Association. The ½ cent sales tax will expire on October 31, 2046.

Funding Recipients

City of Atwater
City of Dos Palos
City of Gustine
City of Livingston
City of Los Banos
City of Merced
County of Merced
Transit (Transit Joint Powers Authority of Merced County)
Regional Westside (part of the Association)
Regional Eastside (part of the Association)
Admin (part of the Association)

**MERCED COUNTY ASSOCIATION OF GOVERNMENTS
MEASURE V FUNDING ACCOUNTS
NOTES TO THE SCHEDULE
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING INFORMATION (Continued)

Measure V Information (Continued)

The sales tax revenues received by the Association under Measure V, after deducting certain administrative costs, are to be spent for programs set forth in the Measure V Expenditure Plan and approved by the Association. All revenues, including interest and other revenues, not designated by Measure V for a specific purpose are to be spent on capital projects for other government agencies. The Expenditure Plan will be updated every two years to adjust the projection of sales tax receipts.

The primary elements of the 2016 Measure V Programs consist of the following:

- **Regional Projects**
 - 44% of the Transportation Measure funds are allocated to Regional Projects which are established in the adopted Regional Transportation Plan (RTP) approved by the MCAG Governing Board. 27% must be spent on projects east of the San Joaquin River, and 17% must be spent on projects west of the San Joaquin River. The projects within the RTP were selected through a process that evaluated safety, performance measures and cost effectiveness.
 - The RTP is updated every four years with 25 years of transportation projects. Regional Projects provide for the movement of goods, services, and people throughout Merced County and benefit multiple jurisdictions.
 - Examples of Regional Projects include but are not limited to:
 1. Improving highway and freeways
 2. Adding lanes to projects on the Regional Road System
 3. Improvements on the Regional Transportation System
 4. Passenger Rail
 5. Bus Rapid Transit
 6. Regional bikeways and trails
 7. Improvements to Regional Airports
 8. Transportation Demand Management benefitting more than one jurisdiction, such as vanpools and ridesharing.
 - Funds can be used for all phases of project development and implementation. In some cases, other sources of funding will also be used for these projects, for example State Transportation Improvement Program (STIP) funds.
- **Local Projects**
 - 50% of the Transportation Measure funds are allocated to Local Projects to address the diverse needs of the cities and the County. The Local Projects funding category provides each of the member agencies with the flexibility to develop a priority list of local projects.
 - This category will allow funding for projects ranging from pot-hole repair and road rehabilitation to sidewalks and safe routes to schools to freeway interchange improvements.
 - Potential uses include but are not limited to:
 1. Pothole repair
 2. Repaving streets
 3. Bridge repair or replacement
 4. Traffic signals
 5. Add additional lanes to existing streets and roads
 6. Improve sidewalks
 7. Bicycle or pedestrian facilities
 8. Separate street traffic from rail traffic

**MERCED COUNTY ASSOCIATION OF GOVERNMENTS
MEASURE V FUNDING ACCOUNTS
NOTES TO THE SCHEDULE
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING INFORMATION (Continued)

Measure V Information (Continued)

- Alternative Modes Projects
 - At least 20 percent (20%) of the Local Projects funds each jurisdiction receives must be used for Alternative Modes projects. This sub-category is intended to fund projects that provide transportation alternatives including bicycle, pedestrian, passenger rail, or other modes of transportation that reduce single-occupant vehicle use.
 - This sub-category may be used for projects and programs that provide alternatives to single-occupant vehicle use, including but not limited to:
 1. Sidewalks, crosswalks, safe routes to schools, ADA curb ramps, and other pedestrian projects
 2. Bicycle projects
 3. Passenger Rail
 4. Railroad crossing safety improvements
 5. Vanpools, carpools or other ridesharing programs or incentives
 6. Roundabouts or other air quality improvements
 7. Other alternative modes
 - This sub-category may be used for new projects or programs, for safety improvements, or for maintenance or operation of existing projects or programs. Funds can be used for all phases of project development and implementation.
- Transit
 - 5% of the Transportation Measure funds are directed to support increased transit service.
 - To accomplish this important goal, funding is provided to the transit agency within the County to expand transit services. Potential uses include but are not limited to:
 1. New routes to enhance existing transit service
 2. Low emission buses
 3. Night and weekend service
 4. Bus shelters and other capital improvements
 5. Safer access to public transit services
 6. Fare reduction or subsidies
- Administration
 - The remaining 1% of the total Transportation Measure funding is directed to program implementation activities. Details regarding the administration of the funds are provided in Appendix A of the Expenditure Plan.
 - One percent (1%) of the funds will be allocated to MCAG to:
 1. Prepare Implementation Plan updates
 2. Develop funding allocation requirements
 3. Administer and conduct specified activities identified in the categories described above
 4. Prepare Annual Transportation Measure Report
 5. Contract for annual independent audits
 6. Staff the regional committees and provide technical assistance

NOTE 2 – BASIS OF ACCOUNTING

The Schedule of Revenues and Expenditures presented detail the following information:

Revenues – these are the ½ cent Merced County Transportation Sales Tax allocations passed through the Association and provided to each Agency. They are broken out by Funding Category as detailed in the Measure V Expenditure Plan.

**MERCED COUNTY ASSOCIATION OF GOVERNMENTS
MEASURE V FUNDING ACCOUNTS
NOTES TO THE SCHEDULE
JUNE 30, 2018**

NOTE 2 – BASIS OF ACCOUNTING (Continued)

Expenditures – these are the related expenditures incurred during the fiscal year ended June 30, 2018 broken out by Funding Category as detailed in the Measure V Expenditure Plan. Each Agency is required to submit an Expenditure Report to the Association detailing the expenditures incurred and ensuring they are in compliance with the Measure V Expenditure Plan.

NOTE 3 – REGIONAL EAST AND REGIONAL WEST PROJECT DESCRIPTIONS

The following is a list of projects for the Eastside Regional and Westside Regional jurisdictions based on the 2018 Measure V Implementation Plan. This is to show what is planned for future periods as there were no expenditures incurred during fiscal year 2018.

PROJECT ESTIMATES

Eastside Regional Project Estimated Cost - \$6,480,000

Winton Way Reconstruction Project Phase 1 \$1,000,000 towards the reconstruction of Winton Way in Atwater beginning at Broadway Avenue to include ADA sidewalks and relocated crosswalks. The total cost of the project is estimated at \$1,500,000. The City of Atwater has committed local funding to complete this project.

Highway 99 Winton Parkway On-Ramp Widening Project

\$840,000 for the environmental, design and construction phases to widen Winton Parkway in Livingston to include a dedicated turn lane for the State Highway 99 southbound on-ramp. The total cost of the project is estimated at \$1,240,000. The City of Livingston has committed Local Transportation Funds, SB 1 funds and Measure V Local Project funds to complete this project.

Highway 59 Black Rascal Bridge Project

\$460,000 for the project study, environmental and design phases to widen Black Rascal Bridge on State Highway 59 in Merced to a four-lane structure. The total project cost is estimated at \$4,090,000. The City of Merced will pursue additional funding through the Federal Highway Bridge program to complete this project.

Highway 59 Phase 1

\$764,580 for the project development phases to widen State Highway 59 from 16th Street to Olive Avenue/Santa Fe Drive in Merced and construct new sidewalks. The total project cost is estimated at \$5,944,300. The City of Merced will pursue additional funding to complete this project.

Bradbury Road Project

\$950,000 for the design and construction phases of the Bradbury Road rehabilitation project from State Highway 165 to State Highway 99 in Merced County. The total project cost is estimated at \$950,000.

Sandy Mush Road Phase 1

\$2,465,420 towards the design and construction phases of the Sandy Mush Road rehabilitation project from State Highway 59 to Nickel Road in Merced County. The total project cost is estimated at \$2,465,420.

**MERCED COUNTY ASSOCIATION OF GOVERNMENTS
MEASURE V FUNDING ACCOUNTS
NOTES TO THE SCHEDULE
JUNE 30, 2018**

NOTE 3 – REGIONAL EAST AND REGIONAL WEST PROJECT DESCRIPTIONS (Continued)

Westside Regional Project Estimated Cost - \$4,080,000

Center Avenue North Project

\$200,000 towards the environmental, design and construction phases of the rehabilitation of Center Avenue and Loraine Street in Dos Palos and Center Avenue in Merced County. The project includes complete street rehabilitation including a bike path, ADA ramps and new transit stop. The total project cost is estimated at \$936,000. The City of Dos Palos has committed local funding and will be pursuing grant opportunities to complete this project.

Blossom Street East Project

\$400,000 towards the environmental, design and construction/rehabilitation of East Blossom Street and portions of Lucerne Avenue, Leonard Avenue and Harris Avenue including ADA compliant sidewalks. The total project cost is estimated at \$2,488,310. The City of Dos Palos has committed local funding and will be pursuing other public and private funding opportunities to complete this project.

Highway 33/Highway 140 Roundabout Project

\$310,000 towards the construction of a new roundabout on State Highway 33/140 at the intersection of 4th Street and 6th Avenue in Gustine. The total project cost is estimated at \$2,800,000. Other funding sources being used to complete this project include a Congestion Mitigation Air Quality grant.

Eastside Storm Drainage Project

\$68,888 towards the construction of a renovated storm drainage system at Gustine Municipal Airport. The total project cost is estimated at \$763,388. Other funding sources being used to complete this project include the Federal Aviation Administration and Turlock Airport.

Airport Security Project

\$75,000 towards the installation of new safety perimeter fencing and security gates at Gustine Municipal Airport. The total project cost is estimated at \$115,000. Other funding sources being used to complete this project include the Local Partnership Program.

Pacheco Boulevard (SR 152) Regional Path

\$600,000 towards the project development and construction phases for a class 1 bike path along the northside of State Highway 152 between the City of Los Banos and Merced College Los Banos Campus (from Merced College easterly to Badger Flat Road). The total project cost is estimated at \$2,221,000. The City of Los Banos is pursuing a state Active Transportation Program grant to complete this project.

Henry Miller Avenue Project

\$2,426,112 towards the design and construction phases of the rehabilitation of Henry Miller Road from State Highway 165 to Turner Island Road in Merced County. The total project cost is estimated at \$2,426,112.

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SUPPLEMENTARY INFORMATION

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**MERCED COUNTY ASSOCIATION OF GOVERNMENTS
 MEASURE V FUNDING ACCOUNTS
 EXPENDITURES BY FUNDING CATEGORY AS A PERCENTAGE OF TOTAL REVENUES
 FOR THE YEAR ENDED JUNE 30, 2018**

The table below shows the expenditures by funding category as they relate to total revenues for the fiscal year ending June 30, 2018. As the Measure V funding plan will continue through the year 2047 and expenditures for the related projects have not yet been fully executed, the percentages listed below will not meet the required compliance requirements per the Measure V Expenditure Plan. As expenditures are below the revenue allocations as of June 30, 2018, the Measure V Funding Accounts Expenditures by Funding Category as a Percentage of Total Revenues are deemed to be in compliance until further expenditures are incurred to obtain more complete percentages. As a notation regarding compliance requirements per the Measure V Expenditure Plan, regional projects may not exceed 44%, local projects may not exceed 50%, alt-mode projects may be at least 20% of local projects, transit expenditures may not exceed 5%, and administrative expenditures may not exceed 1% of total sales tax revenue.

	City of Atwater	City of Dos Palos	City of Gustine	City of Livingston	City of Los Banos	City of Merced	County of Merced	Transit	Regional Eastside	Regional Westside	Administration	Total Measure V Accounts
EXPENDITURES												
Local projects	6%	5%	0%	20%	0%	23%	36%	0%	0%	0%	0%	12%
Local projects - Alt modes*	0%	0%	0%	4%	29%	5%	9%	0%	0%	0%	0%	4%
Regional Eastside	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Regional Westside	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Transit	0%	0%	0%	0%	0%	0%	0%	16%	0%	0%	0%	1%
Administration	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	79%	1%

*Alternative Modes Projects

**MERCED COUNTY ASSOCIATION OF GOVERNMENTS
MEASURE V FUNDING ACCOUNTS
SCHEDULE OF REVENUES AND EXPENDITURES HELD BY MCAG TRUST
FOR THE YEAR ENDED JUNE 30, 2018**

	City of Atwater	City of Dos Palos	City of Gustine	City of Livingston	City of Los Banos	City of Merced	County of Merced	Transit	Total Measure V Funding Accounts Held by MCAG in Trust
REVENUES									
Local projects	\$ 549,935	\$ 208,173	\$ 208,831	\$ 315,870	\$ 700,996	\$ 1,403,129	\$ 3,322,011	\$ -	\$ 6,708,945
Local projects - Alt modes*	137,484	52,043	52,208	78,968	175,249	350,782	830,503	-	1,677,237
Regional Eastside	-	-	-	-	-	-	-	-	-
Regional Westside	-	-	-	-	-	-	-	-	-
Transit	-	-	-	-	-	-	-	838,618	838,618
Administration	-	-	-	-	-	-	-	-	-
Total revenues	687,419	260,216	261,039	394,838	876,245	1,753,911	4,152,514	838,618	9,224,800
EXPENDITURES									
Local projects	42,243	11,809	564	77,695	-	403,023	1,483,950	-	2,019,284
Local projects - Alt modes*	-	-	70	14,114	250,000	84,328	365,822	-	714,334
Regional Eastside	-	-	-	-	-	-	-	-	-
Regional Westside	-	-	-	-	-	-	-	-	-
Transit	-	-	-	-	-	-	-	135,521	135,521
Administration	-	-	-	-	-	-	-	-	-
Total expenditures	42,243	11,809	634	91,809	250,000	487,351	1,849,772	135,521	2,869,139
Excess revenues over expenditures before other income/(expenditures)	645,176	248,407	260,405	303,029	626,245	1,266,560	2,302,742	703,097	6,355,661
OTHER INCOME (EXPENDITURES)									
Investment Earnings	-	-	-	690	2,603	7,939	-	-	11,232
Total other income (expenditures)	-	-	-	690	2,603	7,939	-	-	11,232
Excess (deficiency) revenues over/ (under) expenditures	\$ 645,176	\$ 248,407	\$ 260,405	\$ 303,719	\$ 628,848	\$ 1,274,499	\$ 2,302,742	\$ 703,097	\$ 6,366,893

*Alternative Modes Projects

**MERCED COUNTY ASSOCIATION OF GOVERNMENTS
MEASURE V FUNDING ACCOUNTS
BUDGET TO ACTUAL – REVENUE ALLOCATIONS
FOR THE YEAR ENDED JUNE 30, 2018**

Category of Funding	Budget	Actual	Variance with Budget Positive (Negative)
Funding Directly to Local Jurisdictions			
Atwater-General Transportation 80%	\$ 498,000	\$ 549,935	\$ 51,934
Atwater Alt Modes 20%	<u>124,500</u>	<u>137,484</u>	<u>12,984</u>
Atwater Total	<u>622,501</u>	<u>687,419</u>	<u>64,918</u>
Dos Palos-General Transportation 80%	197,522	208,173	10,651
Dos Palos Alt Modes-20%	<u>49,380</u>	<u>52,043</u>	<u>2,663</u>
Dos Palos Total	<u>246,902</u>	<u>260,216</u>	<u>13,314</u>
Gustine-General Transportation-80%	198,101	208,831	10,730
Gustine Alt Modes-20%	<u>49,525</u>	<u>52,208</u>	<u>2,683</u>
Gustine Total	<u>247,626</u>	<u>261,039</u>	<u>13,413</u>
Livingston-General Transportation-80%	292,210	315,870	23,660
Livingston Alt Modes-20%	<u>73,052</u>	<u>78,968</u>	<u>5,915</u>
Livingston Total	<u>365,262</u>	<u>394,838</u>	<u>29,575</u>
Los Banos-General Transportation-80%	630,814	700,996	70,182
Los Banos Alt Modes-20%	<u>157,703</u>	<u>175,249</u>	<u>17,545</u>
Los Banos Total	<u>788,517</u>	<u>876,245</u>	<u>87,727</u>
Merced City-General Transportation-80%	1,248,132	1,403,129	154,997
Merced City-Alt Modes-20%	<u>312,033</u>	<u>350,782</u>	<u>38,749</u>
City of Merced Total	<u>1,560,165</u>	<u>1,753,911</u>	<u>193,746</u>
Merced County-General Transportation-80%	2,935,222	3,322,011	386,790
County Alt Modes-20%	<u>733,805</u>	<u>830,503</u>	<u>96,698</u>
Merced County Total	<u>3,669,027</u>	<u>4,152,514</u>	<u>483,488</u>
Total Funding Directly to Local Jurisdictions	<u>7,500,001</u>	<u>8,386,181</u>	<u>886,181</u>
Funding for Regional Projects			
Eastside Regional	4,050,000	4,528,538	478,538
Westside Regional	<u>2,550,000</u>	<u>2,851,302</u>	<u>301,302</u>
Total Funding for Regional Projects	<u>6,600,000</u>	<u>7,379,840</u>	<u>779,840</u>
Transit	<u>750,000</u>	<u>838,618</u>	<u>88,618</u>
Administration	<u>150,000</u>	<u>167,724</u>	<u>17,724</u>
Grand Total	<u>\$ 15,000,001</u>	<u>\$ 16,772,363</u>	<u>\$ 1,772,363</u>

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OTHER AUDITOR'S 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 SCHEDULES PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE
RULES AND REGULATIONS OF THE MEASURE V ENABLING LEGISLATION

To the Citizens Oversight Committee
Merced County Association of Governments
Merced, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Schedule of Revenues and Expenditures of the Measure V Funding Accounts (Financial Schedule) of the Merced County Association of Governments (Association), as of and for the year ended June 30, 2018, and the related notes to the Financial Schedule, and have issued our report thereon dated January 3, 2019.

Internal Control Over Financial Reporting

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's Measure V Fund Financial Schedule is 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 Schedule amounts. Our audit was further made to determine that allocations made and expended by the Association were made in accordance with the Measure V Enabling Legislation. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Price Pange & Company

Clovis, California
January 3, 2019

**MERCED COUNTY ASSOCIATION OF GOVERNMENTS
MEASURE V FUNDING ACCOUNTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	_____ yes	_____ X _____ no
Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	_____ X _____ none reported
Noncompliance material to financial statements noted?	_____ yes	_____ X _____ no