

FRESNO COUNTY
REGIONAL TRANSPORTATION
MITIGATION FEE AGENCY

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT
AND
COMPLIANCE REPORT

FOR THE YEAR ENDED
JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Fresno County Regional Transportation Mitigation Fee Agency
Fresno, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Fresno County Regional Transportation Mitigation Fee Agency as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Fresno County Regional Transportation Mitigation Fee Agency's 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibility (Continued)

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fresno County Regional Transportation Mitigation Fee Agency, as of June 30, 2017, 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.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2018, on our consideration of the Fresno County Regional Transportation Mitigation Fee Agency's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the Fresno County Regional Transportation Mitigation Fee Agency's internal control over financial reporting and compliance.

Dedekian, George, Small & Markarian

Dedekian, George, Small & Markarian
Accountancy Corporation
January 16, 2018

FINANCIAL STATEMENTS

FRESNO COUNTY
 REGIONAL TRANSPORTATION
 MITIGATION FEE AGENCY
 STATEMENT OF FIDUCIARY NET POSITION
 SPECIAL PURPOSE TRUST FUND
 JUNE 30, 2017

Assets:	
Cash and investments	\$ 1,300,803
Interest receivable	384
	<u>384</u>
Total assets	<u>1,301,187</u>
Liabilities:	
Due to Fresno County Transportation Authority	1,248,969
Due to Fresno Council of Governments	26,594
Refunds payable	1,637
	<u>1,637</u>
Total liabilities	<u>1,277,200</u>
Net Position:	
Held in trust	23,987
	<u>23,987</u>
Total net position	<u>\$ 23,987</u>

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

FRESNO COUNTY
 REGIONAL TRANSPORTATION
 MITIGATION FEE AGENCY
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 SPECIAL PURPOSE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2017

Additions:	
Administrative revenue	\$ 46,225
Interest	<u>373</u>
Total additions	<u>46,598</u>
Deductions:	
Administration expense	<u>26,569</u>
Total deductions	<u>26,569</u>
Net increase	20,029
Net position, beginning of year	<u>3,958</u>
Net position, end of year	<u><u>\$ 23,987</u></u>

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

FRESNO COUNTY REGIONAL TRANSPORTATION MITIGATION FEE AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Scope of Financial Reporting Entity

The Fresno County Regional Transportation Mitigation Fee (RTMF) Agency (the "Agency") was created by the approval of the Fresno County's Measure C Extension Expenditure Plan (the "Plan") by the voters of Fresno County (the "County") in November 2006. The Plan authorized the imposition of developer fees in the County for 20 years. The Agency is intended to ensure that future development contributes to its fair share towards the cost of infrastructure to mitigate the indirect regional transportation impacts of new growth in a manner consistent with the provision of the State of California Mitigation Fee Act. The Fees will help fund improvements needed to maintain the target level of service in the face of higher traffic volumes brought on by new developments.

The Agency, which is facilitated through the Fresno Council of Governments, establishes and collects the fees and transfers those funds to the Fresno County Transportation Authority on a quarterly basis to fund specific transportation projects outlined in the Plan.

b. Basis of Presentation

The Agency's basic financial statements consist of fund financial statements. The fund financial statements provide information about the Agency's funds, including fiduciary funds. The statement of fiduciary net assets and the statement of changes in fiduciary net assets provide information regarding the RTMF fees collected and related disbursements, which are exclusively restricted for specific projects outlined in the Plan and administration expenses incurred.

The Agency reports the following fiduciary fund:

- Special Purpose Trust Fund – used to account for RTMF fees held by the Agency in a trustee capacity.

c. Basis of Accounting

The 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 when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

FRESNO COUNTY REGIONAL TRANSPORTATION MITIGATION FEE AGENCY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Cash

In accordance with the Joint Powers Agreement, under which the Agency is governed, all cash is deposited with the Fresno County Auditor-Controller/Treasurer. The Agency's cash is held within Fresno County's cash and investment pool which is managed by the Auditor-Controller/Treasurer as authorized by California statutes and the County's investment policy.

e. Use of Management Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates

2. CASH AND INVESTMENTS

Investments Authorized by the California Government Code and the Agency's Investment Policy

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Bills, Notes and Bonds	5 Years	None	None
U.S. Government Agency Obligations	5 Years	None	None
Banker's Acceptances	180 Days	None	None
Commercial Paper	270 Days	None	None
Negotiable Certificates of Deposit	13 Months	None	None
Non-negotiable Certificates of Deposit	13 Months	None	None
Repurchase Agreements	Overnight	None	None
Local Agency Investment Fund (LAIF)	5 Years	None	None
Medium-Term Notes	5 Years	None	None
Mutual Funds	5 Years	None	None
Mortgage-Backed Securities	5 Years	None	None

FRESNO COUNTY REGIONAL TRANSPORTATION MITIGATION FEE AGENCY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2017

2. CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Governmental Activities					
County Investment Pool	\$ 1,300,803	\$ 1,300,803	\$ -	\$ -	\$ -
Component Units	-	-	-	-	-
Total	<u>\$ 1,300,803</u>	<u>\$ 1,300,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

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

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End	
				AAA	Not Rated
Governmental Activities					
County Investment Pool	\$ 1,300,803	N/A	\$ 1,300,803	\$ -	\$ 1,300,803
Component Units	-	N/A	-	-	-
Total	<u>\$ 1,300,803</u>	<u>N/A</u>	<u>\$ 1,300,803</u>	<u>\$ -</u>	<u>\$ 1,300,803</u>

FRESNO COUNTY REGIONAL TRANSPORTATION MITIGATION FEE AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

2. CASH AND INVESTMENTS (CONTINUED)

Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools. The County of Fresno issues a financial report that includes custodial credit risk disclosures for the County Investment Pool. The report may be obtained by writing to the Office of the Auditor-Controller/Treasurer-Tax Collector, 2281 Tulare Street, Fresno, California 93721.

COMPLIANCE REPORT

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

To the Board of Directors
Fresno County Regional Transportation Mitigation Fee Agency
Fresno, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Fresno County Regional Transportation Mitigation Fee Agency as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated January 16, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fresno County Regional Transportation Mitigation Fee Agency's internal control over financial reporting (internal control) as recorded in the Fresno County Regional Transportation Mitigation Fee Agency's major fund to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fresno County Regional Transportation Mitigation Fee Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fresno County Regional Transportation Mitigation Fee Agency'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.

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INDEPENDENT AUDITORS' 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*

Internal Control Over Financial Reporting (Continued)

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fresno County Regional Transportation Mitigation Fee Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 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.

Dedekian, George, Small & Markarian

Dedekian, George, Small & Markarian
Accountancy Corporation
January 16, 2018