

**FRESNO COUNTY RURAL TRANSIT AGENCY**

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

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

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**FRESNO COUNTY RURAL TRANSIT AGENCY**

**FINANCIAL STATEMENT  
JUNE 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Fresno County Rural Transit Agency  
Fresno, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Fresno County Rural Transit Agency (FCRTA), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Fresno County Rural Transit Agency'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 Authority'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 Authority'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 opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fresno County Rural Transit Agency, as of June 30, 2018, 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*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages X-X 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February XX, 2019, on our consideration of the Fresno County Rural Transit Agency'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 to 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* in considering the Fresno County Rural Transit Agency's internal control over financial reporting and compliance.

Clovis, California  
February XX, 2019

**FRESNO COUNTY RURAL TRANSIT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

The following discussion and analysis of the financial performance and activity of the Fresno County Rural Transit Agency Basic Financial Statements provides an introduction and understanding of the basic financial statements of the Fresno County Rural Transit Agency (FCRTA). This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

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FCRTA is a voluntary association of the County of Fresno and 13 incorporated cities in Fresno County established on September 27, 1979, under a joint exercise of power agreement to provide public transit service for the rural areas consistent with the Regional Transportation Plan for Fresno County.

FCRTA currently operates an active fixed route and demand responsive bus fleet of ninety. FCRTA has no direct employees and contracts for all management and transit operations functions. FCRTA also reimburses various member agencies for expenditures incurred providing transit service. FCRTA receives funds primarily from the Transportation Development Act (TDA), which is a ¼ cent sales tax administrated by the Fresno Council of Governments, State Transit Assistance (STA), transit fares and federal, state and local grants.

**The Financial Statements**

FCRTA's basic financial statements include (1) the Statement of Net Position, (2) the Statement of Revenues, Expenses, and Changes in Net Position, (3) the Statement of Cash Flows and (4) the Notes to the Financial Statements. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

The Statement of Net Position reports assets, liabilities, and the difference between the two as net position. The entire equity section is combined to report total net position and is displayed in three components – net investment in capital assets; restricted net position; and unrestricted net position.

The net position component *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 borrowings attributable to the acquisition, construction, or improvements of those assets.

*Restricted net position* consists of assets where constraints on their use are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of net position that do not meet the definition of restricted or net investment in capital assets.

The Statement of Revenues, Expenses, and Changes in Net Position is reported using the accrual basis of accounting. Under this method, revenues are reported when earned and expenses are reported when incurred, regardless of when cash is received or paid. Revenues and expenses are categorized as either operating or non-operating based upon definitions provided by the Governmental Accounting Standards Board.

**FRESNO COUNTY RURAL TRANSIT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**Financial Highlights**

- Total net position of FCRTA was \$9,070,881 and consisted of net investment in capital assets, of \$8,512,079; and unrestricted net position of \$558,802.
- Net position decreased \$1,450,325 during fiscal year 2018. The net position from business-type activities was unchanged.
- Total capital assets, net of accumulated depreciation, was \$8,512,079 at June 30, 2018, representing a decrease of \$1,450,325 from June 30, 2017. The decrease in capital assets was primarily the result of the excess of depreciation expense over assets purchased during the year.

**Statement of Net Position**

The Statement of Net Position provides a measure of the financial health of an entity at a specific date in time (i.e., year-end). A summary of FCRTA's Statement of Net Position for Business-Type Activities as of June 30, 2018, with comparative totals as of June 30, 2017 is as follows:

**Statements of Net Position  
Business-Type Activities  
As of June 30, 2018 and 2017**

	2018	2017
<b>Assets:</b>		
Current and Other Assets	\$ 16,787,157	\$ 14,239,568
Capital Assets (Net of Depreciation)	8,512,079	9,962,404
Total Assets	25,299,236	24,201,972
<b>Liabilities:</b>		
Current and Other Liabilities	16,228,355	13,680,766
<b>Net Position:</b>		
Net investment in capital assets	8,512,079	9,962,404
Unrestricted	558,802	558,802
Total Net Position	\$ 9,070,881	\$ 10,521,206

Business-type activities include FCRTA's Enterprise Fund operations. These operations are highly capital intensive, devoting a significant portion of their financial resources to the maintenance and replacement of major capital equipment and facilities. This is evidenced by the higher proportion of capital assets to total assets. In fact, of the \$25,299,236 in total assets as of June 30, 2018, \$8,512,079 (34%) relate to capital assets.

All categories of net position have a positive balance, which means that, as a whole, the individual fund comprising the business-type activities has sufficient current assets to satisfy current liabilities and still have assets remaining for discretionary spending. In short, the business-type activities are in excellent financial condition.

**FRESNO COUNTY RURAL TRANSIT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**Statement of Net Position (Continued)**

The make-up of net position, however, changed significantly from the prior year. Net position invested in capital assets decreased by \$1,450,325 while unrestricted net position remains unchanged. The enterprise fund invested \$790,337 in capital assets during the year. However, though the enterprise fund invested \$790,337, depreciation expense of \$2,240,662 caused a decrease in net position, net investment in capital assets, to be \$1,450,325.

**Statement of Revenues, Expenses, and Changes in Net Position**

The Statement of Revenues, Expenses, and Changes in Net Position provide details of how net position changed from the beginning of the year to the end of the year, and whether net position increased or decreased. Thus, it indicates whether FCRTA as a whole is better off at June 30, 2018 than it was at June 30, 2017.

A summary of FCRTA's Statements of Revenues, Expenses, and Changes in Net Position for fiscal year ended June 30, 2018, with comparative totals for the year ended June 30, 2017 is as follows:

**Statements of Revenues, Expenses, and Changes in Net Position  
Business-Type Activities  
As of June 30, 2018 and 2017**

	2018	2017
<b>Revenues:</b>		
Program Revenues	\$ 5,505,806	\$ 6,090,722
General Revenues	217,608	157,851
Total Revenues	5,723,414	6,248,573
<b>Expenses:</b>		
Program Expenses	7,173,739	6,987,716
Changes in Net Position	(1,450,325)	(739,143)
Net Position - Beginning	10,521,206	11,260,349
Net Position - Ending	\$ 9,070,881	\$ 10,521,206

The largest revenue categories listed on the Statements of Revenues, Expenses, and Changes in Net Position are state and local operating assistance derived from Transportation Development Act and Measure "C" revenues, and federal operating assistance derived from Federal Transportation Administration operating grants.

The largest operating expense category is contractual purchased transportation service (28%). Maintenance and repair constitute 9% of FCRTA's operating expense and salary and benefit reimbursement to members for providing transit service make up another 11%. The remaining operating expenses include administrative reimbursements, fuel, utilities, insurance, depreciation and miscellaneous.

**FRESNO COUNTY RURAL TRANSIT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**Statement of Cash Flows**

The Statement of Cash Flows provides detailed information about the cash received in the fiscal year and the uses of the cash received. This is the only cash-basis financial statement presented and it reconciles cash receipts and cash expenditures to the beginning and ending cash on hand.

Most of the cash received by FCRTA during the fiscal year was from capital and operating grants; most of the cash expenses were for operating expenses.

**Capital Assets**

FCRTA's capital assets by class and by type of activity are summarized below:

**Schedules of Capital Assets  
Business-Type Activities  
(Net of Accumulated Depreciation)  
As of June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Capital Grant Funded	<u>\$ 8,512,079</u>	<u>\$ 9,962,404</u>

It is important to note that the capital assets are reported at historical cost, net of accumulated depreciation. These amounts do not represent the market value or replacement cost of FCRTA assets, which would be significantly higher. Historical cost is used, pursuant to accounting standards, to provide an objective basis for reporting capital assets.

Additional information on FCRTA's capital assets can be found in Note 4 of notes to the financial statements.

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

FCRTA's main source of operating funds comes from the Local Transportation Fund and Measure "C", both of which are derived from local sales tax. FCRTA also receives Section 5311 federal operating assistance from the Federal Transit Administration. The federal funds did not significantly decrease during the recent economic downturn, and local sales taxes appear to have bottomed out and are now increasing. FCRTA has adequate reserves set aside to continue operations and replace rolling stock.

**Contacting FCRTA's Financial Management**

The FCRTA Basic Financial Statements are designed to provide FCRTA's Board of Directors, management, creditors, legislative and oversight agencies, citizens and customers with an overview of FCRTA's finances and to demonstrate its accountability for funds received. For additional information about this report, please contact Les Beshears, Finance Director, Fresno County Rural Transit Agency, 2035 Tulare Street, Suite 201, Fresno, California 93721.

BASIC FINANCIAL STATEMENTS

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**FRESNO COUNTY RURAL TRANSIT AGENCY  
STATEMENTS OF NET POSITION  
JUNE 30, 2018 AND 2017**

<b>ASSETS</b>	<u>2018</u>	<u>2017</u>
Current assets:		
Cash	\$ 14,192,006	\$ 11,800,465
Receivables:		
Intergovernmental	2,182,485	1,574,262
Interest	64,143	43,431
Other	246,854	467,934
Prepaid insurance	<u>101,669</u>	<u>353,476</u>
Total current assets	<u>16,787,157</u>	<u>14,239,568</u>
Noncurrent assets:		
Capital assets	21,902,630	21,112,293
Accumulated depreciation	<u>(13,390,551)</u>	<u>(11,149,889)</u>
Total noncurrent assets	<u>8,512,079</u>	<u>9,962,404</u>
Total assets	<u>25,299,236</u>	<u>24,201,972</u>
<b>LIABILITIES</b>		
Accounts payable	593,662	943,022
Due to members of other governmental entities	454,642	147,598
Deferred revenues	<u>15,180,051</u>	<u>12,590,146</u>
Total liabilities	<u>16,228,355</u>	<u>13,680,766</u>
<b>NET POSITION</b>		
Net investment in capital assets	8,512,079	9,962,404
Unrestricted	<u>558,802</u>	<u>558,802</u>
Total net position	<u>\$ 9,070,881</u>	<u>\$ 10,521,206</u>

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

**FRESNO COUNTY RURAL TRANSIT AGENCY  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Fare revenues	\$ 595,100	\$ 572,675
Total operating revenues	<u>595,100</u>	<u>572,675</u>
Operating expenses:		
Salaries and employee benefits reimbursements	773,788	798,676
Administrative services reimbursements	576,839	462,317
Fuel and lubricants	413,715	389,913
Maintenance and repairs	667,363	565,099
Utilities	83,854	82,979
Purchased transportation	2,030,955	2,176,524
Casualty and liability insurance	358,352	401,557
Miscellaneous expenses	28,211	23,949
Depreciation	<u>2,240,662</u>	<u>2,086,702</u>
Total operating expenses	<u>7,173,739</u>	<u>6,987,716</u>
Operating income (loss)	<u>(6,578,639)</u>	<u>(6,415,041)</u>
Nonoperating revenues:		
Interest revenue	217,608	157,851
State and local operating assistance	2,598,271	2,545,705
Federal operating assistance	<u>1,522,098</u>	<u>1,624,783</u>
Total nonoperating revenues	<u>4,337,977</u>	<u>4,328,339</u>
Capital contributions	<u>790,337</u>	<u>1,347,559</u>
Changes in net position	(1,450,325)	(739,143)
Net position - beginning	<u>10,521,206</u>	<u>11,260,349</u>
Net position - ending	<u>\$ 9,070,881</u>	<u>\$ 10,521,206</u>

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

**FRESNO COUNTY RURAL TRANSIT AGENCY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 816,180	\$ 544,139
Payments to suppliers	(3,949,798)	(4,205,550)
Payments to employees	<u>(773,788)</u>	<u>(798,676)</u>
Net cash provided by (used in) operating activities	<u>(3,907,406)</u>	<u>(4,460,087)</u>
Cash Flows from Noncapital Financing Activities:		
Operating grants received	<u>4,154,655</u>	<u>4,398,651</u>
Net cash provided by (used in) noncapital financing activities	<u>4,154,655</u>	<u>4,398,651</u>
Cash Flows from Investing Activities:		
Interest received	<u>196,896</u>	<u>149,395</u>
Net cash provided by (used in) investing activities	<u>196,896</u>	<u>149,395</u>
Cash Flows from Capital and Related Financing Activities:		
Grant funds received for property and equipment acquisition	2,737,733	2,171,054
Acquisition of property and equipment	<u>(790,337)</u>	<u>(1,347,559)</u>
Net cash provided by (used in) capital and related financing activities	<u>1,947,396</u>	<u>823,495</u>
Net increase (decrease) in cash	2,391,541	911,454
Cash at beginning of year	<u>11,800,465</u>	<u>10,889,011</u>
Cash at end of year	<u>\$ 14,192,006</u>	<u>\$ 11,800,465</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (6,578,639)	\$ (6,415,041)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,240,662	2,086,702
Changes in operating assets and liabilities:		
(Increase) in other receivables	221,080	(28,536)
(Increase) in prepaid expenses	251,807	23,562
Increase (decrease) in accounts payable	(349,360)	198,391
Increase (decrease) in due to members and other governmental entities	<u>307,044</u>	<u>(325,165)</u>
Net cash provided by (used in) operating activities	<u>\$ (3,907,406)</u>	<u>\$ (4,460,087)</u>

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

**FRESNO COUNTY RURAL TRANSIT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 1 – GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General Statement**

The Fresno County Rural Transit Agency (“FCRTA”) is a voluntary association of local governments formed on September 27, 1979 by the County of Fresno and 13 rural area incorporated cities within the County. The purpose of the organization is to provide a “Joint Powers Agency” to own, operate, and maintain a coordinated public transportation system within the County of Fresno. Each member agency provides for the operation of a public transportation system within its jurisdiction.

**Basis of Accounting**

FCRTA is accounted for as a Business-Type Activity, as defined by Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments* and its financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

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.

The financial statements distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with ongoing operations. The principal operating revenues of FCRTA are charges to customers for services. Operating expenses include the cost of services, administrative expenses, and the depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Intergovernmental revenues (primarily grants), which are received as reimbursement for specific purposes or projects, are recognized based upon the expenditures recorded. Intergovernmental revenues, which are usually unrestricted as to use and are revocable only for failure to meet prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier, if they meet the availability criterion.

FCRTA receives grants from the Federal Transit Administration (FTA) and other agencies of the U.S. Department of Transportation, state, and, local transportation funds for the acquisition of transit-related equipment and improvements. Prior to July 1, 2011, capital grants were recognized as donated capital to the extent that project costs under the grant had been incurred. Capital grant funds earned, less amortization equal to accumulated depreciation of the related assets, were included in contributed capital. As required by GASB No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, as amended by GASB No. 36, *Recipient Reporting for Certain Shared Non-exchange Revenues*, FCRTA changed its method of accounting for capital grants from capital contributions to reserved nonoperating revenues. In accordance with GASB No. 33 and 36, capital grants are required to be included in the determination of net income resulting in a decrease in net revenue of \$790,337 for the fiscal year ended June 30, 2018.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

**FRESNO COUNTY RURAL TRANSIT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 1 – GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Position**

**Cash**

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

For purposes of the Statement of Cash Flows, FCRTA considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments are pooled with FCRTA's pooled cash and investments.

**Capital Assets**

Purchases of capital assets, consisting of transit vehicles and related equipment, are capitalized at cost at the time of the purchase. Capital assets purchased with federal or state capital grants are recorded as additions to capital assets, with the offset recorded as additions to contributed capital. Capital assets are defined by FCRTA as assets with an estimated useful life in excess of one year and an initial individual cost of \$1,000 or more.

**Depreciation**

Depreciation is allowed as an expense on non-grant acquired assets. Depreciation expense on contributed capital assets is amortized against related contributed capital. Depreciation expense is calculated using the straight-line method over the estimated useful life of the asset, ranging from 3 to 10 years.

**Operating Expenses**

FCRTA, in fulfilling its purpose of providing rural public transportation services, incurs three basic types of expenses: (1) reimbursement of rural public transportation expenses, which typically include salaries, wages, operating supplies, services and insurance, incurred by three member cities (the cities of Coalinga, Kerman and Reedley) who provide partial rural transportation services; (2) purchased transportation costs in which FCRTA contracts with subcontractors to provide their own rural transportation services; and (3) reimbursement of administrative expenses incurred by the Fresno Council of Governments for the benefit of FCRTA, such as salaries and benefits, administration, legal and audit fees, and insurance.

**Use of Estimates**

The presentation of 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 reported amounts of certain assets and liabilities and disclosures at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. As such, actual results could differ from those estimates.

**FRESNO COUNTY RURAL TRANSIT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 1 – GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Position (Continued)**

Funding Sources

**Federal Grants**

**FTA** The Federal Transit Administration (FTA) revenues provide funding for all related programs in a variety of areas. FTA funds generally require a match from state or local funds. These funds provide revenue for eligible planning and acquisition, construction, cost-effective lease, improvement, maintenance of equipment and facilities, capital, operating expenses, and paratransit activities, needed to provide efficient and coordinated public transportation service in both urbanized and non-urbanized areas.

**State Grants**

**TDA** The Transportation Development Act (TDA) provides for two major sources of funding for public transportation: the Local Transportation Fund (LTF) and the State Transit Assistance Fund (STA). These funds are for the development and support of public transportation needs that exist in California and are allocated to areas of each county based on population, taxable sales and transit performance.

**Prop. 1B** Proposition 1B (The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006), includes the creation of the Public Transportation Modernization, Improvements, and Service Enhancement Account (PTMISEA). Capital projects eligible for funding by PTMISEA include rehabilitation, safety or modernization improvements; capital service enhancements or expansion; bus rapid transit improvements; and rolling stock procurement rehabilitation or replacement.

**CTAF** The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 includes the creation of the California Transit Assistance Fund (CTAF). Capital projects eligible for funding by CTAF provide increased protection against security or safety threat.

**LCTOP** The Low Carbon Transit Operations Program (LCTOP) is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 by Senate Bill 862. The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities. Approved projects in LCTOP will support new or expanded bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance and other costs to operate those services or facilities, with each project required to reduce greenhouse gas emissions.

**SJVAPCD** The San Joaquin Valley Air District is a public health agency that sets control measures in areas where pollution exceeds standards. The District receives Federal and State grants annually from the California Air Resources Board and the United States Environmental Protection Agency. Other funding sources are DMV fees, Stationary sources and Permit Fees.

**Local**

**Measure “C”** Measure “C” is a ½ cent sales tax approved by the voters of Fresno County to fund local transportation projects.

**FRESNO COUNTY RURAL TRANSIT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 2 – CASH AND INVESTMENTS**

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

The table below identified the investment types that are authorized for FCRTA by the California Government Code (or FCRTA's Investment Policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or FCRTA'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 Percentage 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

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 FCRTA's investments to market interest rate fluctuations is provided by the following table that shows the distribution of FCRTA's investments by maturity.

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
County Investment Pool	\$ 14,192,006	\$ 14,192,006	\$ -	\$ -	\$ -
Total	<u>\$ 14,192,006</u>	<u>\$ 14,192,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**FRESNO COUNTY RURAL TRANSIT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, FCRTA’s investment policy, and the actual rating as of year-end for each investment type. The column market “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
County Investment Pool	\$ 14,192,006	N/A	\$ 14,192,006	\$ -	\$ 14,192,006
Total	<u>\$ 14,192,006</u>	<u>N/A</u>	<u>\$ 14,192,006</u>	<u>\$ -</u>	<u>\$ 14,192,006</u>

Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or governmental 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 Fresno County Auditor-Controller/Treasurer-Tax collector, 2281 Tulare Street, Fresno, California 93721.

**NOTE 3 – INTERGOVERNMENTAL RECEIVABLES**

Individual receivables from governmental entities related to grants consist of the following as of June 30:

	2018	2017
Fresno Council of Governments - LTF	\$ 371,207	\$ 86,152
Fresno Council of Governments - SGR	289,180	-
Caltrans - FTA Section 18	<u>1,522,098</u>	<u>1,488,110</u>
	<u>\$ 2,182,485</u>	<u>\$ 1,574,262</u>

**FRESNO COUNTY RURAL TRANSIT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 4 – CAPITAL ASSETS AND DEPRECIATION**

Capital assets activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets being depreciated:				
Capital grant funded	\$ 21,085,520	\$ 790,337	\$ -	\$ 21,875,857
Noncapital grant funded	<u>26,773</u>	<u>-</u>	<u>-</u>	<u>26,773</u>
Total capital assets being depreciated	<u>21,112,293</u>	<u>790,337</u>	<u>-</u>	<u>21,902,630</u>
Less accumulated depreciation for:				
Capital grant funded	11,123,116	2,240,662	-	13,363,778
Noncapital grant funded	<u>26,773</u>	<u>-</u>	<u>-</u>	<u>26,773</u>
Total accumulated depreciation	<u>11,149,889</u>	<u>2,240,662</u>	<u>-</u>	<u>13,390,551</u>
Total capital assets being depreciated, net	<u>9,962,404</u>	<u>(1,450,325)</u>	<u>-</u>	<u>8,512,079</u>
Capital assets, net	<u>\$ 9,962,404</u>	<u>\$ (1,450,325)</u>	<u>\$ -</u>	<u>\$ 8,512,079</u>

The fixed assets of FCRTA are comprised of transit vehicles and related equipment.

Depreciation expense for the years ended June 30, 2018 and 2017 was \$2,240,662 and \$2,086,702, respectively.

**NOTE 5 – DUE TO MEMBERS AND OTHER GOVERNMENTAL ENTITIES**

Individual payables to members and other governmental entities consist of the following as of June 30:

	2018	2017
Fresno Council of Governments - Administration	\$ 99,484	\$ 42,241
Fresno County EOC - LTF	128,025	-
City of Coalinga	96,842	20,899
City of Dinuba	30,573	-
City of Folwer	1,988	-
City of Kerman	20,408	9,511
City of Mendota	4,000	-
City of Reedley	<u>73,322</u>	<u>74,947</u>
Total	<u>\$ 454,642</u>	<u>\$ 147,598</u>

**FRESNO COUNTY RURAL TRANSIT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 6 – DEFERRED REVENUE**

The TDA, Proposition 1B (PTMISEA), and Measure “C” allocate funds to FCRTA to fund transit operations and capital purchases. Allocations are considered earned when they are properly spent for operations or capital acquisitions. Allocations received but not earned are recorded as deferred revenues. Changes in the deferred revenue account for the year ended June 30, 2018 are summarized as follows:

	TDA	Prop 1B (PTMISEA)	CTAF	LCTOP	Measure "C"	CMAQ	SGR	Total
Deferred revenue, beginning of year	\$ 2,991,925	\$ 990,816	\$ 498,779	\$ 4,598	\$ 8,104,028	\$ -	\$ -	\$ 12,590,146
Capital grants received	-	-	127,838	98,896	1,966,819	255,000	289,180	2,737,733
Capital grants allowed	-	(64,000)	(84,892)	(104,313)	(282,132)	(255,000)	-	(790,337)
Operating funds received	2,457,161	-	-	-	996,323	-	-	3,453,484
Operating funds allowed	(2,032,260)	-	-	-	(996,323)	-	-	(3,028,583)
Interest received	98,204	10,771	5,621	819	102,193	-	-	217,608
Deferred revenue, end of year	<u>\$ 3,515,030</u>	<u>\$ 937,587</u>	<u>\$ 547,346</u>	<u>\$ -</u>	<u>\$ 9,890,908</u>	<u>\$ -</u>	<u>\$ 289,180</u>	<u>\$ 15,180,051</u>

**NOTE 7 – FARE REVENUE RATIO**

FCRTA is required to maintain a minimum fare revenue to operating expenses ratio of 10% in accordance with the Transportation Development Act. The calculation of the fare revenue ratio is as follows for the years ended June 30:

	2018	2017
Fare revenues	<u>\$ 595,100</u>	<u>\$ 572,675</u>
Operating expenses	7,173,740	6,987,716
Allowable TDA adjustments:		
Depreciation	<u>(2,240,662)</u>	<u>(2,086,702)</u>
Net operating expenses	<u>\$ 4,933,078</u>	<u>\$ 4,901,014</u>
Fare revenue ratio	12.06%	11.68%

**NOTE 8 – PROPOSITION 1B (PTMISEA FUNDING)**

FCRTA receives Proposition 1B (PTMISEA) funding for approved capital projects. During the years ended June 30, 2018 and 2017, FCRTA did not receive additional Proposition 1B funds. These funds are held in an interest bearing account and have earned interest in the amount of \$10,771 and \$13,100 for the years ended June 30, 2018 and 2017, respectively. As of June 30, 2018 FCRTA has spent \$9,227,633 for capital assets. The remaining funds have been recorded as deferred revenue as of June 30, 2018 (see Note 6).

**FRESNO COUNTY RURAL TRANSIT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 9 – LOW CARBON TRANSIT OPERATION PROGRAM (LCTOP FUNDING)**

FCRTA receives Low Carbon Transit Operation Program (LCTOP) funding for approved capital projects. During the years ended June 30, 2018 and 2017, FCRTA received Low Carbon Transit Operation Program funds of \$98,896 and \$0, respectively. These funds are held in an interest bearing account and have earned interest of \$819 and \$1,282 for the years ended June 30, 2018 and 2017, respectively. As of June 30, 2018, FCRTA has spent \$380,249 for capital projects. The remaining funds have been recorded as deferred revenue as of June 30, 2018 (Note 6).

**NOTE 10 – RISK MANAGEMENT LIABILITY**

FCRTA is exposed to various risks of loss related to torts; theft of, or damage to and destruction of assets; errors and omissions; and natural disasters. FCRTA is insured with commercial carriers. FCRTA's schedule of insurance coverage is as follows:

<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Effective Dates</u>
General Liability	\$2,000,000 Agg/\$1,000,000 Occ	7/10/17 - 7/1/18
Commercial Automobile Liability	\$5,000,000 CSL	7/10/17 - 7/1/18
Automobile Excess Liability	\$5,000,000	7/10/17 - 7/1/18
Public Officials Liability	\$5,000,000	7/10/17 - 7/1/18

FCRTA requires the operator, Fresno County Economic Opportunities Commission (FCEOC) to maintain the following policies:

<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Effective Dates</u>
Worker's Compensation	\$1,000,000	1/1/18 - 1/1/19
Commercial General Liability	\$1,000,000 + \$10,000,000 umb.	7/10/17 - 7/1/18
Commercial Automobile Liability	\$1,000,000 + \$10,000,000 umb.	7/10/17 - 7/1/18
Automobile Collision and Comprehensive	\$1,000,000 + \$10,000,000 umb.	7/10/17 - 7/1/18

**NOTE 11 – CONTINGENT LIABILITIES**

Grants have been received by FCRTA for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement for costs disallowed under the terms of the grants. The amount, if any, of costs that may be disallowed by the granting agencies cannot be determined at this time. Management expects such amounts, if any, to be immaterial.

OTHER INDEPENDENT AUDITOR'S REPORTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH RULES AND  
REGULATIONS OF THE CALIFORNIA TRANSPORTATION DEVELOPMENT ACT  
AND THE PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT AND  
SERVICES ENHANCEMENT ACCOUNT (PTMISEA) GUIDELINES, AND THE LOW  
CARBON TRANSIT OPERATIONS PROGRAM (LCTOP) GUIDELINES

To the Board of Directors  
Fresno County Rural Transit Agency  
Fresno, California

We have audited the financial statements of the Fresno County Rural Transit Agency (FCRTA) for the year ended June 30, 2018, and have issued our report thereon dated **January XX, 2019**. 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; and was further made to determine compliance with the rules and regulations of the California Transportation Development Act, the PTMISEA statutes and guidelines, the LCTOP guidelines, the rules and regulations of the Fresno Council of Governments and the California Administrative Code.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fresno County Rural Transit Agency'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 Fresno County Rural Transit Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fresno County Rural Transit 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 combination of deficiencies, in internal control, such that there is as reasonable possibility that a material misstatement of the Agency'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 material weaknesses, 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 we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As a part of obtaining reasonable assurance about whether the Fresno County Rural Transit 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. Our procedures included the applicable audit procedures contained in Section 6667 of the California Code of Regulations, and tests of compliance with the applicable statutes, rules, and regulations of the Transportation Development Act. 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*. Among the items considered were determination of the Fresno County Rural Transit Agency's ability to receive funds allocated to it, the propriety of expenditures in accordance with the California Transportation Development Act and compliance with provisions of the following programs:

### Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA)

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

During the fiscal year ended June 30, 2018, the Fresno County Rural Transit Agency did not receive PTMISEA funds. As of June 30, 2018, the Fresno County Rural Transit Agency had spent \$9,227,633 for the purchase of new CNG buses, new paratransit buses, mobile data terminals, transit facility improvements, but stop amenities, and charging stations; and had unexpended PTMISEA proceeds, including interest earned, of \$937,587.

### Low Carbon Transit Operations Program (LCTOP)

The Low Carbon Transit Operations Program (LCTOP) is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 by Senate Bill 862. The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities. Approved projects in LCTOP will support new or expanded intermodal transit facilities, and may include equipment acquisition, fueling, maintenance and other costs to operate those services or facilities, with each project required to reduce greenhouse gas emissions.

During the fiscal year ended June 30, 2018, the Fresno County Rural Transit Agency received \$98,896 of LCTOP funds. As of June 30, 2018, the Fresno County Rural Transit Agency has spent \$380,249 for the purchase of Electric Shuttle Vans and had no remaining LCTOP funds.

In our opinion, our evaluation of compliance factors disclosed that the funds received by FCRTA under the programs described above were allocated and disbursed in conformance with the California Transportation Development Act, the PTMISEA statutes and guidelines, the LCTOP guidelines, the rules and regulations of the Fresno Council of Governments and the California Administrative Code.

This report is intended solely for the information and use of the Board of Directors and management of the Fresno County Rural Transit Agency, others within the organization, and federal award agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

INDEPENDENCE 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

To the Board of Directors  
Fresno County Rural Transit 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 Rural Transit Agency (FCRTA), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise FCRTA's basic financial statements, and have issued our report thereon dated **January XX, 2019**.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered FCRTA'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 Fresno County Rural Transit Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fresno County Rural Transit 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.

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 FCRTA'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*.

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

Clovis, California  
January XX, 2019

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SUPPLEMENTARY INFORMATION

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**FRESNO COUNTY RURAL TRANSIT AGENCY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract or Program Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-through California Department of Transportation Formula Grants for Other Than Urbanized Area	20.509	64B017-00541	\$ <u>1,522,098</u>
Total U.S. Department of Transportation			<u>1,522,098</u>
Total Expenditures of Federal Awards			<u>\$ 1,522,098</u>

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**FRESNO COUNTY RURAL TRANSIT AGENCY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2018**

**NOTE 1 – GENERAL**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the Fresno County Rural Transit Agency. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included in the schedule. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**NOTE 2 – BASIS OF ACCOUNTING**

The accompanying SEFA is presented using the accrual basis of accounting, which is described in Note 1 of FCRTA's financial statements.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown in the Schedule represent adjustments of credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Federal award expenditures agree or can be reconciled with the amounts reported in FCRTA's basic financial statements.

**NOTE 4 – INDIRECT COST RATE**

FCRTA has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

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FINDINGS AND QUESTIONED COSTS

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**FRESNO COUNTY RURAL TRANSIT AGENCY  
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 -  
 not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

**Federal Awards**

Internal control over major programs:  
 Material weaknesses identified? \_\_\_\_\_ Yes      X   No

Significant deficiencies identified -  
 not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported

Type of auditor's report issued on compliance for  
 major programs: Unmodified

Any audit findings disclosed that are required  
 to be reported in accordance with  
 2 CFR 200, Section 200.516(a)? \_\_\_\_\_ Yes      X   No

**Identification of Major Programs**

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.509	Formula Grants for Other Than Urbanized Area
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	_____ Yes <u>  X  </u> No

**FRESNO COUNTY RURAL TRANSIT AGENCY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**FINANCIAL STATEMENT FINDINGS**

None reported.

**FEDERAL AWARD FINDINGS**

None reported.

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**FRESNO COUNTY RURAL TRANSIT AGENCY  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

**FINANCIAL STATEMENT FINDINGS**

None reported.

**FEDERAL AWARD FINDINGS**

None reported.

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