

**FRESNO COUNTY RURAL TRANSIT AGENCY
MEASURE C FUNDS
REGIONAL PUBLIC TRANSIT PROGRAM**

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

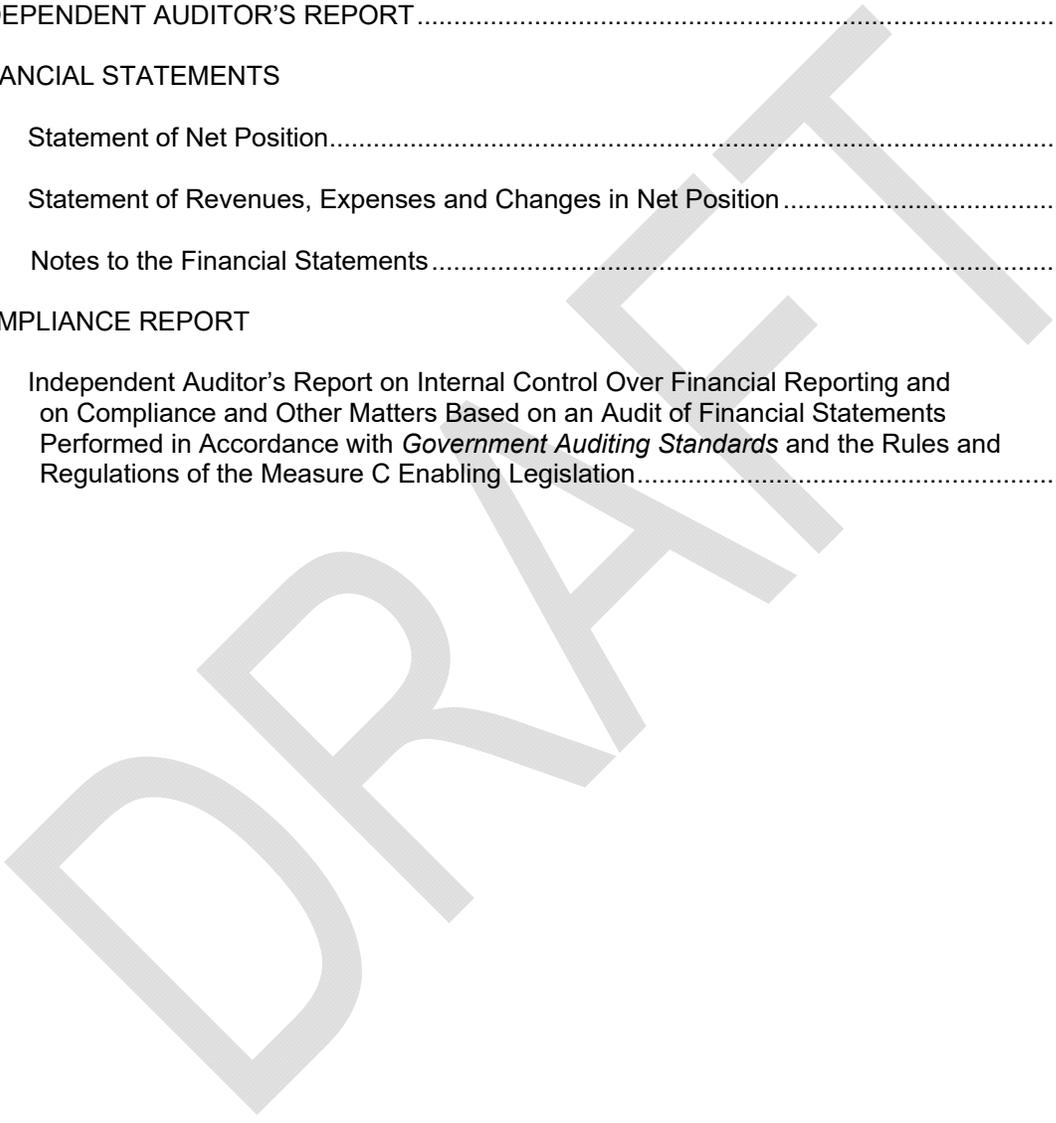
**FOR THE YEAR ENDED
JUNE 30, 2021**

DRAFT

FRESNO COUNTY RURAL TRANSIT AGENCY
MEASURE C FUNDS
REGIONAL PUBLIC TRANSIT PROGRAM
JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Net Position	4
Statement of Revenues, Expenses and Changes in Net Position	5
Notes to the Financial Statements	6
COMPLIANCE REPORT	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> and the Rules and Regulations of the Measure C Enabling Legislation	11



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fresno County Transportation Authority
Fresno, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Fresno County Transportation Authority's pass-through Measure C Funds (Measure C Funds) of the Fresno County Rural Transit Agency (FCRTA) as of and for the year ended June 30, 2021, and the related notes to the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 FCRTA'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 FCRTA's internal control as it relates to the Measure C Funds. 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 Measure C Funds of FCRTA as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Measure C Funds of FCRTA are intended to present the financial position and the changes in financial position of only that portion of the Measure C Funds of FCRTA that is attributable to the transactions related to the Fresno County Transportation Authority's pass-through Measure C Funds. They do not purport to, and do not present fairly the financial position of FCRTA as of June 30, 2021, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the 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 missing 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 **June XX, 2022**, on our consideration of FCRTA's internal control over financial reporting as it relates to the Measure C Funds, 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 solely 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 FCRTA'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 FCRTA's internal control over financial reporting and compliance as it relates to the Measure C Funds.

Clovis, California
June XX, 2022

FINANCIAL STATEMENTS

DRAFT

**FRESNO COUNTY RURAL TRANSIT AGENCY
MEASURE C FUNDS
REGIONAL PUBLIC TRANSIT PROGRAM
STATEMENT OF NET POSITION
JUNE 30, 2021**

ASSETS

Current assets:

Cash and investments	\$ 16,284,184
Due from FCTA	<u>683,832</u>

Total current assets	<u>16,968,016</u>
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LIABILITIES

Current liabilities:

Unearned revenues	<u>16,968,016</u>
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Total current liabilities	<u>16,968,016</u>
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NET POSITION

Restricted	<u>-</u>
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Total net position	<u>\$ -</u>
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The accompanying notes are an integral part of these financial statements.

**FRESNO COUNTY RURAL TRANSIT AGENCY
 MEASURE C FUNDS
 REGIONAL PUBLIC TRANSIT PROGRAM
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2021**

OPERATING REVENUES	\$ <u> -</u>
 OPERATING EXPENSES:	
Operating assistance	167,414
Capital expenses	<u>169,133</u>
Total operating expenses	<u>336,547</u>
Operating income (loss)	(336,547)
 NONOPERATING REVENUES	
Local supplement	131,329
Interest	<u>205,218</u>
Total nonoperating revenues	336,547
Change in net position	-
Net position - beginning	<u> -</u>
Net position - ending	<u>\$ <u> -</u></u>

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

**FRESNO COUNTY RURAL TRANSIT AGENCY
MEASURE C FUNDS
REGIONAL PUBLIC TRANSIT PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fresno County Transportation Authority's pass-through Measure C Funds (Measure C Funds) of the Fresno County Rural Transit Agency (FCRTA) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The financial statements presented are only from the accounts and financial transactions of the Measure C Funds of FCRTA. Accordingly, they do not present the financial position or the results of operations of the FCRTA. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. FCRTA's significant accounting policies are described below.

A. Reporting Entity

The Fresno County Transportation Authority (FCTA) was created by the approval of Measure C by the voters of Fresno County (the County) in November 1986. Measure C authorized the imposition of a ½% sales and use tax (sales tax) in the County for 20 years. The proceeds of Measure C are principally reserved for highway improvements, local transportation improvements, growth management and regional planning purposes (programs) in the County. The ½% sales tax commenced July 1, 1987 and expired on June 30, 2007.

In November 2006, the County voters approved a ballot measure authorizing FCTA to continue the ½% retail transaction and use tax for an additional 20 years. Under the terms of the extension of the Measure C program, proceeds of Measure C are principally reserved for regional public transit, local transportation, regional transportation, alternative transportation and environmental enhancement programs in the County. The ½% sales tax commenced July 1, 2007 and will expire on June 30, 2027.

The sales tax revenue received by FCRTA under Measure C, after deducting certain administrative costs, is to be spent for programs as set forth in the expenditure plan included in Measure C and approved by the voters of the County. All revenues, including interest and other revenues, not designated by Measure C for a specific purpose are to be spent on capital projects for other governmental agencies set forth in the expenditure plan. The expenditure plan will be updated every two years to adjust the projection of sales tax receipts.

The primary elements of the 2006 Measure C Extension Sub-Programs consist of the following:

- **Regional Public Transit Program** – will fund projects dealing with bus route maintenance, expansion of buses, bus services, bus shelters, and public transit safety measures.

- ♦ *Public Transit Agencies* (Fresno Area Express (FAX), Clovis Transit and Fresno County Rural Transit Agency (FCRTA))

The goal of all transit agencies within the County who derive funding allocations from this program is to improve the level of public transit services within the County and to continue to seek ways to coordinate and/or consolidate services in order to achieve a seamless passenger travel system for the public. Priority service improvements planned for each agency include improving frequency of service, extending weekend service hours, enhancing Para-transit services to the senior or disabled community, and installing and integrating a regional automated farebox system to enhance transit coordination.

- ♦ *Farmworker Car/Van Pools*

Farmworker Van Pool – Measure C Funds will be used to subsidize Farmworker Van Pool programs within the County, providing an equal opportunity for both public and private industry competition, as well as potential public/private partnerships. Vanpools must originate in the County and allow for safe effective transportation to and from work.

**FRESNO COUNTY RURAL TRANSIT AGENCY
MEASURE C FUNDS
REGIONAL PUBLIC TRANSIT PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

• **Regional Public Transit Program (Continued)**

♦ *Farmworker Car/Van Pools (Continued)*

The Measure C Car Pool program is an incentive program to the County residents to carpool with at least one other person, two days per week. The program offers incentives in the form of cash prizes and services from participating vendors.

The Measure C Van Pool program offers a variety of subsidies and reimbursements to help ensure that commuters reach their destinations safely by using a cost-effective alternative to a single occupant vehicle.

• **Local Transportation Program** – will go towards the local transportation program projects such as filling potholes, re-paving streets, improving sidewalks, catering to pedestrians and maintaining trails and bicycle systems.

♦ *Local Allocation*

Street Maintenance – A mandated 50% of the local transportation program must be earmarked for street maintenance/rehabilitation such as pothole repair, patching or overlay projects. An agency may reserve these funds for no more than five years to fund a large street maintenance project.

ADA Compliance – These funds are set aside for the local agencies to meet the current requirements of the Americans with Disabilities Act. Jurisdictions that receive less than \$200,000 annually from the total local transportation program would be exempt from this provision.

Flexible Funding – The flexible funding sub-program allows the local agency to utilize these funds on transportation related projects.

♦ *Pedestrian/Trails – Urban (Clovis and Fresno Sphere of Influence) and Rural*

Approximately 3% of Measure C is provided to fund significant improvements to the existing planned pedestrian and trail system. The funds can also be used for needs such as signage, striping and master plan updates. Jurisdictions with a population threshold less than 25,000 would be exempt from this provision and receive these funds in the Flexible Funding program.

♦ *Bicycle Facilities*

Approximately 1% of Measure C is provided to fund significant improvements to the existing and planned bicycle facilities and/or systems. Bicycle Trail funds may be used for Class II bicycle facilities, signage and striping and for the development of the master plan. Jurisdictions with a population threshold less than 25,000 would be exempt from this provision and receive these funds in the Flexible Funding program.

• **Regional Transportation Program** – will fund projects centered on improving and making changes to the freeway land and commuter corridors. This fund will also cover road safety measures.

• **Alternative Transportation Program** – will be used towards safety measures for emergency vehicle and school routes, reducing traffic congestion and facilitating new underpasses or overpasses.

• **Environmental Enhancement Program** – will accommodate the school bus replacement programs and deal with other transit-related development.

• **Administration/Planning Program** – will help to prepare updates for the expenditures plan and develop and administer other planning related activities.

**FRESNO COUNTY RURAL TRANSIT AGENCY
MEASURE C FUNDS
REGIONAL PUBLIC TRANSIT PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

FCRTA uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The operations of the Measure C Funds of FCRTA are accounted for in a separate set of self-balancing accounts that comprise the funds' assets, liabilities, net position, revenues and expenses.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types".

The Measure C Funds of FCRTA are accounted for in the Enterprise Fund which is classified within the proprietary fund type. Proprietary funds are used to account for activities similar to those found in the private sector. The accrual basis of accounting is utilized by proprietary fund types whereby revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

C. Net Position

Net position is reported in three categories as follows:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvements of the assets.

Restricted – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted – This amount consists of all net position that does not meet the definition of "net investment in capital assets" or "restricted".

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

NOTE 2 – CASH AND INVESTMENTS

Cash is pooled with FCRTA's cash and investments. Income from the investment of pooled cash is allocated based upon the actual balance of the fund as a percentage of the total pooled cash balance. FCRTA's cash is held with the County Auditor-Controller/Treasurer. The County values all of its cash and investments at fair value on a portfolio basis. The County manages its pooled idle cash and investments under a formal investment policy that is adopted and reviewed by the County, and that follows the guidelines of the State of California Government Code.

County-wide information concerning cash and investments for the year ended June 30, 2021, including authorized investments, custodial credit risk and interest rate risk for debt securities and concentration of investments, carrying amount and market value of deposits and investments, may be found in the notes of the County's annual financial report.

**FRESNO COUNTY RURAL TRANSIT AGENCY
MEASURE C FUNDS
REGIONAL PUBLIC TRANSIT PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 – UNEARNED REVENUE

FCRTA allocates Measure C 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 unearned revenues. Changes in the unearned revenues account for the year ended June 30, 2021 are summarized as follows:

Unearned revenues - beginning	\$ 13,413,302
Capital grants received	3,518,630
Capital grants allowed	(169,133)
Operating funds received	167,413
Operating funds allowed	(167,414)
Interest received	<u>205,218</u>
Unearned revenues - ending	<u>\$ 16,968,016</u>

As stated above, FCRTA receives Measure C funds to purchase various capital acquisitions and has done so during the fiscal year ended June 30, 2021. FCRTA information covering capital assets for the year ended June 30, 2021, including total acquisitions and depreciation, may be found in the notes of FCRTA's annual financial report.

NOTE 4 – CONTINGENCIES

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus, COVID-19, a pandemic. Accordingly, some functions of FCRTA's operations were limited to protect the health and safety of its employees. The financial impact that could occur as a result of the pandemic is unknown at this time.

NOTE 5 – COMMITMENTS

During the fiscal year 2021, FCRTA entered into an agreement for a new bus maintenance and operations facility totaling approximately \$5,145,000.

COMPLIANCE REPORT

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE RULES
AND REGULATIONS OF THE MEASURE C ENABLING LEGISLATION

To the Board of Directors
Fresno County Transportation Authority
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 Transportation Authority's pass-through Measure C Funds (Measure C Funds) of the Fresno County Rural Transit Agency (FCRTA), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise FCRTA's Measure C Funds financial statements, and have issued our report thereon dated **June XX, 2022**.

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), as it relates to the Measure C Funds, as a basis for designing 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 FCRTA's internal control. Accordingly, we do not express an opinion on the effectiveness of FCRTA'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 a reasonable possibility that a material misstatement of FCRTA's Measure C Funds 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 Measure C Funds 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 financial statements. 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* or the Measure C Enabling Legislation.

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 FCRTA's internal control or on compliance as it relates to the Measure C Funds. 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
June XX, 2022

DRAFT