Fresno County Rural Transit Agency | Fresno, CA

Financial Statements

For the Years Ended June 30, 2025 and 2024

PRICE PAIGE & COMPANY
Certified Public Accountants

TABLE OF CONTENTS

PAGE

PRICE PAIGE & COMPANY
Certified Public Accountants

The Place to Be

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Fresno County Rural Transit Agency (FCRTA) as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the FCRTA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of FCRTA, as of June 30, 2025 and 2024, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FCRTA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FCRTA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

570 N. Magnolia Avenue, Suite 100
Clovis, CA 93611

tel 559.299.9540
fax 559.299.2344

www.ppc.cpa

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FCRTA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 will issue a report, on our consideration of the FCRTA'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 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 the 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.

Price Paige & Company

Clovis, California

December 10, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

FCRTA is a voluntary Joint Powers Authority 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 127. FCRTA has no direct employees and instead 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), Measure C Program – a local transportation fund generated by a ½ cent sales tax approved by the voters of Fresno County, 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 does 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.

Financial Highlights

- Total net position of FCRTA was $25,312,997 and consisted of net investment in capital assets of $22,922,394; and unrestricted net position of $2,390,603.

- Net position increased $5,530,996 during fiscal year 2025. The net position from business-type activities was unchanged.

- Total capital assets, net of accumulated depreciation, was $24,750,018 at June 30, 2025, representing an increase of $5,530,996 from June 30, 2024. The increase in capital assets was primarily the result of the excess of assets purchased over depreciation expense during the year and asset disposals.

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, 2025, with comparative totals as of June 30, 2024, is as follows:

Condensed Statements of Net Position
As of June 30, 2025 and 2024

	2025	2024
Assets:		
Current and other assets	$ 48,843,336	$ 45,675,650
Capital assets (net of depreciation)	24,750,018	19,219,021
Total assets	73,593,354	64,894,671
Liabilities:		
Current and other liabilities	48,280,357	45,112,670
Net Position:		
Net investment in capital assets	22,922,394	17,825,093
Unrestricted	2,390,603	1,956,908
Total Net Position	$ 25,312,997	$ 19,782,001

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 $73,593,354 in total assets as of June 30, 2025, $24,750,018 (34%) relates 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.

The make-up of net position, however, changed significantly from the prior year. Net position invested in capital assets increased by $5,097,301 while unrestricted net position increased by $433,695. The enterprise fund invested $6,777,823 in capital assets during the year and had depreciation expense of $1,246,826, causing the increase in net position to be $5,530,996.

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, 2025, than it was at June 30, 2024.

A summary of FCRTA's Statements of Revenues, Expenses and Changes in Net Position for fiscal year ended June 30, 2025, with comparative totals for the year ended June 30, 2024 is as follows:

Condensed Statements of Revenues, Expenses and Changes in Net Position
As of June 30, 2025 and 2024

	2025	2024
Revenues:		
Program revenues:		
Charges for services	$ 171,293	$ 171,226
Operating grants and contributions	6,445,430	7,096,579
Capital grants and contributions	6,777,823	10,772,848
General revenues:		
Interest	987,740	877,277
Gain (loss) on sale of capital assets	-	14,069
Total revenues	14,382,286	18,931,999
Expenses:		
Transit	8,851,290	10,666,858
Total expenses	8,851,290	10,666,858
Increase (decrease) in net position	5,530,996	8,265,141
Net position - beginning	19,782,001	11,516,860
Net position - ending	$ 25,312,997	$ 19,782,001

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 (57%). Maintenance and repair constitute 10% of FCRTA's operating expense. The remaining operating expenses include administrative reimbursements, fuel, utilities, insurance, depreciation and miscellaneous.

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 activity is summarized below:

Schedules of Capital Assets
(Net of Accumulated Depreciation)
As of June 30, 2025 and 2024

	2025	2024
Capital assets not being depreciated	$ 21,382,781	$ 16,632,669
Capital assets being depreciated	33,949,021	31,921,310
Less accumulated depreciation	(30,581,784)	(29,334,958)
Total capital assets, net	$ 24,750,018	$ 19,219,021

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 Fresno County Rural Transit Agency, 2035 Tulare Street, Suite 201, Fresno, California 93721.

BASIC FINANCIAL STATEMENTS

	2025	2024
ASSETS		
Current assets:		
Cash and investments	$ 41,269,695	$ 33,595,564
Receivables:		
Intergovernmental	6,991,625	11,568,577
Interest	284,209	242,351
Other	27,822	40,232
Inventory	227,981	202,323
Prepaid expenses	42,004	26,603
Total current assets	48,843,336	45,675,650
Noncurrent assets:		
Non-depreciable capital assets	21,382,781	16,632,669
Depreciable capital assets	33,949,021	31,921,310
Accumulated depreciation	(30,581,784)	(29,334,958)
Total noncurrent assets	24,750,018	19,219,021
Total assets	73,593,354	64,894,671
LIABILITIES		
Current liabilities:		
Accounts payable	881,644	3,075,282
Due to members of other governmental entities	77,456	-
Unearned revenues	45,493,633	40,643,460
Retention payable	1,827,624	1,393,928
Total liabilities	48,280,357	45,112,670
NET POSITION		
Net investment in capital assets	22,922,394	17,825,093
Unrestricted	2,390,603	1,956,908
Total net position	$ 25,312,997	$ 19,782,001

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

	2025	2024
Operating revenues:		
Charges for services:		
Fare revenues	$ 171,293	$ 171,226
Total operating revenues	171,293	171,226
Operating expenses:		
Administrative services reimbursements	1,038,298	937,006
Fuel and lubricants	449,412	449,049
Maintenance and repairs	874,345	1,213,334
Utilities	81,686	85,607
Purchased transportation	5,003,007	5,315,947
Casualty and liability insurance	150,231	148,623
Miscellaneous expenses	7,485	9,585
Depreciation	1,246,826	2,507,707
Total operating expenses	8,851,290	10,666,858
Operating income (loss)	(8,679,997)	(10,495,632)
Nonoperating revenues (expenses):		
Interest revenue	987,740	877,277
State and local operating assistance	3,666,091	4,078,939
Federal operating assistance	2,779,339	3,017,640
Gain (loss) on sale of capital assets	-	14,069
Total nonoperating revenues (expenses):	7,433,170	7,987,925
Income (loss) before capital contributions	(1,246,827)	(2,507,707)
Capital contributions	6,777,823	10,772,848
Changes in net position	5,530,996	8,265,141
Net position - beginning	19,782,001	11,516,860
Net position - ending	$ 25,312,997	$ 19,782,001

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

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 183,703	$ 150,128
Payments to suppliers	(9,761,705)	(6,941,911)
Net cash provided by (used for) operating activities	(9,578,002)	(6,791,783)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants received	14,616,524	6,541,754
Net cash provided by (used for) noncapital financing activities	14,616,524	6,541,754
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	945,882	840,873
Net cash provided by (used for) investing activities	945,882	840,873
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grant funds received for property and equipment acquisition	8,033,854	10,505,082
Acquisition of property and equipment	(6,344,127)	(9,750,955)
Proceeds from sale of assets	-	18,247
Net cash provided by (used for) capital and related financing activities	1,689,727	772,374
Net increase (decrease) in cash and investments	7,674,131	1,363,218
Cash and investments - beginning	33,595,564	32,232,346
Cash and investments - ending	$ 41,269,695	$ 33,595,564
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$ (8,679,997)	$ (10,495,632)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Depreciation	1,246,826	2,507,707
Changes in operating assets and liabilities:		
(Increase) in other receivables	12,410	(21,098)
(Increase) in inventory	(25,658)	(77,233)
(Increase) in prepaid expenses	(15,401)	(138)
Increase (decrease) in accounts payable	(2,193,638)	1,294,611
Increase (decrease) in due to other governmental entities	77,456	-
Net cash provided by (used for) operating activities	$ (9,578,002)	$ (6,791,783)

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Fresno County Rural Transit Agency (FCRTA) is a joint powers authority 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.

B. 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 non-operating 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 non-operating revenues and expenses.

Intergovernmental revenues (primarily grants), which are received as reimbursement for specific purposes or projects, are recognized based upon the expenses 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.

C. Assets, Liabilities and Net Position

Cash and Investments

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 the purposes of the Statements 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.

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

C. Assets, Liabilities and Net Position (Continued)

Inventory

Inventory consists of replacement parts and small tools stated at cost and held for future maintenance on equipment. The cost is recorded as an expense as inventory items are consumed.

Capital Assets

Purchases of capital assets, consisting of transit vehicles and related equipment, land, and buildings 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 $5,000 or more. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the estimated useful life of the asset, ranging from two to ten years.

Unearned Revenues

FCRTA records unearned revenue for transactions for which revenues have not been earned and have not yet met the revenue recognition criteria based on the accrual basis of accounting.

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 is all resources that do not meet the definition of “net investment in capital assets” or “restricted net position”.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, FCRTA’s practice is to apply restricted net position first.

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

C. Assets, Liabilities and Net Position (Continued)

Funding Sources

Federal

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 and Local

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.

PTMISEA 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 threats.

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.

SGR The Road Repair and Accountability Act of 2017, Senate Bill (SB) 1, includes the State of Good Repair (SGR). Transit capital projects are eligible for funding.

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.

Measure "C" Measure "C" is a ½ cent sales tax approved by the voters of Fresno County to fund local transportation projects. It also includes Measure C New Technology projects.

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

C. Assets, Liabilities and Net Position (Continued)

AHSC The Affordable Housing and Sustainable Communities (AHSC) Program is a competitive state funding program that aims to reduce greenhouse gas emissions by funding affordable housing in conjunction with sustainable transportation improvements. It provides funding for affordable housing development and related infrastructure, as well as transportation-related amenities, and programs that encourage residents to walk, bike and use transit. Funded by auction proceeds from California's Cap-and-Trade program, AHSC is administered by the Strategic Growth Council (SGC) and implemented by the California Department of Housing and Community Development.

Operating Expenses

FCRTA, in fulfilling its purpose of providing rural public transportation services, incurs two basic types of expenses: (1) purchased transportation costs in which FCRTA contracts with subcontractors to provide their own rural transportation services; and (2) 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 preparation 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.

NOTE 2 – CASH AND INVESTMENTS

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

The table below identifies 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Percentage in One Issuer
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

NOTE 2 – CASH AND INVESTMENTS (Continued)

B. 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.

		Remaining Maturity (in Months)			
Investment Type	Amount	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
2025:					
Fresno County Investment Pool	$ 41,269,695	41,269,695	$ -	$ -	$ -
Total	$ 41,269,695	41,269,695	$ -	$ -	$ -
2024:					
Fresno County Investment Pool	$ 33,595,564	33,595,564	$ -	$ -	$ -
Total	$ 33,595,564	33,595,564	$ -	$ -	$ -

C. 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 marked "Exempt from Disclosure" identifies those investment types for which GASB No. 40 does not require disclosure as to credit risk:

				Rating as of Year-End	
Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	AAA	Not Rated
2025:					
Fresno County Investment Pool	$ 41,269,695	N/A	$ 41,269,695	$ -	$ -
Total	$ 41,269,695	N/A	$ 41,269,695	$ -	$ -
2024:					
Fresno County Investment Pool	$ 33,595,564	N/A	$ 33,595,564	$ -	$ -
Total	$ 33,595,564	N/A	$ 33,595,564	$ -	$ -

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 2 – CASH AND INVESTMENTS (Continued)

D. Investment Valuation

FCRTA categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

FCRTA's only investments, which are allocated at fair value, are in the County's pooled investments. The County invests in numerous types of investments ranging all levels in the fair value hierarchy. Accordingly, it is not an investment type that can be categorized in any particular level in the fair value hierarchy.

NOTE 3 – INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables consist of the following as of June 30:

	2025	2024
Fresno Council of Governments - LTF	$ 216,831	$ 347,444
Fresno Council of Governments - STA	718,931	1,225,220
Fresno Council of Governments - SGR	107,684	205,799
Fresno County Transportation Agency - Measure "C"	1,236,260	1,986,094
Caltrans - FTA Federal grants	4,711,919	7,804,020
Total intergovernmental receivables	$ 6,991,625	$ 11,568,577

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not being depreciated:				
Land	$ 1,275,939	$ -	$ -	$ 1,275,939
Construction in progress	15,356,730	4,750,112	-	20,106,842
Total capital assets not being depreciated	16,632,669	4,750,112	-	21,382,781
Capital assets being depreciated:				
Equipment	6,719,551	148,220	-	6,867,771
Buildings and structures	559,350	193,293	-	752,643
Vehicles	24,642,409	1,686,198	-	26,328,607
Total capital assets being depreciated	31,921,310	2,027,711	-	33,949,021
Less accumulated depreciation for:				
Equipment	(5,939,651)	(134,329)	-	(6,073,980)
Buildings and structures	(555,759)	(12,658)	-	(568,417)
Vehicles	(22,839,548)	(1,099,839)	-	(23,939,387)
Total accumulated depreciation	(29,334,958)	(1,246,826)	-	(30,581,784)
Total capital assets being depreciated, net	2,586,352	780,885	-	3,367,237
Capital assets, net	$ 19,219,021	$ 5,530,997	$ -	$ 24,750,018

Capital assets activity for the year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets not being depreciated:				
Land	$ 1,275,939	$ -	$ -	$ 1,275,939
Construction in progress	4,641,854	10,714,876	-	15,356,730
Total capital assets not being depreciated	5,917,793	10,714,876	-	16,632,669
Capital assets being depreciated:				
Equipment	6,684,846	34,705	-	6,719,551
Buildings and structures	559,350	-	-	559,350
Vehicles	24,655,110	23,267	(35,968)	24,642,409
Total capital assets being depreciated	31,899,306	57,972	(35,968)	31,921,310
Less accumulated depreciation for:				
Equipment	(5,691,537)	(248,114)	-	(5,939,651)
Buildings and structures	(527,646)	(28,113)	-	(555,759)
Vehicles	(20,639,858)	(2,231,480)	31,790	(22,839,548)
Total accumulated depreciation	(26,859,041)	(2,507,707)	31,790	(29,334,958)
Total capital assets being depreciated, net	5,040,265	(2,449,735)	(4,178)	2,586,352
Capital assets, net	$ 10,958,058	$ 8,265,141	$ (4,178)	$ 19,219,021

Depreciation expense for the years ended June 30, 2025 and 2024 was $1,246,826 and $2,507,707, respectively.

NOTE 5 – UNEARNED REVENUE

FCRTA receives various sources of funding for its 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 revenue account for the year ended June 30, 2025, are summarized as follows:

	TDA	TDA CTSA	AHSC	Caltrans Clean CA	LCTOP	Measure "C"	Measure New Tech	FTA 5339	FTA 5339-B	SGR	Total
Unearned revenue, beginning of year	$ 19,452,779	$ 163,819	$ -	$ -	$ 2,153,425	$ 17,948,506	$ -	$ -	$ -	$ 924,931	$ 40,643,460
Capital grants received	-	-	1,547,556	199,175	30	4,353,658	515,869	-	990,206	427,360	8,033,854
Capital grants allowed	-	-	(1,547,556)	(193,293)	(790,514)	(1,417,624)	(515,869)	-	(990,206)	(1,322,761)	(6,777,823)
Operating funds received	5,005,915	819,991	-	-	-	-	-	-	-	-	5,825,906
Operating funds allowed	(1,178,151)	(829,754)	-	(5,882)	-	(1,235,601)	-	-	-	-	(3,249,388)
Interest received	469,621	-	-	-	47,780	470,341	-	-	-	29,882	1,017,624
Unearned revenue, end of year	$ 23,750,164	$ 154,056	$ -	$ -	$ 1,410,721	$ 20,119,280	$ -	$ -	$ -	$ 59,412	$ 45,493,633

Changes in the unearned revenue account for the year ended June 30, 2024, are summarized as follows:

	TDA	TDA CTSA	AHSC	Caltrans Clean CA	LCTOP	Measure "C"	Measure New Tech	FTA 5339	FTA 5339-B	SGR	Total
Unearned revenue, beginning of year	$ 15,180,049	$ 133,574	$ -	$ -	$ 1,265,039	$ 20,427,869	$ -	$ -	$ -	$ 518,240	$ 37,524,771
Capital grants received	-	-	-	-	1,150,255	4,385,293	231,053	3,323,949	1,034,407	380,125	10,505,082
Capital grants allowed	-	-	-	-	(300,000)	(5,883,439)	(231,053)	(3,323,949)	(1,034,407)	-	(10,772,848)
Operating funds received	5,119,363	793,100	-	-	-	-	-	-	-	-	5,912,463
Operating funds allowed	(1,228,039)	(762,855)	-	-	-	(1,438,956)	-	-	-	-	(3,429,850)
Funds returned	-	-	-	-	-	-	-	-	-	-	-
Interest received	381,406	-	-	-	38,131	457,739	-	-	-	26,566	903,842
Unearned revenue, end of year	$ 19,452,779	$ 163,819	$ -	$ -	$ 2,153,425	$ 17,948,506	$ -	$ -	$ -	$ 924,931	$ 40,643,460

NOTE 6 – 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:

	2025	2024
Fares:		
Farebox revenues	$ 171,293	$ 171,226
Local supplement	1,452,035	1,477,877
Total fares	$ 1,623,328	$ 1,649,103
Operating expenses	$ 8,851,290	$ 10,666,858
Allowable TDA adjustments:		
Depreciation	(1,246,826)	(2,507,707)
Net operating expenses	$ 7,604,464	$ 8,159,151
Fare revenue ratio	21.35%	20.21%

NOTE 7 – 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, 2025 and 2024, FCRTA received LCTOP funds of $30 and $1,150,255, respectively. These funds are held in an interest-bearing account and have earned interest of $47,780 and $38,131 for the years ended June 30, 2025 and 2024, respectively. FCRTA expended $790,514 and $300,000, respectively for capital projects. The remaining funds have been recorded as unearned revenue as of June 30, 2025 (see Note 5).

NOTE 8 – STATE OF GOOD REPAIR (SGR FUNDING)

FCRTA receives State of Good Repair (SGR) funding for approved capital projects. During the years ended June 30, 2025 and 2024, FCTRA received SGR funds of $427,360 and $380,125, respectively. These funds are held in an interest-bearing account and have earned interest of $29,882 and $26,566 for the years ended June 30, 2025 and 2024, respectively. For the years ended June 30, 2025 and 2024, FCRTA expended $1,322,761 and $0, respectively, for capital projects. The remaining funds have been recorded as unearned revenue as of June 30, 2025 (see Note 5).

NOTE 9 – CONTRACTUAL AGREEMENTS

A. Fresno Council of Governments (Fresno COG)

FCRTA has an on-going administrative agreement with Fresno COG to provide administrative services, including transit service management, marketing, financial and grant administration, and transportation planning services. Payment of services is based on a monthly cost reimbursement basis. For the years ended June 30, 2025 and 2024, FCRTA incurred $823,579 and $674,098, respectively, in administrative services provided by Fresno COG.

The total accounts payable to Fresno COG were $77,456 and $72,291 for the years ended June 30, 2025 and 2024, respectively.

B. MV Public Transportation, Inc.

During July 2018, FCRTA entered into an operating agreement with MV Public Transportation, Inc. to provide transit operational services effective September 1, 2018, through August 31, 2021. The contract was extended for up to four additional years in one-year increments. A new contract was reached and is effective September 1, 2025 through August 31, 2028. For the years ended June 30, 2025 and 2024, FCRTA incurred $3,536,819 and $2,976,195, respectively, in operating services provided by MV Public Transportation, Inc.

The total accounts payable to MV Public Transportation, Inc. were $215,214 and $235,659 for the years ended June 30, 2025 and 2024, respectively.

NOTE 10 – COMMITMENTS

During fiscal year 2023, FCRTA entered into an agreement for a new bus maintenance and operations facility totaling approximately $19,091,017. The facility was completed December 1, 2025.

NOTE 11 – 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 for each of the years ended June 30, 2025 and 2024:

Type of Coverage	Amount of Coverage	Effective Dates
General Liability	$5,000,000 Agg/$1,000,000 Occ	7/1/24 - 6/30/25
Commercial Automobile Liability	$5,000,000 CSL	7/1/24 - 6/30/25
Automobile Excess Liability	$5,000,000	7/1/24 - 6/30/25
Public Officials Liability	$5,000,000	7/1/24 - 6/30/25

FCRTA required operators to maintain the following policies for each of the years ended June 30, 2025 and 2024:

Type of Coverage	Amount of Coverage	Effective Dates
Commercial General Liability	$5,000,000	7/1/24 - 6/30/25
Automobile Liability (Any Auto)	$5,000,000	7/1/24 - 6/30/25
Auto Physical Damage	$1,000,000	7/1/24 - 6/30/25
Umbrella Liability, Excess Liability	$10,000,000	7/1/24 - 6/30/25
Worker's Compensation	$1,000,000	7/1/24 - 6/30/25

NOTE 12 – 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.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated and concluded that there are no subsequent events that have occurred from June 30, 2025 through the date the financials were available to be issued at December 10, 2025, that would require disclosure or adjustment.