

**FRESNO COUNTY TRANSPORTATION AUTHORITY**

**COMPARATIVE FINANCIAL STATEMENTS**

**For the Fiscal Year Ended**

**June 30, 2022 and 2021**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fresno County Transportation Authority (the Authority), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority'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 the governmental activities and each major fund of the Authority, as of June 30, 2022 and 2021, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audits 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 the Authority, 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 the Authority'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.

## **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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 the Authority'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 the Authority'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 and budgetary comparison information 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 have also issued our report dated August 7, 2024, on our consideration of the Authority'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 Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
August 7, 2024

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022 and 2021**

This section of the Fresno County Transportation Authority's (Authority) annual financial report presents a discussion and analysis of the Authority's financial performance during the fiscal years 2021 and 2022. Please read the information contained in this discussion and analysis in conjunction with the Authority's basic financial statements following this section.

**FINANCIAL HIGHLIGHTS**

**FY 2022**

- The assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources (referred to as net position) at the end of the 2021-2022 fiscal year by \$358,414,604. Of this amount, \$11,276,344 is considered unrestricted net position, \$347,136,636 is restricted net position and limited for specific purposes, and \$1,624 is invested in capital assets.
- The Authority's total net position increased by \$22,382,489. Revenue received and allocated to capital projects as directed by the Measure C Extension Program during the fiscal year was more than capital project expenses during the fiscal year ended June 30, 2022, thereby resulting in increased net position.
- As of June 30, 2022, the Authority's governmental funds reported combined fund balances of \$358,534,859, which is an increase of \$22,396,742 from last fiscal year's fund balance.

**FY 2021**

- The assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources (referred to as net position) at the end of the 2020-2021 fiscal year by \$336,032,115. Of this amount, \$11,517,430 is considered unrestricted net position, \$324,512,150 is restricted net position and limited for specific purposes, and \$2,535 is invested in capital assets.
- The Authority's total net position increased by \$25,819,383. Revenue received and allocated to capital projects as directed by the Measure C Extension Program during the fiscal year was more than capital project expenses during the fiscal year ended June 30, 2021, thereby resulting in increased net position.
- As of June 30, 2021, the Authority's governmental funds reported combined fund balances of \$336,138,117, which is an increase of \$25,831,664 from last fiscal year's fund balance.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three components 1) **Government-wide** financial statements; 2) **Fund** financial statements; and 3) **Notes** to the basic financial statements. Required Supplementary Information (RSI) is included in addition to the basic financial statements.

**Government-wide Financial Statements** are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. Therefore, the statements are reported using the accrual basis of accounting. Please refer to Note 1 for further information on the accrual basis of accounting.

The *Statement of Net Position* presents information on all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources reported as *net position*. Over time,

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022 and 2021**

increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the Authority that are principally supported by intergovernmental revenues and sales taxes (*governmental activities*) from other functions that are intended to recover all, or a portion, of their costs through user fees and charges (*business-type activities*). The governmental activity of the Authority is public ways and facilities. During the fiscal year reported, the Authority did not have any business-type activities.

**The government-wide financial statements can be found on pages 13-15 of this report.**

**Fund Financial Statements** are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. The fund financial statements are reported using the modified accrual basis of accounting, which was designed to reflect budgetary processes used by governments. See Note 1, Section B, for further information regarding the modified accrual basis of accounting. The Authority's funds can be divided into two categories: Governmental funds (General Fund, Measure C Special Revenue Fund, and RTMF Special Revenue Fund) and Fiduciary Funds (Custodial Fund).

**Governmental Funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Authority's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Authority's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Authority's General Fund, Measure C Special Revenue Fund, and RTMF Special Revenue Fund budgetary comparison schedules are presented in RSI. The Authority adopts an annual appropriated budget for its General Fund, Measure C Special Revenue Fund, and RTMF Special Revenue Fund. Budgetary comparison schedules are thus provided for the General Fund, Measure C Special Revenue Fund, and RTMF Special Revenue Fund to demonstrate compliance with this budget.

The Authority reports three individual major governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances.



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MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022 and 2021**

**The governmental funds financial statements can be found on pages 16-21 of this report.**

*Fiduciary Funds* are used to account for resources held by the Authority in a trustee or agency capacity for others (i.e., Local Agencies). Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Authority's own programs. The type of fiduciary fund used by the Authority can be further classified as a *Custodial Fund*.

There are two basic financial statements used to report information on the fiduciary funds: the statement of fiduciary net position (required for all fiduciary funds) and the statement of changes in fiduciary net position (required for all fiduciary funds except agency funds).

**The fiduciary fund financial statements can be found on pages 22-23 of this report.**

**Notes to the Basic Financial Statements** provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 24-38 of this report.

**Required Supplementary Information (other than MD&A)** is presented for the budgetary comparison schedules of the General Fund, Measure C Special Revenue Fund, and RTMF Special Revenue Fund, which are presented immediately following the notes to the basic financial statements.

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022 and 2021**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$336,032,115, at the close of fiscal year 2020-2021. Similarly, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$358,414,604, at the close of fiscal year 2021-2022.

**COMPARATIVE SUMMARY OF NET POSITION  
Fiscal Year Ended June 30**

	Governmental Activities	
	2022	2021
<b>Assets:</b>		
Current and other assets	\$ 368,465,246	\$ 344,156,050
Capital assets	1,624	2,535
Total assets	368,466,870	344,158,585
<b>Liabilities:</b>		
Current and other liabilities	9,662,686	7,649,698
Total liabilities	9,662,686	7,649,698
Deferred inflows of resources	389,580	476,772
<b>Net position:</b>		
Net investment in capital assets	1,624	2,535
Restricted	347,136,636	324,512,150
Unrestricted	11,276,344	11,517,430
Total net position	\$ 358,414,604	\$ 336,032,115

One portion of the net position, in the amount of \$2,535 in fiscal year (FY) 2021 and \$1,624 in FY 2022, represents its investment in capital assets (equipment). The Authority has acquired no debt in acquiring these assets. The Authority uses these capital assets in their day-to-day operations. Consequently, these assets are not available for future spending.

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022 and 2021**

Another portion of the Authority's net position is unrestricted surplus. This represents the unspent and unassigned cash balances in the General and Special Revenue Funds. The change of not encumbering funds represents the major difference with prior fiscal year amounts. The remaining balance of the Authority's net position represents resources that are subject to external restrictions on how they may be used. The restricted net position for FY 2021 was \$324,512,150 and \$347,136,636 for FY 2022.

**Governmental activities:** Governmental activities increased the Authority's net position by \$25,819,383 in FY 2021 and \$22,382,489 in FY 2022. The following table indicates the changes in net position for governmental activities:

**COMPARATIVE SUMMARY OF CHANGES IN NET POSITION  
Fiscal Year Ended June 30**

	Governmental Activities	
	2022	2021
Revenues:		
General revenues:		
Sales tax	\$ 46,618,645	\$ 41,072,590
Interest and investment earnings	(14,514,381)	1,082,261
Mitigation fees	7,134,108	5,350,740
Program revenues:		
Operating grants and contributions	1,144	2,329
Total revenues	39,239,516	47,507,920
Expenses:		
Public ways and facilities	16,857,027	22,934,728
Total expenses	16,857,027	22,934,728
Change in net position	22,382,489	24,573,192
Net position - beginning	336,032,115	310,212,732
Prior period adjustment	-	1,246,191
Net position - ending	\$ 358,414,604	\$ 336,032,115

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022 and 2021**

The key element for the variance between the fiscal years as compared to prior fiscal year is primarily attributable to the Governmental Accounting Standards Board (GASB) Statement No. 31 adjustment that requires most investments to be reported at fair value. Governmental activities budget and subsequently issue fund financial statements that reflect the modified accrual basis of accounting under accounting principles generally accepted in the United States of America. Under this approach, capital asset purchases and debt principal payments are recorded as expenditures. Further, revenues are accrued if measurable and available within the Authority's availability period established at 60 days. Conversely, the statement of activities is reported under the accrual basis of accounting, which capitalizes capital asset purchases, reduces liabilities by principal payments and recognizes revenues collected after fiscal year-end and during the 60-day period.

**FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS**

As noted earlier, the Authority uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The general government functions are contained in the General and Special Revenue Funds. The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Authority's financing requirements.

At June 30, 2021, the Authority's governmental funds reported combined fund balances of \$336,138,117, while it shows a combined fund balance of \$358,534,859 at fiscal year-end 2022. This an increase of \$22,396,742. Except for assigned fund balances in the General Fund and the unassigned negative fund balance in the RTMF Special Revenue Fund, the remaining combined fund balance is reserved to indicate that it is not available for new spending because it is restricted 1) to pay capital projects and 2) to reflect loans to the Custodial Fund that are unpaid at fiscal year-end. In fiscal year 2021, the nonspendable fund balance from fiscal year 2021 was \$567,470. In fiscal year 2022, it dropped to \$176,290 due to payment on loans made at June 30, 2022.

Revenues for the governmental funds totaled \$47,507,920 in fiscal year 2020-2021, which represents a decrease of 18.94% from fiscal year 2019-2020. Revenues in fiscal year 2021-2022 showed a continuous downward trend as it drops to \$39,239,516. These decreases are primarily attributed to decreases in investment earnings.

Expenditures for governmental funds totaled \$22,922,447 in fiscal year 2020-2021, which represents an increase of 43.33% from fiscal year 2019-2020. This increase is primarily due to increased expenses in highway capital improvements as a result of construction phases of major capital projects during the fiscal year and planning phases started for recently accepted projects. On the other hand, fiscal year 2021-2022 showed a decrease in total expenditures to \$16,842,774 due to the delay of capital projects because of the Covid 19 pandemic.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the two fiscal years there were no adjustments between the original budget and the final budget for the General Fund. Actual revenues were below the final budget by \$483,594 and expenditures were less than the final budget by \$2,121,759 in fiscal year 2021. The net effect of the actual revenues and expenditures is an increase in fund balance in the General Fund of \$677,419, which is a result of the increase in sales tax revenue and the decrease in the actual salaries and employee benefits

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022 and 2021**

expenditures. In fiscal year 2022, actual revenues and expenditures did not meet the budgeted amounts and actual expenditures exceeded actual revenues which caused a decrease in fund balance by \$227,744.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Authority's investment in capital assets, for its governmental activities as of June 30, 2021 and June 30, 2022, amounted to \$2,535 and \$1,624, respectively. The total decrease in the Authority's investment in capital assets for fiscal year 2022 was 35.94% due to \$911 net depreciation of office equipment in fiscal year 2021-2022.

Capital assets for the governmental activities are presented below to illustrate changes from 2021 to 2022 fiscal year:

	Governmental Activities				2021-2022
	2022	2021			Increase / (Decrease)
					Percent of Change
Equipment	\$ 1,624	\$ 2,535			-35.94%

**Other Liabilities**

At fiscal years 2021 and 2022, the Authority had no outstanding bonds. Please refer to Note 6 on page 34 for further information on the Authority's other liabilities.

**ECONOMIC FACTORS AND NEXT FISCAL YEAR'S BUDGET/PROGRAM**

The Authority continues its commitment to the implementation of the largest transportation public works project in Fresno County history. Today, as Fresno County continues to grow, a strong transportation system is critical. Not only do our roads and other systems of transportation contribute to the overall economic growth of the region, they also improve personal mobility and contribute to the quality of life enjoyed by our local residents, which is why Measure C funding is of such great importance.

During the fiscal years, the Authority has accomplished much, including several key, ongoing, and completed transportation projects:

- The continuation of Shaw Avenue (DeWolf to McCall) – Phase 1 in Construction, Phase 2 in Design & Right-of-Way;
- The continuation of Route 180E – Trimmer Springs to Frankwood;
- The continuation of Veterans Boulevard;

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022 and 2021**

- The continuation of Golden State Corridor (American to Tulare County Line);
- Herndon - Polk to Milburn - in Design;
- Herndon - Temperance to DeWolf - Design & R/W activities;
- Peach Ave. - Florence to Butler - Construction ongoing;
- SR99 / American Ave. Interchange - Early Design phase; and
- SR99/Cedar/North Interchange - in Design & R/W phases.

The Authority together with the California Department of Transportation (Caltrans), County of Fresno, and the cities in Fresno County will continue to meet its promised commitments:

- To build a complete freeway system;
- To leverage State and Federal dollars to deliver a \$1.2 billion program;
- To leave a track record of responsible and accountable spending of local sales tax dollars; and
- To make the roads safer, reduce congestion and improve air quality.

The following economic factors were considered in preparing the Authority's fiscal year 2020-2021 and 2021-2022 budget.

- There was an 8.60% decline in Measure C sales tax revenues for 2020-2021, followed by a 2% increase for 2021-2022.
- Interest earnings were 1.43% for 2020-2021 and 0.80% for 2021-2022.
- Estimated expenditures for 2020-2021 capital projects in the amount of \$32.3 million, with \$12.0 million to urban projects, \$11.7 million to rural projects, \$1.7 million to school bus replacement projects, \$1 million to transit oriented in-fill projects and \$5.1 million to alternative transportation programs.
- Estimated expenditures for 2021-2022 capital projects in the amount of \$36.9 million, with \$13.5 million to urban projects, \$13.6 million to rural projects, \$2.1 million to school bus replacement projects, \$1.1 million to transit oriented in-fill projects and \$5.9 million to alternative transportation programs.

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022 and 2021**

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director of the Fresno County Transportation Authority, 2220 Tulare Street, Suite 2101, Fresno, California 93721.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**FRESNO COUNTY TRANSPORTATION AUTHORITY  
COMPARATIVE STATEMENT OF NET POSITION  
June 30**

<b>Governmental Activities</b>	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash and investments (Note 4)	\$ 355,174,325	\$ 330,496,171
Interest receivable	1,232,531	2,122,231
Accounts receivable	-	494
Due from other governments (Note 3)	12,058,390	11,537,154
Capital assets, net (Note 5)	1,624	2,535
Total assets	<u>368,466,870</u>	<u>344,158,585</u>
<b>Deferred outflows of resources</b>	<u>-</u>	<u>-</u>
<b>Liabilities</b>		
Accounts payable	9,142,865	7,434,526
Salaries and benefits payable	91,060	106,635
Due to other governments	306,882	-
Compensated absences payable (Note 6)	121,879	108,537
Total liabilities	<u>9,662,686</u>	<u>7,649,698</u>
<b>Deferred inflows of resources (Note 8)</b>	<u>389,580</u>	<u>476,772</u>
<b>Net position</b>		
Net investment in capital assets	1,624	2,535
Restricted for:		
Capital projects	346,960,346	323,944,680
Loans	176,290	567,470
Unrestricted	<u>11,276,344</u>	<u>11,517,430</u>
Total net position	<u>\$ 358,414,604</u>	<u>\$ 336,032,115</u>

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

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
COMPARATIVE STATEMENT OF ACTIVITIES  
Fiscal Year Ended June 30**

2022			
<b>Functions/Programs</b>	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:			
Public ways and facilities	\$ 16,857,027	\$ 1,144	\$ (16,855,883)
<b>Total</b>	<b>\$ 16,857,027</b>	<b>\$ 1,144</b>	<b>(16,855,883)</b>
General revenues:			
Sales tax			46,618,645
Interest and investment earnings			(14,514,381)
Mitigation fees			7,134,108
Change in net position			22,382,489
Net position - July 1, 2021			336,032,115
Net position - June 30, 2022			\$ 358,414,604

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

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**COMPARATIVE STATEMENT OF ACTIVITIES**  
**Fiscal Year Ended June 30**

2021			
<b>Functions/Programs</b>	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:			
Public ways and facilities	\$ 22,934,728	\$ 2,329	\$ (22,932,399)
<b>Total</b>	<b>\$ 22,934,728</b>	<b>\$ 2,329</b>	<b>\$ (22,932,399)</b>
General revenues:			
Sales tax			41,072,590
Interest and investment earnings			1,082,261
Mitigation fees			5,350,740
Change in net position			24,573,192
Net position - July 1, 2020			310,212,732
Prior period adjustment			1,246,191
Net position - beginning as restated			311,458,923
Net position - June 30, 2021			\$ 336,032,115

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

## **FUND FINANCIAL STATEMENTS**

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
COMPARATIVE BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30**

	2022			
	General	Measure C Special Revenue	RTMF Special Revenue	Total
<b>Assets</b>				
Cash and investments (Note 4)	\$ 10,651,022	\$ 333,917,353	\$ 10,605,950	\$ 355,174,325
Interest receivable	37,932	1,157,055	37,544	1,232,531
Due from other funds (Note 7)	-	69,133,798	-	69,133,798
Due from other governments (Note 3)	993,384	8,650,152	2,414,854	12,058,390
Total assets	\$ 11,682,338	\$ 412,858,358	\$ 13,058,348	\$ 437,599,044
<b>Liabilities</b>				
Accounts payable	\$ 176,458	\$ 6,302,317	\$ 2,664,090	\$ 9,142,865
Salaries and benefits payable	91,060	-	-	91,060
Due to other funds (Note 7)	-	-	69,133,798	69,133,798
Due to other governments	7,321	299,561	-	306,882
Total liabilities	274,839	6,601,878	71,797,888	78,674,605
<b>Deferred inflows of resources</b> (Note 8)	9,276	380,304	-	389,580
<b>Fund balances</b> (Note 13)				
Nonspendable	-	176,290	-	176,290
Restricted	-	405,699,886	-	405,699,886
Assigned	11,398,223	-	-	11,398,223
Unassigned	-	-	(58,739,540)	(58,739,540)
Total fund balances	11,398,223	405,876,176	(58,739,540)	358,534,859
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,682,338	\$ 412,858,358	\$ 13,058,348	\$ 437,599,044

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

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**COMPARATIVE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30**

	2021			
	General	Measure C Special Revenue	RTMF Special Revenue	Total
<b>Assets</b>				
Cash and investments (Note 4)	\$ 10,623,879	\$ 315,259,364	\$ 4,612,928	\$ 330,496,171
Interest receivable	70,803	2,002,289	49,139	2,122,231
Accounts receivable	-	494	-	494
Due from other funds (Note 7)	-	66,297,008	-	66,297,008
Due from other governments (Note 3)	1,193,020	8,686,873	1,657,261	11,537,154
<b>Total assets</b>	<b>\$ 11,887,702</b>	<b>\$ 392,246,028</b>	<b>\$ 6,319,328</b>	<b>\$ 410,453,058</b>
<b>Deferred outflows of resources</b>				
	-	-	-	-
<b>Total assets &amp; deferred outflows of resources</b>	<b>\$ 11,887,702</b>	<b>\$ 392,246,028</b>	<b>\$ 6,319,328</b>	<b>\$ 410,453,058</b>
<b>Liabilities</b>				
Accounts payable	\$ 143,748	\$ 6,992,315	\$ 298,463	\$ 7,434,526
Salaries and benefits payable	106,635	-	-	106,635
Due to other funds (Note 7)	-	-	66,297,008	66,297,008
<b>Total liabilities</b>	<b>250,383</b>	<b>6,992,315</b>	<b>66,595,471</b>	<b>73,838,169</b>
<b>Deferred inflows of resources (Note 8)</b>	<b>11,352</b>	<b>465,420</b>	<b>-</b>	<b>476,772</b>
<b>Fund balances (Note 13)</b>				
Nonspendable	-	567,470	-	567,470
Restricted	-	384,220,823	-	384,220,823
Assigned	11,625,967	-	-	11,625,967
Unassigned	-	-	(60,276,143)	(60,276,143)
<b>Total fund balances</b>	<b>11,625,967</b>	<b>384,788,293</b>	<b>(60,276,143)</b>	<b>336,138,117</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 11,887,702</b>	<b>\$ 392,246,028</b>	<b>\$ 6,319,328</b>	<b>\$ 410,453,058</b>

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

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
 COMPARATIVE RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
 June 30**

	2022	2021
Total fund balances - total governmental funds	\$ 358,534,859	\$ 336,138,117
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	1,624	2,535
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(121,879)	(108,537)
Total net position of governmental activities	\$ 358,414,604	\$ 336,032,115

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

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Fiscal Year Ended June 30**

	2022			
	General	Measure C Special Revenue	RTMF Special Revenue	Total
<b>Revenues</b>				
Sales tax	\$ 1,877,854	\$ 44,740,791	\$ -	\$ 46,618,645
Interest	(435,151)	(13,684,141)	(395,089)	(14,514,381)
Mitigation fees	-	-	7,134,108	7,134,108
Miscellaneous revenue-construction	-	1,144	-	1,144
<b>Total revenues</b>	<u>1,442,703</u>	<u>31,057,794</u>	<u>6,739,019</u>	<u>39,239,516</u>
<b>Expenditures</b>				
Current:				
Public ways and facilities:				
Salaries and employee benefits (Note 14)	565,818	-	-	565,818
Professional services and supplies	1,104,629	-	-	1,104,629
Highway capital improvements	-	9,969,911	5,202,416	15,172,327
<b>Total expenditures</b>	<u>1,670,447</u>	<u>9,969,911</u>	<u>5,202,416</u>	<u>16,842,774</u>
<b>Net change in fund balances</b>	(227,744)	21,087,883	1,536,603	22,396,742
<b>Fund balances, July 1st</b>	<u>11,625,967</u>	<u>384,788,293</u>	<u>(60,276,143)</u>	<u>336,138,117</u>
<b>Fund balances, June 30th</b>	<u>\$11,398,223</u>	<u>\$405,876,176</u>	<u>\$(58,739,540)</u>	<u>\$358,534,859</u>

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



**FRESNO COUNTY TRANSPORTATION AUTHORITY  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Fiscal Year Ended June 30**

	2021			Total
	General	Measure C Special Revenue	RTMF Special Revenue	
<b>Revenues</b>				
Sales tax	\$ 1,949,215	\$ 39,123,375	\$ -	\$ 41,072,590
Interest	54,881	1,103,396	(76,016)	1,082,261
Mitigation fees	-	-	5,350,740	5,350,740
Miscellaneous revenue-construction	-	2,329	-	2,329
<b>Total revenues</b>	<u>2,004,096</u>	<u>40,229,100</u>	<u>5,274,724</u>	<u>47,507,920</u>
<b>Expenditures</b>				
Current:				
Public ways and facilities:				
Salaries and employee benefits (Note 14)	546,234	-	-	546,234
Professional services and supplies	780,443	-	-	780,443
Highway capital improvements	-	17,534,441	4,061,329	21,595,770
<b>Total expenditures</b>	<u>1,326,677</u>	<u>17,534,441</u>	<u>4,061,329</u>	<u>22,922,447</u>
<b>Net change in fund balances</b>	677,419	22,694,659	1,213,395	24,585,473
Fund balances, July 1st	10,948,548	360,847,443	(61,489,538)	310,306,453
Prior period adjustment (Note 15)	-	1,246,191	-	1,246,191
Fund balance - beginning as restated	<u>10,948,548</u>	<u>362,093,634</u>	<u>(61,489,538)</u>	<u>311,552,644</u>
<b>Fund balances, June 30th</b>	<u>\$ 11,625,967</u>	<u>\$ 384,788,293</u>	<u>\$ (60,276,143)</u>	<u>\$ 336,138,117</u>

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

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
 COMPARATIVE RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
 Fiscal Year Ended June 30**

	2022	2021
Net change in fund balances - total governmental funds	\$ 22,396,742	\$ 24,585,473
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital assets as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current year.	(911)	960
Compensated absence expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(13,342)	(13,241)
Change in net position of governmental activities	\$ 22,382,489	\$ 24,573,192

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

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
COMPARATIVE STATEMENT OF FIDUCIARY NET POSITION  
SPECIAL PURPOSE TRUST FUND  
June 30**

<b>Assets</b>	2022	2021
Cash and investments	\$ 4,985,707	\$ 6,415,043
Due from other governments	11,748,986	10,827,584
Interest receivable	47,754	126,090
Total assets	16,782,447	17,368,717
<b>Deferred outflows of resources</b>	-	-
<b>Liabilities</b>		
Due to other governmental units	5,221,503	6,089,675
Total liabilities	5,221,503	6,089,675
<b>Deferred inflows of resources</b>	-	-
<b>Net position</b>		
Held in trust	11,560,944	11,279,042
Total net position	\$ 11,560,944	\$ 11,279,042

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

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
COMPARATIVE STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
SPECIAL PURPOSE TRUST FUND  
Fiscal Year Ended June 30**

	<u>2022</u>	<u>2021</u>
<b>Additions</b>		
Sales tax	\$ 63,291,853	\$ 55,345,262
Interest	(208,959)	95,309
	<u>63,082,894</u>	<u>55,440,571</u>
<b>Deductions</b>		
Disbursements to local agencies	<u>62,800,992</u>	<u>52,575,055</u>
	<u>62,800,992</u>	<u>52,575,055</u>
Net increase	281,902	2,865,516
Net position held in trust - beginning	<u>11,279,042</u>	<u>13,962,585</u>
Prior Period Adjustment	-	(5,549,059)
Net position held in trust - beginning as restated	<u>-</u>	<u>8,413,526</u>
Net position held in trust - ending	<u>\$ 11,560,944</u>	<u>\$ 11,279,042</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Fresno County Transportation Authority (Authority) was created by the approval of Measure C by the voters of Fresno County (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 which 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 of 2006, County voters approved a ballot Measure extending Measure C for an additional 20 years. This extension continues the authorization and collection of a ½% sales and use tax in the County for 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 revenues received by the Authority under Measure C, after deducting certain administrative costs, are to be spent for programs as set forth in the expenditure plan included in Measure C. 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 government agencies set forth in the expenditure plan. The expenditure plan will be updated every 2 years to adjust the projection of sales tax receipts.

The basic financial statements of the Authority include all its financial activities. The Authority is the sole independent agency responsible for receiving and allocating funds necessary to complete the programs and is governed by a nine-member board composed of representatives who are elected officials from the County and local cities and two members from the public at large.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Approach**

**Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Authority does not have any *business-type activities*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide information about the Authority's individual funds including governmental and fiduciary funds. Separate statements for each fund category are presented. The balance sheet and statement of revenues, expenditures, and changes in fund balances focus on the presentation of the major governmental funds: the General and Special Revenue Funds. These two statements are used to report information regarding the Authority's own operations and programs. The statement of fiduciary net position and the statement of changes in fiduciary net position provide information regarding the sales tax proceeds and related disbursements, which are exclusively restricted for local agencies for the support of regional public transit, local transportation and regional transportation within the County. Disbursements of Measure C funds during fiscal year 2021 and 2022, were made to the 15 cities within the County and the County along with the Fresno Area Express (FAX), Clovis Transit, Fresno County Rural Transit Agency (FCRTA) and the Council of Fresno County Governments (Fresno COG).

The Authority reports the following major governmental funds:

- The *General Fund* is the general operating fund of the Authority. It is used to account for all the financial resources except those required to be accounted for in another fund. Activities of the General Fund include administrative services and planning related to Measure C projects.
- The *Special Revenue Funds* are used by the Authority to account for the accumulation of resources required to be allocated to local cities and the County for local transportation improvements, including streets and roads as directed by the original Measure C Program. The original Measure C Program allowed for 25% of net sales tax revenues to be disbursed to the local agencies upon compliance with certain provisions and to be used for local street maintenance and improvements. These requirements expired with the original Measure C Program on June 30, 2007. Beginning with July 1, 2007, the Measure C Program extension allowed for resources classified under the Measure C Special Revenue Fund to also be used to fund the School Bus Replacement and Transit Oriented Infrastructure for In-Fill Programs. As of July 1, 2010, the Capital Projects Fund has been reclassified and consolidated to the Measure C Special Revenue Fund. As a result of the consolidation, the Measure C Special Revenue Fund is also being used to account for urban and rural capital projects that were formerly accounted for in the Capital Projects Fund. The Special Revenue Funds consist of the Measure C Special Revenue Fund and the Regional Transportation Mitigation Fee (RTMF) Special Revenue Fund. The Measure C Special Revenue Fund accounts for the Original Measure C and the Measure C Extension Programs. Revenue sources for the Measure C Special Revenue Fund include sales tax revenue and interest earnings. Beginning with the fiscal year 2012-13, the RTMF Special Revenue Fund is used to account for the RTMF programs. Revenue sources are RTMF fee collections and interest earnings. The fund maintains a negative fund balance as funds are spent in advance of mitigation fees.

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

The Authority reports the following fiduciary fund:

- The *Custodial Fund* is used to account for the portion of Measure C sales tax proceeds (and related disbursements) exclusively restricted for local agencies for the support of regional public transit, local transportation and regional transportation within the County. Disbursements of Measure C funds during fiscal years 2021 and 2022, were made to the 15 cities within the County and the County of Fresno along with the FAX, Clovis Transit, FCRTA, and the Fresno COG. This fund is omitted from the government-wide financial statements as its purpose is not for the benefit of the Authority.

Measurement Focus

The government-wide 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, compensated absences and claims and judgments are recorded only when payment is due and payable.

Amounts reported as *program revenue* include: 1) charges for services and 2) operating grants and contributions which are primarily made up of refunds from final accounting by the California Department of Transportation (Caltrans) in the amount of \$2,329 in fiscal year 2021 and \$1,144 in fiscal year 2022. General revenues include all taxes, investment earnings and mitigation fees.

When both restricted and unrestricted resources are available for use, the Authority's practice is to follow the default order of spending which is to use restricted resources first, then unrestricted resources as they are needed.

**C. Assets, Liabilities, and Net Position or Fund Balance**

**Cash and Investments**

Investments for the Authority are reported at cost which approximates fair value.

**Capital Assets**

The Authority's assets are capitalized at historical cost or estimated historical cost. Gifts or contributions of capital assets are recorded at fair value when received. Depreciation is recorded on a straight-line basis over the useful lives of the equipment. The Authority capitalizes all assets with a useful life of five years or longer.



**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

**Accounts Payable**

Accounts payable reported on the financial statements of the Authority are amounts that are due and payable at fiscal year-end and thereby accrued as an expense and liability. Accounts payable primarily consist of professional and specialized services, office expense, and highway capital improvements.

**Compensated Absences**

Vested vacation and sick leave benefits are accrued when earned in the governmental activities financial statements and when due and payable in the governmental funds financial statements.

**Retainage Payable**

The Authority withholds certain amounts due on construction contracts pending completion and inspection of various projects. The retainage payable reflects 5% - 10% of all invoiced expenditures for contract work performed by non-county engineering and construction firms that have not posted securities in the form of certificates of deposit or interest-bearing demand deposit accounts, or irrevocable standby letters of credit as of the fiscal year-end. In both fiscal years, all contractors with the Authority had posted collateral in accordance with these terms and conditions. Therefore, there is no retainage payable at the end of fiscal years 2021 and 2022.

**Interfund Activity**

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities, when applicable. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line on the government-wide statement of net position, when applicable.

**Deferred Outflows and Inflows of Resources**

Pursuant to Governmental Accounting Standards Board (GASB) Statements No. 63 and No. 65, the Authority recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position or fund balance by the Authority that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position or fund balance by the Authority that is applicable to a future reporting period. As of June 30, 2021 and June 30, 2022, the Authority had no deferred outflows of resources and reports \$476,772 and \$389,580, respectively, of deferred inflows of resources.

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

**Net Position**

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation reduces the balance in this category.

Restricted Net Position – This category presents amounts with external restrictions imposed on their use by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the Authority, not restricted for any project or other purpose.

**Fund Balance**

In the fund financial statements, governmental funds report fund balances as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the Authority is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable fund balance* – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- *Restricted fund balance* – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed fund balance* – amounts that can only be used for specific purposes determined by formal action of the Authority's highest level of decision-making authority (the Directors of the Authority's Board of Directors (Board)) and that remain binding unless removed in the same manner. Committed fund balance does not lapse at fiscal year-end. The formal action must occur prior to the end of the reporting period. However, the amount that will be subject to the constraint may be determined in the subsequent period. The formal action required to commit fund balance shall be Board resolution.
- *Assigned fund balance* – amounts that are constrained by the Authority's *intent* to be used for specific purposes. The intent can be established at either the highest level of decision-making or by a body or an official designated for that purpose. The Board delegated the authority to assign fund balance for a specific purpose to the Executive Director.
- *Unassigned fund balance* – the residual classification for the Authority's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

**Fund Balance (Continued)**

When both restricted and unrestricted resources are available for use, the Authority's practice is to follow the default order of spending which is to use restricted resources first, followed by the committed, assigned and unassigned resources as needed.

Minimum Fund Balance Policy: The Authority has not adopted and does not maintain a minimum fund balance policy.

**D. Budgets and Budgetary Data**

The Authority adopts a legal annual operating budget for its General Fund, Measure C Special Revenue Fund, and RTMF Special Revenue Fund. All budget transfers and expenditures are approved by the Board or by the Authority Administrator prior to disbursement. The legal level of budgetary control is at the object level. The final budget revenue and expenditure amounts represent the original budget modified by any amendments and adjustments that have occurred during the fiscal year. Unencumbered appropriations lapse at the fiscal year-end.

Budgetary comparison schedules for the General Fund, Measure C Special Revenue Fund, and the RTMF Special Revenue Fund are presented on pages 39-44, in Required Supplementary Information. Their purpose is to demonstrate compliance with the approved budget. Actual expenditures appearing on the schedules are presented using the accrual basis of accounting.

**E. Other**

**Professional Services**

The Authority has agreements with the County, whereby the County provides legal, accounting, and other professional and technical services.

**Use of Management Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**Recently Issued Accounting Pronouncements**

During the fiscal years ending June 30, 2022 and 2021, the Authority implemented the following standards:

**GASB Statement No. 84 – *Fiduciary Activities*.** The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

**GASB Statement No. 87 – *Leases*.** The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The Authority has determined the implementation of GASB Statement No. 87 has no effect on the basic financial statements.

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

**GASB Statement No. 90** – *Majority Equity Interests*. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The Authority has determined the implementation of GASB Statement No. 90 has no effect on the basic financial statements.

Recently released GASB standards affecting future years are as follows:

**GASB Statement No. 89** – *Accounting for Interest Cost Incurred before the End of a Construction Period*. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. The Authority will implement this statement when and where applicable.

**GASB Statement No. 91** – *Conduit Debt Obligations*. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. The Authority will implement this statement when and where applicable.

**GASB Statement No. 92** – *Omnibus 2020*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The Authority will implement this statement when and where applicable.

**GASB Statement No. 93** – *Replacement of Interbank Offered Rates*. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. Early application is encouraged. The Authority will implement this statement when and where applicable.

**GASB Statement No. 97** – *Certain Component Units Criteria, and Accounting and Financial Reporting of Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment to GASB Statements No. 14 and No. 84 and a Supersession of GASB Statement No. 32*. The requirements in paragraph 4 as it applies to defined contribution plans, defined other postemployment benefit (OPEB) plans, and other employee benefit plans, and paragraph 5 are effective immediately. All other requirements are applicable for reporting periods beginning after June 15, 2021. The Authority will implement this statement when and where applicable.

**GASB Statement No. 94** – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The Authority will implement this statement when and where applicable.

**GASB Statement No. 96** – *Subscription-Based Information Technology Arrangements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The Authority has not fully judged the effect of the implementation of this standard on the financial statements.

**GASB Statement No. 99** – *Omnibus 2022*. The requirements for this statement are effective for reporting periods beginning after June 15, 2022. The Authority will implement this statement when and where applicable.

**GASB Statement No. 100** – *Accounting Changes and Error Correction – an Amendment of GASB Statement No. 62*. The requirements of this statement are effective for reporting periods ending after June 15, 2023. The Authority will implement this statement when and where applicable.

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

**GASB Statement No. 101** – *Compensated Absences*. The requirements of this statement are effective for reporting periods ending after December 15, 2023. The Authority will implement this statement when and where applicable.

**GASB Statement No. 102** – *Certain Risk Disclosures*. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Authority will implement this statement when and where applicable.

**GASB Statement No. 103** – *Financial Reporting Model Improvements*. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Authority will implement this statement when and where applicable.

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND GOVERNMENTAL FUND FINANCIAL STATEMENTS**

A reconciliation of the total fund balances for governmental funds to the total net position of governmental activities has been prepared as part of the basic financial statements, including explanations of the differences. A reconciliation of the total net change in fund balances for governmental funds to the total changes in net position of governmental activities has also been prepared as part of the basic financial statements, including explanations of the differences.

**NOTE 3 – DUE FROM OTHER GOVERNMENTS**

Due from other governments mainly consists of sales tax receipts in the months subsequent to the Authority's fiscal year-end relating to the prior fiscal year's sales activity. The Authority has contracted with the California State Board of Equalization for collection and distribution of the ½% sales tax. The Board of Equalization receives an administrative fee for providing this service. The Authority records sales tax revenues net of such fees.

Also included in due from other governments is the PTIS (Public Transportation Infrastructure Study) loan principal and interest receivable as of the end of the fiscal year, which are due from the Custodial Fund. On October 15, 2008, an agreement was entered into between the Authority and the Fresno COG. The terms of the agreement directed the Authority to issue a loan from the Rail Consolidation Program (Measure C Special Revenue Fund) in the amount of \$2,554,401 to the PTIS/Transit Consolidation Program (Custodial Fund) which is administered by Fresno COG. The loan was made on November 19, 2009, and since then, quarterly repayments of the loan principal and interest are made by the Custodial Fund to the Measure C Special Revenue Fund according to the amortization schedule. Another component of due from other governments is due from Fresno COG for the Regional Transportation Mitigation Fee (RTMF). In 2010, a Cooperative Agreement was entered into between the Authority and the Fresno County Regional Transportation Mitigation Fee Agency addressing the respective roles and responsibilities of both parties with respect to implementation and administration of the RTMF Program as part of the Measure C Extension component of the Regional Transportation Program. Based on the provisions of the agreement, Fresno COG has been administering the collection and deposit of all fees imposed under the RTMF Program. The collected fees are transferred to the Authority on a quarterly basis.

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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The Midtown Trail Project Loan (Trail Loan) agreement was entered on September 21, 2016, between the Authority and the City of Fresno. The terms of the agreement directed the Authority to issue a loan from the Rail Consolidation Program (Measure C Special Revenue Fund) in the amount of \$4,600,000 to the Pedestrian/Trail (Custodial Fund). Payments derive from withholdings of Measure C funds that were to be allocated to the Pedestrian/Trail program of the City of Fresno. The loan was made on June 15, 2017, and quarterly payments of the loan principal and interest are made by the Custodial Fund to the Measure C Special Revenue Fund according to the amortization schedule. As of the end of fiscal year 2022, the Trail Loan has been fully paid.

A summary of due from other governments is as follows:

	<b>2022</b>			
	General Fund	Measure C Special Revenue	RTMF Special Revenue	Total Due from Other Governments
Due from Fresno COG - RTMF	\$ -	\$ -	\$ 2,414,854	\$ 2,414,854
Due from Trust Fund - PTIS Loan	-	176,290	-	\$ 176,290
Due from State - Measure C Sales Tax	993,384	8,473,862	-	\$ 9,467,246
<b>Total Due from Other Governments, as of June 30</b>	<b>\$ 993,384</b>	<b>\$ 8,650,152</b>	<b>\$ 2,414,854</b>	<b>\$ 12,058,390</b>
	<b>2021</b>			
	General Fund	Measure C Special Revenue	RTMF Special Revenue	Total Due from Other Governments
Due from Fresno COG - RTMF	\$ -	\$ -	\$1,657,261	\$ 1,657,261
Due from Trust Fund - PTIS Loan	-	430,271	-	430,271
Due from Trust Fund - Trail Loan	-	137,199	-	137,199
Due from State - Measure C Sales Tax	1,193,020	8,119,403	-	9,312,423
<b>Total Due from Other Governments, as of June 30</b>	<b>\$ 1,193,020</b>	<b>\$ 8,686,873</b>	<b>\$1,657,261</b>	<b>\$ 11,537,154</b>

**NOTE 4 – CASH AND INVESTMENTS**

The Authority, under contract, maintains specific cash deposits and investments with the Fresno County Auditor-Controller/Treasurer-Tax Collector, and participates in the common investment pool of the County.

The County is restricted by State code in the types of investments it can make. Further, the Authority has a written investment policy, approved by the Fresno County Transportation Authority Board of Directors, which is more restrictive than the State code as to terms of maturity and type of investment. The Authority has limited its investments to the State Treasurer's Local Agency Investment Fund and the Fresno County Treasurer's Investment Pool.

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
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**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. The Authority manages its exposure to interest rate risk by placing all investments in the County of Fresno Treasurer's Investment Pool.

**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. The Authority's credit risk at fiscal year 2021 and 2022 are presented below:

	2022		2021	
	Credit Quality Ratings	Carrying Amount	Credit Quality Ratings	Carrying Amount
<b>County of Fresno Treasurer's Investment Pool</b>	Not Rated		Not Rated	
Statement of Net Position:				
Cash and Investments		\$ 355,174,325		\$ 330,496,171
Fiduciary Funds:				
Cash and Investments		<u>4,985,707</u>		<u>6,415,043</u>
<b>Total cash and investments</b>		<u><u>\$ 360,160,032</u></u>		<u><u>\$ 336,911,214</u></u>

The Authority maintains, in an escrow account, amounts retained on certain construction projects. The funds belong to contractors but are held in both the name of the contractors and the Authority until projects are completed. There are no amounts held in escrow as of June 30, 2022.

**NOTE 5 – CAPITAL ASSETS**

A summary of changes in capital assets are as follows:

	2022				
	Balance June 30, 2021	Additions	Retirements	Adjustments	Balance June 30, 2022
<b>Governmental Activities</b>					
Capital assets, being depreciated:					
Office equipment	\$ 41,188	\$ 249		\$ -	\$ 41,437
Less accumulated depreciation for:					
Office equipment	<u>(38,653)</u>	<u>(1,160)</u>	<u>-</u>	<u>-</u>	<u>(39,813)</u>
Governmental activities					
Capital assets, net	<u><u>\$ 2,535</u></u>	<u><u>\$ (911)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,624</u></u>

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

	2021				
	Balance	Additions	Retirements	Adjustments	Balance
	June 30, 2020				June 30, 2021
<b>Governmental Activities</b>					
Capital assets, being depreciated:					
Office equipment	\$ 38,949	\$ 2,239		\$ -	\$ 41,188
Less accumulated depreciation for:					
Office equipment	(37,374)	(1,279)	-	-	(38,653)
Governmental activities					
Capital assets, net	<u>\$ 1,575</u>	<u>\$ 960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,535</u>

Depreciation expense of \$1,279 in fiscal year 2021 and \$1,160 in fiscal year 2022 were recorded in the statement of activities under the public ways and facilities function.

**NOTE 6 – OTHER LIABILITIES**

A summary of changes in other liabilities are as follows:

	2022				
	Balance	Additions	Deletions	Balance	Due Within
	July 1, 2021			June 30, 2022	One Year
Compensated absences	\$ 108,537	\$ 59,411	\$ 46,069	\$ 121,879	\$ 121,879
Totals	<u>\$ 108,537</u>	<u>\$ 59,411</u>	<u>\$ 46,069</u>	<u>\$ 121,879</u>	<u>\$ 121,879</u>

	2021				
	Balance	Additions	Deletions	Balance	Due Within
	July 1, 2020			June 30, 2021	One Year
Compensated absences	\$ 95,296	\$ 56,992	\$ 43,751	\$ 108,537	\$ 108,537
Totals	<u>\$ 95,296</u>	<u>\$ 56,992</u>	<u>\$ 43,751</u>	<u>\$ 108,537</u>	<u>\$ 108,537</u>

Compensated absences will be paid by the General Fund.



**FRESNO COUNTY TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2022 and 2021**

**NOTE 7 – DUE TO/DUE FROM OTHER FUNDS**

Balances of due to and due from other funds consisted of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Due From Fund</u>	<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Due To Fund</u>
Measure C Special Revenue Fund	\$ 69,133,798	\$ -	\$ 66,297,008	\$ -
RTMF Special Revenue Fund	-	69,133,798	-	66,297,008
	<u>\$ 69,133,798</u>	<u>\$ 69,133,798</u>	<u>\$ 66,297,008</u>	<u>\$ 66,297,008</u>

The balances reflect the amount owed by the RTMF Special Revenue Fund to the Measure C Special Revenue Fund for the Measure C/RTMF loan. In November and December 2014, the Fresno COG and the Authority Boards adopted an update to the Measure C Extension Regional Transportation Mitigation Fee (RTMF) Nexus Study. During the Nexus Study update, it was pointed out that between 2010 and 2015 the Measure C revenue had been used to advance major RTMF projects. The Nexus Study also recommended that the Board take a formal action to recognize this temporary substitution of Measure C revenue in lieu of RTMF funding as a loan from the Measure C to the RTMF so that the Measure C funds can be reimbursed as the RTMF collections come in. According to the recommendation, on June 24, 2015, the Board approved the Measure C/RTMF Reimbursement/Loan Program which identifies the advance payments of Measure C funds to RTMF projects as eligible RTMF Project costs and recognizes a variable loan from Measure C to RTMF. The Reimbursement/Loan Program also specifies the terms of loan amortization. According to the RTMF Loan amortization schedule, as of June 30, 2022, the outstanding loan balance the RTMF Special Revenue Fund owes to the Measure C Special Revenue Fund is \$69,133,798. Repayment of the outstanding loan shall be made annually by payment of the RTMF cash available at the fiscal year end.

**NOTE 8 – DEFERRED INFLOWS OF RESOURCES**

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the Authority recognized deferred inflows of resources in the government-wide and governmental fund statements. Under the modified accrual basis of accounting, governmental funds defer revenue recognition for revenues not considered available to liquidate liabilities of the current period. The Statement of Net Position and Governmental Funds balance sheet report \$476,772 of deferred inflows of resources in fiscal year 2021 and \$389,580 in fiscal year 2022. These are sales tax revenues earned but considered unavailable.

**NOTE 9 – OPERATING TRANSFERS**

During the fiscal year 2021 and 2022, the Authority did not make an operating transfer between the General Fund and the RTMF Special Revenue Fund.

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
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**NOTE 10 – RIGHT-OF-WAY ACQUISITION AGREEMENTS WITH CALTRANS**

The Authority has committed to reimburse the California Department of Transportation for advance right-of-way acquisition work for certain projects. For the fiscal years ended June 30, 2021 and June 30, 2022, \$4,855,834 and \$1,990,565, respectively, had been expended for advance right-of-way acquisitions. Additionally, rental income derived from acquired properties held in the name of the State, less amounts required for transfer, will be collected and paid to the Authority.

**NOTE 11 – LEASE ACCOUNTING**

In accordance with the requirements set forth by the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, the Authority has evaluated the impact of this standard on its financial statements. GASB Statement No. 87 requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

After a thorough review and analysis of the Authority's lease agreement and the potential impact on the financial statements, management has determined that the effect of implementing GASB Statement No. 87 is immaterial to the Authority's overall financial position and results of operations. Therefore, the Authority has elected not to implement the provisions of GASB Statement No. 87 for the fiscal year ending 2022.

Management will continue to monitor the lease portfolio and reassess the materiality of lease arrangements on an annual basis to ensure compliance with accounting standards and provide accurate and meaningful financial information to the users of the financial statements.

**NOTE 12 – RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Authority manages and finances these risks by purchasing commercial insurance for which a \$500 deductible applies. There have been no significant reductions in insurance coverage from the previous fiscal year, nor have settled claims exceeded the Authority's commercial insurance coverage in any of the past three years.

**NOTE 13 – FUND BALANCE**

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the Authority is bound to observe constraints imposed upon the use of the resources. As of June 30, 2022, fund balances for governmental funds are made up of the following:

- *Nonspendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable. At June 30, 2021, nonspendable fund

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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balances of governmental funds were \$567,470 which represents the long-term receivable balance for both PTIS and Trail Loans at the fiscal year-end. In June 30, 2022, this long-term receivable balance for PTIS was \$176,290 and zero for Trail Loan.

- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. At June 30, 2021, governmental funds report \$384,220,823 of fund balance restricted for non-pass-through transportation projects set force in the Measure C plan. At June 30, 2022, this amount increased to \$405,699,886.
- *Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by a formal action of the Authority’s highest level of decision-making authority, the Authority’s Board. Commitments may be changed or lifted only by the Authority taking the same formal action that imposed the constraint originally. There is no committed fund balance as of June 30, 2022 and 2021.
- *Assigned Fund Balance* – comprises amounts intended to be used by the Authority for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the Authority’s Board or (b) a body (for example: a budget or finance committee) or official to which the Authority’s Board has delegated the authority to assign amounts to be used for specific purposes. As of June 30, 2021, governmental funds report assigned fund balances of \$11,625,967 which was assigned for general government. As of June 30, 2022, this amount slightly decreased to \$11,398,223.
- *Unassigned Fund Balance* – comprises the residual classification for the General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes. As of June 30, 2021, governmental funds report unassigned negative fund balances of \$60,276,143, which is the result of the expenditures in the RTMF Special Revenue Fund incurred for capital projects exceeding the amounts restricted for those purposes in the fund. It was an unassigned negative fund balance of \$58,739,540 for fiscal year 2022.

The Authority has not adopted and does not maintain a fund balance policy regarding order of spending and minimum fund balance. The Authority follows the default order of spending which is to use restricted fund balance before unrestricted fund balance and committed and assigned fund balance before unassigned fund balance.

**NOTE 14 – BENEFIT PLAN**

The Authority contracts with the Fresno COG for payroll administration for Authority employees. The Authority employees receive the Fresno COG benefit packages for insurance and retirement. The Authority reimburses the Fresno COG for all salaries and benefits expended on payroll. \$546,234 for the fiscal year ended June 30, 2021 and \$565,818 for fiscal year ended June 30, 2022.

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

Fresno COG has agreements with the International City Manager's Association (ICMA) Retirement Corporation to administer its defined contribution retirement and deferred compensation plans. The ICMA retirement and deferred compensation plans qualify to provide contracted Authority employees and their beneficiaries' retirement income and other deferred benefits under Internal Revenue Service Code Sections 401(a) and 457, respectively. Under the 401(a) retirement plan (Plan), employers contribute up to 15% of the participating employee's gross salary to the Plan. Vesting occurs 20% annually over a five-year period. The Plan is portable for rollover to other qualified plans if the new plan meets the definition in Section 401(a). Three of the Authority employees were covered by the Plan.

Under the deferred compensation plan, participating employees are required to contribute a minimum of 7.5% of their gross salary to the 457 plan, as Fresno COG is a non-Federal Insurance Contributions Act (FICA) agency. The maximum contribution to the 457 plan for 2021 is \$19,500 or \$6,000 addition depending on the employee's age and eligibility. For 2022, the maximum contribution is \$20,500 or \$6,000 addition. The plan trust is maintained for the exclusive benefit of eligible employees and their beneficiaries.

In addition, Fresno COG pays vacation and sick leave benefits when used by an employee. Fresno COG bills the Authority for benefits when used. The Authority accrues benefits when earned. As of June 30, 2022, there were three employees eligible to receive benefits.

**NOTE 15 – PRIOR PERIOD ADJUSTMENTS**

A prior period adjustment, decreasing net position and increasing due to other governments by \$5,549,059, was made for the Fiduciary Fund. The adjustment is to reinstate an amount due to other agencies.

Measure C Special Revenue fund included a prior period adjustment of \$1,246,191 that increased net position and decreased accounts payable which were inaccurately reported in fiscal year 19-20.

**NOTE 16 – SUBSEQUENT EVENTS**

In compliance with accounting standards, management has evaluated events that have occurred after fiscal year-end to determine if these events are required to be disclosed in the basic financial statements. Events were considered through August 7, 2024, which is the date of issuance of the Authority's independent auditor's report.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Other than MD&A)**

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
Fiscal Year Ended June 30**

	2022			
	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
<b>Revenues</b>				
Sales tax	\$ 1,877,513	\$ 1,877,513	\$ 1,877,854	\$ 341
Interest	600,000	600,000	(435,151)	(1,035,151)
Total revenues	2,477,513	2,477,513	1,442,703	(1,034,810)
<b>Expenditures</b>				
Current:				
Salaries and employee benefits	580,911	580,911	565,818	15,093
Professional services and supplies	1,564,672	1,564,672	1,104,629	460,043
Contingencies	10,000	10,000	-	10,000
Total expenditures	2,155,583	2,155,583	1,670,447	485,136
Net change in fund balance	\$ 321,930	\$ 321,930	\$ (227,744)	\$ (549,674)
<b>Fund Balance</b>				
Beginning July 1st			11,625,967	
Ending June 30th			\$11,398,223	

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

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
Fiscal Year Ended June 30**

	2021			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Sales tax	\$ 1,487,690	\$ 1,487,690	\$ 1,949,215	\$ 461,525
Interest	1,000,000	1,000,000	54,881	(945,119)
<b>Total revenues</b>	<b>2,487,690</b>	<b>2,487,690</b>	<b>2,004,096</b>	<b>(483,594)</b>
<b>Expenditures</b>				
Current:				
Salaries and employee benefits	675,025	675,025	546,234	128,791
Capital outlay				-
Professional services and supplies	2,743,411	2,743,411	780,443	1,962,968
Contingencies	30,000	30,000	-	30,000
<b>Total expenditures</b>	<b>3,448,436</b>	<b>3,448,436</b>	<b>1,326,677</b>	<b>2,121,759</b>
<b>Net change in fund balance</b>	<b>\$ (960,746)</b>	<b>\$ (960,746)</b>	<b>\$ 677,419</b>	<b>\$ 1,638,165</b>
<b>Fund Balance</b>				
Beginning July 1st			10,948,548	
Ending June 30th			<b>\$ 11,625,967</b>	

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

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**BUDGETARY COMPARISON SCHEDULE – MEASURE C SPECIAL REVENUE FUND**  
**Fiscal Year Ended June 30**

	<b>2022</b>			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Sales tax	\$ 36,183,607	\$ 36,183,607	\$ 44,740,791	\$ 8,557,184
Interest	2,500,000	2,500,000	(13,684,141)	(16,184,141)
Miscellaneous revenue - construction	-	-	1,144	1,144
<b>Total revenues</b>	<b>38,683,607</b>	<b>38,683,607</b>	<b>31,057,794</b>	<b>(7,625,813)</b>
<b>Expenditures</b>				
Current:				
Highway capital improvements	53,339,874	53,339,874	9,969,911	43,369,963
<b>Total expenditures</b>	<b>53,339,874</b>	<b>53,339,874</b>	<b>9,969,911</b>	<b>43,369,963</b>
<b>Net change in fund balance</b>	<b>\$ (14,656,267)</b>	<b>\$ (14,656,267)</b>	<b>21,087,883</b>	<b>\$ 35,744,150</b>
<b>Fund Balance</b>				
Beginning July 1st			384,788,293	
Ending June 30th			<b>\$ 405,876,176</b>	

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



**FRESNO COUNTY TRANSPORTATION AUTHORITY  
BUDGETARY COMPARISON SCHEDULE – MEASURE C SPECIAL REVENUE FUND  
Fiscal Year Ended June 30**

	2021			
	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	
<b>Revenues</b>				
Sales tax	\$ 29,496,547	\$ 29,496,547	\$ 39,123,375	\$ 9,626,828
Interest	3,800,000	3,800,000	1,103,396	(2,696,604)
Miscellaneous revenue - construction	-	-	2,329	2,329
<b>Total revenues</b>	<b>33,296,547</b>	<b>33,296,547</b>	<b>40,229,100</b>	<b>6,932,553</b>
<b>Expenditures</b>				
Current:				
Highway capital improvements	167,316,750	167,316,750	17,534,441	149,782,309
<b>Total expenditures</b>	<b>167,316,750</b>	<b>167,316,750</b>	<b>17,534,441</b>	<b>149,782,309</b>
<b>Net change in fund balance</b>	<b>\$ (134,020,203)</b>	<b>\$ (134,020,203)</b>	<b>\$ 22,694,659</b>	<b>\$ 156,714,862</b>
<b>Fund Balance</b>				
Beginning July 1st			360,847,443	
Prior period adjustment			1,246,191	
Ending June 30th			<b>\$ 384,788,293</b>	

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

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
BUDGETARY COMPARISON SCHEDULE - RTMF SPECIAL REVENUE FUND  
Fiscal Year Ended June 30**

	<b>2022</b>			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Interest	\$ 38,400	\$ 38,400	\$ (395,089)	\$ (433,489)
Mitigation fees	4,800,000	4,800,000	7,134,108	2,334,108
Total revenues	4,838,400	4,838,400	6,739,019	1,900,619
<b>Expenditures</b>				
Current:				
Highway capital improvements	24,859,485	24,859,485	5,202,416	19,657,069
Total expenditures	24,859,485	24,859,485	5,202,416	19,657,069
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,021,085)	(20,021,085)	1,536,603	21,557,688
Net change in fund balance	\$ (20,021,085)	\$ (20,021,085)	1,536,603	\$ 21,557,688
<b>Fund Balance</b>				
Beginning July 1st			(60,276,143)	
Ending June 30th			\$ (58,739,540)	

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

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
BUDGETARY COMPARISON SCHEDULE - RTMF SPECIAL REVENUE FUND  
Fiscal Year Ended June 30**

	2021			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Interest	\$ 57,200	\$ 57,200	\$ (76,016)	\$ (133,216)
Mitigation fees	4,000,000	4,000,000	5,350,740	1,350,740
Total revenues	4,057,200	4,057,200	5,274,724	1,217,524
<b>Expenditures</b>				
Current:				
Highway capital improvements	10,779,647	10,779,647	4,061,329	6,718,318
Total expenditures	10,779,647	10,779,647	4,061,329	6,718,318
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,722,447)	(6,722,447)	1,213,395	7,935,842
<b>Other Financing (Uses)</b>				
Operating transfers out	(28,500)	(30,000)	-	30,000
Total other financing (uses)	(28,500)	(30,000)	-	30,000
Net change in fund balance	\$ (6,750,947)	\$ (6,752,447)	1,213,395	\$ 7,965,842
<b>Fund Balance</b>				
Beginning July 1st			(61,489,538)	
Ending June 30th			\$ (60,276,143)	

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

**OTHER INDEPENDENT AUDITOR'S REPORT**

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

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 governmental activities and each major fund of the Fresno County Transportation Authority, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Fresno County Transportation Authority's basic financial statements, and have issued our report thereon dated August 7, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fresno County Transportation Authority's internal control over financial reporting (internal control) as a basis for designing 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 Transportation Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fresno County Transportation Authority'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. We identified certain deficiencies in internal control, described in the accompanying Schedule of Internal Control Findings as items 2022/2021-01 and 2022/2021-02 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fresno County Transportation Authority'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 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*.

### **Fresno County Transportation Authority's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying Schedule of Internal Control Findings. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 Fresno County Transportation Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fresno County Transportation Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
August 7, 2024

## SCHEDULE OF INTERNAL CONTROL FINDINGS

### **2022/2021-01 Preparation of Financial Statements in Accordance with U.S. GAAP**

Background: The County of Fresno Auditor-Controller/Treasurer-Tax Collector's (ACTTC) Financial Reporting and Audits (FR&A) division compiles the financial statements on behalf of various entities, including the Fresno County Transportation Authority (FCTA or the Authority). FR&A pulls data from the County of Fresno's main accounting general ledger system maintained in PeopleSoft to prepare the workpapers and financial statements in ProSystem fx Engagement. The conditions noted below pertain to the financial statement preparation process.

#### Criteria

In accordance with *Governmental Accounting Standards*, management is responsible for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, and for ensuring that management and financial information is reliable and properly reported in a timely manner. Management is also responsible for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Management is also responsible for making all financial records and related information available to the external auditors and for the accuracy and completeness of that information.

#### Condition

We noted internal controls were not suitably designed, implemented, and established to allow for the timely preparation of the financial statements and supporting documentation. FR&A did not have sufficient procedures in place to ensure that all journal entries were properly prepared, and approved as there was a lack of indication of the name of the preparer to reference on the journal entry listing. FR&A did not have processes in place to ensure that all entries were properly supported, as we noted a number of journal entries reviewed lacked proper supporting documentation to determine entries were appropriate. FR&A did not have processes in place to ensure that all journal entries were properly reviewed and approved prior to posting in the financial statements and there are no controls currently in place which would prevent the same individual from both preparing and posting a journal entry or adjustment.

#### Cause of Condition

A lack of resources including staff turnover in the FR&A division resulted in limited knowledge and expertise in preparing the GAAP financial statements during the years ended June 30, 2022 and 2021. As such, the institutional knowledge gained by prior senior staff was no longer available.

Effective policies and procedures were not in place to ensure the propriety of journal entries and adjustments made in preparation of the financial statements by FR&A. There were no effective processes in place to ensure that journal entries and adjustments to the financials are properly prepared, supported, approved, and monitored. In addition, system controls are not in place to ensure proper segregation of duties related to the preparation and posting of journal entries.

#### Potential Effect of Condition

The lack of internal controls allowed for journal entries to be posted to the financial statements that led to discrepancies between balances and underlying supporting schedules for several accounts, resulting in material misstatements in the financial statements discovered during the audit process.

#### Recommendation

We recommend the County of Fresno implement a training program for FR&A staff and supervisors who are directly responsible for preparing and reviewing financial information to ensure there is consistency and a sufficient knowledge base to prevent financial accounting, budgeting, and reporting obstacles. In addition,

we recommend management within the ACTTC's office design, implement, and establish internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

#### Management Response

Management acknowledges the audit finding and appreciates the auditor's observations. We understand the significance of the finding and its potential impact on our internal controls. We have reviewed the finding and identified that the issues stemmed from significant changes within our department and a shortage of staff during the period in question. These changes and the lack of experienced personnel created difficulties in maintaining established processes and led to errors that were challenging to correct. Specifically, errors made were compounded by the fact that new staff, who were still in the learning phase, found it difficult to understand the existing processes and implement the necessary corrections promptly.

To address the finding and prevent future recurrence, we will enhance our training programs to provide targeted support for both new and existing staff, helping them better understand the updated processes. To strengthen our controls further, we will strictly enforce a review process where managers will evaluate tasks upon completion to ensure accuracy and compliance. Moreover, all journals' entries and adjustments will be properly referenced and supported with adequate documentation to facilitate clarity and accountability.

#### **2022/2021-02 Financial Statement Closing and Accrual Process**

##### Criteria:

The County should design and implement internal controls over the financial reporting process to ensure the following: 1) that the general ledger undergoes adequate procedures to ensure the proper application of fiscal year cut-off, 2) that the general ledger fiscal year period is closed and related financial statement supporting schedules are prepared in a timely manner allowing for a more efficient audit, and 3) that the final trial balance figures are subject to sufficient management review so that balances are presented in accordance with GAAP.

##### Condition:

During our audit procedures performed at the accounts payable section, we noted the FR&A department did not have adequate year-end closing procedures. The closing procedures currently in place did not include sufficient review of accrual items before information was provided to the external auditors. The results of our audit procedures indicated several material accruals that should not have been accrued for the fiscal year 2020 and 2021, of which we proposed audit adjustments to properly state the year-end account balances in accordance with GAAP.

##### Cause of Condition:

The closing procedures currently in place did not include sufficient review of accrual items before information was provided to the external auditors. Internal controls have not been suitably designed and implemented over the financial reporting process to ensure that the timely closure of the general ledger and sufficient management supervision of this process results in reliable and materially correct ending account balances.

##### Potential Effect of Condition

Lack of closing procedures resulted in material adjustments being proposed by the auditors.

##### Recommendation

We recommend the County implement stronger policies and procedures to ensure that a comprehensive closing of the general ledger is performed in a timely manner, and that sufficient resources and adequate oversight are available to oversee the year-end closing procedures and preparation of the financial



statement supporting schedules. We also recommend that the Department strengthen its year-end closing procedures to ensure that all transactions related to the fiscal year are properly captured and recorded in the general ledger to ensure the accuracy and completeness of the financial statements. Lastly, we recommend the Department provide training on an as needed basis for employees with financial reporting responsibilities.

#### Management Response

Management acknowledges the audit finding concerning our year-end closing procedures. We recognize that the deficiencies identified have the same root cause as the first finding. This staffing issue impacted our ability to maintain adequate review processes for accrual items before providing information to the external auditors.

To address these issues, we will revise our year-end closing procedures to include a thorough review of accrual items, ensuring that all transactions related to the fiscal year are accurately captured and recorded in the general ledger. To strengthen our internal controls further, we will enhance our management review process to ensure that final trial balance figures are presented in accordance with GAAP, and we will allocate sufficient resources and oversight to manage the year-end closing procedures effectively.