

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended**  
**June 30, 2013**

**FRESNO COUNTY TRANSPORTATION AUTHORITY**

**June 30, 2013**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b> .....	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....	3
<b>BASIC FINANCIAL STATEMENTS:</b>	
Government-Wide Financial Statements:	
Statement of Net Position .....	10
Statement of Activities .....	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	12
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position .....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Government-wide Statement of Activities .....	15
Statement of Fiduciary Net Position – Special Purpose Trust Fund .....	16
Statement of Changes in Fiduciary Net Position – Special Purpose Trust Fund .....	17
Notes to the Basic Financial Statements .....	18
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Budgetary Comparison Schedules:	
General Fund .....	35
Measure C Special Revenue Fund .....	36
<b>OTHER INDEPENDENT AUDITORS' REPORT:</b>	
Report on Internal Control over Financial Reporting an on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	37



## Independent Auditors' Report

To the Board of Directors  
Fresno County Transportation Authority  
2220 Tulare Street, Suite 411  
Fresno, California 93271

Members of the Board of Directors:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Fresno County Transportation Authority (Authority) as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Dinuba  
Hanford  
Tulare  
Visalia**

## Opinions

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, 2013, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matters

As described in Note 1 to the financial statements, the Authority adopted the provisions of *Governmental Accounting Standards Board Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* for the fiscal year ended June 30, 2013. Our opinion is not modified with respect to this matter.

As discussed in Note 16 to the financial statements, the 2013 financial statements have been restated to correct a material misstatement. Therefore the previously issued independent auditors' report issued on December 23, 2013, should not be relied on and should be replaced by this report on the restated financial statements. Our opinion is not modified with respect to this matter.

## Other Matters

### *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 on pages 3 through 9 and on pages 35 through 36, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*M. Quinn and Company LLP*

Visalia, California  
March 15, 2016

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

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

This section of the Fresno County Transportation Authority (Authority) annual financial report presents a discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2013. Please read the information contained in this discussion and analysis in conjunction with the Authority's basic financial statements following this section.

**FINANCIAL HIGHLIGHTS**

- The assets of the FCTA exceeded liabilities (referred to as net position) at the end of the 2012-2013 fiscal year by \$194,272,806. Of this amount, \$127,840,471 is considered unrestricted net position, \$66,430,692 is restricted net position and limited for specific purposes, and \$1,643 is invested in capital assets.
- The Authority's total net position increased by \$14,060,944. This increase is primarily attributable to the extension of the Measure C Program started on July 1, 2007. Revenue received and allocated to capital projects as directed by the Measure C Extension Program during the year was more than capital project expenses during the fiscal year ended June 30, 2013, thereby resulting in higher cash balances.
- As of June 30, 2013, the Authority's governmental funds reported combined fund balances of \$193,741,436, which is an increase of \$13,978,982 from last 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 inflow of resources with the difference between the assets, plus deferred outflows of resources less liabilities, less deferred inflows of resources reported as *net position*. Over time, 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 in part 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 10-11 of this report.**

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

**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 (Special Purpose Trust 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 government'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 and Measure C Special Revenue Fund budgetary comparison schedules are presented in RSI. The Authority adopts an annual appropriated budget for its General Fund and Measure C Special Revenue Fund. Budgetary comparison schedules are thus provided for the General Fund and Measure C Special Revenue Fund to demonstrate compliance with this budget.

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

**The governmental funds financial statements can be found on pages 12-15 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 *Special Purpose Trust 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 16-17 of this report.**

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 18-34 of this report.

**Required Supplementary Information** is presented for the budgetary comparison schedules of the General Fund and Measure C 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, 2013**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

This fiscal year is the tenth accounting period in which the Authority has applied Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*. The Authority has provided the prior period for purposes of providing the comparative data for the Management's Discussion and 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 exceeded liabilities by \$194,272,806 at the close of fiscal year 2012-2013.

**STATEMENT OF NET POSITION  
JUNE 30, 2013**

	Governmental Activities	
	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Assets:		
Current and other assets	\$ 197,711,046	\$ 192,330,456
Capital assets	<u>1,643</u>	<u>2,109</u>
Total assets	<u>197,712,689</u>	<u>192,332,565</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>
Liabilities:		
Current and other liabilities	3,395,652	12,074,501
Long-term liabilities	<u>44,231</u>	<u>46,202</u>
Total liabilities	<u>3,439,883</u>	<u>12,120,703</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>
Net position:		
Net investment in capital assets	1,643	2,109
Restricted	66,430,692	90,646,488
Unrestricted	<u>127,840,471</u>	<u>89,563,265</u>
Total net position	<u>\$ 194,272,806</u>	<u>\$ 180,211,862</u>

At the end of the current fiscal year, the Authority reported a positive balance in net position for the Authority as a whole and all three other net position components.

One portion of the Authority net position, in the amount of \$1,643, represents its investment in capital assets (equipment). The Authority has no debt used to acquire those assets outstanding. The Authority uses these capital assets in day-to-day operations. Consequently, these assets are not available for future spending.

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

Another significant portion of the Authority's net position is unrestricted surplus in the amount of \$127,840,471, which primarily represents the unspent and assigned cash balances in the general and special revenue funds.

The remaining balance of the Authority's net position of \$66,430,692 represents resources that are subject to external restrictions on how they may be used.

**Governmental activities:** Governmental activities increased the Authority's net position by \$10,404,688. The following table indicates the changes in net position for governmental activities:

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Governmental Activities	
	June 30, 2013	June 30, 2012
Revenues:		
General revenues:		
Sales tax	\$ 26,180,414	\$ 24,701,413
Interest and investment earnings	2,226,789	2,769,084
Mitigation fees	3,187,555	-
Program revenues:		
Operating grants and contributions	23,792	33,790
Total revenues	31,618,550	27,504,287
Expenses:		
Public ways and facilities	21,213,862	30,238,832
Total expenses	21,213,862	30,238,832
Change in net position	10,404,688	(2,734,545)
Net position - beginning	180,211,862	182,946,407
Prior period adjustment	3,656,256	-
Net position - ending	\$ 194,272,806	\$ 180,211,862

The key element of the increase of \$10,404,688 is primarily attributable to the decreased capital project expenditures. A prior period adjustment of \$3,656,256 is mostly the result of the retroactive recognition of the unspent Regional Transportation Mitigation Fee (RTMF) revenue. 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 the 60-day period.

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

**FINANCIAL ANALYSIS OF AUTHORITY 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 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, 2013, the Authority's governmental funds reported combined fund balances of \$193,741,436, an increase of \$13,978,982 in comparison with the prior fiscal year's combined fund balance. Except for assigned fund balances of \$7,817,028 in the General Fund and \$119,493,716 in the Measure C Special Revenue Fund, and the unassigned negative fund balance of \$19,654,626 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 of \$84,095,188 and 2) to reflect loans to the Special Purpose Trust Fund that are unpaid at year-end of \$1,990,130.

Revenues for the governmental funds totaled \$35,194,349 in fiscal year 2012-2013, which represents an increase of 26.6% from fiscal year 2011-2012. This increase is primarily contributed by the increased mitigation fee revenue. Mitigation fee revenue increased by approximately \$6.8 million from the prior fiscal year.

Expenditures for governmental funds totaled \$21,215,367 in fiscal year 2012-2013, which represents a decrease of 29.8% from fiscal year 2011-2012. This decrease is primarily due to expenses in highway capital improvements decreasing by 31.4% as a result of capital projects being progressed to construction phases during the fiscal year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the fiscal year there were no adjustments between the original budget and the final budget for the General Fund. Actual revenues were less than the final budget by \$199,862 and expenditures were less than the final budget by \$341,531. The net effect of these differences results in an increase in fund balance in the General Fund of \$141,669 which is a result of the decrease in the actual services and supplies expenditures.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Authority's investment in capital assets, for its governmental activities as of June 30, 2013, amounted to \$1,643. The total decrease in the Authority's investment in capital assets for the current period was 22% due to \$1,117 annual depreciation of office equipment in fiscal year 2012-2013.

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

Capital assets for the governmental activities are presented below to illustrate changes from the prior year:

	Governmental Activities		Increase / (Decrease)
	2013	2012	Percent of Change
Equipment	\$ 1,643	\$ 2,109	-22.10%

**Long-Term Liabilities**

At June 30, 2013, the Authority had no outstanding bonds. Please refer to Note 6 on page 27 for further information on the Authority's long-term liabilities.

**ECONOMIC FACTORS AND NEXT 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 and our population approaches the one million mark, 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 year the Authority has accomplished much, including several key, ongoing and completed transportation projects:

- The continuation of Route 41/168/180 Braided Ramps;
- The continuation of SR 180 West Frontage Road;
- The continuation of Peach Avenue SR 180 to Butler Avenue
- Completed construction on Academy Avenue from Mountain View to Manning Avenue; and
- Completed construction on Willow Avenue Shepherd to Behymer Avenue.

The Authority together with 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 \$1.4 billion program;
- To leave a system that allows for expansion for future needs; and
- To leave a track record of responsible and accountable spending of local sales tax dollars.

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

The following economic factors were considered in preparing the Authority's fiscal year 2013-2014 budget:

- 5.0% growth in Measure C sales tax revenues for 2013-2014.
- 0.80% interest earnings.
- Estimated expenditures for capital projects in the amount of \$31.3 million, with \$9.8 million to urban projects, \$20 million to rural projects, and \$1.5 million to school bus replacement projects.

**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, Fresno, California 93721.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**STATEMENT OF NET POSITION**  
**June 30, 2013**

	Governmental Activities
<b>Assets</b>	
Cash and investments (Note 4)	\$ 189,031,721
Interest receivable	559,539
Due from other governments (Note 3)	8,119,786
Capital assets, net (Note 5)	1,643
Total assets	197,712,689
 <b>Deferred outflows of resources</b>	
	-
 <b>Liabilities</b>	
Accounts payable	1,131,251
Salaries and benefits payable	103,615
Due to other governments	2,160,786
Compensated absences payable (Note 6)	44,231
Total liabilities	3,439,883
 <b>Deferred inflows of resources</b>	
	-
 <b>Net position</b>	
Net investment in capital assets	1,643
Restricted for:	
Capital projects	64,440,562
Loans	1,990,130
Unrestricted	127,840,471
Total net position	\$ 194,272,806

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

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental activities:			
Public ways and facilities	\$ 21,213,862	\$ 23,792	\$ (21,190,070)
 Total	 <u>\$ 21,213,862</u>	 <u>\$ 23,792</u>	 <u>(21,190,070)</u>
 General revenues:			
			26,180,414
			2,226,789
			<u>3,187,555</u>
			 10,404,688
			180,211,862
			<u>3,656,256</u>
			<u>\$ 194,272,806</u>

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

## FUND FINANCIAL STATEMENTS

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2013**

	General	Measure C Special Revenue	RTMF Special Revenue	Total
<b>Assets</b>				
Cash and investments (Note 4)	\$ 7,270,353	\$ 176,248,511	\$ 5,512,857	\$ 189,031,721
Interest receivable	22,034	521,562	15,943	559,539
Due from other funds (Note 8)	-	25,331,760	-	25,331,760
Due from other governments (Note 3)	798,221	6,573,741	747,824	8,119,786
<b>Total assets</b>	<b>8,090,608</b>	<b>208,675,574</b>	<b>6,276,624</b>	<b>223,042,806</b>
<b>Deferred outflows of resources</b>				
	-	-	-	-
<b>Total assets &amp; deferred outflows of resources</b>	<b>\$ 8,090,608</b>	<b>\$ 208,675,574</b>	<b>\$ 6,276,624</b>	<b>\$ 223,042,806</b>
<b>Liabilities</b>				
Accounts payable	\$ 66,541	\$ 465,220	\$ 599,490	\$ 1,131,251
Salaries and benefits payable	103,615	-	-	103,615
Due to other funds (Note 8)	-	-	25,331,760	25,331,760
Due to other governments	89,758	2,071,028	-	2,160,786
Deferred revenue (Note 7)	13,666	560,292	-	573,958
<b>Total liabilities</b>	<b>273,580</b>	<b>3,096,540</b>	<b>25,931,250</b>	<b>29,301,370</b>
<b>Deferred inflows of resources</b>				
	-	-	-	-
<b>Fund balances (Note 13)</b>				
Nonspendable	-	1,990,130	-	1,990,130
Restricted	-	84,095,188	-	84,095,188
Assigned	7,817,028	119,493,716	-	127,310,744
Unassigned	-	-	(19,654,626)	(19,654,626)
<b>Total fund balances</b>	<b>7,817,028</b>	<b>205,579,034</b>	<b>(19,654,626)</b>	<b>193,741,436</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 8,090,608</b>	<b>\$ 208,675,574</b>	<b>\$ 6,276,624</b>	<b>\$ 223,042,806</b>

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

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
June 30, 2013**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - total governmental funds	\$ 193,741,436
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,643
Some assets are deferred in the governmental funds because they are not available within the Authority's 60 day availability period. Thus, they are considered unavailable to pay for current-period expenditures. However, they are recognized in the government-wide financial statements.	573,958
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(44,231)</u>
Total net position of governmental activities	<u><u>\$ 194,272,806</u></u>

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

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2013**

	General	Measure C Special Revenue	RTMF Special Revenue	Total
<b>Revenues</b>				
Sales tax	\$ 1,291,653	\$ 24,808,304	\$ -	\$ 26,099,957
Interest	89,485	2,104,493	32,811	2,226,789
Mitigation fees	-	-	6,843,811	6,843,811
Miscellaneous revenue-construction	-	23,792	-	23,792
<b>Total revenues</b>	<u>1,381,138</u>	<u>26,936,589</u>	<u>6,876,622</u>	<u>35,194,349</u>
<b>Expenditures</b>				
Current:				
Public ways and facilities:				
Salaries and employee benefits (Note 15)	400,052	-	-	400,052
Professional services and supplies	839,417	-	-	839,417
Highway capital improvements	-	11,468,996	8,506,902	19,975,898
<b>Total expenditures</b>	<u>1,239,469</u>	<u>11,468,996</u>	<u>8,506,902</u>	<u>21,215,367</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>141,669</u>	<u>15,467,593</u>	<u>(1,630,280)</u>	<u>13,978,982</u>
<b>Net change in fund balances</b>	141,669	15,467,593	(1,630,280)	13,978,982
Fund balances, July 1, 2012	7,675,359	172,087,095	-	179,762,454
Prior period adjustment (Note 16)	-	18,024,346	(18,024,346)	-
<b>Fund balances, June 30, 2013</b>	<u>\$ 7,817,028</u>	<u>\$ 205,579,034</u>	<u>\$ (19,654,626)</u>	<u>\$ 193,741,436</u>

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

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2013**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	13,978,982
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 exceeded capital outlays in the current year.		(466)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		80,457
Revenues in the governmental funds that were earned but unavailable in prior year are not reported as current-year revenues in the statement of activities.		(3,656,256)
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.		1,971
Change in net position of governmental activities	\$	<u>10,404,688</u>

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

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF FIDUCIARY NET POSITION  
SPECIAL PURPOSE TRUST FUND  
June 30, 2013**

<b>Assets</b>	
Cash and investments	\$ 3,131,447
Due from other governments	6,475,639
Interest receivable	<u>3,586</u>
Total assets	<u>9,610,672</u>
<b>Deferred outflows of resources</b>	
	<u>-</u>
<b>Liabilities</b>	
Due to other governmental units	<u>11,577,803</u>
Total liabilities	<u>11,577,803</u>
<b>Deferred inflows of resources</b>	
	<u>-</u>
<b>Net position</b>	
Held in trust	<u>(1,967,131)</u>
Total net position	<u><u>\$ (1,967,131)</u></u>

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

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
SPECIAL PURPOSE TRUST FUND  
For the Fiscal Year Ended June 30, 2013**

<b>Additions</b>	
Sales tax	\$ 35,205,781
Interest	<u>33,788</u>
Total additions	<u>35,239,569</u>
<b>Deductions</b>	
Disbursements to local agencies	<u>35,088,155</u>
Total deductions	<u>35,088,155</u>
Net increase	151,414
Net position held in trust - beginning	<u>(2,118,545)</u>
Net position held in trust - ending	<u><u>\$ (1,967,131)</u></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, 2013**

**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 of 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. *Governmental 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, 2013**

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

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

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 ended June 30, 2013 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, 2013**

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

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

The Authority reports the following fiduciary fund:

- The *Special Purpose Trust 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 year ended June 30, 2013, 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. This fund maintains a negative net position as funds are spent in advance of Measure C sales tax proceeds.

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, for the year ended June 30, 2013, are primarily made up of refunds from final accounting on California Department of Transportation (Caltrans) in the amount of \$23,792. General revenues include all taxes, investment earnings and mitigation fees.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

**C. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance**

**Cash and Investments**

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

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

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

**C. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance** (Continued)

**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 of five years. The Authority capitalizes all assets with a useful life of five years or longer.

**Accounts Payable**

Accounts payable reported on the financial statements of the Authority are amounts that are due and payable at the 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 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. As of June 30, 2013, all contractors with the Authority had posted collateral in accordance with these terms and conditions. Therefore, there is no retainage payable as of June 30, 2013 .

**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 GASB Statement No. 63, the Authority recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. As of June 30, 2013, the Authority had no deferred outflows and inflows of resources.

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

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

**C. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance** (Continued)

**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 external restrictions imposed 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 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 which 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, 2013**

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

**C. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance** (Continued)

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, followed by the committed, assigned and unassigned resources as they are 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 and Measure C 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 year. Unencumbered appropriations lapse at the fiscal year-end.

A budgetary comparison schedule for the General Fund and the Measure C Special Revenue Fund is presented on pages 35 and 36 respectively, in Required Supplementary Information (RSI). Its purpose is to demonstrate compliance with the approved budget for fiscal year 2012-2013. Actual expenditures appearing on the schedule are presented using the accrual basis of accounting. The RTMF Special Revenue Fund did not have a legally adopted budget for fiscal year 2012-2013. Its first legally adopted budget was for fiscal year 2015-2016, therefore its budgetary comparison schedule for fiscal year 2012-2013 is not presented in the RSI.

**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 expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

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

**E. Other** (Continued)

**Recently Issued Accounting Pronouncements**

***GASB Statement No. 62*** – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements – Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. The statement is effective for periods beginning after December 15, 2011. However, as the statement codifies what is in current practice, there is no net effect on the Authority's accounting or financial reporting upon the statement's implementation.

***GASB Statement No. 63*** – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* modifies current financial reporting of those elements. The statement is effective for periods beginning after December 15, 2011. The Authority has implemented GASB Statement No. 63 on its financial Statements for the fiscal year ended June 30, 2013.

***GASB Statement No. 65*** – *Items Previously Reported as Assets and Liabilities* establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

This statement is effective for periods beginning after December 15, 2012, although earlier application is encouraged. The Authority has elected not to early implement GASB Statement No. 65 and has not determined its effect on the Authority's financial statements.

***GASB Statement No. 67*** – *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* improves financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement is effective for periods beginning after June 15, 2013, although earlier application is encouraged. GASB Statement No. 67 is not expected to have a material effect on the Authority's financial statements.

***GASB Statement No. 68*** – *Financial Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* improves financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that are provided by other entities. This statement is effective for periods beginning after June 15, 2014, although earlier application is encouraged. GASB Statement No. 68 is not expected to have a material effect on the Authority's financial statements.

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND 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 been prepared as part of the basic financial statements, including explanations and 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 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 is due from the Special Purpose Trust 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 (Special Revenue Fund) in the amount of \$2,554,401 to the PTIS/Transit Consolidation Program (Special Purpose Trust 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 Special Purpose Trust 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 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. As of June 30, 2013, due from Fresno COG for RTMF was \$747,824. A summary of due from other governments is as follows:

	General Fund	Measure C Special Revenue	RTMF Special Revenue	Total Due from Other Governments
Due from Fresno COG - RTMF	\$ -	\$ -	\$ 747,824	\$ 747,824
Due from Trust Fund - PTIS Loan	-	1,996,135	-	1,996,135
Due from State - Measure C Sales Tax	798,221	4,577,606	-	5,375,827
Total Due from Other Governments as of June 30, 2013	<u>\$798,221</u>	<u>\$ 6,573,741</u>	<u>\$ 747,824</u>	<u>\$ 8,119,786</u>

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**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.

**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 June 30, 2013, is presented below:

	Credit Quality Ratings	Carrying Amount
County of Fresno Treasurer's Investment Pool	Not Rated	\$ 189,031,721
Total cash and investments		\$ 189,031,721

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, 2013.

**NOTE 5 – CAPITAL ASSETS**

A summary of changes in capital assets for the fiscal year ended June 30, 2013, is as follows:

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013
<b>Governmental Activities</b>				
Capital assets, being depreciated:				
Office equipment	\$ 32,028	\$ 651	\$ -	\$ 32,679
Less accumulated depreciation for:				
Office equipment	(29,919)	(1,117)	-	(31,036)
Government activities				
Capital assets, net	\$ 2,109	\$ (466)	\$ -	\$ 1,643

Depreciation expense of \$1,117 was recorded in the statement of activities under the public ways and facilities function for the fiscal year ended June 30, 2013.

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 6 – LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the fiscal year ended June 30, 2013, is as follows:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
Compensated absences	\$ 46,202	\$ 26,056	\$ 28,027	\$ 44,231	\$ 44,231
Long-term liabilities	<u>\$ 46,202</u>	<u>\$ 26,056</u>	<u>\$ 28,027</u>	<u>\$ 44,231</u>	<u>\$ 44,231</u>

Compensated absences will be paid by the General Fund.

**NOTE 7 – DEFERRED REVENUE**

Under both the accrual and modified accrual basis of accounting, revenues are recognized only when earned. Thus the government-wide statement of net position and governmental funds defer revenue recognition for resources that have been received at the fiscal year-end, but not yet earned. Assets recognized before the earning process is complete are offset by a corresponding liability as deferred revenues. Under the modified accrual basis of accounting, governmental funds defer revenue recognition for revenues not considered available to liquidate liabilities of the current period. As of June 30, 2013, the Governmental Funds reports \$573,958 of deferred revenue that is earned but considered unavailable.

**NOTE 8 – DUE TO/DUE FROM OTHER FUNDS**

Balances of due to and due from other funds at June 30, 2013, consisted of the following:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Measure C Special Revenue	\$ 25,331,760	\$ -
RTMF Special Revenue	-	25,331,760
	<u>\$ 25,331,760</u>	<u>\$ 25,331,760</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 retroactively 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, 2013, the outstanding loan balance the RTMF Special Revenue Fund owes to the Measure C Special Revenue Fund is \$25,331,760. Repayment of the outstanding loan shall be made annually by payment of the RTMF cash available at the fiscal year end.

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 9 – OPERATING TRANSFERS**

There were no operating transfers during the fiscal year ended June 30, 2013.

**NOTE 10 – RIGHT-OF-WAY ACQUISITION AGREEMENTS WITH CALTRANS**

The Authority has committed to reimburse California Department of Transportation for advance right-of-way acquisition work for certain projects. For the fiscal year ended June 30, 2013, \$4,291,075 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. For the fiscal year ended June 30, 2013, no rental income was received by the Authority for rental of buildings and land.

**NOTE 11 – OPERATING LEASE**

The Authority conducts its operations from facilities that are leased under an operating lease with the County, which commenced on December 23, 1987 and has been extended indefinitely. The lease agreement allows for an extension, with the permission of the County, following the term of the lease. Rent expenditures for the fiscal year ended June 30, 2013, were \$18,303. There are no contractual future minimum payments due, and the current rate is expected to increase next fiscal year.

**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 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, 2013, 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, 2013, nonspendable fund balances of governmental funds were \$1,990,130 which represents the long-term PTIS loan receivable balance at the fiscal year-end.

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 13 – FUND BALANCE** (Continued)

- *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, 2013, governmental funds report \$84,095,188 of fund balance restricted for non-pass-through transportation projects set forth in the Measure C plan.
- *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 was no committed fund balance as of June 30, 2013.
- *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, 2013, governmental funds report assigned fund balances of \$127,310,744. Of this amount, \$119,493,716 was assigned for capital projects and \$7,817,028 was assigned for general government.
- *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, 2013, governmental funds report unassigned negative fund balances of \$19,654,626 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.

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 – COMMITMENTS**

The Authority has entered into various contracts with private consulting companies and cooperative agreements with governmental entities amounting to a total commitment of approximately \$858,843,432. The Authority has made cumulative expenditures on these commitments through June 30, 2013 of \$739,349,716. Therefore, the Authority's outstanding commitments at June 30, 2013, total \$119,493,716. These commitments are contingent on the receipt of future revenues for funding; therefore, the Measure C Special Revenue Fund balance is reserved only to the extent of currently available resources.

**NOTE 15 – 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 (\$400,052 for the fiscal year ended June 30, 2013).

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 15 – BENEFIT PLAN** (Continued)

Fresno COG has agreements with International City Manager’s Association (ICMA) Retirement Corporation to administer their 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). All Authority employees were covered by the Plan. Actual Authority contributions made during the period (\$27,742 for the fiscal year ended June 30, 2013) represent approximately 7% of total salaries.

Under the deferred compensation plan, participating employees are required to contribute a minimum of 7.5% of their gross salary to the 457 plans, as Fresno COG is a non-Federal Insurance Contributions Act (FICA) agency. The maximum contribution to the 457 plans for 2013 is \$17,500 or \$35,000 depending on the employee’s age and eligibility. 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, 2013, there were three employees eligible to receive benefits.

**NOTE 16 – PRIOR PERIOD ADJUSTMENT AND RESTATEMENT**

In November and December 2014, the Fresno COG and the FCTA Board 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 has approved the Measure C/RTMF Reimbursement 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 Program also specifies the terms of loan amortization. The Authority’s financial statements for the fiscal year 2012-13 have been restated to reflect the Board action. Approximately \$18M of the Measure C funds that was expensed in prior years on eligible RTMF projects was reclassified to RTMF project costs, and the unspent prior year RTMF collections of \$3.6M were recognized as RTMF revenues. As a result, beginning net position of governmental activities and fund balances of governmental funds were restated as follows:

	Governmental Activities
Net position at July 1, 2012, as previously reported	\$ 180,211,862
Prior period adjustment to recognize RTMF revenues	3,656,256
Net Position at July 1, 2012, as restated	\$ 183,868,118

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 16 – PRIOR PERIOD ADJUSTMENT AND RESTATEMENT** (Continued)

	<u>Measure C</u> <u>Special Revenue</u>	<u>RTMF</u> <u>Special Revenue</u>	<u>Total</u> <u>Governmental Funds</u>
Fund balance at July 1, 2012, as previously reported	\$ 172,087,095	\$ -	\$ 179,762,454
Prior period adjustment to reclassify			
Measure C expenditures to RTMF expenditures	<u>18,024,346</u>	<u>(18,024,346)</u>	<u>-</u>
Fund balance at July 1, 2012, as restated	<u>\$ 190,111,441</u>	<u>\$ (18,024,346)</u>	<u>\$ 179,762,454</u>

The Board action also affected some of the line items of the governmental activities and governmental funds. Assets of governmental funds were restated as follows:

	<u>Measure C</u> <u>Special Revenue</u>	<u>RTMF</u> <u>Special Revenue</u>	<u>Total</u> <u>Governmental Funds</u>
Assets at June 30, 2013, as previously reported	\$ 189,620,439	\$ -	\$ 197,711,047
Adjustment for rounding	(1)	-	(1)
Adjustment to separate RTMF Special Revenue from			
Measure C Special Revenue	<u>(6,276,624)</u>	<u>6,276,624</u>	<u>-</u>
Adjustment to recognize Measure C loan to RTMF	<u>25,331,760</u>	<u>-</u>	<u>25,331,760</u>
Assets at June 30, 2013, as restated	<u>\$ 208,675,574</u>	<u>\$ 6,276,624</u>	<u>\$ 223,042,806</u>

Liabilities of governmental activities and governmental funds were restated as follows:

	<u>Governmental</u> <u>Activities</u>		
Liabilities at June 30, 2013, as previously reported	\$	9,683,696	
Adjustment to reclassify deferred revenue to RTMF revenues		<u>(6,243,813)</u>	
Liabilities at June 30, 2013, as restated	<u>\$</u>	<u>3,439,883</u>	

  

	<u>Measure C</u> <u>Special Revenue</u>	<u>RTMF</u> <u>Special Revenue</u>	<u>Total</u> <u>Governmental Funds</u>
Liabilities at June 30, 2013, as previously reported	\$ 9,939,843	\$ -	\$ 10,213,423
Adjustment to separate RTMF Special Revenue from			
Measure C Special Revenue	<u>(599,490)</u>	<u>599,490</u>	<u>-</u>
Adjustment to recognize Measure C loan to RTMF	<u>-</u>	<u>25,331,760</u>	<u>25,331,760</u>
Adjustment to reclassify deferred revenue to			
RTMF revenues	<u>(6,243,813)</u>	<u>-</u>	<u>(6,243,813)</u>
Liabilities at June 30, 2013, as restated	<u>\$ 3,096,540</u>	<u>\$ 25,931,250</u>	<u>\$ 29,301,370</u>

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 16 – PRIOR PERIOD ADJUSTMENT AND RESTATEMENT** (Continued)

Net position of governmental activities and fund balances of governmental funds were restated as follows:

	Governmental Activities
Net position restricted for capital projects at June 30, 2013, as previously reported	\$ 58,196,750
Adjustment for rounding	(1)
Adjustment to reclassify deferred revenue to RTMF revenues	6,243,813
Net position restricted for capital projects at June 30, 2013, as restated	\$ 64,440,562

	Measure C Special Revenue	Total Governmental Funds
Restricted fund balance at June 30, 2013, as previously reported	\$ 58,196,750	\$ 58,196,750
Adjustment to reclassify negative fund balance of RTMF Special Revenue to assigned fund balance	19,654,626	19,654,626
Adjustment for rounding	(1)	(1)
Adjustment to reclassify deferred revenue to RTMF revenues	6,243,813	6,243,813
Restricted fund balance at June 30, 2013, as restated	\$ 84,095,188	\$ 84,095,188

	RTMF Special Revenue	Total Governmental Funds
Unassigned fund balance at June 30, 2013, as previously reported	\$ -	\$ -
Adjustment to reclassify negative fund balance of RTMF Special Revenue to assigned fund balance	(19,654,626)	(19,654,626)
Unassigned fund balance at June 30, 2013, as restated	\$ (19,654,626)	\$ (19,654,626)

Revenues and changes of net position of governmental activities were restated as follows:

	Governmental Activities
Mitigation fee revenues for the fiscal year ended June 30, 2013, as previously reported	\$ 600,000
Adjustment to recognize RTMF revenues	2,587,555
Mitigation fee revenues for the fiscal year ended June 30, 2013, as restated	\$ 3,187,555

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 16 – PRIOR PERIOD ADJUSTMENT AND RESTATEMENT** (Continued)

	Governmental Activities
Change in net position for the fiscal year ended June 30, 2013, as previously reported	\$ 7,817,132
Adjustment to recognize RTMF revenues	2,587,555
Change in expenses due to rounding	1
Change in net position for the fiscal year ended June 30, 2013, as restated	\$ 10,404,688

Revenues, expenditures, and changes in fund balances of governmental funds were restated as follows:

	Measure C Special Revenue	RTMF Special Revenue	Total Governmental Funds
Revenues for the fiscal year ended June 30, 2013, as previously reported	\$ 27,569,400	\$ -	\$ 28,950,538
Adjustment to separate RTMF Special Revenue from Measure C Special Revenue	(632,811)	632,811	-
Adjustment to recognize RTMF revenues	-	6,243,811	6,243,811
Revenues for the fiscal year ended June 30, 2013, as restated	\$ 26,936,589	\$ 6,876,622	\$ 35,194,349
	Measure C Special Revenue	RTMF Special Revenue	Total Governmental Funds
Expenditures for the fiscal year ended June 30, 2013, as previously reported	\$ 19,975,899	\$ -	\$ 21,215,368
Adjustment for rounding	-	(1)	(1)
Adjustment to reclassify Measure C expenditures to RTMF expenditures	(8,506,903)	8,506,903	-
Expenditures for the fiscal year ended June 30, 2013, as restated	\$ 11,468,996	\$ 8,506,902	\$ 21,215,367

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 16 – PRIOR PERIOD ADJUSTMENT AND RESTATEMENT** (Continued)

	<u>Measure C Special Revenue</u>	<u>RTMF Special Revenue</u>	<u>Total Governmental Funds</u>
Change in fund balance for the fiscal year ended June 30, 2013, as previously reported	\$ 7,593,501	\$ -	\$ 7,735,170
Adjustment to separate RTMF Special Revenue from Measure C Special Revenue	(632,811)	632,811	-
Adjustment to recognize RTMF revenues		6,243,811	6,243,811
Adjustment for rounding	-	1	1
Adjustment to reclassify Measure C expenditures to RTMF expenditures	8,506,903	(8,506,903)	-
Change in fund balance for the fiscal year ended June 30, 2013, as restated	<u>\$ 15,467,593</u>	<u>\$ (1,630,280)</u>	<u>\$ 13,978,982</u>

**NOTE 17 – SUBSEQUENT EVENT**

The Authority has reviewed the events occurred and the Board of Directors actions made during the period of July 1, 2013, through the issuance date of the financial statements and noted that there is no reportable subsequent event that is considered to have a material effect on the Authority's financial statements for the fiscal year ended June 30, 2013, except the Measure C/RTMF loan and the restatement as described in Notes 8 and Note 16, respectively.

**REQUIRED SUPPLEMENTARY INFORMATION**

**FRESNO COUNTY TRANSPORTATION AUTHORITY  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
For the Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Sales tax	\$ 1,243,533	\$ 1,243,533	\$ 1,291,653	\$ 48,120
Interest	337,467	337,467	89,485	(247,982)
Total revenues	1,581,000	1,581,000	1,381,138	(199,862)
<b>EXPENDITURES</b>				
Current:				
Salaries and employee benefits	405,840	406,140	400,052	6,088
Professional services and supplies	1,160,160	1,161,660	839,417	322,243
Contingencies	15,000	13,200	-	13,200
Total expenditures	1,581,000	1,581,000	1,239,469	341,531
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	141,669	141,669
Net change in fund balance	\$ -	\$ -	141,669	\$ 141,669
<b>FUND BALANCE</b>				
Beginning July 1, 2012			7,675,359	
Ending June 30, 2013			\$ 7,817,028	

**FRESNO COUNTY TRANSPORTATION AUTHORITY**  
**BUDGETARY COMPARISON SCHEDULE – MEASURE C SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>REVENUES</b>				
Sales tax	\$ 24,442,594	\$ 24,442,594	\$ 24,808,304	\$ 365,710
Interest	1,850,000	1,850,000	2,104,493	254,493
Mitigation fees	-	1,572,000	-	(1,572,000)
Miscellaneous revenue - construction	-	-	23,792	23,792
Total revenues	<u>26,292,594</u>	<u>27,864,594</u>	<u>26,936,589</u>	<u>(928,005)</u>
<b>EXPENDITURES</b>				
Current:				
Highway capital improvements	<u>26,292,594</u>	<u>82,273,583</u>	<u>11,468,996</u>	<u>70,804,587</u>
Total expenditures	<u>26,292,594</u>	<u>82,273,583</u>	<u>11,468,996</u>	<u>70,804,587</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(54,408,989)</u>	<u>15,467,593</u>	<u>69,876,582</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (54,408,989)</u>	<u>15,467,593</u>	<u>\$ 69,876,582</u>
<b>FUND BALANCE</b>				
Beginning July 1, 2012			172,087,095	
Prior period adjustment			<u>18,024,346</u>	
Ending June 30, 2013			<u>\$205,579,034</u>	

**OTHER INDEPENDENT AUDITORS' REPORTS**



# M. Green and Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

## 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

### Independent Auditors' Report

To the Board of Directors  
Fresno County Transportation Authority  
2220 Tulare Street, Suite 411  
Fresno, California 93721

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 Fresno County Transportation Authority (Authority), as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 15, 2016.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

REBECCA AGREDANO, C.P.A.

LARRY W. AYERS, C.P.A., C.V.A.

MARLA D. BORGES, C.P.A.

WM. KENT JENSEN, C.P.A.

KATHLEEN M. LAMPE, C.P.A., C.V.A.

LYNN M. LAMPE, C.P.A., C.F.E.

ALAN S. MOORE, C.P.A.

ELAINE D. REULE, C.P.A., C.F.E.

GIUSEPPE SCALIA, C.P.A.

NATALIE H. SIEGEL, C.P.A.

DIVINE G. AGELLON-VATER, C.P.A.

NORIKO A. AWBREY, C.P.A.

NICOLE A. CENTOFANTI, C.P.A.

CRYSTAL COTA, C.P.A.

BRENDA A. DADDINO, C.P.A.

JASON A. FRY, C.P.A., M.S.A.

JEREMIAH L. LUPERCIO, C.P.A.

TRACY L. MCINTYRE, C.P.A.

R. IAN PARKER, C.P.A.

MARY L. QUILLIN, C.P.A.

RACHEL L. SCHROEDER, C.P.A.

ROSALIND WONG, C.P.A.

JAMES G. DWYER, C.P.A.  
*Consultant*

KEVIN M. GREEN, C.P.A.  
*Consultant*

KENNETH B. NUNES, C.P.A.  
*Consultant*

KENNETH W. WHITE, JR., C.P.A.  
*Consultant*

*Dinuba  
Hanford  
Tulare  
Visalia*

**Emphasis of Matter**

As discussed in Note 16 to the financial statements, the 2013 financial statements have been restated to correct a material misstatement. Therefore the previously issued independent auditors' report issued on December 23, 2013, should not be relied on and should be replaced by this report on the restated financial statements. Our opinion is not modified with respect to this matter.

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

Visalia, California  
March 15, 2016

A handwritten signature in black ink that reads "M Green and Company LLP". The signature is written in a cursive, flowing style.