



**COUNTY OF FRESNO  
STATE OF CALIFORNIA**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended  
June 30, 2012**

**Vicki Crow, C.P.A.  
Auditor-Controller/Treasurer-Tax Collector**

**County of Fresno**  
**Comprehensive Annual Financial Report**  
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## **INTRODUCTORY SECTION**

- Letter of Transmittal
- Certificate of Achievement – Government Finance Officers Association
- Organization Chart
- List of Principal Officials



## County of Fresno

Vicki Crow, C.P.A.

Auditor-Controller/Treasurer-Tax Collector

December 28, 2012

The Honorable Board of Supervisors and  
Citizens of the County of Fresno, California

Members of the Board and Citizens of the County of Fresno:

The Comprehensive Annual Financial Report (CAFR) of the County of Fresno (County) for the fiscal year ended June 30, 2012 is hereby submitted in accordance with the provisions of Sections 25250 and 25253 of the Government Code of the State of California.

The report contains financial statements that have been prepared in conformity with generally accepted accounting principles (GAAP) prescribed for governmental entities. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the County's management. An established comprehensive framework of internal controls has been designed to provide reasonable assurance that the enclosed data is accurate in all material respects and that its presentation fairly depicts the financial position and changes in financial position of County funds. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls is designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements.

The County's financial statements have been audited by the certified public accounting firm of Brown Armstrong Accountancy Corporation. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2012, are free of material misstatement. The independent certified public accounting firm has issued an unqualified ("clean") opinion on the County's financial statements as of and for the year ended June 30, 2012. The auditor's report is located at the front of the financial section of this report.

This letter of transmittal is designed to complement, and should be read in conjunction with, Management's Discussion and Analysis (MD&A). MD&A provides a narrative introduction, overview, and analysis of the financial statements and can be found immediately following the report of the independent auditors.

### PROFILE OF THE GOVERNMENT

The County was created from parts of Merced, Tulare and Mariposa counties in 1856 and is a political subdivision chartered by the State. It is the sixth largest county in the State in terms of area, occupying over 6,000 square miles in the heart of the San Joaquin Valley and has a population of 941,965 as of June 30, 2012. There are 15 incorporated cities within the County: Fresno, Clovis, Reedley, Sanger, Kerman,

Fowler, Selma, Kingsburg, Parlier, Orange Cove, Huron, San Joaquin, Tranquility, Mendota and Firebaugh. The largest employment categories include services, wholesale and retail trade, public administration, agriculture and manufacturing.

Policy making and legislative authority is vested in the County Board of Supervisors (Board), which consists of an elected supervisor from each of five districts. The Board is responsible for, among other things, passing ordinances, adopting budgets, appointing committees, and appointing the County Administrative Officer (CAO). The CAO, in turn, appoints the non-elected department heads that are not otherwise appointed by law. The County has six elected department heads responsible for the offices of Assessor-Recorder, Auditor-Controller/Treasurer-Tax Collector, County Clerk-Registrar of Voters, District Attorney, Coroner-Public Administrator, and Sheriff. The following organization chart reflects the various functional categories reported in the government-wide Statement of Activities, and identifies principal officials in each area.

#### Board of Supervisors

Phil Larson District 1	Susan B. Anderson District 2	Henry R. Perea District 3	Judy Case District 4	Deborah Poochigian District 5
---------------------------	---------------------------------	------------------------------	-------------------------	----------------------------------

John A. Navarrette  
County Administrative Officer

Kevin B. Briggs  
County Counsel

Public Protection	Health, Sanitation & Public Assistance	Public Ways & Facilities	Education	Culture & Recreation	General Government
Margaret Mims Sheriff	Howard Himes Director Social Services	Alan Weaver Director/Public Works & Planning	Laurel Pryszazny County Librarian	Alan Weaver Director/Public Works & Planning	Paul Dictos, C.P.A. Assessor-Recorder
Elizabeth A. Egan District Attorney	Edward L. Moreno, MD Director/Health Officer- Public Health	Carol N. Hafner Agricultural Commissioner/Sealer of Weights & Measures	Steve Vasquez Cooperative Extension		Vicki Crow, C.P.A. Auditor-Controller/ Treasurer-Tax Collector
Linda Penner Chief Probation Officer	Donna Taylor, Director Behavioral Health Public Guardian				Arpi K. Apkarian, Deputy Director General Services
Kenneth K. Taniguchi Public Defender	Kari Gilbert Director Child Support Services				Beth Bandy Director Personnel Services
David M. Hadden, MD Coroner-Public Administrator					Gary Osmondson Chief Information Officer
Brandi L. Orth County Clerk/Registrar of Voters					



The County, with an average of 6,675 full-time equivalent employees, provides a full range of services to its residents as the above organization chart depicts. Included in reported operations are various component units which provide specific services county-wide or to distinct geographic areas within the County. They include, among others, the Fresno County Employees' Retirement Association (FCERA), multiple County Service Areas (CSA's), the Fresno County Financing Authority (FCFA), the Fresno County Tobacco Funding Corporation, Fresno County Redevelopment Agency and the Children and Families Commission. While these entities are legally separate from the County, the County has some financial accountability for them, their governing bodies are substantially the same as the County's Board and, in most cases, they provide services exclusively to the County.

For financial planning and control, the Board adopts an annual appropriated budget for the County. Activities of the General Fund, most Special Revenue funds, and the Debt Service Fund, are included in the annual budget. Budgets are not adopted for Capital Project Funds. Budgetary control is exercised at the department level in both the General and Special Revenue funds. The legal level of control is at the object level except for capital assets which are controlled at the sub-object level. Project-length financial plans are adopted for capital improvements. The County also maintains an encumbrance accounting system to assist with budgetary control. Encumbered appropriations supported by a written commitment do not lapse at year-end; encumbrances outstanding at that time are reported as reservation of fund balance for the following year's budget. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted.

The County of Fresno internet site at <http://www.co.fresno.ca.us> provides extensive information about the County government and its services to the citizens of Fresno County and to those who visit. The County's website includes information about the Board, including how to contact the Board, and provides Board Agendas, County job listings, bid solicitations, County directories, information on how to appeal assessments, voter information, County permits and forms, and financial information such as the County tax rate book, the annual budget, and recent CAFRs. The site also provides several online services, including the ability to view both live and archived Board meetings, look up election results and polling places, and pay property taxes.

## **ECONOMIC OVERVIEW**

Fresno County serves as a financial, trade, commercial and educational center for central California. The County is one of eight counties in the valley that routinely accounts for one-half of California's agricultural production. In addition to an extensive highway and road system, several motor freight carriers and a railway network, the County is also home to Fresno Yosemite International Airport which provides both passenger and cargo services.

However, the County's current economic state continues to be difficult with stagnant home prices, continued problems in mortgage markets, tight credit availability, and significant job losses that continue to batter the economy of California and Fresno County. California has the largest labor market in the U.S. From a peak of 15,173,500 nonfarm jobs in fiscal year 2006-07, nonfarm jobs decreased 3 straight fiscal years to a low of 13,936,700 in fiscal year 2009-10. This represents a decrease in nonfarm jobs of 1,236,800 or 8.87%. However, nonfarm jobs made modest gains in fiscal years 2010-11 and 2011-12, increasing by 123,800, or .88%, and 106,775, or .75%, respectively. This minimal job growth is in line with national trends, which show the economy has slowly begun to recover. The outlook for the State economy is for moderate growth through 2012, followed by better growth in 2013 and 2014.

After years of strong growth in the County's economy, the recession conditions over the past five years have resulted in a decline in property and sales tax revenues. Property tax revenues have declined by 8.23% from

fiscal year 2008-09 while sales tax revenues have declined by 11.77% from fiscal year 2008-09. The rate of decline appears to be slowing and could possibly bottom out in the next fiscal year. The slumping housing sector and mortgage crisis has slowed the residential building industry and some property has been re-assessed to a lower value. The number of appeal assessments filed by property owners in fiscal year 2011-12 declined by 32.9% to 2,588. Water delivery constraints continue to hamper expanded agricultural production with thousands of acres of crop land still idle.

The County's unemployment rate is typically higher than the State's or the national average due to the seasonal nature of its large agricultural employment base. The County's unemployment rate ranged to a high of 17.4% during the fiscal year with a summertime level of 14.9% reflecting the availability of seasonal agricultural jobs. These rates contrast with the 20 year low of 9% in 2006 and a 9.21% average for fiscal year 2007-08.

The County remained the leading agricultural county in the State and nation. Total gross agricultural production in 2011 increased by 15.84% over 2010, exceeding the five billion dollar mark for a fifth consecutive year. While agriculture currently accounts for 14.25% of wage and salary employment, other important sources of employment include services 34.42%; government 20.13%; trade, transportation and utilities 17.32%; construction 3.56%; and manufacturing 7.32%. In recent years, agriculture jobs have declined due to increased efficiencies, farm consolidations, farm land retirements and tight water supplies that continue to keep agricultural employment lower than in previous years. Construction jobs continued to drop due to the poor housing market.

## **MAJOR INITIATIVES, SERVICE EFFORTS AND ACCOMPLISHMENTS**

### **Current Financial Planning**

The County maintains the largest road system in California covering over 3,527 miles of roads, including 530 bridges. The 2012-2013 Road Fund adopted budget totals \$55.8 million, which reflects a decrease of 3.73% from the prior year's adopted budget. The adopted budget includes funding from the proposed "Transportation Funding Swap" in lieu of Proposition 42 funds and reserves from the Road Fund. It also reflects a decline in Federal revenue. Major projects anticipated include the final phase of the Measure "C" Academy Avenue construction, federally funded Manning Avenue and Crawford Road to Hill Avenue reconstruction, three Safe Route to School Projects, Congestion Management and Air Quality shoulder improvements, one federal bridge replacement at the Outside Main Canal on Bass Avenue, and three projects with various levels of federal funding for intersection improvements at the intersection of North and Maple Ave., road improvements on Cedar Avenue from Lincoln to Adams, and a Highway Safety realignment project on Howard at Shaw Avenue. The 2012-2013 road maintenance program includes \$24.48 million dedicated to pavement seals and maintenance overlays, contracted preventative maintenance, routine maintenance and traffic signs and striping. Approximately 30 miles of slurry seals on residential streets, 60 miles of chip seal projects, and 10 miles of asphalt concrete overlay projects are programmed.

In March 2002, the Board approved a 75% securitization of tobacco settlement revenues, which generated a par amount of \$92,955,000 in bonds, with net proceeds of \$75,722,815. These funds were used to construct the recently completed Juvenile Justice Campus. In April 2006, the County issued subordinate Tobacco Settlement Asset-Backed Bonds in the amount of \$39,015,131 to fund future capital projects. As of June 30, 2012, \$11,400,000 in bond proceeds remained available for future capital expenditures.

The new Juvenile Court Facility, constructed on the Juvenile Justice Campus, became operational July 2009. It is a shared-use facility, which includes court rooms occupied by the State of California and office space for staff from the District Attorney, Public Defender and Probation departments. The Juvenile Court

Facility was funded with \$55,350,000 of Lease Revenue Bonds issued in April 2007. A lease arrangement between the State and the County provides for the State to lease space, supplying a revenue stream to service approximately 50% of the related debt service.

In August 2009, the Board approved funding for the construction of a scaled back Coroner's facility to be located in the southwest quadrant of the new Juvenile Justice Campus. The construction of the facility began in 2010 and is funded with \$20,400,700 of the remaining Tobacco Settlement Bond proceeds. Construction of the 14,370 square foot morgue building replaces the current inadequate facility which was built in 1948. Construction of the administration portion of this facility has been deferred and administrative staff will be split between the new Coroner Facility and a nearby building on the Juvenile Justice Campus. The new Coroner facility was completed in late 2011, with the Coroner moving into the new facility in January 2012.

In May 2010 the Board approved the purchase of the Crocker Building for \$3,700,000. This purchase was paid for with monies from the Tobacco Securitization Bond Endowment Fund. In December 2010 the Board approved funding to implement repairs and alterations to the Crocker Building to support the Department of Social Services and meet requirements of the Americans with Disabilities Act. This work was completed in January 2011 utilizing Federal funding secured by the Department of Social Services. The West Fresno Regional Center was opened in January 2010 and building tenants will include a Fresno County Library branch, and the Departments of Social Services, Behavioral Health, and Public Health.

### **Long-term Financial Planning**

The County's budget is strongly influenced by the State's fiscal budget. The State of California passed the fiscal year 2012-13 State budget of \$91.3 billion on June 27, 2012. For the third consecutive year, California ended the prior period with a deficit, and the continuing deficits and expiration of temporary tax increases have created the need for further reductions in State spending. The first budget passed by the legislature was vetoed by the Governor, resulting in the current revenue and expenditure plan. The budget includes an \$8 billion reduction in expenditures achieved with substantial cuts in Health and Human Services Programs, Education, and realignment of services to local governments. The fiscal year 2012-13 budget contains provisions to allow up to \$2.5 billion in additional cuts which can be triggered automatically if revenues fall short. These triggers will reduce funding to the University of California budget, eliminate state grants for local libraries, and reduce service hours for In-Home Supportive Services recipients.

The County's 2012-2013 adopted budget is \$11.7 million less than the prior year and continues the salary savings enacted in the prior year budget. The decrease is due to the lower State funding as well as to lower County discretionary revenues including sales and property tax revenues and vehicle license fees as a result of the recession. Significant budget reductions were made in all programs. The County will perform a mid-year review of budget surpluses and deficits and may recommend additional budget reductions. The effect of the recession on County revenues is anticipated to continue through at least this year.

In an effort to address some of the area's biggest economic challenges, the County has entered into a Joint Powers Agreement to administer the Neighborhood Stabilization Program (NSP). The County continues to use NSP funds to purchase foreclosed and abandoned homes and rehabilitate and resell them to eligible homebuyers, and will include the provision of mortgage assistance in areas of the highest need as identified by the foreclosure data sources provided by the Department of Housing and Urban Development (HUD). The NSP will create jobs in the real estate and construction industry. Additionally, lenders, title companies, insurance companies, and other local professions will benefit.

American Recovery and Reinvestment Act of 2009 (ARRA) funding is being utilized to reduce high local unemployment and homelessness, alleviate economic distress and stimulate local construction and other jobs. The Department of Social Services was awarded over \$36 million in subsidized employment program, employment readiness training and job retention services funding. Through stimulus funding, the federal share of assistance payment costs for the Foster Care Adoptions Assistance, and In-Home Supportive Services Programs was increased by almost \$11 million. The Department of Social Services has been awarded \$1.6 million in Homeless Prevention and Rapid Re-Housing funding. Public Works and Planning was awarded Community Development Block Grant (CDBG) funding known as CDBG-R, to provide funds for CDBG eligible expedited infrastructure projects that can be under construction quickly and foster job creation and other long-term economic impacts. In addition, this department has received funding through Caltrans for additional roadwork. The District Attorney received an award of \$181,000 for elder abuse prosecution and the Sheriff Department is using \$769,000 to investigate internet crimes against children and to purchase vehicles and Tasers.

As a part of the Capital Projects Plan, the County approved a County-wide development impact fee. The fee is designed to fund future public facilities and capital improvements to support growth within Fresno County. The fee became effective August 2008 and is being implemented in a phased in approach. It is not expected to generate significant amounts of funding until the fee is fully implemented and the local economy and housing market improve. On September 25, 2010, the County Board of Supervisors directed County staff to develop a County Ordinance that would suspend public facilities fees for a two-year period from the date of enactment of the ordinance. The Board of Supervisors continued the suspension of the public facilities fees beyond the September 12, 2012 scheduled end date, pending further analysis.

## **RELEVANT FINANCIAL POLICIES**

### **Investment**

The County manages two separate pools of funds, each subject to different cash management practices: the Treasury Investment Pool (Pool) and the FCERA.

The Pool is comprised of all County and agency funds that are deposited in the County Treasury for operating purposes. A formal investment policy is administered by staff to ensure that investments satisfy legal guidelines, provide liquidity to meet the daily demands upon the Treasury, and provide the highest interest earnings within these constraints. A Treasury Oversight Committee is responsible for regulatory oversight.

Investments authorized under this policy include U.S. Treasury and agency obligations, bankers' acceptances, commercial paper, certificates of deposit, repurchase agreements, medium-term notes, the State's Local Agency Investment Fund (LAIF), mutual funds, and mortgage-backed securities. The policy further restricts investments such that the average weighted maturity of the Pool cannot exceed 1,287 days or 3½ years unless economic trends or market timing indicate such investments are beneficial.

The FCERA's Pension Trust Fund is governed by the FCERA's Board of Retirement and asset management advisory firms administer investments. The Board of Retirement has adopted an investment policy intended to provide sufficient benefits to plan participants within an investment structure that minimizes risk and maximizes investment return. Investments include common stocks, short-term corporate and government debt instruments, mortgage-backed pass-through certificates and private market investments which include real estate and alternative investments.

## **Reserves**

During budget preparations the County establishes a Contingencies, General Reserves, and Designations budget to provide for unforeseen or emergency expenditures during the course of the fiscal year, and to accumulate funds in the General Fund for a designated use. General Fund Contingencies and Designations differ from General Reserves in that the Board can transfer Contingencies and Designations during the fiscal year to finance unanticipated expenditures. The General Reserves, however, is a portion of the fund balance that is not available to finance current year expenditures except in cases where the Board declares an emergency as defined by Government Code 29127. The Board can approve increases to Contingencies, General Reserves and Designations during the fiscal year.

As part of the County's debt policy, a "pay-as-you-go" financing policy has been deemed an acceptable use of unreserved fund balance to provide a cushion in the event of unanticipated revenue downturns and emergency situations. As of the date of this letter, the County is working to develop other policies for departmental reserves minimums and constraints that will guard against future deficits created by a dependency on fund balance and reserves during times of economic uncertainty.

## **Budget**

Under State law, the County is required to approve an adopted budget by resolution for the County and dependent Special Districts, no later than October 2 of each year. The budget includes the operations of the County and other agencies whose affairs and finances are under the supervision and control of the Board of Supervisors. Before adopting by resolution, the Board of Supervisors holds a public hearing at which anyone may appear and testify on any item in the proposed budget.

Appropriations within the adopted budget will be controlled by the Board of Supervisors at the object level, except for capital assets. Transfers of appropriations between expenditure objects, e.g., Salaries and Employee Benefits, Services and Supplies, Other Charges, and Capital Assets require the approval of the Board of Supervisors.

The County Administrative Officer supervises and directs the preparation of the annual budget of the County for the Board of Supervisors and is responsible for its administration after adoption.

## **Debt Limitations**

The County of Fresno abides by California Constitution Article XVI, section 18, which limits the amount of debt that the County may lawfully incur without approval of 2/3 of the qualified electorate: "(a) No county... shall incur any indebtedness or liability in any manner or for any purpose exceeding in any year the income and revenue provided for such year, without the assent of two-thirds of the voters of the public entity voting at an election to be held for that purpose."

The County will evaluate legal limitations and affordability of debt prior to any new financing or refinancing. It is important for the County to consider its current debt levels as well as legal restrictions imposed by statute or by existing bond covenants. The County will employ specialized legal and financial advisors, as necessary, to assist in the evaluation of additional debt.

## **AWARDS AND ACKNOWLEDGEMENTS**

### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2011. The County has received this prestigious award for over thirty years. In order to be awarded a Certificate of Achievement, the County is required to publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the Government Finance Officers Association to determine its eligibility for another certificate.

### **Acknowledgments**

I wish to express my appreciation to the staff of the Auditor-Controller/Treasurer-Tax Collector's Office, whose hard work, professionalism and dedication are responsible for the timely preparation of this report, and to Brown Armstrong Accountancy Corporation for their professional assistance. Finally, I would like to thank the Board and members of the Audit Committee for their continued efforts in planning and conducting the County's financial operations in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Vicki Crow". The signature is fluid and cursive, with a long horizontal stroke at the end.

Vicki Crow, C.P.A.  
Auditor-Controller/Treasurer-Tax Collector

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Fresno  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



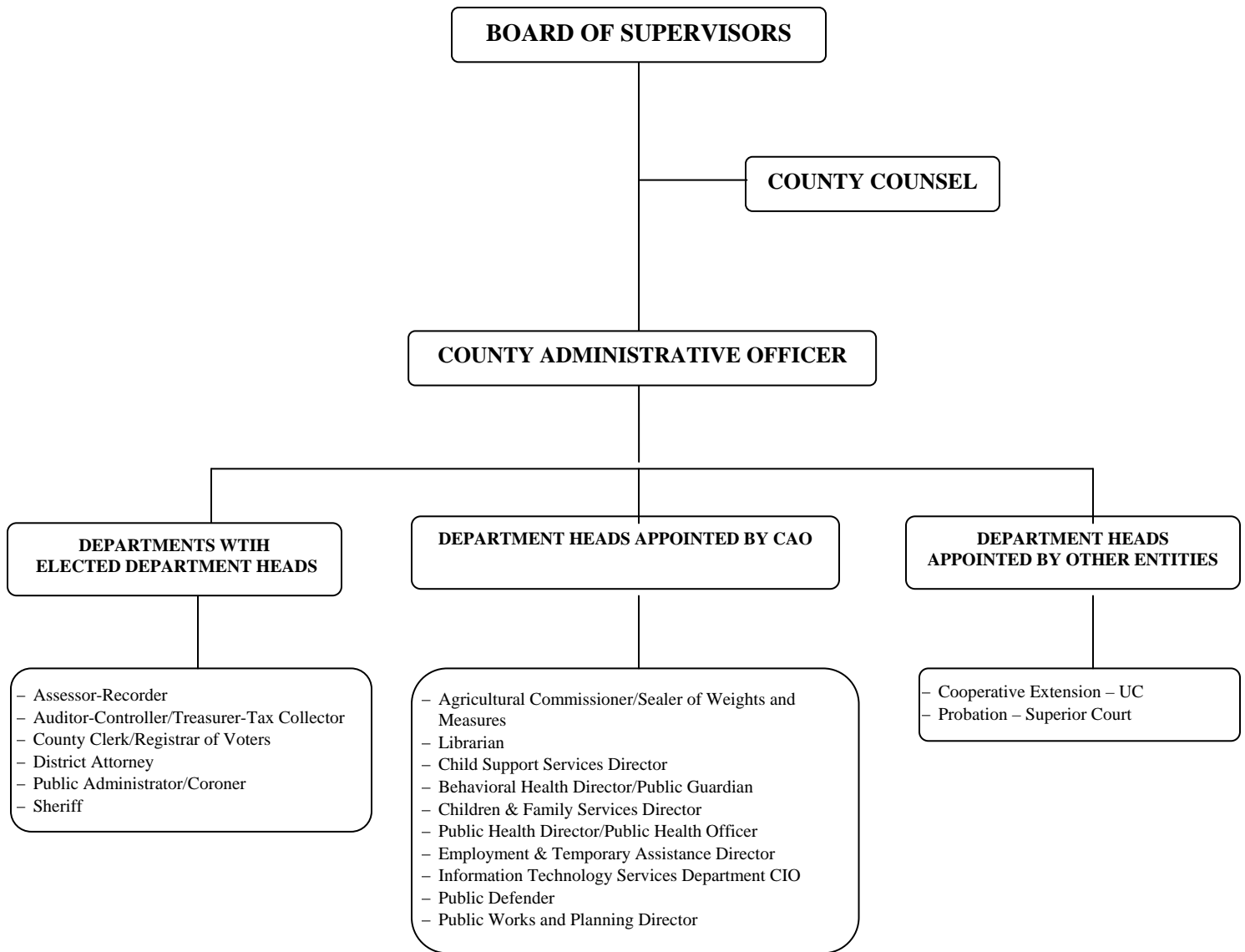
*Linda C. Dandson*

President

*Jeffrey R. Emer*

Executive Director

# COUNTY OF FRESNO ORGANIZATIONAL CHART





**County of Fresno**  
**List of Principal Officials**  
**June 30, 2012**

**ELECTED OFFICIALS**

Board of Supervisors:

Supervisor, District 1 .....	Phil Larson
Supervisor, District 2 .....	Susan B. Anderson
Supervisor, District 3 .....	Henry R. Perea
Supervisor, District 4 .....	Judy Case
Chairperson, Supervisor, District 5. ....	Deborah Poochigian
Assessor-Recorder. ....	Paul Dictos, C.P.A.
Auditor-Controller/Treasurer-Tax Collector.....	Vicki Crow, C.P.A.
County Clerk/Registrar of Voters.....	Brandi L. Orth
Coroner-Public Administrator .....	David M. Hadden, M.D.
District Attorney.....	Elizabeth A. Egan
Sheriff .....	Margaret Mims

**APPOINTED OFFICIALS**

County Administrative Officer .....	John A. Navarrette
County Counsel .....	Kevin B. Briggs

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#### **FINANCIAL SECTION**

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Notes to the Basic Financial Statements
- Required Supplementary Information

**BROWN  
ARMSTRONG**

CERTIFIED  
PUBLIC  
ACCOUNTANTS

**BROWN ARMSTRONG**

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Board of Supervisors  
County of Fresno  
Fresno, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fresno, California (the County), as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following component units:

- Children and Families Commission of Fresno County, which represents 100 percent of the assets, net assets, and revenues of the discretely presented component unit.
- Fresno County Tobacco Funding Corporation is presented as a blended component unit, which represents 2.6 percent, 2.2 percent, 0.7 percent, respectively, of assets, fund balance, and revenues of the total governmental funds.

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Children and Families Commission of Fresno County and Fresno County Tobacco Funding Corporation are based on the reports of the other auditors.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **MAIN OFFICE**

#### **4200 TRUXTUN AVENUE**

SUITE 300

BAKERSFIELD, CA 93309

TEL 661.324.4971

FAX 661.324.4997

EMAIL info@bacpas.com

#### **560 CENTRAL AVENUE**

SHAFTER, CALIFORNIA 93263

TEL 661.746.2145

FAX 661.746.1218

#### **8050 N. PALM AVENUE**

SUITE 300

FRESNO, CALIFORNIA 93711

TEL 559.476.3592

FAX 559.476.3593

#### **790 E. COLORADO BLVD.**

SUITE 908B

PASADENA, CALIFORNIA 91101

TEL 626.240.0920

FAX 626.240.0922

#### **5250 CLAREMENT AVENUE**

SUITE 237

STOCKTON, CA 95207

TEL 209.451.4833

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independent firms

REGISTERED with the Public Company  
Accounting Oversight Board and  
MEMBER of the American Institute of  
Certified Public Accountants

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2012, on our consideration of the County'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress, and budgetary comparison information for the General Fund, Road Fund, and 2011 Realignment Fund, as listed in the table of contents, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, nonmajor special revenue budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of the other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole. The nonmajor special revenue budgetary comparison schedules and introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Fresno, California  
December 28, 2012

**County of Fresno**  
**Management's Discussion and Analysis**  
**June 30, 2012**  
(amounts expressed in thousands)

The County of Fresno's (County) management's discussion and analysis is designed to present a narrative overview of the financial activities of the County and an analysis of the County's financial performance during the fiscal year ended June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section. All dollar amounts are expressed in thousands unless otherwise indicated.

**FINANCIAL HIGHLIGHTS**

- At the close of the 2011-2012 fiscal year, the assets of the County exceeded liabilities by \$1,111,574. This difference is referred to as "net assets". The County has unrestricted net assets of \$165,296. The County's net assets also include restricted net assets of \$340,663 representing assets which can only be used for specific purposes, and \$605,615 representing the County's investment in capital assets, net of related debt.
- The County's long-term debt decreased by \$6,606. Long-term debt totals \$919,845 at June 30, 2012.
- The primary government's total net assets increased by \$8,077. The governmental activities gain is \$12,523 and business type activities loss is \$4,446.
- As of June 30, 2012, the County's governmental funds reported combined ending fund balances of \$426,347, which is an increase of \$47,406 in comparison to the prior year. Approximately 69.7% of combined fund balances, or \$297,072, is either nonspendable or restricted for specific uses; 30.3%, or \$129,275, is unrestricted to meet the County's current and future uses.
- The total fund balance in the County's primary operating fund, the General Fund, at year-end was \$298,575. Approximately \$198,657 is either nonspendable or restricted for specific uses. The remaining \$99,918, which approximates to 9.3% of the General Fund's total expenditures for the year, is unrestricted.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following narrative is an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) **Government-wide** financial statements, 2) **Fund** financial statements and 3) **Notes** to the basic financial statements. Required supplementary information is included in addition to the basic financial statements.

**Government-wide Financial Statements** are designed to provide readers with a broad overview of the County'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 2, section (B)* on page 30 for further information on the accrual basis of accounting.

The Statement of Net Assets presents information on all County assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the

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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 County that are principally supported by intergovernmental revenues and property and sales taxes (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government; public protection; public ways and facilities; health, sanitation, and public assistance; education; and culture and recreation. The business-type activities of the County include the Fresno County Solid Waste Enterprise (Landfill) and the County Service Areas (CSAs).

Component units are included in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same Board as the County or provide services entirely to the County. Two examples of the County's blended component units are the Fresno County Financing Authority and the Fresno County Employees' Retirement Association (FCERA). The Children and Families Commission (the Commission) is reported as a discretely presented component unit. This is because while there is some financial accountability by the Commission to the Board, the Board of the Commission is substantially different from the County Board of Supervisors.

**The government-wide financial statements can be found on pages 14-15 of this report.**

**Fund Financial Statements** present the County's financial activities in a traditional fund format. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, 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. See *Note 2, section (B)* on page 30, which explains the modified accrual basis of accounting. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**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 funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County'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. 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 County maintains twelve individual governmental funds. Information for the General Fund, Debt Service, Road Fund, and 2011 Realignment Fund is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances. Data for the other governmental funds are combined into a single, aggregated presentation. Summary fund data by fund type and individual fund data for these nonmajor governmental funds is

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provided as other supplementary information in the form of *combining statements* found on pages 77-89 of this report.

The County adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement is provided for the General Fund and other governmental funds to demonstrate compliance with this budget. The County's General Fund, Road Fund, and 2011 Realignment Fund budgetary comparison schedules are presented as Required Supplementary Information. Budgetary comparisons for all other governmental funds are provided as other Supplementary Information.

**The governmental funds financial statements can be found on pages 16-19 of this report**

**Proprietary funds** are generally used to account for services provided by the County where fees are charged for these services. The County maintains two different types of proprietary funds – enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Landfill and CSAs' operations whose revenues are collected from external user fees. Internal service funds are used to report activities that provide supplies and services for certain County programs and activities. The County uses internal service funds to account for its fleet, information technology, central printing, risk management, PeopleSoft software operations, facility services, security services, and communications functions. Substantially all of the revenues for the County's internal service funds come from other internal County departments. Because these services predominantly benefit governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements; however, information is provided in more detail and includes cash flow statements. The Landfill and CSAs' operations are considered to be major funds of the County. The County's eight internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided as supplementary information in the form of combining statements which can be found on pages 94-101 of this report.

**The proprietary funds financial statements can be found on pages 20-23 of this report.**

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. The accounting used for fiduciary funds, except for the agency funds, is much like that used for proprietary funds. Individual fund data for agency funds is provided as supplementary information in the form of combining statements. These statements can be found on pages 104-105 of this report.

**The fiduciary fund financial statements can be found on pages 24-25 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. They are an integral part of the financial statements and should be read in conjunction with them. The notes can be found on pages 27-64 of this report.

**Required Supplementary Information** includes the General Fund, Road Fund, and 2011 Realignment Fund Budgetary Comparison Schedules, along with the Fresno County Employees' Retirement



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Association (FCERA) Analysis of Funding Progress which provides information for the progress in funding of its obligation to provide pension benefits to County employees. Required supplementary information can be found on pages 66-72 of this report.

**The combining and individual fund statements and schedules** referred to earlier provide information for nonmajor governmental funds, internal service, and fiduciary funds, and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 77-105 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$1,111,574 at June 30, 2012.

Summary of Net Assets  
June 30, 2012 and 2011

	Governmental Activities		Business-type Activities		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>Assets:</b>						
Current and other assets	\$ 1,267,851	\$ 1,262,672	\$ 81,857	\$ 83,552	\$ 1,349,708	\$ 1,346,224
Capital assets	751,797	752,130	48,210	49,075	800,007	801,205
Total assets	<u>2,019,648</u>	<u>2,014,802</u>	<u>130,067</u>	<u>132,627</u>	<u>2,149,715</u>	<u>2,147,429</u>
<b>Liabilities:</b>						
Other liabilities	116,447	115,750	1,849	1,731	118,296	117,481
Long-term liabilities	880,445	888,819	39,400	37,632	919,845	926,451
Total liabilities	<u>996,892</u>	<u>1,004,569</u>	<u>41,249</u>	<u>39,363</u>	<u>1,038,141</u>	<u>1,043,932</u>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	562,279	557,748	43,336	44,875	605,615	602,623
Restricted	335,573	177,153	5,090	3,654	340,663	180,807
Unrestricted	124,904	275,332	40,392	44,735	165,296	320,067
Total net assets	<u>\$ 1,022,756</u>	<u>\$ 1,010,233</u>	<u>\$ 88,818</u>	<u>\$ 93,264</u>	<u>\$ 1,111,574</u>	<u>\$ 1,103,497</u>

The largest portion of the County's net assets, \$605,615, represents its investment in capital assets (e.g. land, land improvements, buildings, equipment, infrastructure, intangible assets, construction in progress), less any outstanding debt used to acquire those assets. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the County uses these capital assets to provide services to citizens.

The restricted net assets balance of \$340,663 represents resources that are subject to external restrictions on how they may be used. The remaining balance for unrestricted net assets, \$165,296, may be used to meet the County's ongoing obligation to citizens and creditors.

Current and other assets increased by \$3,484 from \$1,346,224 to \$1,349,708 or 0.3%. This increase over prior year was due primarily to an increase in the cash and restricted cash balance of approximately

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\$43,565, a decrease in receivables of approximately \$26,117, and a decrease in pension assets of approximately \$16,172.

Capital assets decreased by \$1,198 from \$801,205 to \$800,007, or 0.1% from the prior year. The decrease was primarily due to the decrease in non-depreciable assets, with a corresponding increase in depreciable assets. The corresponding depreciation to those previously non-depreciable assets (completed construction in progress) slightly reduced the net book value of the assets.

The County's long-term liabilities decreased by \$6,606, from \$926,451 to \$919,845 (or 0.7%), from the prior year. This was primarily due to decreases in the liabilities for bonds payable of \$7,312 and compensated absences of \$4,779, as well as an increase in capital lease obligations of \$784.

The following table indicates the changes in net assets for governmental and business-type activities:

Summary of Changes in Net Assets For the Years Ended June 30, 2012 and 2011						
	Governmental Activities		Business-type Activities		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 114,135	\$ 134,296	\$ 11,749	\$ 13,130	\$ 125,884	\$ 147,426
Operating grants and contributions	715,246	786,733	-	-	715,246	786,733
Capital grants and contributions	3,069	10,353	-	-	3,069	10,353
General Revenues						
Property taxes	196,145	203,317	622	623	196,767	203,940
Sales taxes	140,232	103,174	-	-	140,232	103,174
Motor vehicle in lieu taxes	35,491	36,063	-	-	35,491	36,063
Franchise taxes	4,849	4,735	-	-	4,849	4,735
Tobacco settlement proceeds	8,352	12,089	-	-	8,352	12,089
Investment earnings	5,945	5,450	1,257	1,507	7,202	6,957
Miscellaneous	4,708	5,888	1,733	1,798	6,441	7,686
Total revenues	<u>1,228,172</u>	<u>1,302,098</u>	<u>15,361</u>	<u>17,058</u>	<u>1,243,533</u>	<u>1,319,156</u>
<b>Expenses:</b>						
General government	51,348	41,685	-	-	51,348	41,685
Public protection	293,106	298,354	-	-	293,106	298,354
Public ways and facilities	48,529	54,711	-	-	48,529	54,711
Health, sanit. & public assist.	751,998	770,169	-	-	751,998	770,169
Education	24,897	26,013	-	-	24,897	26,013
Culture and recreation	2,331	2,419	-	-	2,331	2,419
Interest on long-term debt	44,232	44,243	-	-	44,232	44,243
County Service Areas, other	-	-	5,607	5,554	5,607	5,554
Landfill	-	-	14,024	14,068	14,024	14,068
Total expenses	<u>1,216,441</u>	<u>1,237,594</u>	<u>19,631</u>	<u>19,622</u>	<u>1,236,072</u>	<u>1,257,216</u>
Increase (decrease) in net						
assets before transfers	<u>11,731</u>	<u>64,504</u>	<u>(4,270)</u>	<u>(2,564)</u>	<u>7,461</u>	<u>61,940</u>
Transfers	271	32	(271)	(32)	-	-
Extraordinary item	(274)	-	-	-	(274)	-
Increase (decrease) in net assets	<u>11,728</u>	<u>64,536</u>	<u>(4,541)</u>	<u>(2,596)</u>	<u>7,187</u>	<u>61,940</u>
Net assets beginning of year	1,010,233	945,697	93,264	95,860	1,103,497	1,041,557
Prior period adjustment	795	-	95	0	890	-
Net assets end of year	<u>\$ 1,022,756</u>	<u>\$ 1,010,233</u>	<u>\$ 88,818</u>	<u>\$ 93,264</u>	<u>\$ 1,111,574</u>	<u>\$ 1,103,497</u>

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**Governmental activities.** Governmental activities increased the County's net assets by \$12,523. This accounts for the majority of the total increase in net assets of the County. This represents a \$52,013 decrease in net asset growth from fiscal year 2010-2011. This decrease in net asset growth occurred primarily as the result of a \$21,153 decline in net expenses accompanied by a \$73,926 decrease in revenues. Revenue related to charges for services decreased by \$20,161 due to reclassifying medical payments from charges for services to operating grants. Operating grant revenue decreased by \$71,487 primarily due to the elimination of particular federal programs, as well as decreases in funding for realigned programs. Property taxes decreased by \$7,172. This decrease in property taxes is due to a slight decrease in assessed values and a slightly increased property tax delinquency rate. Sales taxes increased by \$37,058 as the consumer confidence moved up.

Expenses for general government increased by \$9,663 due to a transfer of monies to the General Fund from trust funds. Expenses for health, sanitation and public assistance decreased by \$18,171 due to the elimination of particular federal programs and the reduction in other realigned programs. Public ways and facilities decreased by \$6,182 due to decreased expenditures for road building and repairing activities.

One point to keep in mind when analyzing the increases/decreases noted above, is the application of the accrual basis of accounting for the County's governmental activities. Governmental activities budget and subsequently issue fund financial statements that reflect their budget and accounting practices under the modified accrual basis of accounting. Under this approach, capital asset purchases and debt principal payments are expensed. Further, revenues are accrued if measurable and available within the County's availability period (established at 60 days for general revenue or 90 days for grant revenue). In contrast, the Statement of Activities (summarized here as "Summary of Changes in Net Assets") is reported under the full accrual basis of accounting, which capitalizes capital asset purchases, reduces liabilities by principal payments and recognizes revenues regardless of if they are available within the 60 to 90 day period. See the reconciliation on page 17 which further explains the difference between changes in the County's fund balance under the modified accrual basis and changes in net assets under the accrual basis of accounting.

**Business-type activities.** Business-type activities decreased the County's net assets by \$4,446. The decrease in net assets from business-type activities is attributable to an increase in post-closure care expense and professional services.

### **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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

**Governmental funds.** The general government functions are reported in the General, Special Revenue, Debt Service, and Capital Project Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2012, the County's governmental funds reported combined ending fund balances of \$426,347, an increase of \$47,406 in comparison with the prior fiscal year. Approximately 30.3% of this total amount, or \$129,275, constitutes fund balance that is available for appropriation in the upcoming year. The remainder of the fund balance totaling \$297,072 is restricted, including \$4,439 "not in

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spendable form" for items that are not expected to be converted into cash such as inventories and imprest cash balances that are long-term in nature and thus do not represent available spendable resources, and \$292,633 restricted for programs at various levels.

**General Fund.** The General Fund is the chief operating fund of the County. At June 30, 2012, unrestricted fund balance of the General Fund was \$99,918, while total fund balance was \$298,575. As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents 9.3% of total fund expenditures less transfers, while total fund balance represents 27.7% of that same amount.

The fund balance of the County's General Fund increased \$39,727 during the current fiscal year due to the buildup fund for Proposition 63, the Mental Health Services Act funds.

Revenues for the General Fund without transfers totaled \$978,151, which represents an 11.9% decrease from fiscal year 2011-2012. Tax revenue increased by \$15,921, while state and federal aid decreased by \$121,678. The State realigned certain public safety and health programs in 2011; this is referred to as 2011 realignment. The County has centralized the receipt and accounting of revenues related to the 2011 realignment in a special revenue fund. Further, as these funds are backed by sales tax and vehicle license fees, the funds received in fiscal year 2011-2012 are reported as taxes, rather than state aid. Furthermore, with the conclusion of American Recovery and Reinvestment Act of 2009 (ARRA) programs, the County recognized less federal aid in the 2011-2012 fiscal year. Use of money and property revenue increased by \$727 due to increases in cash balances available for investments. Other revenue decreased by \$15,109 due to certain one-time funds being received in the prior year that skewed the revenue figure.

Expenditures without transfers for the General Fund totaled \$1,079,447 in fiscal year 2011-2012, which represents a decrease of 2.1% from fiscal year 2010-2011. The primary cause for the decrease is an overall decrease in salaries paid to employees, along with a decrease in contract expenditures.

**Road Fund.** The Road Fund is used to finance operations to provide maintenance, rehabilitation, and reconstruction of County roads, bridges, and attendant facilities as authorized by California Streets and Highways Code and to provide for traffic safety. The Road Fund ended fiscal year 2011-12 with a \$32,805 fund balance, a decrease of \$4,101 or 10.3%. The fund balance decrease was primarily due to an increase in expenditures in the Road Fund with delayed reimbursements.

Revenues decreased by \$5,831 or 10.5% from fiscal year 2010-11. This decrease was primarily attributable to a \$2,502 decline in intergovernmental revenues and a \$3,742 decrease in charges for services.

Expenditures decreased by \$4,941 or 8.6% from fiscal year 2010-11. The decrease was attributable to a \$4,941 decrease in charges for salaries, benefits, services and supplies.

**2011 Realignment Fund.** The 2011 Realignment Fund was newly created in fiscal year 2011-2012. This fund was created pursuant to Assembly Bill 118, which realigned particular Public Safety and Health programs. This fund received \$88,516 in revenues and distributed \$76,934 to the General Fund, creating \$11,582 in restricted fund balance for fiscal year 2011-2012.

**Debt Service Fund.** The Debt Service Fund is a major governmental fund. Fund balance decreased \$776 from \$58,141 to \$57,365. The decrease is mostly due to an increase in interest and fiscal charges related to the debt.

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**Proprietary funds.** The County's proprietary funds provide the same type of information found in the government-wide financial statements, except in more detail.

Landfills have \$69,160 in net assets at June 30, 2012, and the CSA's have \$19,658. The Landfill's and CSA's unrestricted net assets are \$35,450 and \$4,942, or 51.3% and 25.1%, respectively, of their total net assets. Overall net assets decreased \$4,446 for the combined Landfill and CSA funds.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The total change between the original budget and the final amended budget was an increase of \$33,080. Some of the significant differences between the original budget and the final amended budget are briefly summarized as follows:

- Department of Behavioral Health received an increase in appropriations and revenue of \$1,750 to execute a Mental Health Services Act Capital Facilities and Technological Needs Component project proposal to develop space at the University Medical Center campus.
- Approval of the Community Corrections Partnership Plan for implementation of the Public Safety Realignment Act pursuant to Assembly Bills 109 and 117 resulted in increased appropriations for the Sheriff, Probation, District Attorney, and Public Health Departments in the amounts of \$4,540, \$2,594, \$134, and \$425, respectively.
- The Department of Behavioral Health, upon submission of its Fresno County Mental Health Services Act Innovation three-year plan, received increased appropriations to match the expected funding of the plan, which was \$3,865.
- The Department of Social Services' appropriations increased by \$2,500 upon the execution of a Master Agreement for the New Employment Opportunity Program with Employers.
- The Sheriff Department's appropriations increased by \$1,035 related to prior year unused appropriations and uncollected revenue. The Sheriff Department received the appropriations in prior years for the purpose of purchasing and up-fitting vehicles and equipment; these appropriations were released in the encumbrance process, which required the Sheriff Department to return to the Board for re-appropriation, which was approved.
- As a result of increased revenue projections within multiple State programs, the Department of Behavioral Health's appropriations were increased by \$3,281.

The Actual General Fund revenue balance of \$1,179,858 was \$85,894, or 6.8%, less than expected. The major budgeted revenue shortfalls occurred in intergovernmental revenues, which were \$127,799 below target due to payment deferrals and diminished State and Federal allocations.

Actual General Fund expenditures fell below the total budget estimates by \$124,126, or 9.7%. The savings were achieved by an array of continuous efforts to address the County's structural budget deficit.

- \$26,380 decrease in salaries and benefits primarily due to the elimination of vacation positions across all functions.
- \$59,412 decrease in services and supplies and \$29,348 decrease in other charges primarily due to a reduction in contract and miscellaneous expenditures and savings from prudent spending.

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets**

As of June 30, 2012, the County's investment in capital assets for its governmental and business-type activities was \$800,007. This investment in capital assets includes infrastructure, infrastructure in progress, land, right-of-way, buildings and improvements, equipment, intangible assets, intangible in progress, and construction in progress. The total decrease in the County's investment in capital assets for the current period was \$1,198.

Major capital asset projects during the current fiscal year included the following:

- Completion of the new Tranquility Library Branch.
- Completion of the new Coroner's facility.
- Construction within the new Juvenile Court facility.
- Construction of road projects.
- Various improvement projects.

For government-wide financial statement presentation, all depreciable capital assets except land, right-of-way, infrastructure in progress and construction in progress, were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures.

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

County of Fresno's Capital Assets  
(Net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>Assets:</b>						
Infrastructure	\$ 296,502	\$ 293,257	\$ -	\$ -	\$ 296,502	\$ 293,257
Infrastructure in progress	51,795	46,273	-	-	51,795	46,273
Land	16,673	16,673	7,257	7,264	23,930	23,937
Buildings and Improvements	351,090	348,264	26,718	30,521	377,808	378,785
Equipment	25,592	25,024	8,098	7,582	33,690	32,606
Construction in progress	2,909	12,671	6,137	3,708	9,046	16,379
Intangible assets	7,236	9,968	-	-	7,236	9,968
Intangible in progress	-	-	-	-	-	-
	<u>\$ 751,797</u>	<u>\$ 752,130</u>	<u>\$ 48,210</u>	<u>\$ 49,075</u>	<u>\$ 800,007</u>	<u>\$ 801,205</u>

For more detailed information on capital asset activity refer to the relevant disclosures (note 6) in the notes to the basic financial statements.

**County of Fresno**  
**Management's Discussion and Analysis**  
**June 30, 2012**  
(amounts expressed in thousands)

**Infrastructure Assets**

The County capitalizes and depreciates the value of bridges, streets and traffic lights using the straight-line depreciation method. Right-of-way is treated as a non-depreciable asset. During fiscal year 2011-12, the County added infrastructure totaling \$14,690. Accumulated depreciation for infrastructure increased by \$11,445.

**Long-term debt**

At June 30, 2012, the County had total long-term debt outstanding of \$919,845, compared to \$926,451 for the prior fiscal year. This amount was comprised of \$42,035 in compensated absences, \$4,601 in capital leases, \$71,584 in liability for self-insurance, \$758,095 in bonds payable, \$4,130 from an adverse judgment, and \$35,003 in closure and post-closure care, as well as \$4,397 in bonds payable from business activities. Please refer to Note 9 on page 42 for further information on the County's long-term debt.

**Economic Factors and Next Year's Budget and Rates**

- The national, state and local economies continue to have a sluggish recovery from the recession. Fresno County has been particularly hard hit with numerous factors contributing to the situation that include the precipitous drop in the value of area homes, the drop in new construction, high foreclosure rates due to adjusted loan rates, extremely high unemployment, sluggish consumer sales (although consumer sales trended upward in the current year), and overall uncertainty about the economic policies of government.
- Due to the County being heavily dependent on agriculture, it experiences chronically high unemployment, which places continual pressure on the County to provide adequate social and medical services. Additionally, certain types of crime are considered high and public protection is a high priority to citizens.
- Due to the economy, the County's general revenue, sometimes referred to as discretionary revenue has declined. Both property and sales tax revenues have dropped. At the same time, the portion of the County's budget that relies on this revenue continues to experience increased costs due to general inflation, medical insurance, workers' compensation, retirement increases and increases in service demands.
- Realignment funds support the County's public safety, social services, health and mental health programs. These are comprised of vehicle license fees and sales taxes. Realignment funds increased significantly pursuant to Assembly Bill 118, which realigned additional programs and reassigned responsibility of overseeing and providing core services to local governments. While Realignment funds increased significantly, specific program-related revenue fell sharply to compensate.

To the extent these factors were known, or could be estimated, they were considered in preparing the County's budget for fiscal year 2012-13. The County will make adjustments to its budget as necessary to deal with further expected State budget actions.

**County of Fresno**  
**Management's Discussion and Analysis**  
**June 30, 2012**  
(amounts expressed in thousands)

**Request for Information**

This financial report is designed to provide a general overview of the County'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 Office of the Auditor-Controller/Treasurer-Tax Collector, 2281 Tulare Street, Fresno, CA 93721.

Questions concerning any of the information provided in this report regarding the discretely presented component unit, Children and Families Commission, or requests for additional information should be addressed to the Executive Director, 550 E. Shaw, Suite 215, Fresno, CA 93710.



**County of Fresno**  
**Statement of Net Assets**  
**June 30, 2012**  
(amounts expressed in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Children and Families Commission
<b>ASSETS</b>				
Cash and investments	\$ 459,871	\$ 51,083	\$ 510,954	\$ 22,203
Restricted cash and investments	17,572	29,794	47,366	-
Receivables				
Accounts (net of allowances for uncollectibles)	109,327	1,974	111,301	37
Taxes	41,975	-	41,975	-
Interest	1,232	295	1,527	-
Loans	43,989	-	43,989	-
Internal balances	1,447	(1,447)	-	-
Due from other governmental units	9,901	-	9,901	2,285
Inventories of supplies	5,068	8	5,076	-
Deposits and other assets	319	-	319	4,252
Deferred bond issuance charges	8,290	150	8,440	-
Pension asset	568,860	-	568,860	-
Capital assets (net of accumulated depreciation):				
Land	16,673	7,257	23,930	617
Buildings and improvements	351,090	26,718	377,808	719
Equipment	25,592	8,098	33,690	-
Construction in progress	2,909	6,137	9,046	33
Infrastructure	296,502	-	296,502	-
Infrastructure in progress	51,795	-	51,795	-
Intangible	7,236	-	7,236	-
Total assets	<u>2,019,648</u>	<u>130,067</u>	<u>2,149,715</u>	<u>30,146</u>
<b>LIABILITIES</b>				
Accounts payable	46,911	820	47,731	3,075
Salaries and benefits payable	32,533	285	32,818	-
Interest payable	7,150	91	7,241	-
Due to other governmental units	16,740	474	17,214	-
Deposits and other liabilities	159	179	338	-
Unearned revenue	12,954	-	12,954	-
Noncurrent liabilities:				
Due within one year	74,042	243	74,285	-
Due beyond one year	806,403	39,157	845,560	70
Total liabilities	<u>996,892</u>	<u>41,249</u>	<u>1,038,141</u>	<u>3,145</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	562,279	43,336	605,615	1,369
Restricted for:				
General government	89,139	-	89,139	-
Public protection	11,754	-	11,754	-
Public ways and facilities	31,774	3,525	35,299	-
Health, sanitation and public assistance	125,192	-	125,192	-
Education	3,940	-	3,940	-
Capital projects	7,169	-	7,169	-
Debt service	66,605	1,565	68,170	-
Unrestricted	124,904	40,392	165,296	25,632
Total net assets	<u>\$ 1,022,756</u>	<u>\$ 88,818</u>	<u>\$ 1,111,574</u>	<u>\$ 27,001</u>

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

**County of Fresno**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2012**  
(amounts expressed in thousands)

Function/Program	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	Children and Family Commission
<b>Primary government:</b>								
Governmental activities								
General government	\$ 51,348	\$ 22,628	\$ 2,988	\$ -	\$ (25,732)	\$ -	\$ (25,732)	\$ -
Public protection	293,106	40,711	126,676	-	(125,719)	-	(125,719)	-
Public ways and facilities	48,529	12,822	24,986	3,069	(7,652)	-	(7,652)	-
Health, sanitation, and public assistance	751,998	33,090	559,779	-	(159,129)	-	(159,129)	-
Education	24,897	3,388	817	-	(20,692)	-	(20,692)	-
Culture and recreation	2,331	1,496	-	-	(835)	-	(835)	-
Interest and fiscal charges	44,232	-	-	-	(44,232)	-	(44,232)	-
Total governmental activities	<u>1,216,441</u>	<u>114,135</u>	<u>715,246</u>	<u>3,069</u>	<u>(383,991)</u>	<u>-</u>	<u>(383,991)</u>	
Business activities								
Water and sewer	5,607	2,695	-	-	-	(2,912)	(2,912)	-
Landfill	14,024	9,054	-	-	-	(4,970)	(4,970)	-
Total business-type activities	<u>19,631</u>	<u>11,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,882)</u>	<u>(7,882)</u>	
Total primary government	<u>\$ 1,236,072</u>	<u>\$ 125,884</u>	<u>\$ 715,246</u>	<u>\$ 3,069</u>	<u>(383,991)</u>	<u>(7,882)</u>	<u>(391,873)</u>	
<b>Component Unit:</b>								
Children and Families Commission	\$ 15,356	\$ -	\$ 12,054	\$ -	-	-	-	(3,302)
Total component units	<u>\$ 15,356</u>	<u>\$ -</u>	<u>\$ 12,054</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,302)</u>
General revenues:								
Property tax					196,145	622	196,767	-
Sales tax					140,232	-	140,232	-
Franchise tax					4,849	-	4,849	-
Unrestricted motor vehicle in-lieu taxes					35,491	-	35,491	-
Tobacco settlement proceeds					8,352	-	8,352	-
Other					4,708	1,711	6,419	244
Gain/(Loss) on sale of capital asset					-	22	22	-
Unrestricted investment earnings					5,945	1,257	7,202	610
Transfers in (out)					271	(271)	-	-
Total general revenues and transfers					<u>395,993</u>	<u>3,341</u>	<u>399,334</u>	<u>854</u>
Change in net assets before extraordinary item					12,002	(4,541)	7,461	(2,448)
Extraordinary item					(274)	-	(274)	16,660
Change in net assets					<u>11,728</u>	<u>(4,541)</u>	<u>7,187</u>	<u>14,212</u>
Net assets - beginning					1,010,233	93,264	1,103,497	12,789
Prior period adjustment					795	95	890	-
Net assets - ending					<u>\$ 1,022,756</u>	<u>\$ 88,818</u>	<u>\$ 1,111,574</u>	<u>\$ 27,001</u>

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

**County of Fresno**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**  
(amounts expressed in thousands)

	General Fund	Debt Service	Road Fund	2011 Realignment Fund	Other Governmental Funds	Total
<b>ASSETS</b>						
Cash and investments	\$ 258,399	\$ 40,145	\$ 36,955	\$ 7,996	\$ 24,884	\$ 368,379
Restricted cash and investments	-	17,094	-	-	-	17,094
Receivables:						
Accounts (net of allowance for uncollectible)	68,176	6,741	6,755	14,192	12,094	107,958
Taxes	39,596	-	-	-	2,379	41,975
Interest	582	125	126	-	85	918
Loans	43,989	-	-	-	-	43,989
Due from other funds	29,160	-	289	-	2,198	31,647
Due from other governmental units	6,590	-	2	-	147	6,739
Advances to other funds	1,135	-	-	-	-	1,135
Inventory of supplies	3,389	-	803	-	38	4,230
Total assets	<u>\$ 451,016</u>	<u>\$ 64,105</u>	<u>\$ 44,930</u>	<u>\$ 22,188</u>	<u>\$ 41,825</u>	<u>\$ 624,064</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accrued liabilities	\$ 28,892	\$ -	\$ 4,385	\$ -	\$ 1,106	\$ 34,383
Salaries and benefits payable	29,056	-	1,041	-	907	31,004
Due to other governmental units	11,882	-	4,538	152	-	16,572
Advances from other funds	979	-	-	-	-	979
Due to other funds	7,118	-	663	10,454	13,780	32,015
Deposits and other liabilities	30	-	-	-	-	30
Deferred revenue	74,484	6,740	1,498	-	12	82,734
Total liabilities	<u>152,441</u>	<u>6,740</u>	<u>12,125</u>	<u>10,606</u>	<u>15,805</u>	<u>197,717</u>
<b>Fund balances:</b>						
Nonspendable	3,585	-	803	-	51	4,439
Restricted	195,072	57,365	13,136	11,582	15,478	292,633
Assigned	33,896	-	18,866	-	10,491	63,253
Unassigned	66,022	-	-	-	-	66,022
Total fund balances	<u>298,575</u>	<u>57,365</u>	<u>32,805</u>	<u>11,582</u>	<u>26,020</u>	<u>426,347</u>
Total liabilities and fund balances	<u>\$ 451,016</u>	<u>\$ 64,105</u>	<u>\$ 44,930</u>	<u>\$ 22,188</u>	<u>\$ 41,825</u>	<u>\$ 624,064</u>

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

**County of Fresno**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Assets**  
**June 30, 2012**  
**(amounts expressed in thousands)**

Fund balances - total governmental funds	\$ 426,347
Amounts reported for governmental activities of the net assets are different because:	
Capital assets are not recorded in governmental fund types but recorded in government-wide statements to conform with generally accepted accounting principles	725,711
Bond issue costs are not financial resources and, therefore, are not reported in the governmental funds.	8,290
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. This amount is net of internal service fund activity.	(802,205)
Unmatured interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. This amount is net of internal service fund activity.	(7,150)
The pension assets resulting from contributions in excess of the annual required contributions are not financial resources and, therefore, not reported in the governmental funds.	568,860
Because the focus of governmental funds is not short-term financing, some assets will not be available to pay current period expenditures. Those assets are offset by deferred revenues in the governmental funds. This amount is net of internal service fund activity.	70,138
Internal service funds are used by management to charge the cost of fleet services, information systems, printing and mailing services, facility services, security, risk management and communications to individual funds. The assets and liabilities of the internal service funds are included in the statement of net assets.	32,765
Net assets of governmental activities	<u><u>\$ 1,022,756</u></u>

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

**County of Fresno**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(amounts expressed in thousands)**

	General Fund	Debt Service	Road Fund	2011 Realignment Fund	Other Governmental Funds	Total
<b>REVENUES:</b>						
Taxes	\$ 215,353	\$ -	\$ 8,681	88,516	\$ 22,213	\$ 334,763
Licenses and permits	8,146	-	454	-	-	8,600
Fines, forfeitures and penalties	8,439	-	-	-	1,138	9,577
Use of money and property	4,603	810	489	-	376	6,278
Aid from other governmental agencies:						
State	335,352	-	26,301	-	103,579	465,232
Federal	318,709	-	4,036	-	70	322,815
Other	711	-	-	-	-	711
Charges for current services	71,550	-	9,374	-	3,023	83,947
Other revenues	15,288	10,063	149	-	224	25,724
Total revenues	<u>978,151</u>	<u>10,873</u>	<u>49,484</u>	<u>88,516</u>	<u>130,623</u>	<u>1,257,647</u>
<b>EXPENDITURES:</b>						
General government	35,648	-	-	-	-	35,648
Public ways and facilities	1,757	47	52,554	-	1,333	55,691
Public protection	289,991	-	-	-	-	289,991
Health, sanitation, and public assistance	749,065	-	-	-	1,089	750,154
Education	644	-	-	-	23,254	23,898
Culture and recreation	2,342	-	-	-	-	2,342
Capital outlay	-	-	-	-	2,783	2,783
Debt service:						
Principal	-	24,080	-	-	-	24,080
Interest and fiscal charges	-	27,465	-	-	-	27,465
Total expenditures	<u>1,079,447</u>	<u>51,592</u>	<u>52,554</u>	<u>-</u>	<u>28,459</u>	<u>1,212,052</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(101,296)</u>	<u>(40,719)</u>	<u>(3,070)</u>	<u>88,516</u>	<u>102,164</u>	<u>45,595</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	226,813	42,010	-	-	47,789	316,612
Transfers out	<u>(85,790)</u>	<u>(2,067)</u>	<u>(1,031)</u>	<u>(76,934)</u>	<u>(148,698)</u>	<u>(314,520)</u>
Total other financing sources (uses)	<u>141,023</u>	<u>39,943</u>	<u>(1,031)</u>	<u>(76,934)</u>	<u>(100,909)</u>	<u>2,092</u>
Net change in fund balances before extraordinary items	<u>39,727</u>	<u>(776)</u>	<u>(4,101)</u>	<u>11,582</u>	<u>1,255</u>	<u>47,687</u>
Extraordinary items:						
Extraordinary gain	-	-	-	-	3	3
Redevelopment Agency dissolution transaction	-	-	-	-	(277)	(277)
Total extraordinary items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(274)</u>	<u>(274)</u>
Net change in fund balances	39,727	(776)	(4,101)	11,582	981	47,413
Fund balances - beginning	258,848	58,141	36,906	-	25,046	378,941
Prior period adjustment	-	-	-	-	(7)	(7)
Fund balances - ending	<u>\$ 298,575</u>	<u>\$ 57,365</u>	<u>\$ 32,805</u>	<u>\$ 11,582</u>	<u>\$ 26,020</u>	<u>\$ 426,347</u>

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

**County of Fresno**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2012**  
**(amounts expressed in thousands)**

Net change in fund balances - total governmental funds	\$	47,413
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Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities, the cost of these assets  
is allocated over their estimated useful lives and reported as  
depreciation expense.

Expenditures for general capital assets, infrastructure and other related capital asset adjustments	26,614	
Less - current year depreciation expense	(27,087)	(473)

Bond issuance costs and interest are expended in the governmental funds when paid, and  
are capitalized and amortized in the Statement of Net Assets. This is the amount  
by which the current year issuance costs and interest costs exceeded amortization  
expense and interest expense. (938)

The issuance of long-term debt provides current financial resources to  
governmental funds, while the repayment of the principal of long-term  
debt consumes the current financial resources of the governmental funds.  
Neither transaction, however, has any effect on net assets. This amount 24,080  
is net of internal service fund activity.

Some expenses reported in the Statement of Activities do not require  
the use of current financial resources and therefore are not reported  
as expenditures in the governmental funds. This amount is net of  
internal service fund activity. (32,470)

Certain revenues are deferred because they are not available within  
the County's 90 day availability period. However, they are recognized in the  
government-wide financial statements. Amounts at the beginning of the  
fiscal year are netted with those at the end of the fiscal year.  
This amount is net of internal service fund activity. (29,451)

Internal service funds are used by management to charge the cost of fleet  
services, information systems, printing and mailing services, facility services,  
security, risk management and communications to individual funds.  
The net expense of certain activities of the internal service funds  
is reported with governmental activities. 3,566

Change in net assets of governmental activities	\$	11,728
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The notes to the financial statements are an integral part of this statement.

**County of Fresno**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2012**  
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Enterprise	County Service Areas, Other	Total	Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 45,764	\$ 5,319	\$ 51,083	\$ 91,492
Restricted cash and cash equivalents	28,229	1,565	29,794	478
Accounts receivable (net of allowance)	1,589	385	1,974	900
Interest receivable	271	24	295	315
Due from other funds	206	302	508	6,165
Due from other governmental units	-	-	-	3,163
Inventory of supplies	8	-	8	838
Deferred bond issuance costs	-	150	150	-
Other assets	-	-	-	319
Total current assets	<u>76,067</u>	<u>7,745</u>	<u>83,812</u>	<u>103,670</u>
Noncurrent assets:				
Accounts receivable	-	-	-	469
Advances to other funds	-	-	-	979
Nondepreciable:				
Land	6,260	997	7,257	-
Construction in progress	3,955	2,182	6,137	-
Depreciable:				
Buildings and improvements	44,125	26,852	70,977	4,025
Equipment	16,583	5,213	21,796	72,037
Less accumulated depreciation	(40,980)	(16,977)	(57,957)	(50,568)
Intangible	-	-	-	20,265
Less accumulated depreciation	-	-	-	(19,673)
Total noncurrent assets	<u>29,943</u>	<u>18,267</u>	<u>48,210</u>	<u>27,534</u>
Total assets	<u>106,010</u>	<u>26,012</u>	<u>132,022</u>	<u>131,204</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	592	228	820	12,526
Salaries and benefits payable	182	103	285	1,537
Due to other funds	387	433	820	5,485
Due to other governmental units	474	-	474	168
Advances from other funds	-	1,135	1,135	-
Liability for self-insurance	-	-	-	71,584
Interest payable	-	91	91	-
Compensated leave and absences	93	-	93	930
Deferred revenue	-	-	-	354
Deposits and other liabilities	-	179	179	129
General obligation bonds payable	-	150	150	-
Capital lease obligations	-	-	-	1,677
Total current liabilities	<u>1,728</u>	<u>2,319</u>	<u>4,047</u>	<u>94,390</u>
Noncurrent liabilities				
Compensated leave and absences	119	125	244	1,245
General obligation bonds payable	-	3,910	3,910	-
Accrued closure/post-closure liability	35,003	-	35,003	-
Capital lease obligations	-	-	-	2,804
Total noncurrent liabilities	<u>35,122</u>	<u>4,035</u>	<u>39,157</u>	<u>4,049</u>
Total liabilities	<u>36,850</u>	<u>6,354</u>	<u>43,204</u>	<u>98,439</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	30,185	13,151	43,336	21,606
Restricted				
Post-closure care and other	3,525	-	3,525	-
Debt service	-	1,565	1,565	-
Unrestricted	35,450	4,942	40,392	11,159
Total net assets	<u>\$ 69,160</u>	<u>\$ 19,658</u>	<u>\$ 88,818</u>	<u>\$ 32,765</u>

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

**County of Fresno**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2012**  
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Enterprise	County Service Areas, Other	Total	Internal Service Funds
<b>Operating revenues:</b>				
Charges for services	\$ 8,932	\$ 2,695	\$ 11,627	\$ 165,731
Other operating revenues	121	1,660	1,781	962
Total operating revenues	9,053	4,355	13,408	166,693
<b>Operating expenses:</b>				
Salaries and benefits	3,395	1,422	4,817	27,001
Insurance	34	52	86	84,051
Professional services	425	233	658	5,631
Special departmental	1,939	293	2,232	9,934
General and administrative	613	632	1,245	8,452
Repairs and maintenance	1,243	1,219	2,462	4,585
Rents and leases	123	6	129	2,282
Parts and supplies	-	-	-	3,589
Accrued closure/post-closure	2,137	-	2,137	-
Utilities	82	708	790	10,769
Depreciation	4,030	759	4,789	5,957
Total operating expenses	14,021	5,324	19,345	162,251
<b>Operating income (loss)</b>	(4,968)	(969)	(5,937)	4,442
<b>Non-operating revenues (expenses):</b>				
Gain (loss) on sale of equipment	22	-	22	(331)
Interest income	1,151	105	1,256	1,276
Interest expense	-	(273)	(273)	-
Amortization bond issuance cost	-	(10)	(10)	-
Tax revenues	-	622	622	-
Closure/post-closure expense/fees	(16)	-	(16)	-
Grants and other revenues	46	20	66	-
Total non-operating revenues	1,203	464	1,667	945
Net income (loss) before transfers	(3,765)	(505)	(4,270)	5,387
<b>Transfers in (out):</b>				
Transfers in	-	-	-	1,007
Transfers out	(191)	(80)	(271)	(2,828)
Total transfers in (out)	(191)	(80)	(271)	(1,821)
<b>Change in net assets</b>	(3,956)	(585)	(4,541)	3,566
Net assets - beginning	73,116	20,148	93,264	29,199
Prior period adjustment	-	95	95	-
Net assets - ending	\$ 69,160	\$ 19,658	\$ 88,818	\$ 32,765

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



**County of Fresno**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(amounts expressed in thousands)**

Page 1 of 2

	Business-type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Enterprise	County Service Areas, Other	Total	Internal Service Funds
<b>Cash flows from operating activities:</b>				
Cash received from users	\$ 11,588	\$ 4,716	\$ 16,304	\$ 163,404
Cash paid to suppliers	(7,041)	(4,979)	(12,020)	(101,364)
Cash paid to employees	(3,425)	(1,410)	(4,835)	(27,144)
Cash paid for claims	-	-	-	(23,619)
Cash received from other operating revenues	-	1,431	1,431	-
Net cash provided by (used in) operating activities	1,122	(242)	880	11,277
<b>Cash flows from non-capital financing activities:</b>				
Tax revenues	-	632	632	-
Cash received from haulers and incorporated cities	324	2	326	-
Transfers out	(191)	(80)	(271)	(2,800)
Cash from/to closure/post-closure liability	(473)	-	(473)	-
Net cash provided by (used in) non-capital financing activities	(340)	554	214	(2,800)
<b>Cash flows from capital and related financing activities:</b>				
Proceeds (loss) from sale of equipment	22	-	22	(92)
Acquisition of capital assets	(3,789)	(71)	(3,860)	(5,676)
Principal paid on long-term liabilities	-	(140)	(140)	-
Interest paid on long-term liabilities	-	(276)	(276)	-
Proceeds from line of credit	-	64	64	-
Cash paid for construction	-	(6)	(6)	-
Contributed capital	-	5	5	-
Other expenses	-	78	78	-
Net cash (used in) capital and related Financing activities	(3,767)	(346)	(4,113)	(5,768)
<b>Cash flows from investing activities:</b>				
Interest on investments	1,149	103	1,252	1,264
Net cash provided by investing activities	1,149	103	1,252	1,264
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,836)	69	(1,767)	3,973
<b>Cash and cash equivalents - beginning</b>	75,829	6,815	82,644	87,997
<b>Cash and cash equivalents - ending</b>	<u>\$ 73,993</u>	<u>\$ 6,884</u>	<u>\$ 80,877</u>	<u>\$ 91,970</u>
<b>Reconciliation of cash and cash equivalents to the statement of net assets:</b>				
Cash and cash equivalents in cash and investments	\$ 45,764	\$ 5,319	\$ 51,083	\$ 91,492
Cash and cash equivalents in restricted cash and investments	28,229	1,565	29,794	478
Total	<u>\$ 73,993</u>	<u>\$ 6,884</u>	<u>\$ 80,877</u>	<u>\$ 91,970</u>

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

**County of Fresno**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(amounts expressed in thousands)**

Page 2 of 2

	Solid Waste Enterprise	County Service Areas, Other	Total	Governmental Activities Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
<b>Operating income (loss)</b>	\$ (4,968)	\$ (969)	\$ (5,937)	\$ 4,442
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b>				
Depreciation expense	4,030	759	4,789	5,957
Decrease (increase) in accounts receivable	(336)	(3)	(339)	(529)
Decrease (increase) in interest receivable	11	1	12	-
Decrease (increase) in due from other funds	(70)	(152)	(222)	(2,491)
Decrease (increase) in inventory	1	-	1	95
Decrease (increase) in deposits and other assets	-	(6)	(6)	(234)
(Decrease) increase in accounts payable	213	17	230	3,444
(Decrease) increase in salaries and benefits payable	(12)	12	-	(142)
(Decrease) increase in deferred revenue	-	-	-	(285)
(Decrease) increase in due to other funds	73	214	287	2,220
(Decrease) increase in due to developer deposits	-	(110)	(110)	-
(Decrease) increase in due to other government units	58	-	58	-
(Decrease) increase in closure/post-closure liability	2,137	-	2,137	-
(Decrease) increase in liability for self-insurance	(15)	(5)	(20)	(1,200)
Total adjustments	<u>6,090</u>	<u>727</u>	<u>6,817</u>	<u>6,835</u>
Net cash provided by (used in) operating activities	<u>\$ 1,122</u>	<u>\$ (242)</u>	<u>\$ 880</u>	<u>\$ 11,277</u>
Noncash investing, capital, and financing activities:				
Borrowing under capital lease				<u>\$ 2,101</u>

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

**County of Freno**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**  
**(amounts expressed in thousands)**

	Employees' Retirement Association	Investment Trust	Redevelopment Successor Agency Trust	Agency
<b>ASSETS</b>				
Cash and investments	\$ 337,907	\$ 1,185,502	\$ 264	\$ 209,426
Other investments				
Stocks	1,551,024	-	-	-
Bonds	888,810	-	-	-
Mortgages	30,177	-	-	-
Alternative assets	584,979	-	-	-
Taxes receivable	-	-	-	2,296
Accounts receivable	141,121	-	-	5,622
Due from other governmental units	-	-	-	40,862
Deposits and other assets	3,995	-	-	-
Property held by public administrator	-	-	-	6,494
Total assets	<u>3,538,013</u>	<u>1,185,502</u>	<u>264</u>	<u>\$ 264,700</u>
<b>LIABILITIES</b>				
Accounts payable	389,500	-	-	\$ 103,645
Due to other taxing units	-	-	-	79,850
Due to other governmental units	-	5,562	264	15,799
Deferred revenue	-	-	-	12
Fiduciary liabilities	-	-	-	65,394
Total liabilities	<u>389,500</u>	<u>5,562</u>	<u>264</u>	<u>\$ 264,700</u>
<b>NET ASSETS</b>				
Held in trust for pension benefits	3,148,513	-	-	
Held in trust for pool participants	-	1,179,940	-	
Total net assets	<u>\$ 3,148,513</u>	<u>\$ 1,179,940</u>	<u>\$ -</u>	

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

**County of Freno**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2012**  
(amounts expressed in thousands)

	Employees' Retirement Association	Investment Trust	Redevelopment Successor Agency Trust
<b>ADDITIONS:</b>			
Contributions:			
Employer	\$ 157,869	\$ -	\$ -
Member	32,627	-	-
Proceeds from tax increments	-	-	15
Contributions of pooled investments	-	9,452,119	-
Total contributions	<u>190,496</u>	<u>9,452,119</u>	<u>15</u>
Investment earnings			
Net appreciation (depreciation) in fair value of investments	(98,040)	-	-
Interest	26,807	31,592	1
Dividends	32,148	-	-
Private markets	42,441	-	-
Total investment earnings	<u>3,356</u>	<u>31,592</u>	<u>1</u>
From securities lending activities:			
Securities lending income	1,381	-	-
Borrower rebate expenses	(67)	-	-
Security lending management fees	(252)	-	-
Total earnings from securities lending activities	<u>1,062</u>	<u>-</u>	<u>-</u>
Miscellaneous income	157	-	-
Investment expense	(14,817)	-	-
Net investment earnings (expenses)	<u>(10,242)</u>	<u>31,592</u>	<u>1</u>
Total additions	<u>180,254</u>	<u>9,483,711</u>	<u>16</u>
<b>DEDUCTIONS:</b>			
Benefits and refunds paid to participants	195,321	-	-
Disbursements on behalf of participants	-	9,575,597	-
Administrative expense	3,597	-	29
Total deductions	<u>198,918</u>	<u>9,575,597</u>	<u>29</u>
Net change in net assets before extraordinary item	(18,664)	(91,886)	(13)
<b>EXTRAORDINARY ITEM:</b>			
Redevelopment Agency dissolution	<u>-</u>	<u>-</u>	<u>13</u>
Change in net assets	(18,664)	(91,886)	-
Net assets - beginning	3,167,177	1,271,826	-
Net assets - ending	<u>\$ 3,148,513</u>	<u>\$ 1,179,940</u>	<u>\$ -</u>

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

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**County of Fresno**  
**Notes to the Basic Financial Statements**  
**June 30, 2012**  
**(amounts expressed in thousands)**

**NOTE 1 - The Financial Reporting Entity**

The County of Fresno (County) is a political subdivision chartered by the State of California (State) and, as such, can exercise the powers specified by the Constitution and laws of the State. The County operates under its Charter and is governed by an elected five member Board of Supervisors (Board). The Board is responsible for the legislative and executive control of the County. The County provides various services on a countywide basis including law and justice, education, detention, social, health, road construction, road maintenance, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

The governmental reporting entity consists of the County (Primary Government) and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either 1) the County's ability to impose its will on the organization or 2) the potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The basic financial statements include both blended and discretely presented component units. The blended component units, although legally separate entities are, in substance, part of the County's operations and data from these units is combined with data of the primary government. The discretely presented component unit, however, is reported in a separate column in the government-wide financial statements because it provides services that extend beyond the County.

For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the County's Board. The financial statements of the individual component units may be obtained by making a request to the County of Fresno, Auditor-Controller/Treasurer-Tax Collector's Office, 2281 Tulare Street, Room 105, Fresno, California 93721.

**Blended Component Units:** The following organizations are included in the County's financial statements as blended components.

Fresno County Employees' Retirement Association (FCERA) is reported as a Pension Trust Fund in the financial statements because it is an integral part of the County. A separate financial report can be reviewed at the Auditor-Controller/Treasurer-Tax Collector's office.

County Service Areas, Other (CSA's) which include County Service Areas, Lighting and Maintenance Districts and Waterworks Districts, are blended as Special Revenue funds and Enterprise funds because they are an integral part of the County and their governing bodies are comprised of the Board.

The Fresno County Redevelopment Agency is reported as a Special Revenue fund in the financial statements because the Board is also the Board of the Redevelopment Agency. The Agency was dissolved as of February 1, 2012, pursuant to Assembly Bill X1 26. Remaining proceeds are presented within the Redevelopment Successor Agency Private Purpose Trust Fund.

The Fresno County Financing Authority (FCFA) was formed to finance the construction, installation and equipping of the County facilities. The bonds issued by the FCFA are recorded in

**County of Fresno**  
**Notes to the Basic Financial Statements**  
**June 30, 2012**  
**(amounts expressed in thousands)**

the County financial statements. The FCFA and the County have a financial and operational relationship, which requires that the FCFA's financial statements be blended into the County's financial statements. The FCFA's policies are determined by a five-member board appointed by the Board.

The Fresno County Tobacco Funding Corporation is reported as a Debt Service fund in the financial statements because it is an integral part of the County. The Fresno County Tobacco Funding Corporation Board consists of members of the Board or members appointed by the Board. A separate financial report can be reviewed at the Auditor-Controller/Treasurer-Tax Collector's office.

**Discretely Presented Component Unit:** The Children and Families Commission (Commision) is governed by a nine-member board whose members are appointed by the Board which can also remove members at will. The Commission was created under the California Children and Families First Act of 1998. Revenue is derived from a state surtax on cigarettes and tobacco products. The revenue is used to create and implement a comprehensive and integrated system of information and services to promote, support, and optimize early childhood development. The Commission is a discretely presented component unit because the Commission's governing body is not substantially the same as that of the County and the Commission doesn't provide services entirely to the County. A separate financial report can be reviewed at the Children and Families Commission office located at 550 E. Shaw Avenue, Suite 215, Fresno, CA 93710.

**NOTE 2 - Summary of Significant Accounting Policies**

**(A) Basis of Presentation**

*Government-wide Financial Statements*

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County and between the County and its discretely presented component unit. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues. When both restricted and unrestricted net assets are available for use, restricted resources are used prior to depleting unrestricted resources.

**County of Fresno**  
**Notes to the Basic Financial Statements**  
**June 30, 2012**  
**(amounts expressed in thousands)**

*Fund Financial Statements*

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category: *governmental, proprietary, and fiduciary*, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds. These funds are each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and combined in one column for reporting as non-major funds in the fund financial statements.

Proprietary funds distinguish *operating* revenues, such as charges for services, which result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Non-operating* revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports four major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out the basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes the following services: public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation.
- The *Debt Service Fund* accounts for all activities involving the issuance and payment of debt. This includes receipt of bond issuance proceeds, the distribution of those proceeds, along with the payment of principal and interest to extinguish the debt.
- The *Road Fund* provides for planning, design, construction, maintenance and administration of County transportation planning activities. Revenues consist primarily of the County's share of State Highway Use Taxes, Federal Grants, and Vehicle Code Fines and Fees.
- The *2011 Realignment Fund* is utilized to account for funds provided by the State pursuant to Assembly Bill 118, which required counties to use moneys within the County Local Revenue Fund 2011 exclusively for specific Public Safety Services related to appropriate rehabilitative, housing, and supervision services to youthful offenders.

The County reports both of its enterprise activities as major proprietary funds:

- The *Solid Waste Enterprise Fund* is used to account for the County's operation of one transfer station, three disposal sites located in various areas of the County, one planning joint powers agreement, and one administrative fund.
- The *County Service Areas, Other Fund* is used to account for special districts, governed by the Board, which include County Service Areas and Waterworks districts and one administrative fund. They were established to provide water and sewer services within specific areas of the County. This category also includes the Crocker Building which is a property management fund.



**County of Fresno**  
**Notes to the Basic Financial Statements**  
**June 30, 2012**  
**(amounts expressed in thousands)**

The County reports the following additional fund types:

*Internal Service Funds* account for the financing of goods or services provided by one County department to another County department on a cost reimbursement basis. Internal service funds account for the activities of fleet maintenance, centralized printing and mailing, centralized telecommunications, information services, the County's financial software, and centralized facility services and security. In addition, the County's Risk Management Fund accounts for the County's self-insurance programs - worker's compensation, long-term disability, employee benefits, and personal injury and property damage, on a cost-reimbursement basis.

*Fiduciary Funds* are utilized to account for funds held by the County for other entities. The **Pension Trust Fund** accumulates contributions from the County, its employees and other participating employers, and earnings from the fund's investments. Disbursements are made from the fund for retirement, disability and death benefits (based on a defined benefit formula), and administrative expenses. This fund includes all assets of the FCERA. The Pension Trust Fund uses the economic resources measurement focus and the accrual basis of accounting. The **Investment Trust Fund** accounts for the investments of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, and regional boards and authorities. The Investment Trust Fund also accounts for tax collections passed through to cities. This fund reports the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand. This fund uses the economic resources measurement focus and the accrual basis of accounting. The **Redevelopment Successor Agency Trust Fund** accumulates and distributes the proceeds that remained within the Fresno County Redevelopment Agency upon the dissolution of California redevelopment agencies, as set forth by State Assembly Bill X1 26. The **Agency Funds** account for assets held by the County as an agent for various local governments. These funds do not have a measurement focus and use the accrual basis of accounting.

**(B) Basis of Accounting**

The government-wide, proprietary, investment trust, and pension trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. Other agency funds do not use a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations. Using the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property taxes are accrued when their receipt is within sixty days after the end of the accounting period, so as to be both measurable and available. Sales taxes, interest, certain state and federal grants, and charges for services are accrued when their receipt occurs within ninety days after the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital

**County of Fresno**  
**Notes to the Basic Financial Statements**  
**June 30, 2012**  
**(amounts expressed in thousands)**

assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

For its business-type activities and enterprise funds, the County has elected, under Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes accounting principles generally accepted in the United States of America (GAAP) for governmental units.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and the various other funds of the government.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating*. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**(C) Budgeting**

In accordance with the provisions of Sections 29000 through 29144 and Section 30200 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget on or before October 2 for each fiscal year. Until the adoption of this final balanced budget, the appropriations are based on the budget of the preceding year as allowed per Government Code 29124. The final adopted budget (County Budget) is available for review in the Auditor-Controller/Treasurer-Tax Collector's office.

A balanced operating budget is adopted each fiscal year for the General and Special Revenue funds and the Debt Service Fund on the modified accrual basis of accounting with some exceptions. The Tobacco Tax Funding Corporation is an exception, because it has no adopted budget. A budget is not adopted for the Capital Projects Fund. Public hearings are conducted on the proposed budget to review all appropriations and the source of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

Budgetary control is exercised at the department level in both the General and Special Revenue funds. Some Special Revenue funds benefit multiple departments, while most operate under a single department. The legal level of control is at the object level except for fixed assets, which are controlled at the sub-object level. All amendments, expenditures that exceed appropriations and transfers of appropriations

**County of Fresno**  
**Notes to the Basic Financial Statements**  
**June 30, 2012**  
**(amounts expressed in thousands)**

between levels within the same department or between departments within any fund are authorized by the County Administrative Office and must be approved by the Board. The Board must also approve supplemental appropriations financed by unanticipated revenues.

The General Fund, Road Fund, and 2011 Realignment Fund Budgetary Comparison Schedules are part of Required Supplementary Information on pages 66-69. Special Revenue budget schedules are shown on pages 83 through 89. Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in the General, Special Revenue, and Capital Project funds. Encumbrance accounting is utilized to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Unencumbered appropriations lapse at year-end and encumbrances outstanding at that time are reported as reservations of fund balance for subsequent year expenditures.

**(D) Investments**

Statutes authorize the County to invest its surplus cash (excluding cash belonging to the FCERA) in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds rated P-1 by Standard & Poor's Corporation or A-1 by Moody's Investor Service, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund. Gains and losses are recognized based upon the specific identification method. All pooled investments are reported at book value based upon the passive management and short duration of the portfolio that minimizes material changes in market value. The current year's book value, as reported, closely approximates fair value. FCERA investments are made subject to guidelines of the investment plan approved by the Retirement Board (see note 10). FCERA investments are reported at fair value. The fair values of equity and fixed income securities are derived from quoted market prices. The fair values of private market investments are estimated from fair values provided by the real estate investment funds, futures investment managers, and alternative investment managers.

**(E) Inventories and Prepaid Items**

Inventories are valued at cost, which is determined on a first-in, first-out basis. Inventories in the General and Special Revenue funds consist of expendable supplies held for consumption. Inventories are charged to operations as consumed in both the government-wide and fund financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**(F) Capital Assets**

Capital assets, including infrastructure, are recorded at historical cost, or at estimated historical cost, if the actual cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. The County defines capital assets as assets with an initial, individual, cost of more than \$5 for equipment, \$100 for buildings, infrastructure and intangible assets. Capital assets also have an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (applicable to assets procured under capital leases) using the straight-line method over the lesser of the asset's estimated life (or capital lease period) in the government-wide financial statements and proprietary fund financial statements. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are

**County of Fresno**  
**Notes to the Basic Financial Statements**  
**June 30, 2012**  
**(amounts expressed in thousands)**

removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Depreciation on capital assets is taken over the following estimated lives:

<u>Type of Asset</u>	<u>Estimated Useful Life in years</u>
Land	0
Buildings and improvements	20-50
Equipment	3-15
Infrastructure	40
Intangible	5-15

**(G) Unbilled Service Receivables**

The County does not record unbilled service receivables from the enterprise funds because they are insignificant.

**(H) Liability for Earned Compensated Absences**

The County reports a liability for compensated absences attributable to services already rendered as of the statements of net assets date. This liability is based on the probability that the County will eventually compensate employees for these benefits through paid time off, or some other means, such as annual leave cash-outs or cash payments at termination or retirement. The liability is calculated based on pay or salary rates in effect at the balance sheet date and includes amounts for salary-related payments, such as Social Security and Medicare taxes. The County has included the liability within the government-wide financial statements and the proprietary fund financial statements.

**(I) Bond Issuance Costs and Discounts**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund statement of net assets. Bond discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond discount or premium. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, government fund types recognize bond discounts, as well as bond issuance costs, during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

**(J) Special Assessments**

The total amount of special assessments for special districts paid at June 30, 2012 was \$40,785. Special assessments include both debt collection activity and fees for services provided by the special district. The County is not liable for this; rather, it acts solely as an agent for the special district, which is liable for the debt or providing the services. Accordingly, this liability is not reflected in these financial statements. The assessments are added to the tax bill in accordance with proposition 218.

**County of Fresno**  
**Notes to the Basic Financial Statements**  
**June 30, 2012**  
**(amounts expressed in thousands)**

**(K) Cash and Cash Equivalents**

Cash and cash equivalents as reported in the Statement of Cash Flows consist of cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and have an original maturity of three months or less.

**(L) Restricted Cash and Investments**

The County reports restricted cash and investments in the Debt Service Fund and the enterprise funds. Amounts reported in the Debt Service Fund and CSA, Other enterprise fund are restricted for debt service payments. The amount reported in the Solid Waste enterprise fund is money set aside based on estimate to cover closure costs and 30 years of post-closure maintenance costs to provide financial assurance once the landfills is closed.

**(M) Use of Estimates**

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

**(N) Prepaid Pension Asset**

A prepaid pension asset is created when an employer pays into a retirement plan amounts in excess of its annual required contribution (ARC). The ARC is an actuarially calculated amount that is sufficient to fund future costs and extinguish any existing unfunded actuarial accrued liability (UAAL).

On March 19, 1998, the County made a payment of \$183,632 to FCERA from the proceeds of the issuance of pension obligation bonds to reduce the County's UAAL as calculated at that time. On March 23, 2004 the County made another payment of \$398,010 to FCERA from the proceeds of an additional issuance of pension obligation bonds to reduce the County's UAAL as recalculated, due primarily to the effect of the enhanced pension graded in 2002.

**(O) Recently Issued Accounting Pronouncements**

During the year ended June 30, 2012, the County implemented the following GASB Statements:

In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. This Statement sets forth criteria to establish when the effective hedging relationship continues and when hedge accounting should continue to be applied. The requirements of this Statement enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2012.

The County is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

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In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements ("SCAs"), which are a type of public-private or public-public partnership. This Statement requires disclosures about an SCA including a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and guarantees and commitments. Application of this Statement is effective for the County's fiscal year ending June 30, 2013.

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No.34*. The Statement's objective is to modify certain requirements related to the inclusion of component units in the financial reporting entity. Organizations that were previously included as component units strictly on the basis of the fiscal dependency criterion would need to further present a financial benefit or burden relationship with the primary government to be considered a component unit. The Statement provides additional criteria related to blended component units as well, adding the primary government and component unit financial benefit or burden relationship as well as the criterion of management of the primary government having operational responsibility for the activities of the component unit. Application of this Statement is effective for the County's fiscal year ending June 30, 2013.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate 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:

1. Financial Accounting Standards Board ("FASB") Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' ("AICPA") Committee on Accounting Procedure

Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements." This Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. Application of this Statement is effective for the County's fiscal year ending June 30, 2013.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement also amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2013.

In addition, GASB issued the following statements during the year:

Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. The provisions of GASB Statement No. 65 are effective for financial statements beginning after December 15, 2012, or for County financial statements for the fiscal year ended June 30, 2014.

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Statement No. 66 – *Items Technical Corrections -2012 - an Amendment of GASB Statements No. 10 and 62*. The provisions of GASB Statement No. 66 are effective for financial statements beginning after December 15, 2012, or for County financial statements for the fiscal year ended June 30, 2014.

Statement No. 67 – *Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25*. The provisions of GASB Statement No. 67 are effective for financial statements beginning after June 15, 2013, or for County financial statements for the fiscal year ended June 30, 2014.

Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The provisions of GASB Statement No. 68 are effective for financial statements beginning after June 15, 2014 or for County financial statements for the fiscal year ended June 30, 2015.

**NOTE 3 - Property Taxes**

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the school and special districts within the County. The Board levies property taxes as of September 1, on property values certified on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and delinquent with penalties after December 10, and the second is generally due on February 1 and delinquent with penalties after April 10. Secured property taxes become a lien on the property on January 1. Property taxes on the unsecured roll are due upon receipt of the tax bill and become delinquent if unpaid on August 31. Property taxes are accounted for in the Property Tax Collection fund, an Agency fund, until apportionment and disbursement to taxing jurisdictions.

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the State Government Codes and Revenue and Taxation Codes. Pursuant to Article XIII A (known as Proposition 13) of the State of California Constitution, the County is permitted to levy a maximum tax of 1 percent of full cash value. For fiscal year 2011-12, the County recorded \$196,767 in property taxes that were used to finance general governmental services.

*Teeter Plan* - The County elected the alternative property tax treatment (Teeter Plan) effective July 1, 1993, whereby the County, through the Property Tax Collection fund, purchases the current secured unpaid taxes remaining at year-end from participating agencies. In return, the Property Tax Collection fund records tax receivable and receives the delinquent penalties and redemption interest accruing to delinquent collections related to participating agencies. The participating agencies, including the County, special districts and school districts, in turn, receive their full tax distribution with no liability for uncollected taxes to the Property Tax Collection fund. Therefore, for participating agencies, revenue is measurable and available and is recorded in the period the payment of current secured unpaid taxes is received. Funding for the buyout has been incorporated into the County's Tax and Revenue Anticipation Notes.

**NOTE 4 - Receivables**

Taxes and accounts receivable balances for the General, Debt Service, Road Fund, and non-major governmental funds, Internal Service, and Proprietary funds are stated net of allowances for uncollectible accounts.

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The following is a schedule of receivables and allowances for uncollectible accounts applicable to each fund at June 30, 2012.

	<b>General Fund</b>	<b>Non-major Funds/ Debt Service/Road Fund/2011 Realignment</b>	<b>Internal Service Funds</b>	<b>Total Governmental Activities</b>
<b>Receivables - Governmental activities</b>				
Taxes	\$ 39,596	\$ 2,379	\$ -	\$ 41,975
Accounts	68,225	39,782	1,437	109,444
Interest	582	336	315	1,233
Loans	44,884	-	-	44,884
Gross receivables	153,287	42,497	1,752	197,536
Less: allowance for uncollectibles	(944)	-	(68)	(1,012)
Total	<u>\$ 152,343</u>	<u>\$ 42,497</u>	<u>\$ 1,684</u>	<u>\$ 196,524</u>

	<b>Solid Waste Enterprise</b>	<b>County Service Areas, Other</b>	<b>Total Business- Type Activities</b>
<b>Receivables - Business-type activities</b>			
Accounts	\$ 1,589	\$ 385	\$ 1,974
Interest	271	24	295
Gross receivables	1,860	409	2,269
Less: allowance for uncollectibles	-	-	-
Total	<u>\$ 1,860</u>	<u>\$ 409</u>	<u>\$ 2,269</u>

**Loans Receivable**

The County engages in programs designed to encourage construction or improvement of housing for persons with low to moderate incomes. Under these programs, loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with County terms. Since the County does not expect to collect these loans in the near term, they have been offset by restricted fund balance in the fund financial statements.

**NOTE 5 - Interfund Transactions and Balances**

Loans reported as receivables and payables are referred to as either “due to/from other funds” (the current portion of interfund loans) or “advances to/from other funds” (the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the



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reimbursed fund. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statement presentation.

The composition of interfund balances as of June 30, 2012 was as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 29,160	\$ 7,118
Road Fund	289	663
2011 Realignment Fund	-	10,454
Non-major governmental funds	2,198	13,780
Enterprise Funds	508	820
Internal Service Funds	6,165	5,485
	<u>\$ 38,320</u>	<u>\$ 38,320</u>

The following schedule briefly summarizes the County's transfer activity for the fiscal year ended June 30, 2012:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 226,813	\$ 85,790
Debt Service	42,010	2,067
Road Fund	-	1,031
2011 Realignment Fund	-	76,934
Non-major governmental funds	47,789	148,698
Enterprise Funds	-	271
Internal Service Funds	1,007	2,828
	<u>\$ 317,619</u>	<u>\$ 317,619</u>

Transfers are comprised principally of transfers between the General and Special Revenue funds and are related to State/Local Program Realignment (AB 1288), Vehicle License Fees, and to debt service transfers to pay principal and interest payments on pension obligation bonds.

The following schedule briefly summarizes the County's advances between funds for the fiscal year ended June 30, 2012:

	<u>Advances From Other Funds</u>	<u>Advances To Other Funds</u>
General fund	\$ 979	\$ 1,135
Internal Service Funds	-	979
Enterprise funds	1,135	-
	<u>\$ 2,114</u>	<u>\$ 2,114</u>

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**NOTE 6 - Capital Assets**

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Balance June 30, 2012</u>
<b>Government activities</b>					
Capital assets, not being depreciated					
Land	\$ 16,673	\$ -	\$ -	\$ -	\$ 16,673
Construction in progress	12,671	4,876	(14,638)	-	2,909
Infrastructure in progress	46,273	18,344	(12,822)	-	51,795
Total capital assets, not being depreciated	<u>75,617</u>	<u>23,220</u>	<u>(27,460)</u>	<u>-</u>	<u>71,377</u>
Capital assets, being depreciated					
Buildings and improvements	494,747	14,637	(2,736)	-	506,648
Equipment	109,073	7,515	(5,789)	1,261	112,060
Infrastructure	510,407	14,690	-	-	525,097
Intangible	44,099	-	-	-	44,099
Total capital assets, being depreciated	<u>1,158,326</u>	<u>36,842</u>	<u>(8,525)</u>	<u>1,261</u>	<u>1,187,904</u>
Less accumulated depreciation for:					
Buildings and improvements	(146,484)	(11,595)	2,521	-	(155,558)
Equipment	(84,048)	(7,272)	5,313	(461)	(86,468)
Infrastructure	(217,150)	(11,445)	-	-	(228,595)
Intangible	(34,131)	(2,732)	-	-	(36,863)
Total accumulated depreciation	<u>(481,813)</u>	<u>(33,044)</u>	<u>7,834</u>	<u>(461)</u>	<u>(507,484)</u>
Total capital assets, being depreciated, net	<u>676,513</u>	<u>3,798</u>	<u>(691)</u>	<u>800</u>	<u>680,420</u>
Government activities capital assets, net	<u>\$ 752,130</u>	<u>\$ 27,018</u>	<u>\$ (28,151)</u>	<u>\$ 800</u>	<u>\$ 751,797</u>
<b>Business-type activities</b>					
Capital assets, not being depreciated					
Land	\$ 7,264	\$ -	\$ (7)	\$ -	\$ 7,257
Construction in progress	3,708	2,429	-	-	6,137
Total capital assets, not being depreciated	<u>10,972</u>	<u>2,429</u>	<u>(7)</u>	<u>-</u>	<u>13,394</u>
Capital assets, being depreciated					
Buildings and improvements	70,977	-	-	-	70,977
Equipment	20,320	1,476	-	-	21,796
Total capital assets, being depreciated	<u>91,297</u>	<u>1,476</u>	<u>-</u>	<u>-</u>	<u>92,773</u>
Less accumulated depreciation for:					
Buildings and improvements	(40,456)	(3,803)	-	-	(44,259)
Equipment	(12,738)	(986)	-	26	(13,698)
Total accumulated depreciation	<u>(53,194)</u>	<u>(4,789)</u>	<u>-</u>	<u>26</u>	<u>(57,957)</u>
Total capital assets being depreciated, net	<u>38,103</u>	<u>(3,313)</u>	<u>-</u>	<u>26</u>	<u>34,816</u>
Business-type activities capital assets, net	<u>\$ 49,075</u>	<u>\$ (884)</u>	<u>\$ (7)</u>	<u>\$ 26</u>	<u>\$ 48,210</u>

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**Depreciation**

Depreciation expense was charged to governmental functions as follows:

General government	\$ 10,468
Public protection	1,809
Public ways and facilities	11,539
Health, sanitation, and public assistance	2,266
Education	1,005
Depreciation on capital assets held by the County's internal service fund is charged to the various functions based on their usage of the assets	<u>5,957</u>
Total depreciation expense - governmental functions	<u><u>\$ 33,044</u></u>

Depreciation expense was charged to business-type functions as follows:

Solid waste enterprise	\$ 4,030
County service areas, other	<u>759</u>
Total depreciation expense - business-type functions	<u><u>\$ 4,789</u></u>

**NOTE 7 - Short-Term Borrowing**

Each fiscal year the County issues Tax and Revenue Anticipation Notes (TRANs) to provide financing of seasonal cash flow requirements for the General Fund's current year expenditures and to discharge its obligations and indebtedness during this period. The principal of the notes and the interest thereon are paid from pledged property taxes and revenues the County expects to receive during the fiscal year.

Short-term debt activity for the year ended June 30, 2012 was as follows:

	<b>Beginning Balance <u>July 1, 2011</u></b>	<b><u>Draws</u></b>	<b><u>Repayment</u></b>	<b>Ending Balance <u>June 30, 2012</u></b>
TRANS	<u>\$ -</u>	<u>\$ 78,000</u>	<u>\$ (78,000)</u>	<u>\$ -</u>

**NOTE 8 - Leases**

**Operating Leases**

The County conducts some of its operations from leased facilities. The total rental expense for the year ended June 30, 2012, for operating leases was \$7,915.

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The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2012:

Fiscal year ended June 30	Governmental Activities
2013	\$ 7,237
2014	6,320
2015	4,926
2016	4,294
2017	3,600
2018-2022	11,956
2023-2027	5,752
Totals	<u>\$ 44,085</u>

**Capital Leases**

The County has entered into certain capital lease agreements under which the related equipment will become the property of the County when all terms of the lease agreements are met. The County has also entered into similar capital lease agreements for buildings. In addition, the County has entered into certain equipment and building lease agreements under which the assets, while not becoming property of the County when all terms of the agreement are met, still qualify as capital leases.

The following is a schedule of future minimum lease payments under capital leases together with the present value of future minimum lease payments as of June 30, 2012:

Governmental activities	Total Payments	Imputed Interest	Net Present Value of Minimum Lease Payments
Fiscal year ended June 30			
2013	\$ 1,901	\$ 195	\$ 1,706
2014	1,536	112	1,424
2015	889	55	834
2016	477	21	456
2017	185	4	181
Totals	<u>\$ 4,988</u>	<u>\$ 387</u>	<u>\$ 4,601</u>

The following is a schedule of property under capital leases segregated by major class at June 30, 2012:

	Governmental Activities
Equipment	19,486
Accumulated depreciation	(14,885)
Net	<u>\$ 4,601</u>

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**NOTE 9 - Long-Term Debt**

Long-term obligations of the County consist of bonds, capital lease obligations, post-closure care costs of landfills, earned compensated absences, adverse judgments and a liability for self-insurance.

The following is a schedule of long-term liabilities for governmental activities for the year ended June 30, 2012:

	<b>Balance</b>			<b>Balance</b>	<b>Amounts</b>
	<b>June 30, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2012</b>	<b>due within</b>
					<b>one year</b>
Earned compensated absences	\$ 46,814	\$ 34,133	\$ 38,912	\$ 42,035	18,770
Capital lease obligations (Note 8)	3,817	2,734	1,950	4,601	1,706
Liability for self-insurance (Note 11)	72,781	25,430	26,627	71,584	27,506
Adverse Judgment	-	4,130	-	4,130	-
Bonds payable	765,407	16,631	23,943	758,095	26,060
General long-term debt payable	<u>\$ 888,819</u>	<u>\$ 83,058</u>	<u>\$ 91,432</u>	<u>\$ 880,445</u>	<u>\$ 74,042</u>

Compensated absences typically have been liquidated in the General, Other Governmental, Proprietary, and Internal Service Funds.

**Pension Obligation Bonds**

In March 2002, the County issued \$117,055 in Taxable Pension Obligation Bonds, Refunding Series 2002 to advance refund a portion of the County's Taxable Pension Obligation Bonds, Series 1998. The 1998 Series bonds were originally issued in March 1998 in the amount of \$184,910. The proceeds of the refunding issue were used to purchase U.S. Government Securities and to provide cash, which was placed into an irrevocable escrow account with a trustee bank. The purpose of the escrow account is to provide resources to service a portion of the 1998 Series when the respective bonds come due between August 2002 and August 2008. As a result, the refunded bonds are considered defeased and the liability is not reported in the government activities column of the statement of net assets. This advance refunding was undertaken to reduce the debt service requirements for the next six fiscal years by extending the overall payments by eleven years and resulted in a net present value loss of \$7,704.

The portion of the County's taxable Pension Obligation Bonds, Series 1998 that were not refunded have various maturity dates between 2002 and 2008. The interest rates range from 6.01% to 6.26%. The County's taxable Pension Obligation Bonds, Refunding Series 2002 include both serial and term bonds. The serial bonds have various maturity dates between 2009 and 2014 with interest rates ranging between 6.06% and 6.45%. The term bonds mature in 2018 with an interest rate of 6.67% and a mandatory sinking fund redemption commencing in 2015. The 1998 Pension obligation bonds that were refunded in 2002 have matured.

In March 2004 the County issued Series 2004 A and B Pension Obligation Bonds for \$327,898 and \$75,000, respectively. These were issued to fund a portion of the County's unfunded accrued actuarial liability in the retirement system. The Series 2004 A Pension Obligation Bonds include current interest bonds, term bonds, and capital appreciation bonds. The Series 2004 B bonds were issued as auction rate bonds. The debt matures between 2005 and 2033. In September 2006, the Series 2004 B Pension Obligation Bonds were converted from auction rate to fixed rate securities.

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The Debt Service fund is utilized to pay for pension obligation bonds. Payments for pension obligation bonds for the current year are shown as transfers out in the General, Special Revenue, Enterprise and Internal Service Funds and as transfers-in in the Debt Service Fund.

**Lease Revenue Bonds**

In February 2004 the Fresno County Financing Authority (FCFA), which was established to provide for the acquisition, disposition and/or financing of capital improvements and/or working capital for the County, issued \$26,000 in lease revenue bonds for the Juvenile Justice Campus. The debt matures between 2006 and 2024.

The FCFA issued \$14,375 of lease revenue bonds October 1, 2004 to fund the County's Energy Project. The majority of the debt issued was to fund a gas energy generating plant, which will produce energy for the County Jail and other facilities. The remaining portion was used to upgrade lighting and electrical fixtures. The source of funds to pay off the bonds is the savings incurred from the use of the generating facility and the new more efficient fixtures. The face value of the debt is \$14,375, along with a premium of \$75, and issuance costs of \$375.

On April 16, 2007, the FCFA issued \$55,350 in lease revenue bonds for the construction of a juvenile court and offices for joint occupancy and use by the County and the County of Fresno Superior Court. The Series 2007 Bonds consist of \$25,605 in serial bonds maturing between 2010 and 2021 with interest rates ranging from 4.0% to 4.125%, and \$29,745 in term bonds maturing between 2023 and 2030 with interest rates ranging between 4.3% and 4.75%. The County has entered into an agreement with the Administrative Office of the Courts to lease a portion of the building to the Superior Court.

**Tobacco Settlement Asset-Backed Bonds**

In July 2002, the California County Tobacco Securitization Agency (the Agency) issued \$9,925 in Series 2002 asset-backed serial maturities and \$83,030 in Series 2002 asset-backed term bonds. These bonds mature between 2005 and 2038. The interest rates for the asset-backed serial maturities range from 3% to 5%. The interest rates for the asset-backed term bonds range from 5.625% to 6.125%.

In April of 2006, the Agency issued the Tobacco Settlement Asset-Backed Bonds, Subordinate Series 2006 in the amount of \$39,015. The Fresno County Tobacco Funding Corporation entered into a loan agreement with the Agency to borrow the bond proceeds and to secure the loan with County Tobacco Assets consisting of seventy-five percent of its rights to future tobacco settlement revenues. The 2006 Tobacco Bonds are turbo capital appreciation bonds, issued in four series and maturing in 2046 through 2055. The interest rates on the bonds range from 6.50% to 7.75%.

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The following is a schedule of future debt service requirements for governmental activities:

<b>Fiscal Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payment</b>
2013	\$ 26,060	\$ 24,223	\$ 50,283
2014	28,770	22,864	51,634
2015	31,710	21,339	53,049
2016	33,470	19,640	53,110
2017	36,850	36,769	73,619
2018-2022	169,423	59,646	229,069
2023-2027	134,520	42,832	177,352
2028-2032	101,682	36,005	137,687
2033-2037	119,420	7,809	127,229
2038-2042	18,500	-	18,500
2043-2047	28,907	-	28,907
2048-2052	-	-	-
2053-2055	30,451	-	30,451
Sub-total	759,763	271,127	1,030,890
Less: Original issue premium	317	-	317
Original issue discount	(1,985)	-	(1,985)
Total	\$ 758,095	\$ 271,127	\$ 1,029,222

**Capital Appreciation and Series Bonds**

The County of Fresno has issued two series of capital appreciation bonds. The first series is the Series 2004 A Pension Obligation Bonds for \$327,898. The second is the Series 2006 Tobacco Settlement Asset-Backed Bonds. Capital appreciation bonds are debt securities on which the investment return on an initial principal amount is reinvested at a stated compounded rate until maturity, at which time the investor receives a single payment (the "maturity value") representing both the initial principal amount and the total investment return. The following schedule represents the capital appreciation bonds issued by the County of Fresno and the California County Tobacco Securitization Agency:

**Pension Obligation Bonds**

<b>Series</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Initial Principal Amount</b>	<b>Accreted Value at 6/30/12</b>	<b>Accreted Value at Maturity</b>
2004A	August 15, 2033	1.3% to 5.67%	\$ 327,898	\$ 411,420	\$ 711,250

**Tobacco Securitization Tax Bonds**

<b>Series</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Initial Principal Amount</b>	<b>Accreted Value at 6/30/12</b>	<b>Accreted Value at Maturity</b>
2006A	June 1, 2046	6.50%	\$ 16,606	\$ 24,590	\$ 216,420
2006B	June 1, 2046	6.65%	2,890	4,317	39,920
2006C	June 1, 2055	7.00%	9,757	14,882	286,800
2006D	June 1, 2055	7.75%	9,762	15,569	409,500
Total			\$ 39,015	\$ 59,358	\$ 952,640

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The following is a schedule of long-term liabilities for business-type activities for the year ended June 30, 2012:

	<b>Balance</b>			<b>Balance</b>	<b>Due within</b>
	<b>July 1, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2012</b>	<b>one year</b>
Earned compensated absences	\$ 375	\$ 313	\$ (351)	\$ 337	\$ 93
Bonds	4,200	-	(140)	4,060	150
Closure and post-closure	33,057	2,137	(191)	35,003	-
Totals	<u>\$ 37,632</u>	<u>\$ 2,450</u>	<u>\$ (682)</u>	<u>\$ 39,400</u>	<u>\$ 243</u>

**Limited Obligation Improvement Bonds**

In September of 1997, the Fresno County Financing Authority issued \$5,392 limited obligation improvement bonds reported in the County Service Areas, Other fund with an average interest rate of 5.92% payable semi-annually to purchase infrastructure improvements for Quail Lakes, a planned community. The bonds are payable from assessments on the property owners within the special district and are not payable from any funds of the County.

The following is a schedule of future debt service requirements for business-type activities bonds:

<b>Fiscal Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payment</b>
2013	\$ 150	\$ 267	\$ 417
2014	160	257	417
2015	170	246	416
2016	180	234	414
2017	195	221	416
2018-2022	1,180	887	2,067
2023-2027	1,630	419	2,049
2028-2029	395	13	408
Sub-total	<u>4,060</u>	<u>2,544</u>	<u>6,604</u>
Less: Unamortized deferred			
Charges for defeasance	-	-	-
Original issue discount	-	-	-
Total	<u>\$ 4,060</u>	<u>\$ 2,544</u>	<u>\$ 6,604</u>

**Landfill closure and post-closure costs**

The County accounts for all solid waste landfill closure and post-closure costs based on the provisions of GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs*. State and federal laws and regulations require the County to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure costs as an operating expense and liability in each period based on landfill capacity used as of each balance sheet date.



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The County owns a solid waste landfill which is currently operating, the American Avenue Disposal Site, as well as two landfills which ceased accepting waste in fiscal year 1991 and 2010, the Southeast Regional Disposal Site and the Coalinga Disposal Site, respectively. Southeast Regional completed its closure activities during fiscal year 1998-99 and began post-closure activities which are still ongoing as of June 30, 2012.

The \$35,003 reported as landfill closure and post-closure care liability at June 30, 2012, represents the cumulative amount reported to date based on the landfill capacity used to date. The County will recognize the remaining estimated cost of closure and post-closure care of \$43,136 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all remaining closure and post-closure care as of June 30, 2012. The total current cost of landfill closure and post-closure care is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

The percentage of landfill capacity used to date, the estimated remaining landfill life, the liability for closure and post-closure care at the balance sheet date, and the estimated remaining local closure and post-closure costs to be recognized for the three landfills are as follows:

<b>Landfill</b>	<b>Capacity used at June 30, 2012</b>	<b>Estimated Years Remaining</b>	<b>Total Estimated Liability June 30, 2012</b>	<b>Liability Recognized June 30, 2012</b>	<b>Remaining Liability to be Recognized</b>
American Avenue	36.40%	40	\$ 67,823	\$ 24,687	\$ 43,136
Coalinga	49.30%		5,170	5,170	-
Southeast Regional	100.00%		5,146	5,146	-
Totals			<u>\$ 78,139</u>	<u>\$ 35,003</u>	<u>\$ 43,136</u>

The increase from 2010-2011 in the closure and post-closure care liability for American Avenue and the increase for Coalinga in closure and post-closure care liability is reported as an operating expense in 2011-2012. Closure and post-closure costs for Southeast Regional are reported as non-operating expenses. The County is required by state and federal laws to finance closure and post-closure care. Amounts collected from current users for these costs are reported in restricted cash and investments. Regarding the American Avenue Site, the County expects that future user fees and interest earnings over the remaining landfill lives will fund the closure and post-closure liabilities. Regarding the Southeast Regional and Coalinga Disposal Sites, the County expects any ongoing costs to be funded from interest earnings and from quarterly payments from waste haulers and cities by agreement.

Additionally, Title 22 of the California Code of Regulations requires that counties finance certain closure and post-closure maintenance and monitoring activities for their hazardous waste disposal sites. Post-closure activities are required for a minimum of 30 years after closure. The County's Blue Hills Hazardous Waste Disposal Site closed in the fiscal year 1992-93.

The County is further required by 40 Code of Federal Regulations (CFR) 264.144 to establish a financial assurance for post-closure care in accordance with the approved post-closure plan for the facility 60 days prior to the initial receipts of hazardous waste or the effective date of the regulation, whichever was later. The County used the financial test under 40 CFR 264.145(f) for over twenty years to provide financial assurance before being informed in 2008 by the California Department of Toxic Substances Control that this financial test was unusable by local governments to provide financial assistance. The County changed

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financial assurance options in April 2012 changing to a Post-Closure letter of credit as allowed under 40 CFR 264.145(d). The Irrevocable Standby Letter of Credit was established in the amount of \$1,468 in favor of the Department of Toxic Substances Control.

**Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the County performed calculations of excess investment earnings on various bonds, and at June 30, 2012 does not expect to incur a liability.

**NOTE 10 - Fresno County Employees' Retirement Association (FCERA)**

*Plan Description* - The FCERA is governed by the Board of Retirement under the 1937 County Employees Retirement Law (1937 Act). Readers should refer to the 1937 Act for more complete information. The FCERA is a contributory defined benefit plan initially organized under the provisions of the 1937 Act on January 1, 1945. It provides benefits upon retirement, death, or disability of members. The FCERA is a cost-sharing, multiple-employer plan that includes substantially all full-time employees and permanent part-time employees who work 50% or more for the County of Fresno (County), including the Superior Court of California-County of Fresno, Clovis Veterans Memorial District, Fresno Mosquito and Vector Control District, and Fresno/Madera Area Agency on Aging. An employee becomes eligible for membership commencing with the pay period following the date of employment in a permanent position. The FCERA issues a stand-alone financial report that can be reviewed at the Auditor-Controller/Treasurer-Tax Collector's office.

*Funding Policy* - Contributions are made by the members and the employers at rates recommended by the FCERA's independent actuary and approved by the Board of Retirement and the County Board of Supervisors. Employee contribution rates vary according to age and classification (safety or general), and are designed to provide funding for approximately one-fourth of the regular retirement benefits and one-half of all cost of living benefits. Members are required to contribute between 3.79% and 12.58% of their annual covered salary. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer contribution rates are determined pursuant to Section 31453 of the 1937 Act and are designed to provide funding for the remaining regular retirement and cost of living benefits, as well as all regular disability and survivor's benefits.

*Benefit Provisions* - The Board under the provisions of the 1937 Act administers benefit provisions. Benefits are based upon a combination of age, years of service, average monthly salary for the highest paid year of employment, the benefit tier, membership classification (general or safety) and the option selected by the participant. Disability and death benefits are additionally based upon whether the disability was service connected or not and whether the death occurred before or after retirement. Retirement benefit payments consist of regular retirement benefits, cost of living benefits, supplemental cost of living benefits, supplemental benefits or supplemental annuity benefits and health benefits. The supplemental cost of living and health benefits (non-vested) are subject to annual approval by the Board.

On June 18, 2007, the current Safety Tier II offered under Government Code section 32664.2 became mandatory for any new employee in a Safety job classification covered by a collective bargaining

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agreement negotiated by Service Employees International Union (SEIU). Mandatory Tier II extended to senior management and unrepresented employees with membership date on or after August 27, 2007.

The County of Fresno adopted a new retirement tier for General members (General Tier III) under Government Code Section 31676.15, effective December 31, 2007. General Tier II members represented by SEIU were automatically transferred to General Tier III effective December 31, 2007. General Tier III membership is mandatory for some bargaining units within the County of Fresno. General Tier II membership is mandatory for elected officials, department head, senior management, management and unrepresented effective with a membership date on or after August 27, 2007.

The County Board of Supervisors adopted Retirement Tier IV on March 6, 2012, effective for all new hires as of June 11, 2012. New hires referred to any County employees who were hired and any County elective officers who commenced in their elective offices, respectively, on or after June 11, 2012, and who thereafter were new members of the County's retirement system. The Board adopted Government Code Sections 31676.1, 31621, and 31462 for General Member Tier IV, and Government Code Sections 31664, 31639.25, and 31462 and retiree health benefit for Safety Member Tier IV.

The County's annual pension cost and prepaid pension asset, computed in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, for the year ended June 30, 2012 were as follows:

Annual required contribution	\$ 150,807
Interest on beginning pension asset	(42,919)
Adjustment to annual required contribution	50,543
Adjustment - Amortization Schedule (change in assumptions)	8,548
Annual pension cost	166,979
Contributions made	150,807
Increase (decrease) in pension asset	(16,172)
Net pension asset, beginning of year	585,032
Net pension asset, end of year	<u>\$ 568,860</u>

The Amortization Schedule Adjustment represents a change in amortization schedules as the Fresno County Employees Retirement Association Board of Trustees changed investment return assumptions from 8% to 7.75%. The adjustment reflects the additional amortization that would have been recognized under the 7.75% amortization schedule.

The following table shows the County's annual pension cost (APC) and the percentage contributed, for the current year and each of the two preceding years:

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
6/30/2009	114,410	99.61%	592,137
6/30/2010	128,576	98.10%	589,699
6/30/2011	134,957	96.54%	585,032
6/30/2012	166,979	90.31%	568,860

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The County has made its annual required contribution (ARC) for each of the past three years. The difference between the ARC and the APC is due to the amortization of the net pension asset.

FCERA funded status based on the most recent actuarial valuation performed by the Segal Company as of June 30, 2011 is as follows:

**SCHEDULE OF FUNDED STATUS**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (AVA)</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>Unfunded AAL Percentage of Covered Payroll</b>
June 30, 2011	\$3,114,483	\$4,237,961	\$1,123,478	73.5%	\$398,976	281.6%

**NOTE 11 - Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has established a Risk Management Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss. The Fund is also used to account for the unemployment benefits program and for employee medical coverage provided through contracts with various health maintenance organizations.

The Risk Management Fund provides coverage of the general liability, workers' compensation, medical malpractice, and property other programs. Property other consists of fire, bond, and miscellaneous insurance and damaged vehicle loss programs. General liability coverage is self-insured up to a maximum of \$750 per claim. Excess coverage up to \$25,000 per claim is provided through a risk pool agreement with the California State Association of Counties (CSAC) Excess Insurance Authority.

Crime bond coverage is self-insured up to a maximum of \$2.5 per occurrence and excess coverage of \$10,000 per occurrence is provided through a risk pool agreement with CSAC Excess Insurance Authority.

Pollution liability coverage is self-insured for \$100 per claim and excess coverage up to a maximum of \$10,000 is provided through a risk pool agreement with CSAC Excess Insurance Authority.

Workers' compensation claims are self-insured up to a maximum of \$500 per claim. Excess coverage up to a statutory amount per claim is provided through a risk pool agreement with CSAC Excess Insurance Authority.

The County is entirely self-insured for medical malpractice claims.

Property-other is self-insured up to a deductible of \$25 per claim with a maximum of \$602,500 in excess coverage per claim. Flood and earthquake coverage each have maximums in excess insurance of \$25,000 in Towers VI. Excess insurance is provided through a risk pool agreement with CSAC.

Aircraft coverage has a maximum limit in excess insurance of \$25,000 provided through a risk pool agreement with CSAC Excess Insurance Authority.

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County departmental contributions to the workers' compensation, general liability, and medical malpractice programs are based on actuarial recommendations. The reported actuarial liabilities for workers compensation and general liability assume a long-term annual rate of return of 2.05 percent. The undiscounted actuarial liability for these programs is \$70,816. Reserves for self-insurance for these programs include estimated liability amounts for claims filed against the County for their programs, as well as the estimated amount of claims incurred but not reported, as computed by the actuary. Contributions to the property damage, unemployment, and vehicle damage programs are based on actual historical claim loss experience.

The claims liability of \$71,584 reported in the Risk Management Fund at June 30, 2012 is based on the requirement that claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The claims liability includes all allocated loss adjustment expenses. While the ultimate amount of claims is dependent on future developments, management is of the opinion that the claims liability at June 30, 2012 is adequate to cover such claims. Changes in the Risk Management fund's claims liability amount during the last two fiscal years were as follows:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Beginning of fiscal year liability	\$ 72,781	\$ 69,883
Current year claims provision and changes in estimates	25,430	26,260
Claim payments	<u>(26,627)</u>	<u>(23,362)</u>
Balance at fiscal year-end	<u><u>\$ 71,584</u></u>	<u><u>\$ 72,781</u></u>

**NOTE 12 - Fund Balance**

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2012, fund balance for government 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.
- 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.
- Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the County’s highest level of decision-making authority, the County’s Board. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally.

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- Assigned Fund Balance – comprises amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the County's Board or (b) a body (for example: a budget or finance committee) or official to which the County's Board has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned Fund Balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned and unassigned.

Fund balances for all the major and non-major governmental funds as of June 30, 2012, were distributed as follows:

	General Fund	Debt Service	Road Fund	2011 Realignment Fund	Other Governmental Funds	Total
<b>Nonspendable:</b>						
Inventory	\$ 3,389	\$ -	\$ 803	\$ -	\$ 38	\$ 4,230
Postage/imprest cash	196	-	-	-	13	209
Subtotal	<u>3,585</u>	<u>-</u>	<u>803</u>	<u>-</u>	<u>51</u>	<u>4,439</u>
<b>Restricted for:</b>						
General government:						
Low-income housing	43,989	-	-	-	-	43,989
Equipment purchase/other purpose	49,280	-	-	-	-	49,280
Public protection	11,639	-	-	7,528	60	19,227
Public way and facilities	778	-	13,136	-	5,214	19,128
Health, sanitation and public assistance	89,386	-	-	4,054	3,494	96,934
Education	-	-	-	-	3,001	3,001
Capital projects	-	-	-	-	3,709	3,709
Debt service	-	57,365	-	-	-	57,365
Subtotal	<u>195,072</u>	<u>57,365</u>	<u>13,136</u>	<u>11,582</u>	<u>15,478</u>	<u>292,633</u>
<b>Assigned to:</b>						
General government	32,761	-	-	-	-	32,761
Public way and facilities	1,135	-	18,866	-	-	20,001
Education	-	-	-	-	10,491	10,491
Subtotal	<u>33,896</u>	<u>-</u>	<u>18,866</u>	<u>-</u>	<u>10,491</u>	<u>63,253</u>
<b>Unassigned</b>	<u>66,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,022</u>
Total	<u>\$ 298,575</u>	<u>\$ 57,365</u>	<u>\$ 32,805</u>	<u>\$ 11,582</u>	<u>\$ 26,020</u>	<u>\$ 426,347</u>

**NOTE 13 – Net Assets**

The government-wide and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

- Invested in Capital Assets, Net of Related Debt groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

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- Restricted Net Assets reflects net assets that are subject to constraints either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel a government to honor.
- Unrestricted Net Assets represents net assets of the County that are not restricted for any project or purpose.

**NOTE 14 - Restricted Cash and Investments**

Cash and investments are restricted for various purposes in the funds that comprise governmental and business-type activities. Restricted cash and investments consist of the following:

Governmental activities:

Debt Service

Bond Repayment	\$ 17,094
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Internal Service funds

Information technology services	478
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Total	\$ 17,572
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Business-type activities:

Enterprise funds:

Solid Waste Enterprise

American Avenue post-closure care - other	\$ 25,713
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Corrective action	505
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Coalinga post-closure	2,011
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Subtotal	28,229
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County Service Areas, Other:

Bond repayment/construction	1,565
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Subtotal	1,565
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Total	\$ 29,794
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**NOTE 15 - Contingent Liabilities and Commitments**

The State passed ABx8 6 and ABx8 9 in March of 2010 that became effective July 1, 2010. This legislation contained provisions for the swap of state sales taxes on gasoline for a gasoline excise tax. As a result,

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Proposition 42 funds were eliminated from the fiscal year 2010-11 budget and replaced with new higher motor vehicle excise tax (HUTA) rate. The County received \$9,404 from HUTA in fiscal year 10-11 as compared to \$8,889 from Prop 42 in fiscal year 2009-10. The effective elimination of Proposition 42 did not eliminate the County's deferred Maintenance-of-Effort (MOE) payment of \$5,569 from fiscal year 2009-10. The County currently owes the full balance of \$5,569, which is to be repaid by June 30, 2015.

The County participates in many state and federal assisted grant programs, which are subject to program compliance audits by the grantors or their representatives. The amounts, if any, of current or previous expenditures which may be disallowed upon future audits by the grantors cannot be determined until such an audit occurs. The County expects such amounts, if any, will not be material to its financial statements. Amounts have been accrued for disallowed expenditures resulting from completed audits.

Numerous lawsuits are pending or threatened against the County. The County has recorded actuarially determined reserves in the internal service funds to adequately cover estimated potential material adverse losses at June 30, 2012.

As a result of the California Supreme Court's decision in the City of Alhambra vs. Los Angeles County case, the County of Fresno is potentially responsible for repayment of property-tax administration fees (PTAF) collected using allocation factors that included Vehicle License Swap Fee revenue in the calculation. Note 9 identifies the amount substantially measurable; however, additional interest and attorney fees may also be owed at a future time.

Encumbrances outstanding for the General Fund, Road Fund and non-major funds are shown below:

<b>Encumbrances</b>	
General Fund for capital assets	\$ 448
General Fund for other purposes	9,619
Road Fund for capital assets	7,238
Non-major funds for capital assets	2,572
Non-major funds for other purposes	2,561
	<u>\$ 22,438</u>



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**NOTE 16 - Cash and Investments**

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	\$ 533,157
Restricted cash and investments	47,366
Fiduciary Funds:	
Cash and investments	4,788,089
Total cash and investments	<u>\$ 5,368,612</u>

Cash and investments as of June 30, 2012 consist of the following:

Cash on hand	\$ 2,416
Deposits with financial institutions	121,112
Investments	5,245,084
Total cash and investments	<u>\$ 5,368,612</u>

The following represents a condensed statement of net assets and changes in net assets for the Treasury Investment Pool as of June 30, 2012.

**Statement of Net Assets**

Cash and investments	\$ 1,965,592
Less: warrants payable	<u>(252,329)</u>
Net assets held in trust for pool participants	<u>\$ 1,713,263</u>

Equity of internal pool participants	\$ 533,323
Equity of external pool participants (voluntary and involuntary)	<u>1,179,940</u>
	<u>\$ 1,713,263</u>

**Statement of Changes in Net Assets**

Net assets at July 1, 2011	\$ 1,642,970
Net change in investments by pool participants	<u>70,293</u>
Net assets held in trust for pool participants at June 30, 2012	<u>\$ 1,713,263</u>

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**Negative Internal Service Fund Cash**

The County has several internal service funds with negative cash positions. When a fund is in a negative cash position the County creates a due to other funds in the fund with the negative cash position and a due from other funds in the General Fund. The following schedule represents the internal service funds in a negative cash position:

<u>Internal Service Fund</u>	<u>Negative Cash Amount</u>
Security Services	\$ (119)
Facility Services	(3,260)
Graphic Communications	(507)
Total	<u>\$ (3,886)</u>

**Investments authorized by California Government Code and the County of Fresno Treasury Investment Pool Policy**

The following table identifies the investment types that are authorized for the County by California Government Code (CGC), or the County of Fresno Treasury Investment Pool Policy (IP), where more restrictive. The table also identifies the more restrictive provision of the CGC or the IP that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investment of debt proceeds held by bond trustee's that are governed by the provisions of the County's debt agreements, rather than the general provisions of either the CGC or the IP.

<u>Authorized Investment Types</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Maturity</u>
U.S. Treasury Bills, Notes and Bonds*	0 to 85%	5 Years
U.S. Government Agency Obligations*	0 to 85%	5 Years
Bankers' Acceptances	40%	180 Days
Commercial Paper	40%	270 Days
Negotiable Certificates of Deposit	30%	13 Months
Non-negotiable Certificates of Deposit	50%	13 Months
Repurchase Agreements	15%	Overnight/Weekend
Local Agency Investment Fund	\$40,000	5 Years
Medium Term Notes	30%	5 Years
Mutual Funds	20%	5 Years
Mortgage-Backed Securities	10%	5 Years

*\*Investments in US Treasury Bills, Notes and Bonds, and US Government Agency Obligations may not exceed 85% of the money in the Treasury Investment Pool.*

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**Investment Authorized by Debt Agreements**

The County and its component units have \$17,518 in investments held by bond trustees pledged to the payment or security of certain debt issues. These funds are invested in accordance with bond covenants and are pledged for payment of principal, interest, and specified capital improvements.

**Interest Rate Risk**

Interest rate risk is the risk that changes in the 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. One of the ways that the County manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations**

Information about the sensitivity of the fair values of the County's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the County's investments by maturity:

**Pooled Investments in County Treasury and FCERA:**

	Remaining Maturity (in months)						
	Totals	12 months or less	13 to 24 months	25 to 36 months	37 to 60 months	61 to 120 months	More than 120 months
U.S. Gov. Agency Obligation	\$ 1,689,597	\$ 84,648	\$ 260,151	\$ 278,406	\$ 923,449	\$ 3,620	\$ 139,323
Medium-Term Corporate Notes	611,882	67,086	110,006	100,250	103,065	125,198	106,277
U.S. Treasury Notes	194,449	3,229	45,520	9,047	31,216	51,215	54,222
Asset Backed Securities	6,191	751	1,120	3,487	833	-	-
Asset Sweep Account	118	118	-	-	-	-	-
Securities Lending - Investments	227,952	227,952	-	-	-	-	-
Mortgages	30,177	-	-	-	-	1,128	29,049
Foreign Fixed Income	98,034	1,021	2,953	4,361	30,789	37,955	20,955
Global Bond Fund	20	-	-	-	-	-	20
Mutual Fund	61,383	61,383	-	-	-	-	-
Bank Account	157,865	157,865	-	-	-	-	-
Vault	2,416	2,416	-	-	-	-	-
Total	\$ 3,080,084	\$ 606,469	\$ 419,750	\$ 395,551	\$ 1,089,352	\$ 219,116	\$ 349,846

**Investments with Fiscal Agents:**

	Remaining Maturity (in months)						
	Totals	12 months or less	13 to 24 months	25 to 36 months	37 to 60 months	61 to 120 months	More than 120 months
Federal Home Loan Banks	\$ 7,591	\$ 7,591	-	-	-	-	-
Federal Home Loan Mortgage Association	9,000	9,000	-	-	-	-	-
Federated Government Obligation Fund	504	504	-	-	-	-	-
Money Market Mutual Funds	423	423	-	-	-	-	-
Total	\$ 17,518	\$ 17,518	\$ -	\$ -	\$ -	\$ -	\$ -

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Except as inherent by their nature as disclosed above, the County's investments (including those held by a bond trustee) are not highly sensitive to interest rate fluctuations.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by the CGC, or the IP, or debt agreements, and the actual rating as of year-end for each investment type.

**Pooled Investments in County Treasury and FCERA:**

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure	Ratings as of the Year End 6/30/2012			
				A1/P1 A-AAA	B-BBB	C-CCC	Not Rated
U.S. Gov. Agency Obligation	\$ 1,689,597	N/A	\$ -	\$ 1,682,307	\$ 1,527	\$ -	\$ 5,763
Medium-Term Corporate Notes	611,882	A3	-	394,737	175,946	3,670	37,529
U.S. Treasury Notes	194,449	N/A	194,449	-	-	-	-
Asset Backed Securities	6,191	AA	-	6,191	-	-	-
Asset Sweep Account	118	P-1 / A-1+	-	-	-	-	118
Securities Lending - Investments	227,952	N/A	-	227,952	-	-	-
Mortgages	30,177	B3	-	23,360	3,887	1,001	1,929
Foreign Fixed Income	98,034	B3	-	56,073	41,688	-	273
Global Bond Fund	20	N/A	-	-	-	-	20
Mutual Fund	61,383	N/A	-	11,383	-	-	50,000
Bank Account	157,865	N/A	-	-	-	-	157,865
Vault	2,416	N/A	-	-	-	-	2,416
Total	<u>\$ 3,080,084</u>		<u>\$ 194,449</u>	<u>\$ 2,402,003</u>	<u>\$ 223,048</u>	<u>\$ 4,671</u>	<u>\$ 255,913</u>

**Investments with Fiscal Agents:**

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure	Ratings as of the Year End 6/30/2012			
				A1/P1 A-AAA	B-BBB	C-CCC	Not Rated
Federal Home Loan Banks	\$ 7,591	N/A	\$ -	\$ 7,591	\$ -	\$ -	\$ -
Federal Home Loan Mortgage Corporation	-	N/A	-	-	-	-	-
Federal Home Loan Mortgage Association	9,000	N/A	-	9,000	-	-	-
Federated Government Obligation Fund	504	N/A	-	504	-	-	-
Money Market Mutual Funds	423	N/A	-	423	-	-	-
Total	<u>\$ 17,518</u>		<u>\$ -</u>	<u>\$ 17,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Concentration of Credit Risk**

The IP does not limit the amount that can be invested in any one issuer beyond the limitations stipulated by the CGC. Investments in any one issuer (other than U.S. Treasury securities, mutual funds and

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external investment pools) that represent 5% or more of the total County's total investments are as follows.

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal Agency Securities	\$ 516,207
Federal Home Loan Mortgage Corp.	Federal Agency Securities	421,206
Federal National Mortgage Assn.	Federal Agency Securities	663,915

### **Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that the County will not be able to recover its deposits or will not be able to recover collateral securities in the possession of an outside party if a depository institution fails. The custodial credit risk for *investments* is the risk that the County will not be able to recover the value of its investment or collateral securities held by another party if the counterparty (e.g., broker-dealer) to a transaction fails. The CGC and IP do not contain legal or policy requirements that would limit exposure to custodial credit risk for deposits or investments, other than the following provision applicable to *deposits*: The CGC requires any deposits of more than \$250 must be collateralized at 110% to 150% of the value of the deposit to guarantee the safety of the public funds. The first \$250 of the County's deposits is insured by the Federal Deposit Insurance Corporation (FDIC). Deposits more than the \$250 insured amount are fully collateralized by the banks by pledging identifiable U.S. Government securities at 110% or more.

As of June 30, 2012, all of the County's deposits with financial institutions in excess of federal depository insurance limits were held in fully collateralized accounts, as permitted by the CGC. As of June 30, 2012, all of the County's investments were held by the County itself or by a broker-dealer (counterparty) other than the broker-dealer used by the County to purchase the securities.

### **Investment in State Investment Pool**

The County is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the CGC under the oversight of the Treasurer of the State of California. The fair value of the County's investments in this pool is reported in the accompanying financial statements at amounts based upon the County's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawals is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the County's position in the LAIF pool.

### **FCERA Investment Portfolio**

#### **Derivatives**

The investment derivatives schedule below reports the fair value and notional value of the derivatives held by FCERA at June 30, 2012. For reporting purposes, FCERA's derivatives are classified as investment derivatives. FCERA, through its external investment managers, enters into forward foreign currency contracts to hedge against changes in the fair values of foreign bonds and equity securities, primarily denominated in European and Asian currencies. It is possible that, due to foreign exchange

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fluctuations, FCERA may be exposed to a potential loss. At June 30, 2012, FCERA has approximately \$16,792 of its \$699,704 international equity portfolio hedged through the use of such forward foreign currency contracts. At June 30, 2011, approximately \$13,417 of FCERA's \$728,060 international equity portfolio was hedged through the use of such forward foreign currency contracts.

**Investment Derivatives**

<b>Investment Derivatives</b>	<b>June 30, 2012</b>		<b>Changes in Fair Value for 2012</b>
	<b>Notional</b>	<b>Fair Value</b>	<b>Fair Value</b>
Credit Default Swaps	\$ 18,074	\$ (94)	\$ (387)
Interest Rate Swaps	40,700	(121)	(2,201)
Fixed Income Futures	10,900	-	(38)
Options	21,398	65	117
FX Forwards	16,792	263	882
Rights	40	22	205
Grand Totals	<u>\$ 107,904</u>	<u>\$ 135</u>	<u>\$ (1,422)</u>

FCERA could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. FCERA anticipates that counterparties will be able to satisfy their obligations under the contracts. FCERA's investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits and exposure monitoring procedures, including requirements for collateral at certain defined levels. At June 30, 2012, FCERA did not hold any collateral to offset potential risks it may encounter through counterparty transactions. FCERA's counterparty exposure is detailed in the following schedule:

**Counterparty Credit Risk**

**Counterparty Credit Ratings**

<b>Ratings</b>	<b>Credit Default Swaps</b>	<b>Interest Rate Swaps</b>	<b>Forward Foreign Currency Contracts</b>	<b>Total</b>
Aa3	\$ 59	\$ -	\$ 245	\$ 304
Aa2	28	-	100	128
Aa1	136	5	-	141
Subtotal Investments in Assets Position	<u>223</u>	<u>5</u>	<u>345</u>	<u>573</u>
Investments in Liability Position	(317)	(125)	(83)	(525)
Total Investments in Asset/ (Liability) Position	<u>\$ (94)</u>	<u>\$ (120)</u>	<u>\$ 262</u>	<u>\$ 48</u>

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At June 30, 2012, FCERA was exposed to Foreign Currency Risk related to its investments in equity rights and forward contracts denominated in foreign currencies.

**Foreign Currency Risks at Fair Value**

<u>Currency Name</u>	<u>Equities</u>	<u>Forward Currency Contracts</u>			<u>Total Exposure</u>
		<u>Net</u>	<u>Receivables</u>	<u>Net Payables</u>	
Australian Dollar	\$ -	\$	62	\$ -	\$ 62
Canadian Dollar	63		(65)	6	4
Euro	-		(2)	260	258
Pound Sterling	-		-	1	1
Total	<u>\$ 63</u>	<u>\$</u>	<u>(5)</u>	<u>\$ 267</u>	<u>\$ 325</u>

The derivative securities included as equities above consist of rights. Foreign currency forward contracts are commitments to purchase or sell a stated amount of foreign currency at a specific future date.

Interest rate risk applies to derivatives such as Fixed Income Options, Credit Default Swaps and Interest Rate Swaps. At June 30, 2012, FCERA was exposed to the following interest rate risk on its investments in these securities. The table below displays the maturity periods of these derivative investments.

**Interest Rate Risk for Derivatives**

<u>Investment Types</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>				<u>Total</u>
		<u>Less than 12</u>	<u>13 to 60</u>	<u>61 to 120</u>	<u>More than 120</u>	
Credit Default Swaps	\$ (94)	\$ -	\$ (75)	\$ -	\$ (19)	\$ (94)
Interest Rate Swaps	(120)	-	(116)	-	(4)	(120)
Forward FX Contracts	262	262	-	-	-	262
Total	<u>\$ 48</u>	<u>\$ 262</u>	<u>\$ (191)</u>	<u>\$ -</u>	<u>\$ (23)</u>	<u>\$ 48</u>

**Securities Lending**

The Board authorized FCERA, through its custodian bank, to enter into securities lending transactions, whereby securities owned by FCERA are loaned on a short-term basis to various banks and brokers. Securities on loan include domestic and international stocks, US government agency and domestic bonds. All securities on loan must be collateralized at 102% of the market value of the loaned securities, except for non-United States based equities which are initially collateralized at 105%. Collateral may take the form of cash, commercial paper, certificates of deposit, bankers' acceptances, repurchase and reverse repurchase agreements, obligations issued or guaranteed as to interest and principal by the United States Government (or agencies or instrumentalities thereof), bank time deposits, variable rate demand notes, State Street Bank and Trust Company money market mutual fund and any common trust fund maintained by a bank or other financial institution or any commingled or pooled trust.

The lending agreement places no restriction on the amount of loans that can be made. FCERA's lending agent is authorized to invest and reinvest cash collateral, but it is not expressly permitted to pledge or sell securities collateral without borrower default. FCERA's agent invests cash collateral in individual

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securities and the securities are held by the trustee in FCERA's name. The maturities of the investments made with the cash collateral generally match the maturities of their securities on loan.

Securities on Loan - At year-end, FCERA had no credit risk exposure to borrowers because the collateral received exceeded the amount owed to borrowers. As of June 30, 2012, there were no violations of the securities lending provisions and no losses resulted within the securities lending program due to borrower default.

Reinvestment of Collateral - FCERA is subject to credit risk through the reinvestment of collateral cash which FCERA received at the time securities were placed on loan. The risk can include the devaluation of the underlying securities where the collateral has been reinvested. As of June 30, 2012, FCERA believes that if a borrower of a loaned security called on its collateral that it would be reasonably possible that devaluation would be experienced and due to market conditions FCERA would encounter difficulty finding a buyer to take on the reinvested security and thus making it uncertain when the collateral would become available.

FCERA is unable to quantify the dollar devaluation that would have existed if collateral had been called upon. Income from these transactions is reported on the statement of changes in plan net assets. Securities on loan are reported at fair value on the statement of plan net assets. The carrying value of the securities lending investment pool for 2012 and 2011 were \$227,952 and \$250,675, respectively. The fair values of loaned securities were as follows:

	<b><u>June 30, 2012</u></b>	<b><u>June 30, 2011</u></b>
Domestic equity	\$ 89,508	\$ 138,526
International equity	31,413	20,691
Total equity on loan	<u>120,921</u>	<u>159,217</u>
US Government and agencies	48,119	55,186
Domestic bonds	56,876	32,013
Total bonds on loan	<u>104,995</u>	<u>87,199</u>
Total equities and bonds on loan	<b><u>\$ 225,916</u></b>	<b><u>\$ 246,416</u></b>

Highly Sensitive Investments - FCERA utilizes investments that are highly sensitive to interest rate changes in its actively managed fixed income portfolio. Highly sensitive investments include mortgage-backed securities, asset-backed securities and collateralized mortgage obligations. FCERA's investment portfolio contains certain variable rate notes and collateralized mortgage obligations. At June 30, 2012 and 2011, FCERA had approximately \$62,385 and \$72,208 in these investments, respectively. A detail of these investments are listed below:

<b><u>Investment Type</u></b>	<b><u>June 30, 2012</u></b>	<b><u>June 30, 2011</u></b>
Asset Backed / Variable Rate Notes	\$ 34,768	\$ 29,015
Collateralized Mortgage Obligations	27,617	43,193
Forward Foreign Currency	16,881	14,282
Total	<b><u>\$ 79,266</u></b>	<b><u>\$ 86,490</u></b>



**County of Fresno**  
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**Foreign Currency Risk**

The risk is that FCERA will not be able to recover the value of its investment in local currency when the exchange value of the currency lowers. FCERA has not adopted a policy to manage the foreign currency risk. As of June 30, 2012, FCERA's investment in foreign currency was as follows:

<u>Currency</u>	<u>Fair Market Value (US Dollars)</u>
Australian Dollar	132
Canadian Dollar	192
Danish Krone	235
Euro Currency	148
Hong Kong Dollar	129
Japanese Yen	708
Norwegian Krone	63
Other Foreign Currencies	33
Pound Sterling	303
Singapore Dollar	128
Swedish Krona	77
Swiss Franc	297
Total Foreign Currency	<u>\$ 2,445</u>

The Fresno County investment policy does not include specific provisions to address foreign currency risk as it does not hold foreign securities.

**Note 17 – Deficit Fund Equity**

As of June 30, 2012, the Facility Services, Graphic Communication, Risk Management and Security Services internal service funds reported net deficits of \$3,662, \$427, \$1,183, and \$269, respectively.

*Facility Services.* The Facility Services fund incurred greater than anticipated expenditures necessitated by the routine maintenance of buildings and the repairing of occupied and unoccupied buildings. The County has taken steps to correct the financial imbalance by changing billing methodology, evaluating the rate development process, liquidating unoccupied facilities the County deems are no longer needed, and seeking tenants for unoccupied facilities that will be retained by the County.

*Graphic Communication.* The Graphic Communication fund projects were insufficient to generate enough revenues to cover expenses. To correct this financial imbalance, the County is evaluating the current operating structure to determine what changes can be made to bring revenues and expenditures into alignment.

*Risk Management.* The Risk Management Fund is in the process of correcting the net deficit position as the fund reduced the net deficit position by \$4,159 from \$5,342 at June 30, 2011 to \$1,183 at June 30, 2012 by increasing premium revenue and controlling expenditure growth.

*Security Services.* The Security Service fund is in the process of correcting the net deficit position as the fund reduced the net deficit position by \$284 from \$553 at June 30, 2011 to \$269 at June 30, 2012

**County of Fresno**  
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generating additional revenues from customers and controlling expenditures. The County continues to take steps to correct this financial imbalance by marketing security services to internal customers, revamping the organizational structure and business processes, and reducing overhead costs.

**NOTE 18 – Prior Period Adjustment**

During a period ranging from fiscal year 2006 and fiscal year 2011, the County acquired and retired certain machinery and equipment; this activity was not booked to the financial system and, as such, was not reported in the financial statements. The County has booked \$1,261 in equipment with \$461 in associated accumulated depreciation related to that prior year activity, which resulted in a net \$800 prior period adjustment.

In addition, the County Service Areas Special Revenue Fund had a prior period adjustment of \$(5), the County Service Areas Enterprise Funds had a prior period adjustment of \$95, and the Fresno County Redevelopment Agency had a prior period adjustment of \$(2). The total of prior period adjustments for government activities was \$793, while the total of prior period adjustments for business-type activities was \$95.

**NOTE 19 - Subsequent Events**

In accordance with accounting standards generally accepted in the United States, subsequent events have been evaluated through 12/28/2012, the date in which the financial statements have been issued. On July 2, 2012, the County issued Tax and Revenue Anticipation Notes (TRANs) totaling \$82,000 due on June 28, 2013 at a coupon interest rate of 2.00% and a reoffering rate of 0.21%. The proceeds of the TRANs are intended to provide financing of seasonal cash flow requirements for the County's General Fund expenditures during the fiscal year ending June 30, 2013. The TRANs are general obligations of the County, but are payable only out of the taxes, income, revenues, cash receipts and other moneys received by the County for the General Fund during fiscal year 2012-13 that are lawfully available for payment of the notes and interest.

In September 2012, the County issued \$22,425 in Series 2012A Refunding Lease Revenue Bonds, maturing between 2013 and 2022. The Refunding Lease Revenue Bonds generated present value savings (net of all costs) \$2,790 or 10.66% of the refunded bond par amount. This financing refunded, on a current basis, all outstanding maturities of the County's Series 2004 and 2004B Lease Revenue Bonds. For more information on the County's Series 2004 and 2004B Lease Revenue Bonds, see Note 9 – Long-Term Debt, page 43.

**NOTE 20 - Extraordinary Items**

**Children and Families Commission of Fresno County**

On March 24, 2011, the governor signed Assembly Bill 99 (AB 99) into law. AB 99 established the Children and Families Health and Human Services Fund (Fund). As specified in the legislation, the Fund will be used, upon appropriation, by the California State Legislature for health and human services. AB 99 requires \$1 billion of the combined state and local children and families funds to be deposited in the Fund for the 2011-12 fiscal year. The amount required from each first five commission (AB 99 payment) represents 50% of the fund balance as of June 30, 2010. The liability for the Fresno Commission was \$16,660 and was due by June 30, 2012. However, the Children and Families Commission of Fresno County, along with other First 5 Commissions, filed a lawsuit against the State challenging the legality of

**County of Fresno**  
**Notes to the Basic Financial Statements**  
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**(amounts expressed in thousands)**

AB 99. In November 2011, a Fresno County judge ruled AB 99 was illegal and the state legislature could not collect the funds from county commissions. In March 2012, the state informed First 5 commissions that no appeal would be sought on the court's ruling. As such, the Commission has recognized the AB 99 court ruling as an extraordinary item for the fiscal year ended June 30, 2012, which reverses the original obligation established as a liability in fiscal year 2011.

**Fresno County Redevelopment**

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (AB X1 26) that provides for the dissolution of all redevelopment agencies in the State of California. In accordance with the timeline set forth in AB X1 26 (as modified by the California Supreme Court on December 29, 2011), all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012. Upon the date of dissolution, the assets and activities of the dissolved Fresno County Redevelopment Agency were transferred to a private-purpose trust fund (the Redevelopment Successor Agency Trust Fund). This transfer is reported as an extraordinary item, both within the financial statements of the Fresno County Redevelopment Agency Special Revenue Fund and the Redevelopment Successor Agency Trust Fund. The Fresno County Redevelopment Agency Special Revenue Fund recognized \$(274) of extraordinary items through the transfer of its assets upon dissolution, which is comprised of an extraordinary gain of \$3 and the transfer of \$(277). The Redevelopment Successor Agency Trust Fund recognized the transfer in of \$277 as an extraordinary item on its statements as well.

**Required Supplementary Information**  
**(Other than MD&A)**

**County of Fresno**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2012**  
(amounts expressed in thousands)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget</b>
<b>Budgetary fund balances, July 1</b>	\$ 7,706	\$ 20,159	\$ 97,984	\$ 77,825
<b>Resources (inflows):</b>				
Taxes	205,038	205,038	215,635	10,597
Licenses and permits	7,703	7,706	8,252	546
Fines, forfeitures and penalties	9,114	9,683	8,991	(692)
Use of money and property	4,050	4,050	4,346	296
Aid from other governmental agencies:				
State	404,558	413,383	306,608	(106,775)
Federal	330,364	330,450	309,426	(21,024)
Other	4,202	4,036	761	(3,275)
Charges for current services	110,888	96,215	64,956	(31,259)
Other revenues	52,734	54,082	44,488	(9,594)
Transfers in	116,474	141,109	216,395	75,286
<b>Total resources</b>	<b>1,245,125</b>	<b>1,265,752</b>	<b>1,179,858</b>	<b>(85,894)</b>
<b>Total budgetary balance and resources</b>	<b>1,252,831</b>	<b>1,285,911</b>	<b>1,277,842</b>	<b>(8,069)</b>
<b>Charges to appropriations (outflows):</b>				
<b>General government</b>				
Salaries and benefits	30,548	30,873	29,899	974
Services and supplies	13,868	15,010	8,097	6,913
Other charges	7,729	1,467	815	652
Capital assets	763	3,449	2,491	958
Total general government	<b>52,908</b>	<b>50,799</b>	<b>41,302</b>	<b>9,497</b>
<b>Public protection</b>				
Salaries and benefits	239,548	246,850	238,508	8,342
Services and supplies	59,445	67,553	54,067	13,486
Other charges	18,082	18,169	16,962	1,207
Capital assets	527	2,855	1,660	1,195
Total public protection	<b>317,602</b>	<b>335,427</b>	<b>311,197</b>	<b>24,230</b>
<b>Public ways and facilities</b>				
Services and supplies	365	365	294	71
Total public ways and facilities	<b>365</b>	<b>365</b>	<b>294</b>	<b>71</b>
<b>Health, sanitation, and public assistance</b>				
Salaries and benefits	289,069	289,126	272,150	16,976
Services and supplies	198,610	213,826	175,014	38,812
Other charges	333,209	329,710	302,221	27,489
Capital assets	250	437	43	394
Total health, sanitation, and public assistance	<b>821,138</b>	<b>833,099</b>	<b>749,428</b>	<b>83,671</b>
<b>Education</b>				
Salaries and benefits	438	440	448	(8)
Services and supplies	216	217	211	6
Total education	<b>654</b>	<b>657</b>	<b>659</b>	<b>(2)</b>
<b>Culture and recreation</b>				
Salaries and benefits	1,438	1,464	1,368	96
Services and supplies	951	1,306	1,182	124
Other charges	1	1	1	-
Total culture and recreation	<b>2,390</b>	<b>2,771</b>	<b>2,551</b>	<b>220</b>
<b>Transfers out</b>	<b>57,774</b>	<b>62,793</b>	<b>56,354</b>	<b>6,439</b>
<b>Total charges to appropriations</b>	<b>1,252,831</b>	<b>1,285,911</b>	<b>1,161,785</b>	<b>124,126</b>
<b>Budgetary fund balances, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 116,057</b>	<b>\$ 116,057</b>

**County of Fresno**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(amounts expressed in thousands)**

**Explanation of differences between budgetary inflows and outflows, and GAAP revenues and expenditures:**

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule not including fund balance	\$ 1,179,858
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(216,395)
Receipts from sub-funds reclassified from County Agency Funds, not budgeted	35,523
Modified accrual basis of accounting to budgetary basis of accounting	(20,835)
Total revenue reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 978,151</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary schedule not including fund balance	\$ 1,161,785
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(56,354)
Payments to sub-funds reclassified from County Agency Funds, not budgeted	33,270
Modified accrual basis of accounting to budgetary basis of accounting	(59,252)
Total expenditures reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 1,079,449</u>

**County of Fresno**  
**Budgetary Comparison Schedule**  
**Road Fund**  
**For the Fiscal Year Ended June 30, 2012**  
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
<b>Budgetary fund balance - July 1</b>	\$ 15,204	\$ 16,429	\$ 36,906	\$ 20,477
<b>Resources (inflows):</b>				
Taxes	5,757	5,757	8,906	3,149
Licenses and permits	200	200	453	253
Use of money and property	402	402	495	93
Intergovernmental revenues	32,371	32,371	31,548	(823)
Charges for current services	12,764	12,764	11,354	(1,409)
Other revenues	20	20	151	131
Other financing sources - operating transfer in	639	639	-	(639)
Total resources	<u>52,152</u>	<u>52,152</u>	<u>52,907</u>	<u>754</u>
<b>Charges to appropriations (outflows):</b>				
Public ways and facilities:				
Salaries and benefits	20,079	20,079	19,436	644
Services and supplies	45,723	46,788	31,455	15,333
Other charges	1,500	1,500	887	613
Capital assets	55	214	26	188
Total charges to appropriations	<u>67,357</u>	<u>68,581</u>	<u>51,804</u>	<u>16,778</u>
<b>Budgetary fund balance - June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,009</u>	<u>\$ 38,009</u>

**Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:**

Sources/inflows of resources

Actual amounts (budgetary basis) "available from appropriation" from the budgetary comparison schedule	\$ 52,907
Differences - budget to GAAP	(3,422)
Transfer from other funds	-
Total revenues as reported on the combining statement of revenues and expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 49,485</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 51,804
Differences - budget to GAAP	1,783
Transfers to other funds	(1,031)
Total expenditures as reported on the combining statement of revenues and expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 52,556</u>

**County of Fresno**  
**Budgetary Comparison Schedule**  
**2011 Realignment**  
**For the Fiscal Year Ended June 30, 2012**  
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
<b>Budgetary fund balance - July 1</b>	\$ -	\$ -	\$ -	\$ -
<b>Resources (inflows):</b>				
Use of money and property	-	-	-	-
State Aid	-	-	74,324	74,324
Total resources	<u>-</u>	<u>-</u>	<u>74,324</u>	<u>74,324</u>
<b>Charges to appropriations (outflows):</b>				
Public Protection				
Other financing uses - operating transfers out	-	-	28,243	(28,243)
Health and Sanitation				
Other financing uses - operating transfers out	-	-	38,236	(38,236)
Total charges to appropriations	<u>-</u>	<u>-</u>	<u>66,479</u>	<u>(66,479)</u>
<b>Budgetary fund balance - June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,845</u>	<u>\$ 7,845</u>

**Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:**

Sources/inflows of resources

Actual amounts (budgetary basis) "available from appropriation" from the budgetary comparison schedule	\$ 74,324
Differences - budget to GAAP	
Accruals due to differences between GAAP and the budgetary basis of Accounting	14,192
Transfer from other funds	<u>-</u>
Total revenues as reported on the combining statement of revenues and expenditures, and changes in fund balances - special revenue funds	<u>\$ 88,516</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 66,479
Differences - budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of Accounting	10,453
Transfers to other funds	<u>-</u>
Total expenditures as reported on the combining statement of revenues and expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 76,932</u>



**County of Fresno**  
**Note to the Budgetary Comparison Schedules**  
**For the Fiscal Year Ended June 30, 2012**  
**(amounts in thousands)**

**BUDGETARY BASIS OF ACCOUNTING**

In accordance with the provisions of Sections 29000 through 29144 and Section 30200 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County is required to prepare a balanced budget for each fiscal year on or before October 2. Budgeted expenditures are enacted into law through the passage of a resolution of adoption. The resolution of adoption specifies the maximum authorized expenditures for each budget unit for that fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County Board of Supervisors (County Board).

In May of each year, the County Administrative Officer prepares and submits the recommended budget document to the County Board. In June, public hearings are held to provide the general public with an opportunity to speak on any budget items before the County Board. The recommended budget, once adopted, is uploaded to the County's financial system in early July so that budget monitoring for the new fiscal year can begin. After fiscal year-end closing activities are completed and the State Budget is approved, the County Administrative Officer presents quarterly budget updates to the County Board for adjustments to the recommended budget, as necessary, as a result of State Budget adjustments or other unforeseen changes.

An operating budget is adopted each fiscal year for all governmental and proprietary funds. Governmental funds that are budgeted include the General Fund, special revenue funds, and debt service fund, but do not include the capital projects fund. Proprietary funds include enterprise funds and internal service funds. Expenditures are controlled at the object level within each budget unit of the County except for capital assets, which are controlled at the sub-object level. The object level (sub-object level for capital assets) within a budget unit is the legal level of budgetary control at which the County's management may not reallocate resources without special approval. Any amendments or transfers of appropriations between object levels (sub-object level for capital assets) within the same budget unit, or between budget units or funds, must be authorized by the County Administrative Officer and approved by the County Board of Supervisors. Supplemental appropriations, normally financed by unanticipated revenues during the year, require the County Board's approval as well. Pursuant to Government Code Section 29092, the County Administrative Officer is authorized to approve transfers of appropriations within a single budget unit as deemed necessary and appropriate as long as the transfers are not between object levels or sub-object levels for capital assets. Budgeted amounts in the budgetary comparison schedules are reported as originally adopted and as amended during the fiscal year.

The County uses an encumbrance system as an extension of normal budgetary accounting for all governmental funds and proprietary funds to control expenditures. Under the encumbrance system, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered in order to reserve that portion of applicable appropriations. Encumbrances are combined with expenditures for budgetary comparison purposes. Unencumbered appropriations lapse at year-end; encumbered appropriations at year-end are carried forward in the ensuing new fiscal year's budget but are kept separate from the new fiscal year's budget. The encumbrances are reported as prior budget year appropriations on all financial reports but are available for expenditure in the new fiscal year.

The budget approved by the County Board of Supervisors for the General Fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other governmental funds. In the accompanying budgetary comparison schedules, actual reimbursements for these items have been eliminated from the resources and related expenditures have been eliminated from the charges to appropriations to provide a meaningful comparison of actual and budgeted results of operations.

**County of Fresno**  
**Note to the Budgetary Comparison Schedules**  
**For the Fiscal Year Ended June 30, 2012**  
**(amounts in thousands)**

The budgets for governmental funds may include an account known as "Intrafund Revenue". This account is used by the County to show reimbursements between operations within the same fund (an example would be charges by one budget unit to another budget unit within the General Fund).

The amounts reported on the budgetary basis differ from the basis used to present the basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Annual budgets are prepared using the modified accrual basis of accounting except that current year encumbrances are budgeted as expenditures; reimbursements for amounts disbursed on behalf of other governmental funds are reported as resources and related expenditures as charges to the appropriation; certain transactions are accounted for in different periods between budgetary and GAAP reporting basis; and securities lending activities and transactions from sub-funds reclassified from County Agency funds are reported in GAAP reporting basis.

**County of Fresno  
Required Supplementary Information  
For the Year Ended June 30, 2012**

**Fresno County Employees' Retirement Association  
Analysis of Funding Progress  
(amounts in thousands)**

<b>Actuarial Valuation Date</b>	<b>(1) Actuarial Value of Assets (AVA)</b>	<b>(2) Actuarial Accrued Liability (AAL)</b>	<b>(3) Unfunded AAL (UAAL) (2) - (1)</b>	<b>(4) Funded Ratio (1) / (2)</b>	<b>(5) Covered Payroll</b>	<b>(6) UAAL as a Percentage of Coverd Payroll (3) / (5)</b>
6/30/05 <sup>2</sup>	\$ 2,044,389 <sup>1</sup>	\$ 2,233,594 <sup>1,2</sup>	\$ 189,205 <sup>1,2</sup>	91.5% <sup>1</sup>	\$ 351,049	53.9% <sup>2</sup>
6/30/06	2,398,454	2,803,990	405,536	85.5%	376,270	107.8%
6/30/07	2,610,269 <sup>3</sup>	3,149,570	539,301	82.9%	404,277	133.4%
6/30/08	2,812,423	3,429,990	617,567	82.0%	424,083	145.6%
6/30/09	2,864,956	3,644,743	779,787	78.6%	422,519	184.6%
6/30/10	2,983,044	4,092,464	1,109,420	72.9%	408,861	271.3%
6/30/11	3,114,483	4,237,961	1,123,478	73.5%	398,976	281.6%

<sup>1</sup> Results were prepared by the FCERA's prior actuary and disclosed in the June 30, 2006 CAFR.

<sup>2</sup> Before the Board of Supervisors amended its funding policy to eliminate the requirement that one-half of the Cost of Living adjustments UAAL be paid by members. After the amendment, the AAL was \$2,545,620, the AVA was \$2,270,141, the funded precentage was 89.2% and the UAAL was \$275,479.

<sup>3</sup> Assets decreased by \$3,169 for a net overpayment of member contributions discounted to June 30, 2007.

Actuarial reviews are performed annually effective with the year ended June 30, 2003.

Source: Schedule prepared by The Segal Company.

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**Combining and Individual  
Fund Financial Statements and Schedules**

## **Special Revenue Funds**

Special Revenue Funds are established to finance particular governmental activities and are funded by receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory or charter provisions to pay for certain activities of a continuing nature.

### **County Free Library**

The Fresno County Free Library is a Special District, under the governance of the Board of Supervisors, which provides informational, cultural, and recreational services to the public through 35 library outlets.

### **Fish and Game**

This fund was established to receive the County's share of fines levied for violations of fish and game laws within its boundaries. Expenditures are made from time to time for purposes of improving the habitat for wildlife propagation and for incidental administrative matters.

### **Off-Highway License**

The Off-Highway Vehicle Law of 1971 requires users of trail bikes, dune buggies, and similar vehicles designed for off-highway use to purchase an identification certificate. This fund can only be used to account for acquisition and development of off-road recreation areas. Allowable expenditures include feasibility studies, planning studies, environmental impact reports and other expenses necessary to implement acquisition or development.

### **Emergency Medical Services (EMS)**

The EMS fund was established in 1989-90 to receive deposits associated with SB 12 and Proposition 99 monies. Disbursements from this fund must be in accordance with Health & Safety Code Section 1797.98a and AB 75. The monies in this fund are used to reimburse physicians and hospitals for emergency treatment performed on individuals who are unable to pay.

### **Local Health and Welfare**

The Local Health and Welfare fund was established to pay those costs previously paid for by the AB 8, Short-Doyle, and AB 90 programs. Sales Tax and Vehicle License Fees are collected by the State and distributed to counties for deposit into this fund. These monies are matched by a County contribution from the General Fund. The combined pool of funds is then used to finance County costs that are incurred in various Health, Mental Health, Social Services, and Juvenile Justice budget units.

**County Service Areas, Other**

These special districts, governed by the Fresno County Board of Supervisors, include County Service Areas, and Lighting and Maintenance Districts. These districts were established to provide services such as road, park, and lighting maintenance to specific areas in the County. They are financed by ad valorem property taxes in the area benefited, or by special assessments levied on specific properties.

**Fresno County Redevelopment Agency**

The Fresno County Redevelopment Agency (Agency) Fund was established to account for redevelopment tax increments received and expenditures incurred by the Agency. The Agency was formed to construct a sewage system within the Friant commercial area in an effort to stimulate economic growth. The Agency was dissolved and ceased to operate as a legal entity as of February 1, 2012. The activity of the final seven months of the Agency is reported as a special revenue fund in the following Combining and Individual Fund Financial Statements and Schedules. For a discussion of the events leading to the dissolution of this Agency, see the Notes to the Basic Financial Statements.

**Capital Projects Fund**

The Capital Projects Fund is used to account for the acquisition and construction of major facilities other than those financed by Proprietary and certain Trust Funds. Budgets are adopted in the General Fund at the beginning of projects and are periodically modified by the Board of Supervisors during the course of construction as circumstances require. Transfers are made from the General Fund to the Capital Projects Fund to finance capital expenditures. There are no combining statements because the County uses one Capital Projects fund which is reported on the non-major combining financial statements.

**County of Fresno**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2012**  
(amounts expressed in thousands)

	Special Revenue Funds	Capital Projects Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 21,159	\$ 3,725	\$ 24,884
Receivables:			
Accounts	12,094	-	12,094
Taxes	2,379	-	2,379
Interest	70	15	85
Due from other funds	2,198	-	2,198
Due from other governmental units	147	-	147
Inventory of supplies	38	-	38
	<u>38,085</u>	<u>-</u>	<u>38</u>
Total assets	<u>\$ 38,085</u>	<u>\$ 3,740</u>	<u>\$ 41,825</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,088	\$ 18	\$ 1,106
Salaries and benefits payable	907	-	907
Due to other funds	13,767	13	13,780
Deferred revenue	12	-	12
Total liabilities	<u>15,774</u>	<u>31</u>	<u>15,805</u>
<b>FUND BALANCES</b>			
Nonspendable	51	-	51
Restricted	11,769	3,709	15,478
Assigned	10,491	-	10,491
Total fund balances	<u>22,311</u>	<u>3,709</u>	<u>26,020</u>
Total liabilities and fund balances	<u>\$ 38,085</u>	<u>\$ 3,740</u>	<u>\$ 41,825</u>



**County of Fresno**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(amounts expressed in thousands)**

	Special Revenue Funds	Capital Projects Fund	Total
<b>Revenues:</b>			
Taxes	\$ 22,213	\$ -	\$ 22,213
Fines, forfeitures and penalties	1,138	-	1,138
Use of money and property	308	68	376
Aid from other governmental agencies:			
State	103,579	-	103,579
Federal	70	-	70
Charges for current services	3,023	-	3,023
Other revenues	224	-	224
Total revenues	<u>130,555</u>	<u>68</u>	<u>130,623</u>
<b>Expenditures:</b>			
Public ways and facilities	1,332	-	1,332
Health, sanitation, and public assistance	1,089	-	1,089
Education	23,255	-	23,255
Capital outlay	-	2,783	2,783
Total expenditures	<u>25,676</u>	<u>2,783</u>	<u>28,459</u>
Excess (deficiency) of revenues over (under) expenditures	<u>104,879</u>	<u>(2,715)</u>	<u>102,164</u>
<b>Other financing sources (uses):</b>			
Transfers in	44,950	2,839	47,789
Transfers out	(148,698)	-	(148,698)
Total other financing sources (uses)	<u>(103,748)</u>	<u>2,839</u>	<u>(100,909)</u>
Net change in fund balances before extraordinary items	<u>1,131</u>	<u>124</u>	<u>1,255</u>
Extraordinary items:			
Extraordinary gain	3	-	3
Redevelopment Agency dissolution	(277)	-	(277)
Total extraordinary items	<u>(274)</u>	<u>-</u>	<u>(274)</u>
Net change in fund balances	857	124	981
Fund balances - beginning	21,461	3,585	25,046
Prior period adjustment	(7)	-	(7)
Fund balances - ending	<u>\$ 22,311</u>	<u>\$ 3,709</u>	<u>\$ 26,020</u>

**County of Fresno**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2012**  
(amounts expressed in thousands)

	County Free Library	Fish and Game	Off- Highway License	Emergency Medical Services
<b>ASSETS</b>				
Cash and investments	\$ 12,630	\$ 19	\$ 35	\$ 3,111
Receivables:				
Accounts	54	-	6	4
Taxes	2,379	-	-	-
Interest	41	-	-	11
Due from other funds	-	-	-	-
Due from other governmental agencies	147	-	-	-
Inventory of supplies	38	-	-	-
	<u>\$ 15,289</u>	<u>\$ 19</u>	<u>\$ 41</u>	<u>\$ 3,126</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 640	\$ -	\$ -	\$ 334
Salaries and benefits payable	907	-	-	-
Due to other funds	187	-	-	-
Deferred revenue	12	-	-	-
	<u>1,746</u>	<u>-</u>	<u>-</u>	<u>334</u>
<b>FUND BALANCES</b>				
Nonspendable	51	-	-	-
Restricted	3,001	19	41	2,792
Assigned	10,491	-	-	-
	<u>13,543</u>	<u>19</u>	<u>41</u>	<u>2,792</u>
Total liabilities and fund balances	<u>\$ 15,289</u>	<u>\$ 19</u>	<u>\$ 41</u>	<u>\$ 3,126</u>

**County of Fresno**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2012**  
(amounts expressed in thousands)

Local Health and Welfare	County Service Areas, Other	Fresno County Redevelopment Agency	Total	
				<b>ASSETS</b>
\$ -	\$ 5,364	\$ -	\$ 21,159	Cash and investments
				Receivables:
12,030	-	-	12,094	Accounts
-	-	-	2,379	Taxes
-	18	-	70	Interest
2,198	-	-	2,198	Due from other funds
-	-	-	147	Due from other governmental agencies
-	-	-	38	Inventory of supplies
<u>\$ 14,228</u>	<u>\$ 5,382</u>	<u>\$ -</u>	<u>\$ 38,085</u>	Total assets
				<b>LIABILITIES</b>
\$ -	\$ 114	-	\$ 1,088	Accounts payable
-	-	-	907	Salaries and benefits payable
13,526	54	-	13,767	Due to other funds
-	-	-	12	Deferred revenue
<u>13,526</u>	<u>168</u>	<u>-</u>	<u>15,774</u>	Total liabilities
				<b>FUND BALANCES</b>
-	-	-	51	Nonspendable
702	5,214	-	11,769	Restricted
-	-	-	10,491	Assigned
<u>702</u>	<u>5,214</u>	<u>-</u>	<u>22,311</u>	Total fund balances
<u>\$ 14,228</u>	<u>\$ 5,382</u>	<u>-</u>	<u>\$ 38,085</u>	Total liabilities and fund balances

**County of Fresno**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(amounts expressed in thousands)**

	County Free Library	Fish and Game	Off- Highway License	Emergency Medical Services
Revenues:				
Taxes	\$ 22,149	\$ -	\$ -	\$ -
Fines, forfeitures and penalties	-	6	-	1,132
Use of money and property	178	-	2	49
Aid from other governmental agencies:				
State	825	-	10	-
Federal	70	-	-	-
Charges for current services	1,620	-	-	-
Other revenues	216	-	-	-
Total revenues	<u>25,058</u>	<u>6</u>	<u>12</u>	<u>1,181</u>
Expenditures:				
Public ways and facilities	-	2	99	-
Health, sanitation, and public assistance	-	-	-	1,089
Education	23,254	-	-	-
Total expenditures	<u>23,254</u>	<u>2</u>	<u>99</u>	<u>1,089</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,804</u>	<u>4</u>	<u>(87)</u>	<u>92</u>
Other financing sources (uses):				
Transfers in	119	-	-	-
Transfers out	(886)	-	(86)	-
Total other financing sources (uses)	<u>(767)</u>	<u>-</u>	<u>(86)</u>	<u>-</u>
Net change in fund balances before extraordinary items	<u>1,037</u>	<u>4</u>	<u>(173)</u>	<u>92</u>
Extraordinary Items:				
Extraordinary gain	-	-	-	-
Redevelopment Agency dissolution	-	-	-	-
Total extraordinary items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,037	4	(173)	92
Fund balances - beginning	12,506	15	214	2,700
Prior period adjustment	-	-	-	-
Fund balances - ending	<u>\$ 13,543</u>	<u>\$ 19</u>	<u>\$ 41</u>	<u>\$ 2,792</u>

**County of Fresno**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(amounts expressed in thousands)**

Local Health and Welfare	County Service Areas, Other	Fresno County Redevelopment Agency	Total	
\$ -	\$ 44	\$ 20	\$ 22,213	Revenues:
-	-	-	1,138	Taxes
-	74	5	308	Fines, forfeitures and penalties
				Use of money and property
102,743	1	-	103,579	Aid from other governmental agencies:
-	-	-	70	State
-	1,403	-	3,023	Federal
-	8	-	224	Charges for current services
102,743	1,530	25	130,555	Other revenues
				Total revenues
-	1,208	24	1,333	Expenditures:
-	-	-	1,089	Public ways and facilities
-	-	-	23,254	Health, sanitation, and public assistance
-	1,208	24	25,676	Education
				Total expenditures
102,743	322	1	104,879	Excess (deficiency) of revenues over (under) expenditures
44,823	8	-	44,950	Other financing sources (uses):
(147,726)	-	-	(148,698)	Transfers in
(102,903)	8	-	(103,748)	Transfers out
				Total other financing sources (uses)
(160)	330	1	1,131	Net change in fund balances before extraordinary items
-	-	3	3	Extraordinary Items:
-	-	(277)	(277)	Extraordinary gain
-	-	(274)	(274)	Redevelopment Agency dissolution
(160)	330	(273)	857	Total extraordinary items
862	4,889	275	21,461	Net change in fund balances
-	(5)	(2)	(7)	Fund balances - beginning
\$ 702	\$ 5,214	\$ -	\$ 22,311	Prior period adjustment
				Fund balances - ending

**County of Fresno**  
**Budgetary Comparison Schedule**  
**County Free Library Fund**  
**For the Fiscal Year Ended June 30, 2012**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
<b>Budgetary fund balances, July 1</b>	\$ 2,286	\$ 4,277	\$ 12,506	\$ 8,229
<b>Resources (inflows):</b>				
Taxes	19,845	19,845	22,407	2,562
Use of money and property	200	200	148	(52)
Intergovernmental revenues	487	573	1,142	569
Charges for current services	1,635	1,681	1,573	(108)
Other revenues	324	324	207	(117)
Other financing sources - operating transfer in	102	120	120	-
Total resources	<u>22,593</u>	<u>22,743</u>	<u>25,597</u>	<u>2,854</u>
<b>Charges to appropriations (outflows):</b>				
Education:				
Salaries and benefits	16,111	16,965	16,693	272
Services and supplies	8,414	8,720	7,189	1,531
Other charges	312	312	301	11
Capital assets	42	1,023	658	365
Total charges to appropriations	<u>24,879</u>	<u>27,020</u>	<u>24,841</u>	<u>2,179</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,262</u>	<u>\$ 13,262</u>

**Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:**

Sources/inflows of resources

Actual amounts (budgetary basis) "available from appropriation" from the budgetary comparison schedule	\$ 25,597
Differences - budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	(419)
Transfers in	(120)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 25,058</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 24,841
Differences - budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	(701)
Transfers to other funds	(886)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 23,254</u>

**County of Fresno**  
**Budgetary Comparison Schedule**  
**Fish and Game Fund**  
**For the Fiscal Year Ended June 30, 2012**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
<b>Budgetary fund balances, July 1</b>	\$ -	\$ -	\$ 15	\$ 15
<b>Resources (inflows):</b>				
Fines, forfeitures, and penalties	4	4	6	2
Total resources	4	4	6	2
<b>Charges to appropriations (outflows):</b>				
Public ways and facilities:				
Services and supplies	4	4	2	2
Total charges to appropriations	4	4	2	2
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ 19	\$ 19

**Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:**

Sources/inflows of resources

Actual amounts (budgetary basis) "available from appropriation" from the budgetary comparison schedule	\$ 6
Differences - Budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	-
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 6

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2
Differences - Budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of Accounting	-
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 2

**County of Fresno**  
**Budgetary Comparison Schedule**  
**Off-Highway License Fund**  
**For the Fiscal Year Ended June 30, 2012**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
<b>Budgetary fund balances, July 1</b>	\$ 182	\$ 181	\$ 215	\$ 34
<b>Resources (inflows):</b>				
Use of money and property	-	-	3	3
Intergovernmental revenues	6	10	10	-
Total resources	6	10	13	3
<b>Charges to appropriations (outflows):</b>				
Public ways and facilities:				
Services and supplies	101	104	104	-
Other financing uses - operating transfers out	87	87	87	-
Total charges to appropriations	188	191	191	-
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ 37	\$ 37

**Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:**

Sources/inflows of resources

Actual amounts (budgetary basis) "available from appropriation" from the budgetary comparison schedule	\$ 13
Differences - Budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	(1)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 12

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 191
Differences - Budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	(5)
Transfers to other funds	(87)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 99



**County of Fresno**  
**Budgetary Comparison Schedule**  
**Emergency Medical Services Fund**  
**For the Fiscal Year Ended June 30, 2012**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
<b>Budgetary fund balances, July 1</b>	\$ 1,042	\$ 1,042	\$ 2,700	\$ 1,658
<b>Resources (inflows):</b>				
Fines, forfeitures, and penalties	1,422	1,422	1,218	(204)
Use of money and property	73	73	49	(24)
Total resources	<u>1,495</u>	<u>1,495</u>	<u>1,267</u>	<u>(228)</u>
<b>Charges to appropriations (outflows):</b>				
Health, sanitation, and public assistance:				
Services and supplies	2,537	2,537	1,217	1,320
Total charges to appropriations	<u>2,537</u>	<u>2,537</u>	<u>1,217</u>	<u>1,320</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,750</u>	<u>\$ 2,750</u>

**Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:**

Sources/inflows of resources

Actual amounts (budgetary basis) "available from appropriation" from the budgetary comparison schedule	\$ 1,267
Differences - Budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	(86)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 1,181</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,217
Differences - Budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	(128)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 1,089</u>

**County of Fresno**  
**Budgetary Comparison Schedule**  
**Local Health and Welfare Fund**  
**For the Fiscal Year Ended June 30, 2012**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
<b>Budgetary fund balances, July 1</b>	\$ 12,359	\$ 12,359	\$ 862	\$ (11,497)
<b>Resources (inflows):</b>				
Intergovernmental revenues	67,762	99,818	99,560	(258)
Other financing sources - operating transfer in	49,061	49,061	46,998	(2,063)
Total resources	116,823	148,879	146,558	(2,321)
<b>Charges to appropriations (outflows):</b>				
Health, sanitation, and public assistance:				
Other financing uses - operating transfer out	129,182	161,238	146,558	14,680
Total charges to appropriations	129,182	161,238	146,558	14,680
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ 862	\$ 862

**Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:**

Sources/inflows of resources

Actual amounts (budgetary basis) "available from appropriation" from the budgetary comparison schedule	\$ 146,558
Differences - Budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	1,009
Transfers from other funds	(44,824)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 102,743

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 146,558
Differences - budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	1,168
Transfers to other funds	(147,726)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ -

**County of Fresno**  
**Budgetary Comparison Schedule**  
**County Service Areas, Other Fund**  
**For the Fiscal Year Ended June 30, 2012**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
<b>Budgetary fund balances, July 1</b>	\$ 534	\$ 534	\$ 4,885	\$ 4,351
<b>Resources (inflows):</b>				
Taxes	36	36	44	8
Use of money and property	78	78	75	(3)
Intergovernmental revenues	-	-	1	1
Charges for current services	1,358	1,358	1,411	53
Other revenues	4	4	8	4
Total resources	<u>1,476</u>	<u>1,476</u>	<u>1,539</u>	<u>62</u>
<b>Charges to appropriations (outflows):</b>				
Services and supplies	<u>2,010</u>	<u>2,010</u>	<u>1,207</u>	<u>803</u>
Total charges to appropriations	<u>2,010</u>	<u>2,010</u>	<u>1,207</u>	<u>803</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,217</u>	<u>\$ 5,216</u>

**Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:**

Sources/inflows of resources

Actual amounts (budgetary basis) "available from appropriation" from the budgetary comparison schedule	\$ 1,539
Differences - Budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	(9)
Transfer from other funds	
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 1,530</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,207
Differences - Budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	1
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 1,208</u>

**County of Fresno**  
**Budgetary Comparison Schedule**  
**Fresno County Redevelopment Agency Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(amounts expressed in thousands)**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
<b>Budgetary fund balances, July 1</b>	\$ -	\$ -	\$ 279	\$ 279
<b>Resources (inflows):</b>				
Taxes	40	40	11	(29)
Use of money and property	-	-	6	6
Total resources	<u>40</u>	<u>40</u>	<u>17</u>	<u>(23)</u>
<b>Charges to appropriations (outflows):</b>				
Public ways and facilities:				
Services and supplies	32	32	24	8
Total charges to appropriations	<u>32</u>	<u>32</u>	<u>24</u>	<u>8</u>
<b>Extraordinary Item:</b>				
Redevelopment Agency dissolution	-	-	(272)	(272)
<b>Budgetary fund balances, June 30</b>	<u>\$ 8</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ (8)</u>

**Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:**

Sources/inflows of resources

Actual amounts (budgetary basis) "available from appropriation" from the budgetary comparison schedule	\$ 17
Differences - Budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	8
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 25</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 24
Differences - Budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	-
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 24</u>

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## **Internal Service Funds**

Internal Service Funds (ISF) are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County and to other governmental units on a cost reimbursement basis.

### **Fleet Services**

Fleet Services is responsible for management of the County's vehicle and heavy equipment fleet, including fleet planning, acquisition, maintenance, operation and sale of surplus equipment. Fleet Services also maintains radio communications for law enforcement and other departments with field operations.

### **Information Technology Services**

Information Technology Services provides a wide range of data processing services to County departments and other agencies. The scope of department activities includes computer programming, systems and programming support, on-line teleprocessing services via remote terminal devices, and data entry.

### **Graphic Communications Services**

Graphic Communications Services provides printing, duplicating, and mailing services to facilitate the needs of the County's various departments.

### **Risk Management**

Risk Management provides the mechanism to finance all County insurance and self-insurance programs. Financing for the health and dental plans covering County employees and retirees is also maintained by Risk Management, including the cost of administering these benefits. Other activities include coordination of the County safety program, and the recovery of damages to County employees and property from responsible third parties.

### **Communications**

Communications finances the administration, design, installation, and maintenance of the County's telephone system. Other services provided include County telephone operators and the toll free County number. Communications also provides consultant services to ensure cost-effective utilization of telecommunication systems by user departments as needs are identified.

### **PeopleSoft Operations**

PeopleSoft Operations provides services and support for the financial accounting system software used by the County. The components financed through this internal service fund include the financial accounting system and the payroll system. Charges for this internal service fund support both the purchasing of software and the provision of technical support for the software.

**Facility Services**

Facility Services provides mechanical, electrical, structural and janitorial services to County departments. This includes routine and preventive maintenance, remodeling and modifications, computer cabling and furniture moves.

**Security Services**

Security Services is responsible for the physical security of most County facilities and employees. Security Services also administers the County parking program, which includes enforcement of parking regulations in all County parking areas.

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**County of Fresno**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2012**  
**(amounts expressed in thousands)**

	Fleet Services	Information Technology Services	Graphic Communication Services	Facility Services
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 6,773	\$ 7,916	\$ -	\$ -
Restricted cash and cash equivalents	-	478	-	-
Accounts receivable	67	29	3	7
Interest receivable	23	25	-	-
Loan receivable	-	-	-	-
Due from other funds	1,205	1,502	229	1,909
Due from other governmental units	-	-	-	-
Inventory of supplies	715	1	11	107
Prepays and other assets	-	-	35	-
Total current assets	8,783	9,951	278	2,023
Noncurrent assets:				
Receivables	-	-	-	-
Advances to other funds	-	-	-	-
Buildings	569	2,537	257	662
Less accumulated depreciation	(569)	(806)	(55)	(40)
Equipment	40,317	8,938	121	80
Less accumulated depreciation	(26,009)	(5,712)	(99)	(80)
Software	110	10,579	-	-
Less accumulated depreciation	(110)	(10,579)	-	-
Total noncurrent assets	14,308	4,957	224	622
Total assets	23,091	14,908	502	2,645
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	2,192	288	295	2,140
Salaries and benefits payable	135	588	53	386
Due to other funds	143	753	524	3,324
Due to other governmental units	-	-	-	-
Liability for self - insurance	-	-	-	-
Deferred revenue	-	19	-	-
Deposits held for others	-	-	-	-
Compensated leave and absences	75	378	49	239
Capital lease obligations	-	1,425	-	-
Total current liabilities	2,545	3,451	921	6,089
Noncurrent liabilities:				
Compensated leave and absences	123	510	8	218
Capital lease obligations	-	2,021	-	-
Total noncurrent liabilities	123	2,531	8	218
Total liabilities	2,668	5,982	929	6,307
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	14,308	1,511	224	622
Unrestricted	6,115	7,415	(651)	(4,284)
Total net assets	\$ 20,423	\$ 8,926	\$ (427)	\$ (3,662)

**County of Fresno**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2012**  
(amounts expressed in thousands)

Security Services	Risk Management	Communications	PeopleSoft Operations	Total
\$ 1	\$ 71,582	\$ 4,807	\$ 413	\$ 91,492
-	-	-	-	478
23	737	16	18	900
-	251	15	1	315
-	-	-	-	-
279	489	343	209	6,165
21	3,142	-	-	3,163
-	4	-	-	838
-	284	-	-	319
324	76,489	5,181	641	103,670
-	469	-	-	469
-	979	-	-	979
-	-	-	-	4,025
-	-	-	-	(1,470)
-	6	22,575	-	72,037
-	(4)	(17,194)	-	(49,098)
-	-	-	9,576	20,265
-	-	-	(8,984)	(19,673)
-	1,450	5,381	592	27,534
324	77,939	10,562	1,233	131,204
21	6,176	1,098	315	12,526
168	133	66	8	1,537
155	383	94	109	5,485
-	168	-	-	168
-	71,584	-	-	71,584
-	335	-	-	354
-	129	-	-	129
81	69	34	5	930
-	-	252	-	1,677
425	78,977	1,544	437	94,390
168	142	56	20	1,245
-	-	783	-	2,804
168	142	839	20	4,049
593	79,119	2,383	457	98,439
-	2	4,346	592	21,606
(269)	(1,183)	3,833	184	11,159
\$ (269)	\$ (1,181)	\$ 8,179	\$ 776	\$ 32,765

**ASSETS**

Current assets:

Cash and cash equivalents  
Restricted cash and cash equivalents  
Accounts receivable  
Interest receivable  
Loan receivable  
Due from other funds  
Due from other governmental units  
Inventory of supplies  
Prepays and other assets

Total current assets

Noncurrent assets:

Receivables  
Advances to other funds  
Buildings  
Less accumulated depreciation  
Equipment  
Less accumulated depreciation  
Software  
Less accumulated depreciation

Total noncurrent assets

Total assets

**LIABILITIES**

Current liabilities:

Accounts payable  
Salaries and benefits payable  
Due to other funds  
Due to other governmental units  
Liability for self - insurance  
Deferred revenue  
Deposits held for others  
Compensated leave and absences  
Capital lease obligations

Total current liabilities

Noncurrent liabilities:

Compensated leave and absences  
Capital lease obligations

Total noncurrent liabilities

Total liabilities

**NET ASSETS**

Invested in capital assets,  
net of related debt  
Unrestricted

Total net assets

**County of Fresno**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(amounts expressed in thousands)**

	<u>Fleet Services</u>	<u>Information Technology Services</u>	<u>Graphic Communications Services</u>	<u>Facility Services</u>
<b>Operating revenues:</b>				
Charges for services	\$ 13,600	\$ 19,836	\$ 3,209	\$ 23,021
Other revenues	181	14	-	211
Total operating revenues	<u>13,781</u>	<u>19,850</u>	<u>3,209</u>	<u>23,232</u>
<b>Operating expenses:</b>				
Salaries and benefits	2,410	9,949	1,000	7,137
Insurance	17	22	12	159
Professional services	480	784	-	889
Special departmental	5,233	2,855	-	-
General and administrative	636	934	641	1,225
Repairs and maintenance	452	523	5	2,277
Rents and leases	6	968	101	8
Parts and supplies	1,083	101	1,370	-
Utilities	64	345	44	10,221
Depreciation	2,477	1,458	11	13
Total operating expenses	<u>12,858</u>	<u>17,939</u>	<u>3,184</u>	<u>21,929</u>
Operating income (loss)	<u>923</u>	<u>1,911</u>	<u>25</u>	<u>1,303</u>
<b>Non - operating revenues (expenses):</b>				
Gain (loss) on sale of equipment	(262)	(93)	24	-
Interest income	96	102	(9)	(37)
Total non - operating revenues (expenses)	<u>(166)</u>	<u>9</u>	<u>15</u>	<u>(37)</u>
Net income (loss) before transfers	<u>757</u>	<u>1,920</u>	<u>40</u>	<u>1,266</u>
<b>Transfers in (out):</b>				
Transfers in	782	-	-	-
Transfers out	(154)	(558)	(58)	(1,691)
Total transfers in (out)	<u>628</u>	<u>(558)</u>	<u>(58)</u>	<u>(1,691)</u>
<b>Change in net assets</b>	<u>1,386</u>	<u>1,362</u>	<u>(18)</u>	<u>(425)</u>
Net assets - beginning	19,037	7,564	(409)	(3,237)
Net assets - ending	<u>\$ 20,423</u>	<u>\$ 8,926</u>	<u>\$ (427)</u>	<u>\$ (3,662)</u>

**County of Fresno**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2012**  
(amounts expressed in thousands)

Security Services	Risk Management	Communications	PeopleSoft Operations	Total	
\$ 4,279	\$ 93,835	\$ 5,406	\$ 2,545	\$ 165,731	<b>Operating revenues:</b>
356	200	-	-	962	Charges for services
4,635	94,035	5,406	2,545	166,693	Other revenues
					Total operating revenues
					<b>Operating expenses:</b>
2,985	2,278	1,101	141	27,001	Salaries and benefits
54	83,773	11	3	84,051	Insurance
304	1,651	76	1,447	5,631	Professional services
-	29	785	1,032	9,934	Special departmental
376	2,941	1,603	96	8,452	General and administrative
313	74	941	-	4,585	Repairs and maintenance
131	1	1,067	-	2,282	Rents and leases
-	-	1,034	1	3,589	Parts and supplies
16	39	40	-	10,769	Utilities
-	1	1,538	459	5,957	Depreciation
4,179	90,787	8,196	3,179	162,251	Total operating expenses
456	3,248	(2,790)	(634)	4,442	Operating income (loss)
					<b>Non - operating revenues (expenses):</b>
-	-	-	-	(331)	Gain (loss) on sale of equipment
(2)	1,041	79	6	1,276	Interest income
(2)	1,041	79	6	945	Total non - operating revenues (expenses)
454	4,289	(2,711)	(628)	5,387	Net income (loss) before transfers
					<b>Transfers in (out):</b>
-	-	-	225	1,007	Transfers in
(170)	(127)	(62)	(8)	(2,828)	Transfers out
(170)	(127)	(62)	217	(1,821)	Total transfers in (out)
284	4,162	(2,773)	(411)	3,566	<b>Change in net assets</b>
(553)	(5,343)	10,952	1,187	29,199	Net assets - beginning
\$ (269)	\$ (1,181)	\$ 8,179	\$ 776	\$ 32,765	Net assets - ending

**County of Fresno**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(amounts expressed in thousands)**

Page 1 of 4

	Fleet Services	Information Technology Services	Graphic Communications Services	Facility Services
<b>Cash flows from operating activities:</b>				
Cash received from users	\$ 13,572	\$ 19,805	\$ 3,015	\$ 21,353
Cash paid to suppliers	(7,336)	(6,538)	(1,903)	(12,463)
Cash paid to employees	(2,422)	(9,935)	(1,047)	(7,223)
Cash paid for claims	-	-	-	-
Net cash provided by (used in) operating activities	3,814	3,332	65	1,667
<b>Cash flows from non-capital financing activities:</b>				
Transfer from (to) other funds	628	(558)	(58)	(1,691)
Advance from (to) other funds	-	-	-	-
Net cash provided by (used in) non-capital financing activities	628	(558)	(58)	(1,691)
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	(3,522)	(1,695)	-	-
Loss on disposal of capital asset	-	(92)	-	-
Net cash used in capital and related financing activities	(3,522)	(1,787)	-	-
<b>Cash flows from investing activities:</b>				
Interest on investments	94	100	(7)	(38)
Net cash provided by (used in) investing activities	94	100	(7)	(38)
<b>Net increase (decrease) in cash and cash equivalents</b>	1,014	1,087	-	(62)
<b>Cash and cash equivalents, beginning of year</b>	5,759	7,307	-	62
<b>Cash and cash equivalents, end of year</b>	<u>\$ 6,773</u>	<u>\$ 8,394</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of cash and cash equivalents to the statement of net assets:</b>				
Cash and cash equivalents	\$ 6,773	\$ 7,916	\$ -	\$ -
Restricted cash and investments	-	478	-	-
Total	<u>\$ 6,773</u>	<u>\$ 8,394</u>	<u>\$ -</u>	<u>\$ -</u>

**County of Fresno**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2012**  
(amounts expressed in thousands)

Page 2 of 4

Security Services	Risk Management	Communications	PeopleSoft Operations	Total
\$ 4,369	\$ 93,255	\$ 5,493	\$ 2,542	\$ 163,404
(1,158)	(64,767)	(4,908)	(2,291)	(101,364)
(3,037)	(2,245)	(1,097)	(138)	(27,144)
-	(23,619)	-	-	(23,619)
174	2,624	(512)	113	11,277
(170)	(127)	(62)	217	(1,821)
-	(979)	-	-	(979)
(170)	(1,106)	(62)	217	(2,800)
-	-	(459)	-	(5,676)
-	-	-	-	(92)
-	-	(459)	-	(5,768)
(3)	1,027	84	7	1,264
(3)	1,027	84	7	1,264
1	2,545	(949)	337	3,973
-	69,037	5,756	76	87,997
\$ 1	\$ 71,582	\$ 4,807	\$ 413	\$ 91,970
\$ 1	\$ 71,582	\$ 4,807	\$ 413	\$ 91,492
-	-	-	-	\$ 478
\$ 1	\$ 71,582	\$ 4,807	\$ 413	\$ 91,970

**Cash flows from operating activities:**

Cash received from users  
Cash paid to suppliers  
Cash paid to employees  
Cash paid for claims  
Net cash provided by (used in)  
operating activities

**Cash flows from non-capital  
financing activities:**

Transfer from (to) other funds  
Advance from (to) other funds  
Net cash provided by (used in) non-capital  
financing activities

**Cash flows from capital and related  
financing activities:**

Acquisition of capital assets  
Loss on disposal of capital asset  
Net cash used in capital and related  
financing activities

**Cash flows from investing activities:**

Interest on investments  
Net cash provided by (used in)  
investing activities

**Net increase (decrease) in cash  
and cash equivalents**

**Cash and cash equivalents, beginning of year**  
**Cash and cash equivalents, end of year**

**Reconciliation of cash and cash equivalents  
to the statement of net assets:**

Cash and cash equivalents  
Restricted cash and investments  
Total

**County of Fresno**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2012**  
(amounts expressed in thousands)

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	<u>Fleet Services</u>	<u>Information Technology Services</u>	<u>Graphic Communications Services</u>	<u>Facility Services</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
<b>Operating income (loss)</b>	\$ 923	\$ 1,911	\$ 25	\$ 1,303
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b>				
Depreciation expense	2,477	1,458	11	13
Decrease (increase) in accounts receivable	16	1	8	3
Decrease (increase) in due from other funds	(167)	87	(201)	(1,882)
Decrease (increase) in inventory of supplies	61	-	5	29
Decrease (increase) in deposits and other assets	-	-	21	-
(Decrease) increase in accounts payable	565	(45)	54	614
(Decrease) increase in salaries and benefits payable	(12)	13	(47)	(86)
(Decrease) increase in deferred revenue	(58)	(131)	-	(19)
(Decrease) increase in due to other funds	10	38	189	1,692
(Decrease) increase in liability for self-insurance		-	-	-
Total adjustments	<u>2,892</u>	<u>1,421</u>	<u>40</u>	<u>364</u>
<b>Net cash provided by (used in) operating activities</b>	<u><u>\$ 3,815</u></u>	<u><u>\$ 3,332</u></u>	<u><u>\$ 65</u></u>	<u><u>\$ 1,667</u></u>
Noncash investing, capital, and financing activities:				
Borrowing under capital lease	<u><u>\$ -</u></u>	<u><u>\$ 2,005</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**County of Fresno**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2012**  
(amounts expressed in thousands)

Page 4 of 4

<u>Security Services</u>	<u>Risk Management</u>	<u>Communications</u>	<u>PeopleSoft Operations</u>	<u>Total</u>
\$ 456	\$ 3,248	\$ (2,790)	\$ (634)	\$ 4,442
-	1	1,538	459	5,957
22	(570)	(5)	(4)	(529)
(288)	(171)	129	2	(2,491)
-	-	-	-	95
-	(255)	-	-	(234)
3	1,214	725	314	3,444
(52)	35	5	2	(142)
-	(40)	(37)	-	(285)
33	361	(77)	(26)	2,220
-	(1,200)	-	-	(1,200)
<u>(282)</u>	<u>(625)</u>	<u>2,278</u>	<u>747</u>	<u>6,835</u>
<u>\$ 174</u>	<u>\$ 2,623</u>	<u>\$ (512)</u>	<u>\$ 113</u>	<u>\$ 11,277</u>
\$ -	\$ -	\$ 96	\$ -	\$ 2,101

**Reconciliation of operating income (loss) to net cash  
provided by (used in) operating activities:**

**Operating income (loss)**

**Adjustments to reconcile operating income (loss) to  
net cash provided by (used in) operating activities:**

Depreciation expense  
Decrease (increase) in accounts receivable  
Decrease (increase) in due from other funds  
Decrease (increase) in inventory of supplies  
Decrease (increase) in deposits and other assets  
(Decrease) increase in accounts payable  
(Decrease) increase in salaries and benefits payable  
(Decrease) increase in deferred revenue  
(Decrease) increase in due to other funds  
(Decrease) increase in liability for self-insurance  
Total adjustments  
**Net cash provided by (used in) operating activities**

Noncash investing, capital, and financing  
activities:

Borrowing under capital lease



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## **Fiduciary Funds**

The County of Fresno maintains an Employees' Retirement Association Trust Fund that is used to account for assets held by the County, in a trustee capacity, for the Fresno County Employees' Retirement Association (FCERA). The County maintains an Investment Trust Fund that is used to account for the investments made by the County. Upon the dissolution of the Fresno County Redevelopment Agency, a Successor Agency Private-Purpose Trust Fund was established to maintain the remaining proceeds. The County, in a fiduciary capacity, also maintains various Agency Funds that are used to account for assets held for others by the County. These funds include County funds which are segregated from other County funds for purposes of control, property taxes collected on behalf of other governmental units and monies held by the Public Administrator-Guardian. It should be noted that the Employees' Retirement Association Trust, Investment Trust, and Redevelopment Successor Agency Trust funds are discretely presented in the basic financial statements.

### **Trust Funds:**

Employees' Retirement Association - This fund is used to account for the financial operations of the FCERA.

Investment – This fund is used to account for the investments made by the County of Fresno on behalf of Non-County entities.

Redevelopment Successor Agency – This fund is used to account for remaining proceeds from the dissolution of the Fresno County Redevelopment Agency, pursuant to Assembly Bill X1 26.

### **Agency Funds:**

Property Tax Collection - This fund is used by the County in its role as Tax Collector to record property tax receipts awaiting apportionment to other governmental units and recipient County funds and their periodic distribution.

Public Administrator-Guardian - This fund is used for the accounting and recording of all Public Administrator-Guardian monies held by the County in a fiduciary capacity.

Other Agency Funds - These funds are under the control of various County officials and agencies and are used to accumulate resources for specific purposes.

**County of Fresno**  
**Combining Statement of Fiduciary Net Assets**  
**Agency Funds**  
**June 30, 2012**  
**(amounts expressed in thousands)**

	Property Tax Collection	Public Administrator- Guardian	Other Agency Funds	Total
<b>ASSETS</b>				
Cash and investments	\$ 77,485	\$ 16,605	\$ 115,336	\$ 209,426
Taxes receivable	2,296	-	-	2,296
Accounts receivable	-	-	5,622	5,622
Due from other governmental agencies	69	-	40,793	40,862
Property held by public administrator	-	6,494	-	6,494
Total assets	<u>\$ 79,850</u>	<u>\$ 23,099</u>	<u>\$ 161,751</u>	<u>\$ 264,700</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 103,645	\$ 103,645
Due to other taxing units	79,850	-	-	79,850
Due to other governmental units	-	-	15,799	15,799
Deferred revenue	-	-	12	12
Fiduciary liability	-	23,099	42,295	65,394
Total liabilities	<u>\$ 79,850</u>	<u>\$ 23,099</u>	<u>\$ 161,751</u>	<u>\$ 264,700</u>

**County of Fresno**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(amounts expressed in thousands)**

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<b><u>Property Tax Collection</u></b>				
<u>Assets</u>				
Cash	\$ 76,580	\$ 905	\$ -	\$ 77,485
Taxes receivable	6,766	-	4,470	2,296
Due from other governmental agencies	75	-	6	69
Total assets	<u>\$ 83,421</u>	<u>\$ 905</u>	<u>\$ 4,476</u>	<u>\$ 79,850</u>
<u>Liabilities</u>				
Due to other taxing units	\$ 83,420	\$ -	\$ 3,570	\$ 79,850
Total liabilities	<u>\$ 83,420</u>	<u>\$ -</u>	<u>\$ 3,570</u>	<u>\$ 79,850</u>
<b><u>Public Administrator-Guardian</u></b>				
<u>Assets</u>				
Cash	\$ 12,844	\$ 3,761	\$ -	\$ 16,605
Property held by public administrator	9,102	-	2,608	6,494
Total assets	<u>\$ 21,946</u>	<u>\$ 3,761</u>	<u>\$ 2,608</u>	<u>\$ 23,099</u>
<u>Liabilities</u>				
Fiduciary liability	<u>\$ 21,945</u>	<u>\$ 1,154</u>	<u>\$ -</u>	<u>\$ 23,099</u>
<b><u>Other Agency Funds</u></b>				
<u>Assets</u>				
Cash	\$ 108,961	\$ 6,375	\$ -	\$ 115,336
Accounts receivable	6,561	-	939	5,622
Due from other governmental units	1,345	39,448	-	40,793
Total assets	<u>\$ 116,867</u>	<u>\$ 45,823</u>	<u>\$ 939</u>	<u>\$ 161,751</u>
<u>Liabilities</u>				
Accounts payable	\$ 12,465	\$ 91,180	\$ -	\$ 103,645
Due to other governmental units	64,527	-	48,728	15,799
Deferred revenue	400	-	388	12
Fiduciary liability	39,477	2,818	-	42,295
Total liabilities	<u>\$ 116,869</u>	<u>\$ 93,998</u>	<u>\$ 49,116</u>	<u>\$ 161,751</u>
<b><u>Total - All Agency Funds</u></b>				
<u>Assets</u>				
Cash and investments	\$ 198,385	\$ 11,041	\$ -	\$ 209,426
Taxes receivable	6,766	-	4,470	2,296
Accounts receivable	6,561	-	939	5,622
Due from other governmental agencies	1,420	39,448	6	40,862
Property held by public administrator	9,102	-	2,608	6,494
Total assets	<u>\$ 222,234</u>	<u>\$ 50,489</u>	<u>\$ 8,023</u>	<u>\$ 264,700</u>
<u>Liabilities</u>				
Accounts payable	\$ 12,465	\$ 91,180	\$ -	\$ 103,645
Due to other taxing units	83,420	-	3,570	79,850
Due to other governmental units	64,527	-	48,728	15,799
Deferred revenue	400	-	388	12
Fiduciary liability	61,422	3,972	-	65,394
Total liabilities	<u>\$ 222,234</u>	<u>\$ 95,152</u>	<u>\$ 52,686</u>	<u>\$ 264,700</u>

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## **Statistical Section**

### **Financial Trends**

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader assess the County's most significant local revenue source.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and help the reader assess the County's ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

### **Sources:**

*Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.*

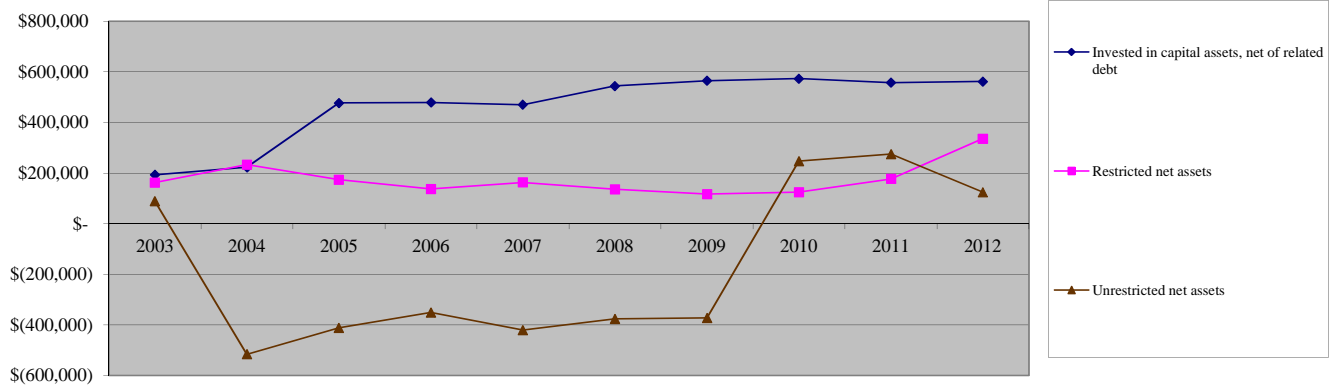
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**County of Fresno**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

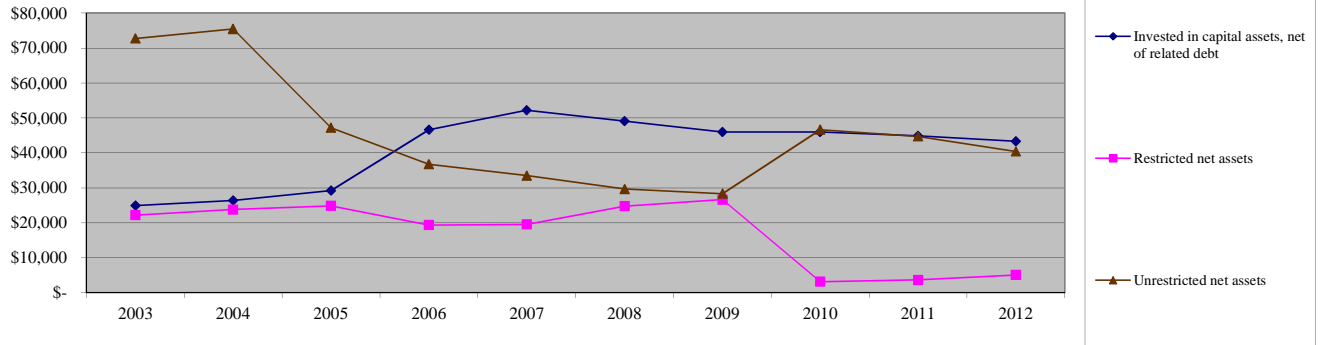
	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 193,715	\$ 222,948	\$ 477,894	\$ 479,254	\$ 470,668	\$ 544,635	\$ 565,196	\$ 573,855	\$ 557,748	\$ 562,279
Restricted net assets	162,292	233,687	173,695	137,451	163,426	135,904	117,491	124,661	177,153	335,573
Unrestricted net assets	88,679	(515,755)	(411,976)	(350,589)	(420,615)	(376,525)	(371,904)	247,181	275,332	124,904
Total governmental activities net assets	444,686	(59,120)	239,613	266,116	213,479	304,014	310,783	945,697	1,010,233	1,022,756
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	24,927	26,438	29,230	46,630	52,174	49,087	45,982	46,012	44,875	43,336
Restricted net assets	22,228	23,794	24,877	19,373	19,564	24,762	26,634	3,189	3,654	5,090
Unrestricted net assets	72,737	75,452	47,181	36,769	33,500	29,643	28,297	46,659	44,735	40,392
Total business-type activities net assets	119,892	125,684	101,288	102,772	105,238	103,492	100,913	95,860	93,264	88,818
<b>Primary government</b>										
Invested in capital assets, net of related debt	218,642	249,386	507,124	525,884	522,842	593,722	611,178	619,867	602,623	605,615
Restricted net assets	184,520	257,481	198,572	156,824	182,990	160,666	144,125	127,850	180,807	340,663
Unrestricted net assets	161,416	(440,303)	(364,795)	(313,820)	(387,115)	(346,882)	(343,607)	293,840	320,067	165,296
Total primary government net assets	\$ 564,578	\$ 66,564	\$ 340,901	\$ 368,888	\$ 318,717	\$ 407,506	\$ 411,696	\$ 1,041,557	\$ 1,103,497	\$ 1,111,574

*Note 1: Accrual basis of accounting*

**Governmental Activities**



**Business-type Activities**





**County of Fresno**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

Page 1 of 2

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 13,855	\$ 26,813	\$ 27,237	\$ 30,156	\$ 37,867	\$ 35,320	\$ 23,634	\$ 24,092	\$ 21,579	\$ 22,628
Public protection	51,268	58,726	66,011	63,932	86,430	86,146	70,834	62,780	65,412	40,711
Public ways and facilities	7,581	3,188	2,135	4,779	5,812	8,392	15,662	11,928	14,216	12,822
Health, sanitation and public assistance	56,356	58,369	56,626	39,869	68,672	59,210	47,055	27,269	28,350	33,090
Education	4,001	4,221	1,402	2,033	2,003	2,549	3,311	3,369	3,318	3,388
Culture and recreation	560	696	581	737	984	978	1,094	1,281	1,421	1,496
Operating grants and contributions	493,916	466,445	521,988	595,209	507,032	573,377	566,158	1,085,032	786,733	715,246
Capital grants and contributions	3,247	4,565	18,694	8,618	7,412	14,485	4,560	13,536	10,353	3,069
Subtotal governmental activities										
program revenues	630,784	623,023	694,674	745,333	716,212	780,457	732,308	1,229,287	931,382	832,450
Business-type activities:										
Charges for services										
Water and sewer	1,981	3,049	2,253	2,071	2,092	2,792	2,506	2,483	3,033	2,695
Landfill	15,224	16,007	14,516	13,700	11,701	11,371	8,230	8,592	10,097	9,054
Subtotal business-type activities										
program revenues	17,205	19,056	16,769	15,771	13,793	14,163	10,736	11,075	13,130	11,749
Total primary government										
program revenues	647,989	642,079	711,443	761,104	730,005	794,620	743,044	1,240,362	944,512	844,199
<b>General Revenues</b>										
Governmental activities:										
Taxes										
Property taxes	75,347	77,089	142,791	180,656	199,715	220,356	213,721	187,682	203,317	196,145
Sales taxes	136,737	148,203	175,675	180,671	187,397	177,384	158,943	96,956	103,174	140,232
Franchise taxes	4,113	4,224	4,290	4,572	4,786	4,880	5,157	4,266	4,735	4,849
Motor vehicle in-lieu taxes	93,043	84,526	43,297	62,677	45,666	45,891	41,195	40,879	36,063	35,491
Road use tax	17,221	13,810	13,930	18,285	19,727	23,839	20,683	-	-	-
Tobacco settlement proceeds	-	10,913	7,362	12,759	27,567	23,575	13,054	10,205	12,089	8,352
Other	197	1,455	-	3,619	1,682	3,891	2,914	857	4,816	4,708
Unrestricted interest and										
investment earnings	6,052	5,818	7,020	11,947	13,263	12,495	8,441	6,666	5,450	5,945
Miscellaneous	14,289	(431,435)	56,857	-	180	-	-	-	1,072	-
Subtotal governmental activities										
general revenues	346,999	(85,397)	451,222	475,186	499,983	512,311	464,108	347,511	370,716	395,722
Business-type activities:										
Other	934	(1,587)	(7,648)	1,549	2,354	2,476	5,192	3,167	2,421	2,355
Unrestricted interest and										
investment earnings	2,678	-	2,814	1,058	3,519	3,808	2,398	1,707	1,507	1,257
Subtotal business-type activities										
general revenues	3,612	(1,587)	(4,834)	2,607	5,873	6,284	7,590	4,874	3,928	3,612
Total primary government revenues	\$998,600	\$555,095	\$1,157,831	\$1,238,897	\$1,235,861	\$1,313,215	\$1,214,742	\$1,592,747	\$1,319,156	\$1,243,533

*Note 1: Accrual basis of accounting*

**County of Fresno**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

Page 2 of 2

	Fiscal Year									
Expenses	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
General government	\$ 45,921	\$ 36,094	\$ 52,323	\$ 104,079	\$ 52,001	\$ 70,697	\$ 28,685	\$ 38,727	\$ 41,685	\$ 51,348
Public protection	238,428	223,953	171,303	227,521	332,088	264,592	307,301	304,096	298,354	293,106
Public ways and facilities	7,104	19,143	109,572	110,613	54,286	117,737	58,062	43,782	54,711	48,529
Health, sanitation, and public assistance	613,313	636,898	704,190	679,435	725,012	718,201	724,604	1,088,733	770,169	751,998
Education	18,384	26,134	20,934	23,250	25,971	10,691	22,606	25,322	26,013	24,897
Culture and recreation	2,574	2,083	1,881	2,307	3,476	2,491	3,475	2,832	2,419	2,331
Interest on long-term debt	9,989	19,992	23,624	33,761	43,136	47,909	45,794	44,854	44,243	44,232
Subtotal governmental activities expenses	<u>935,713</u>	<u>964,297</u>	<u>1,083,827</u>	<u>1,180,966</u>	<u>1,235,970</u>	<u>1,232,318</u>	<u>1,190,527</u>	<u>1,548,346</u>	<u>1,237,594</u>	<u>1,216,441</u>
Business-type activities:										
Solid waste enterprise	9,304	8,639	8,598	12,735	13,181	16,533	15,063	15,718	14,068	5,607
County service areas, other	4,465	3,158	3,173	4,161	4,325	5,347	5,626	5,621	5,554	14,024
Subtotal business-type activities expenses	<u>13,769</u>	<u>11,797</u>	<u>11,771</u>	<u>16,896</u>	<u>17,506</u>	<u>21,880</u>	<u>20,689</u>	<u>21,339</u>	<u>19,622</u>	<u>19,631</u>
Total primary government expenses	<u>949,482</u>	<u>976,094</u>	<u>1,095,598</u>	<u>1,197,862</u>	<u>1,253,476</u>	<u>1,254,198</u>	<u>1,211,216</u>	<u>1,569,685</u>	<u>1,257,216</u>	<u>1,236,072</u>
Extraordinary item - sale of tobacco bonds	<u>75,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) before transfers										
- governmental activities	42,070	(426,671)	62,069	39,553	(19,775)	60,450	5,889	28,452	64,504	11,731
Transfers	(6)	(120)	(34)	90	15	35	203	96	32	271
Excess (deficiency) before transfers										
- business-type activities	7,048	5,672	164	1,482	2,160	(1,433)	(2,363)	(5,390)	(2,564)	(4,270)
Transfers	6	120	34	(90)	(15)	(35)	(203)	(96)	(32)	(271)
Special Items	-	-	-	-	-	(289)	-	-	-	-
Change in net assets										
Governmental activities	117,787	(426,791)	62,035	39,643	(19,760)	60,485	6,092	28,548	64,536	12,002
Business-type activities	7,054	5,792	198	1,392	2,145	(1,757)	(2,566)	(5,486)	(2,596)	(4,541)
Total primary government	<u>\$ 124,841</u>	<u>\$ (420,999)</u>	<u>\$ 62,233</u>	<u>\$ 41,035</u>	<u>\$ (17,615)</u>	<u>\$ 58,728</u>	<u>\$ 3,526</u>	<u>\$ 23,062</u>	<u>\$ 61,940</u>	<u>\$ 7,461</u>

*Note 1: Accrual basis of accounting*

**County of Fresno**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Fund</b>								
Reserved for:								
Encumbrances	\$ 40,594	\$ 30,953	\$ 45,611	\$ 26,730	\$ 30,164	\$ 12,998	\$ 9,534	\$ 5,558
Imprest and postage funds	675	289	268	198	157	203	178	207
Inventory	2,030	2,187	2,016	2,760	3,734	3,440	3,288	3,663
Loans	28,153	28,838	29,640	32,370	34,534	35,331	37,284	41,605
Unreserved	82,581	89,534	88,932	152,361	145,580	136,892	151,243	179,090
Total General Fund	<u>\$154,033</u>	<u>\$151,801</u>	<u>\$166,467</u>	<u>\$214,419</u>	<u>\$214,169</u>	<u>\$188,864</u>	<u>\$201,527</u>	<u>\$230,123</u>

**Other Governmental Funds**

Reserved for:								
Encumbrances	\$101,012	\$ 96,338	\$ 35,064	\$ 32,684	\$ 97,942	\$ 61,706	\$ 48,692	\$ 76,876
Imprest and postage funds	3	4	9	9	4	5	8	10
Inventory	943	1,086	2,511	1,657	1,741	1,064	716	1,314
Debt service	20,020	42,860	109,485	76,370	93,419	72,689	49,450	49,125
Unreserved, reported in:								
Special revenue funds	38,550	43,753	49,488	30,629	18,523	15,461	15,805	14,169
Capital projects fund	1,764	(24,097)	(22,783)	(336)	(50,203)	(15,028)	2,820	(16,833)
Total other governmental funds	<u>\$162,292</u>	<u>\$159,944</u>	<u>\$173,774</u>	<u>\$141,013</u>	<u>\$161,426</u>	<u>\$135,897</u>	<u>\$117,491</u>	<u>\$124,661</u>

	Fiscal Year	
	2011	2012
<b>General Fund</b>		
Nonspendable	\$ 3,200	\$ 3,585
Restricted	83,356	195,072
Assigned	39,138	33,896
Unassigned	133,154	66,022
Total General Fund	<u>\$258,848</u>	<u>\$298,575</u>

**Other Governmental Funds**

Nonspendable	\$ 1,889	\$ 854
Restricted	93,797	97,561
Assigned	24,407	29,357
Unassigned	-	-
Total other governmental funds	<u>\$120,093</u>	<u>\$127,772</u>

**Note 1:** Modified accrual basis of accounting

**Note 2:** The County implemented GASB Statement No. 54, in 2011, under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved and unreserved.

**County of Fresno**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Taxes	\$ 99,809	\$ 102,702	\$ 167,778	\$ 171,485	\$ 223,356	\$ 238,127	\$ 254,452	\$ 222,538	\$ 230,422	\$ 334,763
Licenses and permits	8,155	8,822	9,161	9,696	9,919	9,267	9,319	7,543	7,987	8,600
Fines, forfeitures and penalties	11,893	9,877	10,400	10,376	10,340	11,946	13,181	12,045	10,268	9,577
Use of money and property	11,944	11,175	10,578	14,767	16,110	15,359	10,453	8,900	5,745	6,278
Aid from other governmental agencies	732,464	706,934	753,012	823,101	763,753	811,527	783,553	1,212,496	880,190	788,758
Charges for current services	95,230	107,138	112,008	99,423	114,196	106,456	134,064	92,648	98,139	83,947
Other revenues	13,362	24,595	29,096	32,112	76,560	76,277	17,149	22,137	39,383	25,724
Total revenues	<u>972,857</u>	<u>971,243</u>	<u>1,092,033</u>	<u>1,160,960</u>	<u>1,214,234</u>	<u>1,268,959</u>	<u>1,222,171</u>	<u>1,578,307</u>	<u>1,272,134</u>	<u>1,257,647</u>
<b>Expenditures</b>										
General government	49,307	46,881	53,859	52,165	55,840	87,131	33,400	36,903	40,359	35,648
Public ways and facilities	37,657	47,623	45,492	85,306	54,890	61,429	58,998	48,087	63,448	55,691
Public protection	219,676	221,752	240,825	257,927	287,883	321,020	312,496	295,553	293,043	289,991
Health, sanitation, and public assistance	609,799	625,226	668,743	670,268	716,377	739,835	724,372	1,085,639	769,639	750,154
Education	21,941	25,672	20,969	23,071	25,667	30,567	29,285	25,864	26,275	23,898
Culture and recreation	2,453	2,493	2,657	2,873	3,374	3,551	3,403	2,494	2,191	2,342
Capital outlay	12,726	27,528	77,209	23,164	8,258	31,864	16,866	968	7,577	2,783
Debt service:										
Transfers from trust bank	-	-	-	41,096	-	-	-	-	-	-
Principal	1,330	1,250	2,465	4,755	11,345	16,020	20,870	19,790	25,042	24,080
Bond issuance costs	-	-	-	1,151	-	-	-	-	-	-
Interest	10,643	10,815	21,584	24,203	29,640	31,933	31,037	29,093	24,515	27,465
Total expenditures	<u>965,532</u>	<u>1,009,240</u>	<u>1,133,803</u>	<u>1,185,979</u>	<u>1,193,274</u>	<u>1,323,350</u>	<u>1,230,727</u>	<u>1,544,391</u>	<u>1,252,089</u>	<u>1,212,052</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,325</u>	<u>(37,997)</u>	<u>(41,770)</u>	<u>(25,019)</u>	<u>20,960</u>	<u>(54,391)</u>	<u>(8,556)</u>	<u>33,916</u>	<u>20,045</u>	<u>45,595</u>
Other financing sources (uses):										
Bond proceed transfers	-	(398,192)	68,961	-	(317)	-	-	-	-	-
Bond proceeds	-	423,461	-	39,015	55,060	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	1,072	-
Transfers in	271,030	192,668	244,662	266,409	233,976	322,208	268,539	209,458	230,110	316,612
Transfers out	(271,276)	(193,906)	(243,781)	(265,214)	(233,111)	(321,743)	(265,726)	(207,548)	(227,070)	(314,520)
Refunding bond issue proceeds	-	-	-	-	(475)	-	-	-	-	-
Total other financing sources (uses)	<u>(246)</u>	<u>24,031</u>	<u>69,842</u>	<u>40,210</u>	<u>55,133</u>	<u>465</u>	<u>2,813</u>	<u>1,910</u>	<u>4,112</u>	<u>2,092</u>
Net change in fund balances before extraordinary items	7,079	(13,966)	28,072	15,191	76,093	(53,926)	(5,743)	35,826	24,157	47,687
Extraordinary item										
Sale of tobacco settlement bonds	75,723	-	-	-	-	-	-	-	-	-
Redevelopment Agency dissolution transact	-	-	-	-	-	-	-	-	-	(274)
Net change in fund balances	<u>\$ 82,802</u>	<u>\$ (13,966)</u>	<u>\$ 28,072</u>	<u>\$ 15,191</u>	<u>\$ 76,093</u>	<u>\$ (53,926)</u>	<u>\$ (5,743)</u>	<u>\$ 35,826</u>	<u>\$ 24,157</u>	<u>\$ 47,413</u>
Debt service as a percentage of non capital expenditures	1.26%	1.23%	2.28%	2.49%	3.46%	3.71%	4.28%	3.17%	3.98%	4.26%

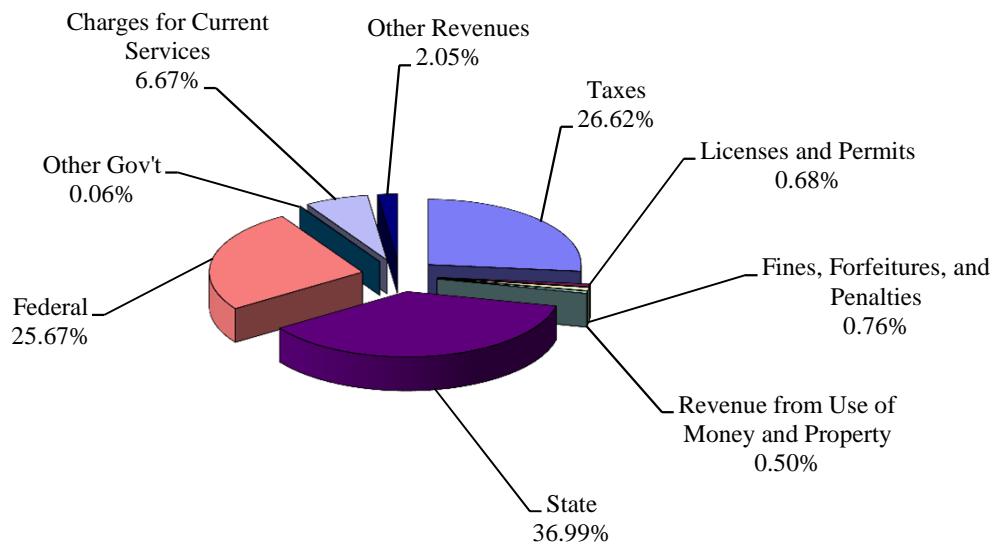
*Note 1: Modified accrual basis of accounting*

**County of Fresno**  
**Governmental Funds Revenues By Source**  
**Last Ten Fiscal Years**  
(amount expressed in thousands)

Page 1 of 2

Fiscal Year	Total Revenues	Taxes	Licenses and Permits	Fines, Forfeitures, and Penalties	Revenue from Use of Money and Property	Aid From Other Governmental Agencies			Charges for Current Services	Other Revenues
						State	Federal	Other Gov't		
2003	\$ 972,857	\$ 99,809	\$ 8,155	\$ 11,893	\$ 11,944	\$ 527,668	\$ 201,489	\$ 3,307	\$ 95,230	\$ 13,362
2004	971,243	102,702	8,822	9,877	11,175	500,096	203,330	3,508	107,138	24,595
2005	1,092,033	167,778	9,161	10,400	10,578	501,214	248,338	3,460	112,008	29,096
2006	1,160,960	171,485	9,696	10,376	14,767	580,131	239,464	3,506	99,423	32,112
2007	1,214,234	223,356	9,919	10,340	16,110	506,506	253,756	3,491	114,196	76,560
2008	1,268,959	238,127	9,267	11,946	15,359	517,137	291,760	2,630	106,456	76,277
2009	1,222,171	254,452	9,319	13,181	10,453	504,632	278,074	847	134,064	17,149
2010	1,578,307	222,538	7,543	12,045	8,900	531,645	677,923	2,928	92,648	22,137
2011	1,272,134	230,422	7,987	10,268	5,745	544,195	333,427	2,568	98,139	39,383
2012	1,257,647	334,763	8,600	9,577	6,278	465,232	322,815	711	83,947	25,724

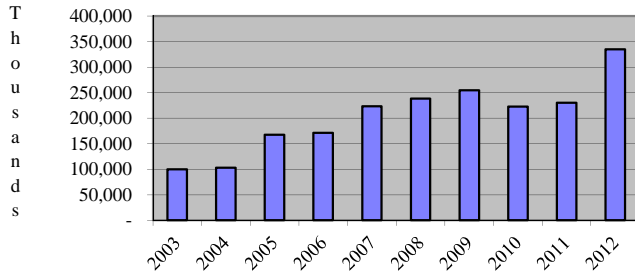
**For Fiscal Year 2012**



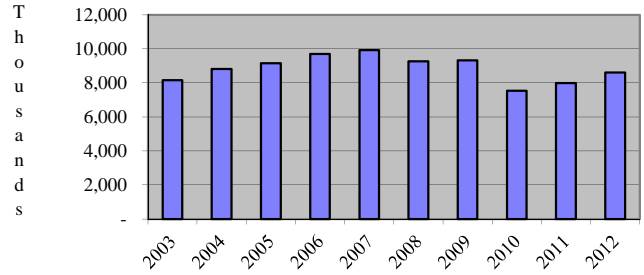
**County of Fresno**  
**Governmental Funds Revenues By Source**  
**Last Ten Fiscal Years**  
(amount expressed in thousands)

Page 2 of 2

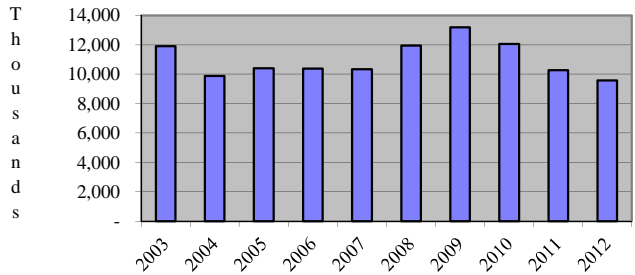
**Taxes**



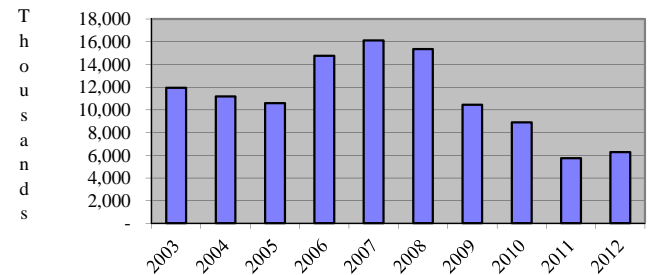
**Licenses and Permits**



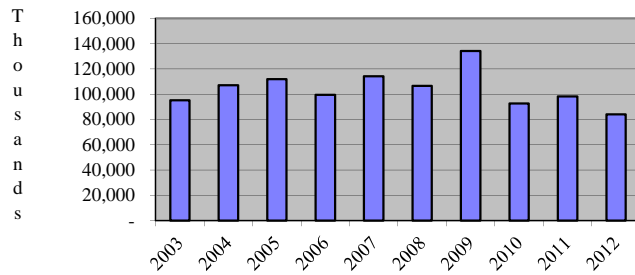
**Fines, Forfeitures, and Penalties**



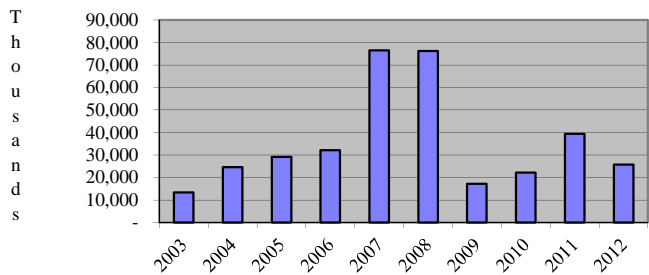
**Revenue from Use of Money and Property**



**Charges for Current Services**



**Other Revenues**

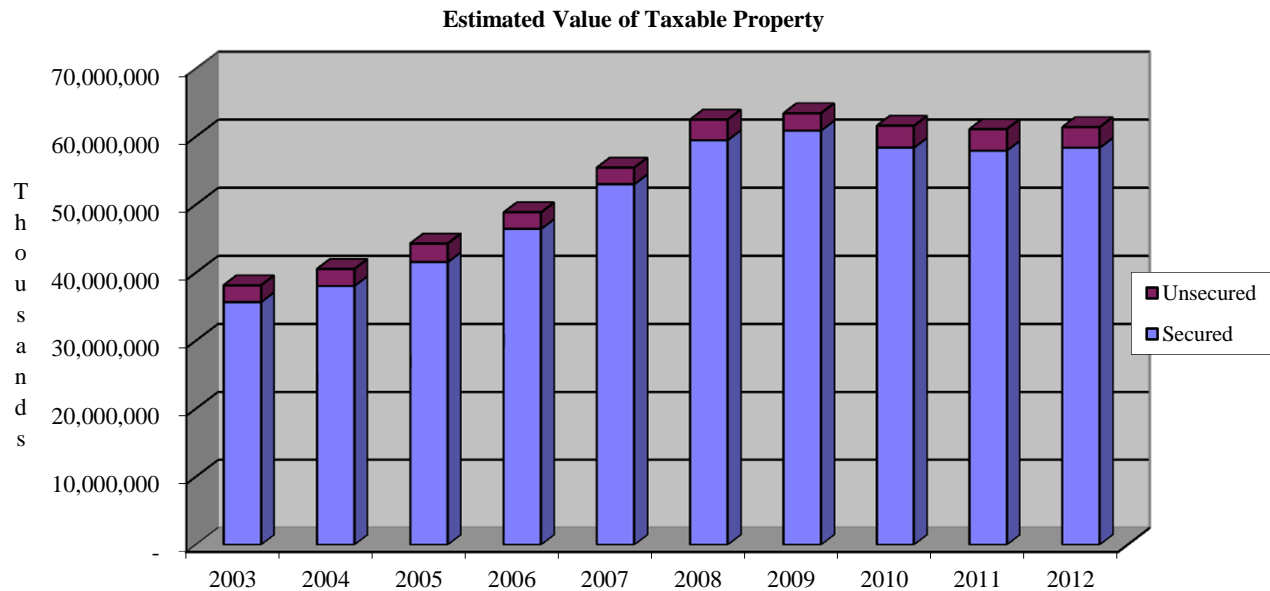


**Aid From Other Governmental Agencies**



**County of Fresno**  
**Gross Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

<b>Fiscal Year</b>	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>	<b>Ratio of Assessed to Estimated Actual</b>	<b>Total Direct Tax Rate</b>
	<b>Estimated Actual</b>	<b>Estimated Actual</b>	<b>Estimated Actual</b>		
2003	\$ 35,686,489	\$ 2,474,168	\$ 38,160,657	100	1.00%
2004	38,056,316	2,497,402	40,553,718	100	1.00%
2005	41,564,509	2,736,253	44,300,762	100	1.00%
2006	46,449,263	2,415,695	48,864,958	100	1.00%
2007	53,028,982	2,442,692	55,471,674	100	1.00%
2008	59,498,590	3,037,430	62,536,020	100	1.00%
2009	60,909,391	2,555,829	63,465,220	100	1.00%
2010	58,391,376	3,209,653	61,601,029	100	1.00%
2011	57,958,443	3,171,629	61,130,072	100	1.00%
2012	58,378,659	3,040,714	61,419,373	100	1.00%



**Source:** Auditor-Controller/Treasurer-Tax Collector, County of Fresno

**Note:** The estimated actual value of taxable property is the same as the gross assessed value.

**County of Fresno**  
**Property Tax Rates - Direct and Overlapping Governments**  
**(% Per \$100 of Assessed Value)**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>County Direct Rates</u>	<u>Overlapping Rates</u>		<u>Total Rates</u>
	<u>Fresno County General</u>	<u>City of Fresno</u>	<u>School Districts</u>	
2002 - 2003	1.00000	0.032438	0.178198	1.210636
2003 - 2004	1.00000	0.032438	0.201130	1.233568
2004 - 2005	1.00000	0.032438	0.210800	1.243238
2005 - 2006	1.00000	0.032438	0.145454	1.177892
2006 - 2007	1.00000	0.032438	0.186664	1.219102
2007 - 2008	1.00000	0.032438	0.176204	1.208642
2008 - 2009	1.00000	0.032438	0.105860	1.138298
2009 - 2010	1.00000	0.032438	0.199188	1.231626
2010 - 2011	1.00000	0.032438	0.198914	1.231352
2011 - 2012	1.00000	0.032438	0.195870	1.228308

**Notes:**

(1) The above tax rates are for Tax Rate Area 005-001, which applies to most property within the City of Fresno City of Fresno

(2) California voters, on June 6, 1978, approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, which limits the taxing power of California public agencies. Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy any property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each County will levy the maximum tax permitted by Article XIII A of \$1 per \$100 of full cash value. Assessed value is equal to full cash value, pursuant to Senate Bill 1656, Statutes of 1978.

**Source:**

*Auditor-Controller/Treasurer-Tax Collector-Tax Collector Division, County of Fresno*



**County of Fresno  
Principal Taxpayers  
Current Year and Nine Years Ago  
(amounts expressed in thousands)**

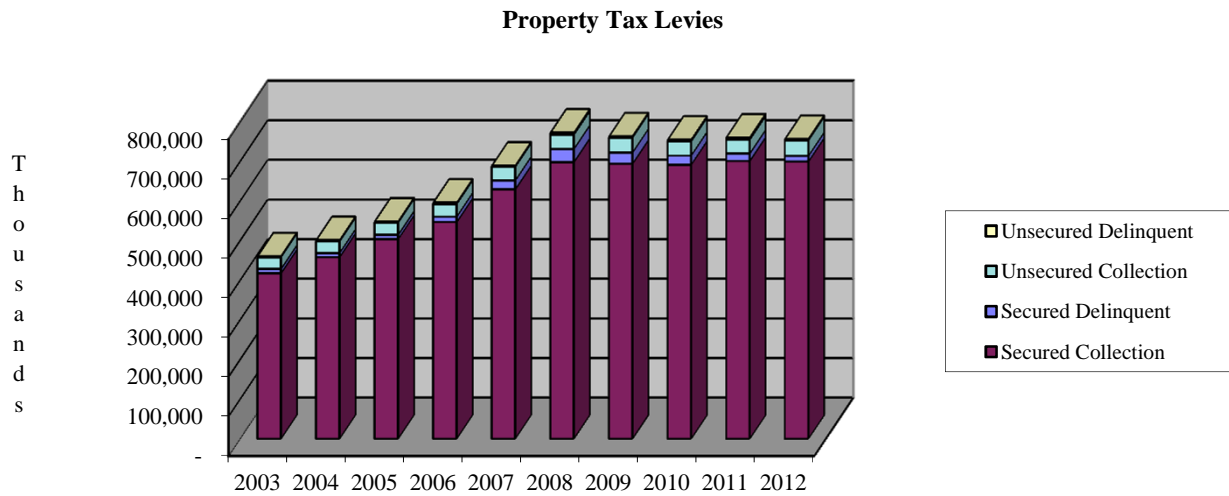
<b>Taxpayer</b>	<b>2012</b>			<b>2003</b>		
	<b>Assessed Value</b>	<b>Rank</b>	<b>% of Total County Assessed Value</b>	<b>Assessed Value</b>	<b>Rank</b>	<b>% of Total County Assessed Value</b>
Pacific Gas & Electric Co.	\$ 1,707,659	1	2.780	\$ 1,052,128	1	2.757
Chevron USA Inc.	704,628	2	1.147	169,716	4	0.445
Southern California Edison Co.	450,993	3	0.734	282,825	2	0.741
Panoche Energy Center, LLC	325,000	4	0.529			
Pacific Bell Telephone Co.	208,902	5	0.340	280,313	3	0.735
AERA Energy, LLC	199,161	6	0.324	82,683	6	0.217
Gap Inc.	141,443	7	0.230	81,375	7	0.213
Macerich Fresno Limited Partnership	130,074	8	0.212	92,488	5	0.242
Gallo E & J Winery	107,765	9	0.175	71,829	8	0.188
Atlantic Path 15 LLC	103,004	10	0.168			
River Park Properties II	-		N/A	45,075	9	0.118
Cee Retail Realty, Inc	-		N/A	42,715	10	0.112
Total	<u>\$ 4,078,629</u>		<u>6.639</u>	<u>\$ 2,201,147</u>		<u>5.768</u>

**Source:** Auditor-Controller/Treasurer-Tax Collector, County of Fresno

**Note:** Percentages based on estimated property values of \$61,419,373 in 2012 and \$38,160,657 in 2003.

**County of Fresno**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

Fiscal Year	Secured					Unsecured				
	Tax Levies	Delinquency		Collections		Tax Levies	Delinquency		Collections	
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
2003	\$ 428,658	\$ 11,083	2.585	\$ 417,575	97.414	\$ 31,110	\$ 1,866	5.999	\$ 29,243	94.000
2004	468,858	10,421	2.223	458,437	97.777	31,231	2,090	6.692	29,141	93.308
2005	514,720	10,612	2.062	504,108	97.938	32,672	1,677	5.133	30,995	94.867
2006	560,471	13,415	2.394	547,056	97.606	34,365	2,520	7.333	31,845	92.667
2007	652,147	22,853	3.504	629,294	96.496	36,082	2,155	5.973	33,927	94.027
2008	731,524	33,429	4.570	698,095	95.430	40,052	4,583	11.443	35,469	88.557
2009	722,290	28,076	3.887	694,214	96.113	39,986	2,481	6.205	37,505	93.795
2010	714,619	23,072	3.229	691,547	96.771	39,039	3,083	7.897	35,956	92.103
2011	720,195	19,157	2.660	701,038	97.340	39,345	4,990	12.683	34,355	87.317
2012	714,008	14,405	2.017	699,603	97.983	41,579	2,551	6.135	39,028	93.865



**Note:** The above represents total collections made by the County of Fresno for all appropriate taxing units.

**Source:** County of Fresno Tax Rate Book

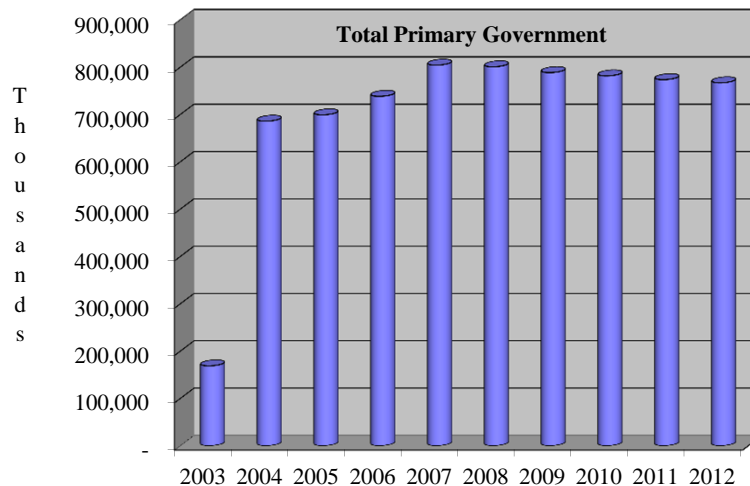
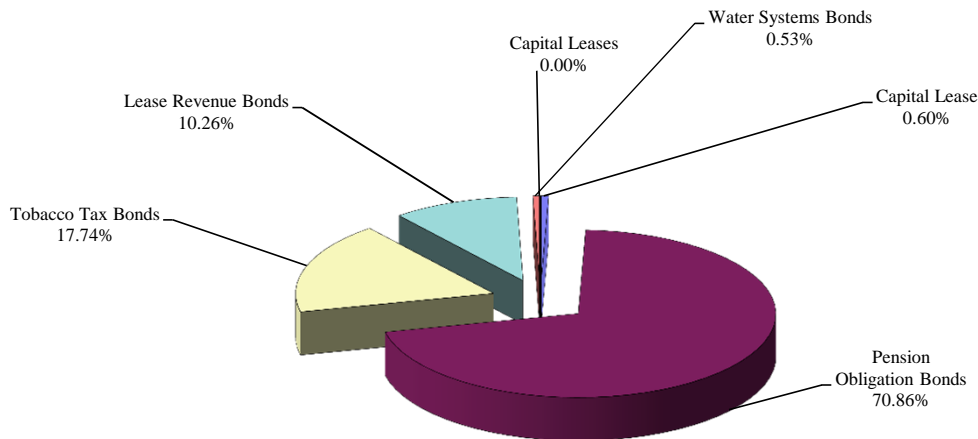
**County of Fresno**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands, except per capita)

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	Capital Lease	Pension Obligation Bonds	Tobacco Tax Bonds	Lease Revenue Bonds	Water Systems Bonds	Capital Leases			
2003	5,925	144,873	-	-	17,913	34	168,745	0.76%	200
2004	6,851	546,064	89,994	25,830	16,959	17	685,715	2.94%	800
2005	4,719	549,320	88,752	40,399	15,954	-	699,144	2.90%	806
2006	4,837	561,523	126,583	40,396	4,955	-	738,294	2.87%	841
2007	13,803	563,232	128,069	94,196	4,800	-	804,100	2.96%	904
2008	13,209	561,477	129,120	92,238	4,640	-	800,684	2.85%	887
2009	6,026	556,015	131,601	90,238	4,460	-	788,340	2.81%	861
2010	5,830	553,132	131,601	86,516	4,335	-	781,414	2.71%	837
2011	3,817	548,951	133,789	82,667	4,200	-	773,424	NA	NA
2012	4,601	543,387	136,041	78,704	4,060	-	766,793	NA	NA

**Note 1:** Accrual basis of accounting

<sup>a</sup> See Demographic and Economic schedule for personal income and population data. These ratios are calculated using personal income for the prior year.

### Outstanding Debt by Type for Fiscal Year 2012



**County of Fresno**  
**Estimated Direct and Overlapping Bonded Debt**  
**June 30, 2012**  
**(amounts expressed in thousands)**

2011-12 Assessed Valuation:	\$ 61,419,373	(includes unitary utility valuation)
Less: Redevelopment Incremental Valuation:	<u>4,105,283</u>	
Adjusted Assessed Valuation:	\$ 57,314,090	

<b>Overlapping Tax and Assessment Debt:</b>	<b>% Applicable (1)</b>	<b>Debt 6/30/12</b>
Merced Community College District School Facilities Improvement District No. 2	2.774%	\$ 293
State Center Community College District	83.854%	89,229
West Hills Community College District	29.727-99.574%	42,980
Central Unified School District	100%	95,866
Clovis Unified School District	100%	196,296
Fresno Unified School District	100%	386,108
Kings Canyon Joint Unified School District	89.602%	40,210
Sanger Unified School District	100%	43,179
Other Unified School Districts	Various	95,986
High School and School Districts	Various	23,396
City of Mendota	100%	30
Hospital Districts	100%	27,484
Other Special Districts	100%	480
City Community Facilities Districts	100%	4,435
1915 Act Bonds (Estimated)	100%	<u>18,802</u>
Total Overlapping Tax and Assessment Debt		<u>1,064,774</u>

<b>Overlapping General Fund Obligation Debt:</b>		
Community College District General Fund Obligations	Various	48,414
Central Unified School District Certificates of Participation	100%	29,080
Clovis Unified School District General Fund Obligations	100%	37,375
Fresno Unified School District General Fund Obligations	100%	29,900
Sanger Unified School District Certificates of Participation	100%	25,492
Other School District General Fund Obligations	Various	16,105
City of Clovis General Fund Obligations	100%	14,735
City of Fresno General Fund and Judgment Obligations	100%	281,535
City of Fresno Pension Obligations	100%	163,450
Other City General Fund Obligations	100%	12,317
Coalinga Regional Medical Center General Fund Obligations	100%	<u>5,185</u>
Total Gross Overlapping General Fund Obligation Debt		663,588
Less: City of Kingsburg's self-supporting obligations		<u>(2,920)</u>
Total Net Overlapping General Fund Obligation Debt		<u>660,668</u>
Total Net Overlapping Tax and Assessment and General Fund Obligation Debt		<u>1,725,442</u>

<b>Direct General Fund Obligation Debt:</b>		
Fresno County	100%	78,410
Fresno County Pension Obligations	100%	<u>460,618</u>
Total Direct General Fund Obligation Debt		<u>539,028</u>

Total Net Combined Overlapping and Direct Debt	<u>\$ 2,264,470</u>
Total Gross Combined Overlapping and Direct Debt	<u><u>\$ 2,267,390</u></u> <sup>(2)</sup>

<b>Ratios to 2011-12 Assessed Valuation:</b>	
Total Overlapping Tax and Assessment Debt	1.73%

<b>Ratios to Adjusted Assessed Valuation:</b>	
Combined Direct Debt (\$539,028)	0.94%
Gross Combined Total Debt	3.96%
Net Combined Total Debt	3.95%

<b>STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12:</b>	<u>\$ 77</u>
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(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on the principal amount due at maturity.

**Source:** California Municipal Statistics, Inc.

**County of Fresno**  
**Computation of Legal Debt Margin**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

<b>Fiscal Year</b>	<b>Assessed Value</b>	<b>Debt Limit Percentage</b>	<b>Debt Limit</b>	<b>Amount of Debt Applicable to Limit</b>			<b>Legal Debt Margin</b>
				<b>General Obligation Bond</b>	<b>Less Resources Restricted to Paying Principal</b>	<b>Total Net Debt Applicable to Limit</b>	
<b>2003</b>	38,160,657	1.25%	477,008	-	-	-	477,008
<b>2004</b>	40,553,718	1.25%	506,921	-	-	-	506,921
<b>2005</b>	44,300,762	1.25%	553,760	-	-	-	553,760
<b>2006</b>	48,864,958	1.25%	610,812	-	-	-	610,812
<b>2007</b>	55,471,674	1.25%	693,396	-	-	-	693,396
<b>2008</b>	62,536,020	1.25%	781,700	-	-	-	781,700
<b>2009</b>	63,465,220	1.25%	793,315	-	-	-	793,315
<b>2010</b>	61,601,029	1.25%	770,013	-	-	-	770,013
<b>2011</b>	61,130,072	1.25%	764,126	-	-	-	764,126
<b>2012</b>	61,419,373	1.25%	767,742	-	-	-	767,742

**Note:** California Government Code Section 29909 read in conjunction with Revenue and Taxation Code Section 135 imposes a legal debt limitation for General Obligation Bond indebtedness to 1.25 percent of total assessed value.

**County of Fresno**  
**General Bonded Debt Ratios**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Net General Bonded Debt per Capita ~</b>	<b>Net General Bonded Debt to Assessed Value</b>	<b>General Debt Service to General Expenditures</b>
<b>2003</b>	173.03	0.38%	1.07%
<b>2004</b>	670.41	1.41%	1.08%
<b>2005</b>	680.92	1.33%	2.00%
<b>2006</b>	684.68	1.23%	2.14%
<b>2007</b>	736.13	1.19%	2.53%
<b>2008</b>	721.13	1.05%	2.72%
<b>2009</b>	703.55	1.02%	3.37%
<b>2010</b>	687.97	1.04%	2.61%
<b>2011</b>	674.74	1.03%	3.31%
<b>2012</b>	657.80	1.01%	3.53%

~ Updated amounts based on the revised population estimates for 2011 from Department of Finance as released on May 1, 2012.

**County of Fresno**  
**Pledged Revenue Coverage**  
**For the Last Eight Fiscal Years**

**CSA 47 Water/Sewer Revenue Bonds**

Fiscal Year	Revenues	Less: Operating	Net Available	Debt Service		Coverage
		Expenses	Revenue	Principal	Interest	
<b>2005</b>	429,470	500,659	(71,189)	95,000	326,318	-17%
<b>2006</b>	452,694	592,104	(139,410)	100,000	320,807	-33%
<b>2007</b>	920,612	683,973	236,639	105,000	314,676	56%
<b>2008</b>	969,569	712,128	257,441	110,000	307,958	62%
<b>2009</b>	1,004,754	717,278	287,476	120,000	300,770	68%
<b>2010</b>	946,516	748,795	197,721	125,000	293,114	47%
<b>2011</b>	1,160,367	678,852	481,515	135,000	284,989	115%
<b>2012</b>	1,211,528	796,012	415,516	140,000	276,395	100%

**WW 41 Water Revenue Bonds**

Fiscal Year	Charges	Less: Operating	Net Available	Debt Service		Coverage
		Expenses	Revenue	Principal	Interest	
<b>2005</b>	163,325	488,247	(324,922)	20,000	9,730	-1093%
<b>2006</b>	154,829	786,259	(631,430)	25,000	8,190	-1902%
<b>2007</b>	163,725	464,618	(300,893)	25,000	6,240	-963%
<b>2008</b>	182,142	589,706	(407,564)	25,000	4,290	-1391%
<b>2009</b>	197,120	644,511	(447,391)	30,000	2,340	-1383%
<b>2010</b>	184,459	603,143	(418,684)	-	-	n/a
<b>2011</b>	-	-	-	-	-	n/a
<b>2012</b>	-	-	-	-	-	n/a

**WW 41 Sewer Revenue Bonds**

Fiscal Year	Charges	Less: Operating	Net Available	Debt Service		Coverage
		Expenses	Revenue	Principal	Interest	
<b>2005</b>	106,342	190,427	(84,085)	20,000	10,105	-279%
<b>2006</b>	109,667	332,639	(222,972)	25,000	8,505	-665%
<b>2007</b>	111,783	247,151	(135,368)	25,000	6,480	-430%
<b>2008</b>	132,108	317,753	(185,645)	25,000	4,455	-630%
<b>2009</b>	131,989	267,890	(135,901)	30,000	2,430	-419%
<b>2010</b>	130,847	371,305	(240,458)	-	-	n/a
<b>2011</b>	-	-	-	-	-	n/a
<b>2012</b>	-	-	-	-	-	n/a

**County of Fresno**  
**Demographic and Economic Statistics**  
**For the Last Ten Calendar Years**

<b>Year</b>	<b>Population~</b>	<b>Personal Income*</b>	<b>Per Capita Personal Income</b>	<b>Median Family Income</b>	<b>Unemployment Rate</b>
2003	837,256	22,091	26,169	41,700	14.20%
2004	853,057	23,338	27,227	44,900	10.40%
2005	866,058	24,078	27,758	45,450	8.40%
2006	879,128	25,730	29,304	47,000	8.03%
2007	893,088	27,173	30,536	48,900	8.15%
2008	906,521	28,097	31,111	49,900	9.91%
2009	918,560	28,050	30,646	53,100	14.98%
2010	929,758	28,839	30,905	52,200	15.95%
2011	936,089	N/A	N/A	54,700	16.77%
2012	945,711	N/A	N/A	55,500	15.27%

**Sources:** *Population data provided by the California Department of Finance. Personal and Per Capita Personal Income data provided by the Bureau of Economic Analysis. Unemployment data provided by the California Employment Development Department. Median Family Income data provided by Housing and Urban Development.*

\* *Amounts in millions*

~ *The Department of Finance has revised population estimates for January 2011 as released on May 1, 2012.*

**County of Fresno  
Principal Employers  
Comparison of 2003 and 2012**

<b>Employer</b>	<b>2012</b>			<b>2003</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Fresno Unified School District (FUSD)	8,023	1	1.80%	10,500	1	2.58%
County of Fresno	6,309	2	1.41%	7,200	3	1.76%
Community Medical Centers	6,000	3	1.34%	6,000	4	1.47%
City of Fresno	3,258	4	0.73%	3,131	6	0.77%
Clovis Unified School District	2,977	5	0.67%	4,000	5	0.98%
State Center Community College	2,892	6	0.65%			
Saint Agnes Medical	2,710	7	0.61%	2,400	7	0.59%
California State University, Fresno	2,118	8	0.47%			
Pelco by Schneider Electric	1,972	9	0.44%	1,500	10	0.37%
Kaiser Permanente Medical	1,873	10	0.42%	1,852	9	0.45%
Internal Revenue Service				7,224	2	1.77%
Children's Hospital of Central CA				2,361	8	0.58%
<b>Total</b>	<b>38,132</b>		<b>8.54%</b>	<b>46,168</b>		<b>11.31%</b>

**Source:** The 2012 employee count is obtained from the Business Journal 2012 Book of lists, FUSD Human Resource Department, and the 2003 employee count is obtained from the Economic Development Corporation of Fresno County.

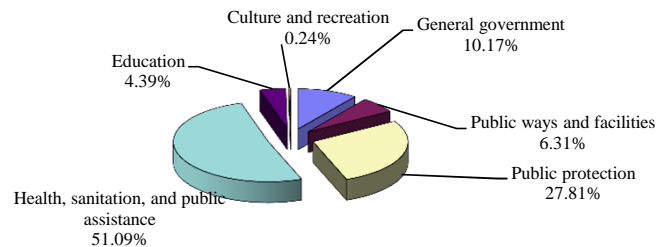
**Note:** Percentages based on labor force of 446,700 in 2012 and 408,100 in 2003.



**County of Fresno**  
**Employees by Function/Program**  
**Last Ten Fiscal Years**  
**Employees as of June 30**

<b>Function/Program</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>General government</b>										
Administration	67	66	65	65	71	66	59	56	54	52
Planning	3	3	3	-	-	-	-	-	-	-
County Counsel	42	38	39	40	39	35	37	29	26	25
Finance	279	278	292	297	300	288	272	256	227	235
Internal Service	515	487	459	458	460	446	419	411	381	344
Other	31	32	56	54	40	40	38	35	23	23
<b>Total</b>	<b>937</b>	<b>904</b>	<b>914</b>	<b>914</b>	<b>910</b>	<b>875</b>	<b>825</b>	<b>787</b>	<b>711</b>	<b>679</b>
<b>Public ways and facilities</b>										
Planning	144	145	154	156	169	170	137	122	106	105
Roads	233	233	226	226	226	226	224	224	222	198
Community Development	23	23	23	23	22	19	19	19	19	14
Solid Waste	20	21	22	24	24	24	24	24	22	21
Other	97	95	98	98	97	97	86	81	81	83
<b>Total</b>	<b>517</b>	<b>517</b>	<b>523</b>	<b>527</b>	<b>538</b>	<b>536</b>	<b>490</b>	<b>470</b>	<b>450</b>	<b>421</b>
<b>Public protection</b>										
Sheriff	1,079	1,066	1,107	1,141	1,202	1,203	1,126	1,004	982	998
Probation	558	547	548	588	624	629	550	535	514	544
District Attorney	211	241	257	267	259	300	247	243	228	222
Public Defender	97	102	111	111	135	137	127	95	82	79
Coroner	42	42	42	40	40	40	35	16	14	13
<b>Total</b>	<b>1,987</b>	<b>1,998</b>	<b>2,065</b>	<b>2,147</b>	<b>2,260</b>	<b>2,309</b>	<b>2,085</b>	<b>1,893</b>	<b>1,820</b>	<b>1,856</b>
<b>Health, sanitation, and public assistance</b>										
Administration	295	194	90	90	90	85	70	3	3	3
Child & Family Services	1,081	1,042	1,078	1,066	1,073	978	923	274	232	232
Adult Services	700	684	704	469	465	452	337	511	484	514
Social Services	1,207	1,272	1,314	1,422	1,504	1,542	1,544	2,060	2,160	2,182
Community Health	687	682	700	714	701	658	457	432	438	467
In-Home Supportive Services	-	-	-	18	18	16	14	7	7	7
Veterans Services	-	-	-	4	4	4	4	5	5	5
<b>Total</b>	<b>3,970</b>	<b>3,874</b>	<b>3,886</b>	<b>3,783</b>	<b>3,855</b>	<b>3,735</b>	<b>3,349</b>	<b>3,292</b>	<b>3,329</b>	<b>3,410</b>
<b>Education</b>										
Library	387	381	377	321	331	338	330	330	291	293
<b>Culture and recreation</b>										
Parks and grounds	33	33	35	35	36	36	31	26	20	16
<b>Total</b>	<b>7,831</b>	<b>7,707</b>	<b>7,800</b>	<b>7,727</b>	<b>7,930</b>	<b>7,829</b>	<b>7,110</b>	<b>6,798</b>	<b>6,621</b>	<b>6,675</b>

**Fiscal Year Ending 2012**



*Source: Proposed Budget*

**County of Fresno**  
**Operating Indicators by Function/Program**  
**For the Last Ten Fiscal Years**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b><u>Function/Program</u></b>										
Public protection										
<i>Child Support Services</i>										
Number of child support cases opened	71,553	71,046	74,475	70,292	69,155	69,538	70,343	65,032	62,175	60,115
Child support collected (in thousands)	\$ 87,692	\$ 87,416	\$ 85,633	\$ 82,328	\$ 82,043	\$ 83,450	\$ 86,387	\$ 83,562	\$ 82,918	\$ 83,681
<i>Sheriff</i>										
Zone offices	4	4	4	4	4	4	4	4	4	4
Patrol units	159	152	222	216	232	267	225	233	186	249
Dispatched calls	277,213	312,003	307,862	326,123	344,315	347,778	211,990	200,553	204,542	199,408
Physical arrests	6,507	6,199	6,029	6,219	5,930	7,675	5,523	7,943	7,789	9,299
Traffic citations	1,811	1,943	1,524	1,605	1,493	1,361	1,761	1,316	1,315	1,077
Stolen vehicles	1,046	990	1,019	1,090	1,020	952	933	763	1,020	899
Jail bookings	38,941	38,432	40,333	44,232	43,428	44,028	44,398	40,621	40,794	40,025
Avg. daily jail population	2,981	3,019	3,060	3,168	3,259	3,029	3,067	1,877	1,661	1,810
Public ways and facilities										
Street miles maintained	3,609	3,600	3,577	3,563	3,555	3,539	3,531	3,527	3,524	3,519
Health, sanitation, and public assistance										
<i>Emergency Medical Services (EMS)</i>										
Number of 9-1-1 medical calls	47,018	49,937	47,802	58,636	96,020	64,700	81,994	92,960	96,030	107,235
<i>Department of Social Services</i>										
Number of clients served	2,802,504	3,004,092	3,345,408	3,596,256	5,656,281	5,495,310	6,021,653	6,529,503	6,854,629	6,966,161
Education										
<i>Library</i>										
Number of branches	34	34	35	35	35	35	35	35	35	35
Number of volumes	3,567,980	3,645,853	3,651,499	3,668,488	3,837,345	3,865,700	3,970,156	4,013,193	3,104,381	3,698,458
Volumes borrowed	2,729,730	2,645,989	2,991,108	2,992,108	3,038,170	3,222,473	3,572,943	3,667,648	3,874,259	3,989,774
Culture and recreation										
<i>Parks &amp; Grounds</i>										
Acreage	2,120	2,120	2,120	2,120	2,120	2,120	2,120	2,120	2,120	2,120
Park passes issued	130	152	135	125	209	163	166	162	112	166

**Sources:** Various county departments

**Note:** The Fresno County Resource Division had revised the total acreage data during 2011 based on re-mapping of the parks for all periods presented above.

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## **Glossary**

## County of Fresno

### Glossary for the Comprehensive Annual Financial Report

**ACCOUNTS PAYABLE.** A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

**ACCOUNTS RECEIVABLE.** An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).

**ACCRUAL BASIS.** The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

**ACCUMULATED DEPRECIATION.** A contra-asset account used to report the accumulation of periodic credits to reflect the expiration of the estimated service life of capital assets.

**AGENCY FUND.** A fund normally used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or other funds.

**AMORTIZATION.** (1) The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

**APPROPRIATION.** A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

**ASSESSED VALUATION.** A valuation set upon real estate or other property by a government as a basis for levying taxes.

**AUDITOR'S REPORT.** In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with GAAP or some other comprehensive basis of accounting.

**BALANCE SHEET.** The financial statement disclosing the assets, liabilities and equity of an entity at a specified date in conformity with GAAP.

**BASIC FINANCIAL STATEMENTS (BFS).** The minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP. Basic financial statements have three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

**BASIS OF ACCOUNTING.** A term used to refer to *when* revenues, expenditures, expenses, and transfers - and the related assets and liabilities - are recognized in the accounts and reported in the financial statements. Specifically, it relates to the *timing* of the measurements made, regardless of the nature of the measurement, on either the cash or the accrual method.

**BUDGET.** A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term "budget" is used in two senses in practice. Sometimes it designates the financial plan presented to the appropriating governing body for adoption, and sometimes, the plan finally approved by that body.

**BUDGETARY CONTROL.** The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

**CAPITAL ASSETS.** Long-lived tangible assets obtained or controlled as a result of past transactions, events or circumstances. Capital assets include buildings, equipment, and improvements other than buildings, land, and infrastructure. In the private sector, these assets are referred to most often as property, plant, and equipment.

**CAPITAL EXPENDITURES.** Expenditures resulting in the acquisition of or addition to the government's general capital assets.

**CAPITALIZATION POLICY.** The criteria used by a government to determine which outlays should be reported as capital assets.

**CAPITAL LEASE.** An agreement that conveys the right to use property, plant, or equipment, usually for a stated period of time. See **LEASE-PURCHASE AGREEMENTS**.

## County of Fresno

### Glossary for the Comprehensive Annual Financial Report

**CAPITAL PROJECTS FUND.** A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**CASH BASIS.** A basis of accounting under which transactions are recognized only when cash is received or disbursed.

**CASH WITH FISCAL AGENT.** An asset account reflecting deposits with fiscal agents, such as commercial banks, for the payment of bond principal and interest.

**CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM.** A voluntary program administered by the GFOA to encourage governments to publish efficiently organized and easily readable CAFR's and to provide technical assistance and peer recognition to the finance officers preparing them.

**CHANGE IN THE FAIR VALUE OF INVESTMENTS.** The difference between the fair value of investments and the beginning of the year and at the end of the year, taking into consideration investment purchases, sales, and redemptions.

**COMPENSATED ABSENCES.** Absences, such as vacations, illness and holidays, for which it is expected employees will be paid. The term does not encompass severance or termination pay, postretirement benefits, deferred compensation or other long-term fringe benefits, such as group insurance, and long-term disability pay.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR).** A financial report that encompasses all funds and component units of the government. The CAFR should contain (a) the basic financial statements and required supplementary information, (b) combining statements to support columns in the basic financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. The CAFR is the governmental unit's official annual report and also should contain introductory information, schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, and statistical data.

**CONTINGENT LIABILITY.** Items that may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled

disputed claims, unfilled purchase orders and uncompleted contracts. Contingent liabilities should be disclosed within the financial statements (including the notes) when there is a reasonable possibility a loss may have been incurred. Guarantees, however, should be disclosed even though the possibility of loss may be remote.

**CREDIT RISK.** The risk that an issuer or a counter-party to an investment will not fulfill its obligations.

**CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS.** Measurement focus according to which the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operations of governmental funds.

**DEBT.** An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants, and notes.

**DEBT SERVICE FUND.** A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**DEFERRED CHARGES.** Expenditures that are not chargeable to the fiscal period in which they were made that are carried as an asset on the balance sheet, pending amortization or other disposition (e.g., bond issuance costs). Deferred charges differ from prepaid items in that they usually extend over a long period of time (more than five years) and are not regularly recurring costs of operation.

**DEFERRED REVENUE.** Resource inflows that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts also are reported as deferred revenue until they are available to liquidate liabilities of the current period.

**DEFICIT.** (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period.

## County of Fresno

### Glossary for the Comprehensive Annual Financial Report

**DEFINED BENEFIT PENSION PLAN.** A pension plan having terms that specify the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation.

**DEPRECIATION.** (1) Expiration in the service life of capital assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy and obsolescence. (2) The portion of the cost of a capital asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

**DESIGNATED FUND BALANCE.** A portion of an unreserved fund balance that has been "earmarked" by the chief executive officer or the legislative body for specified purposes.

**DUE FROM OTHER FUNDS.** An asset account used to indicate amounts owed to a particular fund by another fund for goods sold or services rendered. This account includes only short-term obligations on open account, not interfund loans.

**DUE TO OTHER FUNDS.** A liability account reflecting amounts owed by a particular fund to another fund for goods sold or services rendered. These amounts include only short-term obligations on open account, not interfund loans.

**ECONOMIC RESOURCES MEASUREMENT FOCUS.** Measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net assets. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting. It is also used by business enterprises in the private sector.

**ENCUMBRANCES.** Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

**ENTERPRISE FUND.** Proprietary fund type used to report and activity for which a fee is charged to external users for goods and services.

**EXCHANGE-LIKE TRANSACTION.** Transaction in which there is an identifiable exchange between the reporting government and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange.

**EXPENDITURES.** Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental grants, entitlements and shared revenues.

**EXPENSES.** Outflows or other using up of assets or incurrence of liabilities (or a combination of both) from delivering or producing goods, rendering services or carrying out other activities that constitute the entity's ongoing major or central operations.

**EXTERNAL AUDITORS.** Independent auditors typically engaged to conduct an audit of a government's financial statements.

**EXTERNAL INVESTMENT POOL.** An arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio; one or more of the participants is not part of the sponsors reporting entity. An external investment pool can be sponsored by an individual government, jointly by more than one government, or by a nongovernmental entity. An investment pool that is sponsored by an individual state or local government is an external investment pool if it includes participation by a legally separate entity that is not part of the same reporting entity as the sponsoring government. If a government-sponsored pool includes only the primary government and its component units, it is an internal investment pool and not an external investment pool.

**FAIR VALUE.** The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**FIDUCIARY FUNDS.** The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units and/or other funds.

## County of Fresno

### Glossary for the Comprehensive Annual Financial Report

**FINANCIAL RESOURCES.** Resources that are or will become available for spending. Financial resources include cash and resources ordinarily expected to be converted to cash (e.g., receivables, investments). Financial resources may also include inventories and pre-pays (because they obviate the need to expend current available resources).

**FISCAL AGENT.** A fiduciary agent, usually a bank or county treasurer, who performs the function of paying debt principal and interest when due.

**FUND.** A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

**FUND BALANCE.** The difference between fund assets and fund liabilities of governmental and similar trust funds.

**FUND FINANCIAL STATEMENTS.** Basic financial statements presented on the basis of funds. Term used in contrast with *government-wide financial statements*.

**FUND TYPE.** Any one of seven categories into which all funds are classified in governmental accounting. The seven fund types are: general, special revenue, debt service, capital projects, enterprise, internal service, and trust and agency.

**GENERAL REVENUES.** All revenues that are not required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported by type of tax - for example, property tax, sales tax, transient occupancy tax. All other nontax revenues (including interest, grants and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues.

**GENERAL FUND.** The general fund is one of five governmental fund types and typically serves as the chief operating fund of the government. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

#### **GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

**(GAAP).** The convention, rules, and procedures that serve as the norm for the fair presentation of financial statements. The various sources of GAAP for the state and local governments are set forth by SAS No. 69, *The Meaning of "Present Fairly in Conformity with Generally Accepted Accounting Principles"* in the Independent Auditor's Report.

**GOVERNMENTAL ACCOUNTING.** The composite activity of analyzing, recording, summarizing, reporting and interpreting the financial transactions of governments.

#### **GOVERNMENTAL ACCOUNTING STANDARDS BOARD**

**(GASB).** The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. The GASB was established in June 1984 to replace the National Council on Governmental Accounting (NCGA).

**GOVERNMENTAL FUNDS.** Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS.**

Financial statements that incorporate all of a government's governmental and business-type activities, as well as its nonfiduciary component units. There are two basic government-wide financial statements: the statement of net assets and the statement of activities. Both basic governmental financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

**INFRASTRUCTURE.** Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

**INTERFUND RECEIVABLE/PAYABLE.** Short-term loans made by one fund to another, or the current portion of an advance to or from another fund.

**INTERFUND TRANSFERS.** Flow of assets (such as cash or goods) between funds and blended component units of the primary government without equivalent flows of assets in return and without a requirement for payment.



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**INTERNAL SERVICE FUND.** A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

**JOINT VENTURE.** A legal entity or other contractual arrangement in which a government participates as a separate and specific activity for the benefit of the public or service recipients and in which the government retains an ongoing financial interest.

**LAPSE.** As applied to appropriations, the automatic termination of an appropriation. Except for indeterminate appropriations and continuing appropriations, an appropriation is made for a certain period of time. At the end of this period, any unexpended or unencumbered balance thereof lapses, unless otherwise provided by law.

**LEASE-PURCHASE AGREEMENTS.** Contractual agreements that are termed leases, but that in substance are purchase contracts.

**LEGAL LEVEL OF BUDGETARY CONTROL.** The level at which spending in excess of budgeted amounts would be a violation of law.

**LEVEL OF BUDGETARY CONTROL.** The level at which a government's management may not reallocate resources without special approval from the legislative body.

**LIABILITIES.** Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

**LOANS RECEIVABLE.** An asset account reflecting amounts loaned to individuals or organizations external to a government, including notes taken as security for such loans. Loans to other funds and governments should be recorded and reported separately.

**MAJOR FUND.** A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The general fund is always a major fund. Otherwise, major funds are those whose revenues/expenditures, assets or liabilities, are at least 10 percent of corresponding totals for all government or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same items. Any other government or enterprise fund may be reported as a major fund if

the government's officials believe that fund is particularly important to financial statement users.

**MANAGEMENT'S DISCUSSION AND ANALYSIS.** A component of required supplementary information used to introduce the basic financial statements and to provide an analytical overview of the government's financial activities.

**MEASUREMENT FOCUS.** A way of presenting an entity's financial performance and position by considering which *resources* are measured (financial or economic) and *when* the effects of transactions or events involving those resources are recognized (the basis of accounting). The measurement focus of government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements is economic resources. The measurement focus of governmental fund financial statements is current financial resources.

**MODIFIED ACCRUAL BASIS.** The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments (e.g., bond issue proceeds) are recognized when they become susceptible to accrual; that is, when they become both "measurable" and "available to finance expenditures of the current period." "Available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Generally, expenditures are recognized when the fund liability is incurred. All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting.

**OPERATING LEASE.** A lease does not transfer ownership rights, risks, and rewards from the lessor to the lessee, the lease is called an operational lease and is similar to a rental.

**OTHER FINANCING SOURCES.** An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the other financing sources category is limited to items classified by GAAP.

**OTHER FINANCING USES.** A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of the other financing uses category is limited to items so classified by GAAP.

**OVERLAPPING DEBT.** The proportionate share property within which each government must bear of the debts of all local

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governments located wholly or in part within the geographic boundaries of the reporting government. Except for special assessment debt, the amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessment receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, to total assessments, which will be used wholly or in part for this purpose.

**PROGRAM REVENUES.** Term used in connection with the government-wide statement of activities. Revenues that derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues.

**PROPRIETARY FUNDS.** Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial positions, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

**REBATABLE ARBITRAGE.** A term used in connection with the reinvestment of the proceeds of tax-exempt debt. A requirement to remit to the federal government interest revenue in excess of interest costs when the proceeds from the sale of tax-exempt securities are reinvested in a taxable money market instrument with a materially higher yield.

**REPORTING ENTITY.** The oversight unit and all of its component units, if any, that are combined in the CAFR/BFS.

**REQUIRED SUPPLEMENTARY INFORMATION.** Consists of statements, schedules, statistical data, or other information which, according to the GASB, is necessary to supplement, although not required to be a part of the basic financial statements.

**RESERVED FUND BALANCE.** The portion of a governmental fund's net assets that is not available for appropriation.

**RESTRICTED ASSETS.** Assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

**RESTRICTED NET ASSETS.** A component of net assets calculated by reducing the carrying value of restricted assets by the amount of any related debt outstanding.

**RETAINED EARNINGS.** An equity account reflecting the accumulated earnings or an enterprise or internal service fund.

**REVENUE BONDS.** Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

**RISK MANAGEMENT.** All the ways and means used to avoid accidental loss or to reduce its consequences if it does occur.

**SELF-INSURANCE.** A term often used to describe the retention by an entity of a risk loss arising out of the ownership of property or from some other cause, instead of transferring the risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses. Because no insurance is involved, the term self-insurance is a misnomer.

**SINGLE AUDIT.** An audit performed in accordance with Single Audit Act of 1997 and Office of Management and Budget's (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. The Single Audit Act allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal agencies.

**SPECIAL DISTRICT.** An independent unit of local government organized to perform a single government function or a restricted number of related functions. Special districts usually have the power to incur debt and levy taxes; however, certain types of special districts are entirely dependent upon enterprise earnings and cannot impose taxes. Examples of special districts are water districts, drainage districts, flood control districts, hospital districts, fire protection districts, transit authorities, port authorities, and electric power authorities.

**SPECIAL REVENUE FUND.** A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

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**TAX AND REVENUE ANTICIPATION NOTES (TRANS).**

Notes issued in anticipation of the collection of taxes and revenues, usually retired only from tax collections, and frequently only from the proceeds of the tax and revenues levy whose collection they anticipate.

**TRUST FUNDS.** Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments and/or other funds.

**UNDESIGNATED UNRESERVED FUND BALANCE.** That portion of a fund balance that is available for spending or appropriation and has not been "earmarked" for specified purposes by the chief executive officer or the legislative body.

**UNQUALIFIED OPINION.** An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.

**UNRESERVED FUND BALANCE.** That portion of a fund balance available for spending or appropriation in the future.

**UNRESTRICTED NET ASSETS.** That portion of net assets that is neither restricted nor invested in capital assets (net of related debt).

**VARIABLE-RATE INVESTMENT.** An investment with terms that provide for the adjustment of its interest rate (such as the last day of the month or a calendar quarter) and that, upon each adjustment until the final maturity of the instrument or the period remaining until the principal amount can be recovered through demand, can reasonably be expected to have a fair value that will be unaffected by interest rate charges.