



**COUNTY OF FRESNO
STATE OF CALIFORNIA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended
June 30, 2013**

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

County of Fresno
Comprehensive Annual Financial Report
Table of Contents
For Fiscal Year Ended June 30, 2013

Introductory Section

Letter of Transmittal	vii
Certificate of Achievement for Excellence in Financial Reporting	xiv
Organizational Chart	xv
List of Principal Officials	xvi

Financial Section

Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Position - Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22
Statement of Fiduciary Net Position - Fiduciary Funds	24
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	25
Notes to the Basic Financial Statements	27
Required Supplementary Information - (Other than MD&A)	
Budgetary Comparison Schedule - General Fund	62
Budgetary Comparison Schedule - Road Fund	64
Budgetary Comparison Schedule – 2012 Realignment Fund	65
Note to the Budgetary Comparison Schedules	66
Fresno County Employees’ Retirement Association - Analysis of Funding Progress	68
Supplementary Information:	
Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	73

**County of Fresno
Comprehensive Annual Financial Report
Table of Contents
For Fiscal Year Ended June 30, 2013**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	74
Additional Financial Information:	
Special Revenue Funds:	
Combining Balance Sheet - Nonmajor Special Revenue Funds	75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	77
Budgetary Comparison Schedule - County Free Library Fund	79
Budgetary Comparison Schedule - Fish and Game Fund	80
Budgetary Comparison Schedule - Off-Highway License Fund	81
Budgetary Comparison Schedule - Emergency Medical Services Fund	82
Budgetary Comparison Schedule - Local Health and Welfare Trust Fund	83
Budgetary Comparison Schedule - County Service Areas, Other Fund	84
Internal Service Funds:	
Combining Statement of Net Position - Internal Service Funds	89
Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds	91
Combining Statement of Cash Flows - Internal Service Funds	93
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position - Agency Funds	99
Combining Statement of Changes in Assets and Liabilities - Agency Funds	100
Statistical Section	
Net Position by Component	106
Changes in Net Position	107
Fund Balances, Governmental Funds	109
Changes in Fund Balances, Governmental Funds	110
Governmental Funds, Revenues by Source	111
Gross Assessed and Estimated Actual Value of Taxable Property	113
Property Tax Rates - Direct and Overlapping Governments	114
Principal Taxpayers	115
Property Tax Levies and Collections	116
Ratio of Outstanding Debt by Type	117
Estimated Direct and Overlapping Bonded Debt	118

County of Fresno
Comprehensive Annual Financial Report
Table of Contents
For Fiscal Year Ended June 30, 2013

Computation of Legal Debt Margin	119
Pledged Revenue Coverage	120
Demographic and Economic Statistics	121
Principal Employers	122
Employees by Function/Program	123
Operating Indicators by Function/Program	124
Glossary	127

THIS PAGE INTENTIONALLY BLANK



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

February 28, 2014

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, 2013 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, 2013, are free of material misstatement. The independent certified public accounting firm has issued an unmodified ("clean") opinion on the County's financial statements as of and for the year ended June 30, 2013. 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), and the included financial statements and financial statement notes. 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 946,823 as of June 30, 2013. 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 public administration, trade, transportation, and utilities, agriculture, education, health, and other services, 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	Andreas Borgeas 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 & 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 Prysiazny County Librarian	Alan Weaver Director/Public Works & Planning	Paul Dictos, C.P.A. Assessor-Recorder
Elizabeth A. Egan District Attorney	David Pomaville Director Public Health	Les Wright Agricultural Commissioner/Sealer of Weights & Measures	Shannon Mueller Cooperative Extension		Vicki Crow, C.P.A. Auditor-Controller/ Treasurer-Tax Collector
Rick Chavez Chief Probation Officer	Dawan Utecht, Director Behavioral Health Public Guardian				Arpi K. Apkarian, Deputy Director Internal 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 Director of Internal Services-Chief Information Officer
					Brandi L. Orth County Clerk/Registrar of Voters

The County, with an average of 6,766 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, multiple County Service Areas (CSA's), the Fresno County Financing Authority (FCFA), the Fresno County Tobacco Funding Corporation, 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.

The economic state of both the County of Fresno and the State of California has seen steady gains in various sectors. 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. In 2012-2013, nonfarm jobs increased an additional 138,117, continuing the upward trend.

After years of strong growth in the County's economy, the recession conditions over the previous five years resulted in a decline in property and sales tax revenues. Property tax revenues declined by 8.23% from fiscal year 2008-09 to 2011-12, while sales tax revenues declined by 11.77% over the same time period. However, during fiscal year 2012-13, property tax revenues increased 6.75%

over the prior year, while sales tax revenues increased 10.53% over the prior year. The property tax and sales tax revenues are now only 2.03% and 2.48% lower than the fiscal year 2008-09 revenue amounts, respectively. This movement indicated a significant recovery in the County's economy. Further, while the housing market in the County continues to foster a reduced inventory of houses, the number of housing permits issued rose during the fiscal year, and the County saw median home prices increase 19.3%.

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 16% during the fiscal year with a summertime level of 13.8% 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 2012 decreased by 3.29% over 2011 but exceeded the five billion dollar mark for a sixth consecutive year. While agriculture currently accounts for 14.74% of wage and salary employment, other important sources of employment include: government 19.32%; trade, transportation and utilities 17.33%; education and health services 12.93%; leisure and hospitality services 8.44%; professional and business services 8.41%; manufacturing 7.05%; and construction 3.65%.

MAJOR INITIATIVES, SERVICE EFFORTS AND ACCOMPLISHMENTS

Current Financial Planning

The County maintains the largest road system in California covering over 3,517 miles of roads, including 562 bridges. The 2013-2014 Road Fund adopted budget totals \$54.4 million, which reflects a decrease of 2.4% from the prior year's adopted budget. Major projects anticipated include the Measure "C" Fruit Avenue bike lane and Americans with Disability Act compliance projects, federally funded Jensen Avenue, Golden State to Maple Avenue road improvements, two Safe Route to School Projects, Congestion Mitigation 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: one for a left turn lane at Nees and Wahoe, a seismic retrofit project in Delta Mendota on Sierra, and a Federal Railroad Crossing Improvement Project at Mountain View and UPRR. The 2013-2014 road maintenance program includes \$25.31 million dedicated to pavement seals and maintenance overlays, contracted preventative maintenance, routine maintenance, traffic signs and striping. Approximately 37 miles of slurry seals on residential streets, 25 miles of chip seal projects, and 13 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, 2013, \$11,400,000 in bond proceeds remained available for future capital expenditures.

The County, in September 2012, issued \$22,425,000 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) of \$2,790,000, 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.

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 2014 State budget of \$96.3 billion on June 27, 2013. For the first time in four years, operations of the State did not result in a deficit; as such, the State was able to allow for some increases in spending. The budget includes an approximately \$5 billion increase in expenditures from the prior year's adopted budget, achieved with substantial increases in Health and Human Services programs and spending on Education. The stabilization of the economy has allowed for the budget to include slight increases from the prior year; however, the State has continued its policy of conservative reserve planning and lower local government spending.

The County's fiscal year 2013-2014 adopted budget is \$79 million greater than the prior year and continues the salary savings enacted in the prior year budget. The increase is due to the significant increases in County discretionary revenues including sales and property tax revenues and vehicle license fees as a result of economic improvement. Significant budget increases were made in public safety and health programs. The County will perform a mid-year review of budget surpluses and deficits and make recommendations from any information gleaned therein.

RELEVANT FINANCIAL POLICIES

Investment

The County manages the Treasury Investment Pool (Pool). 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.

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, 2012. 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

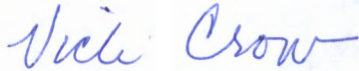
easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements.

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,



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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

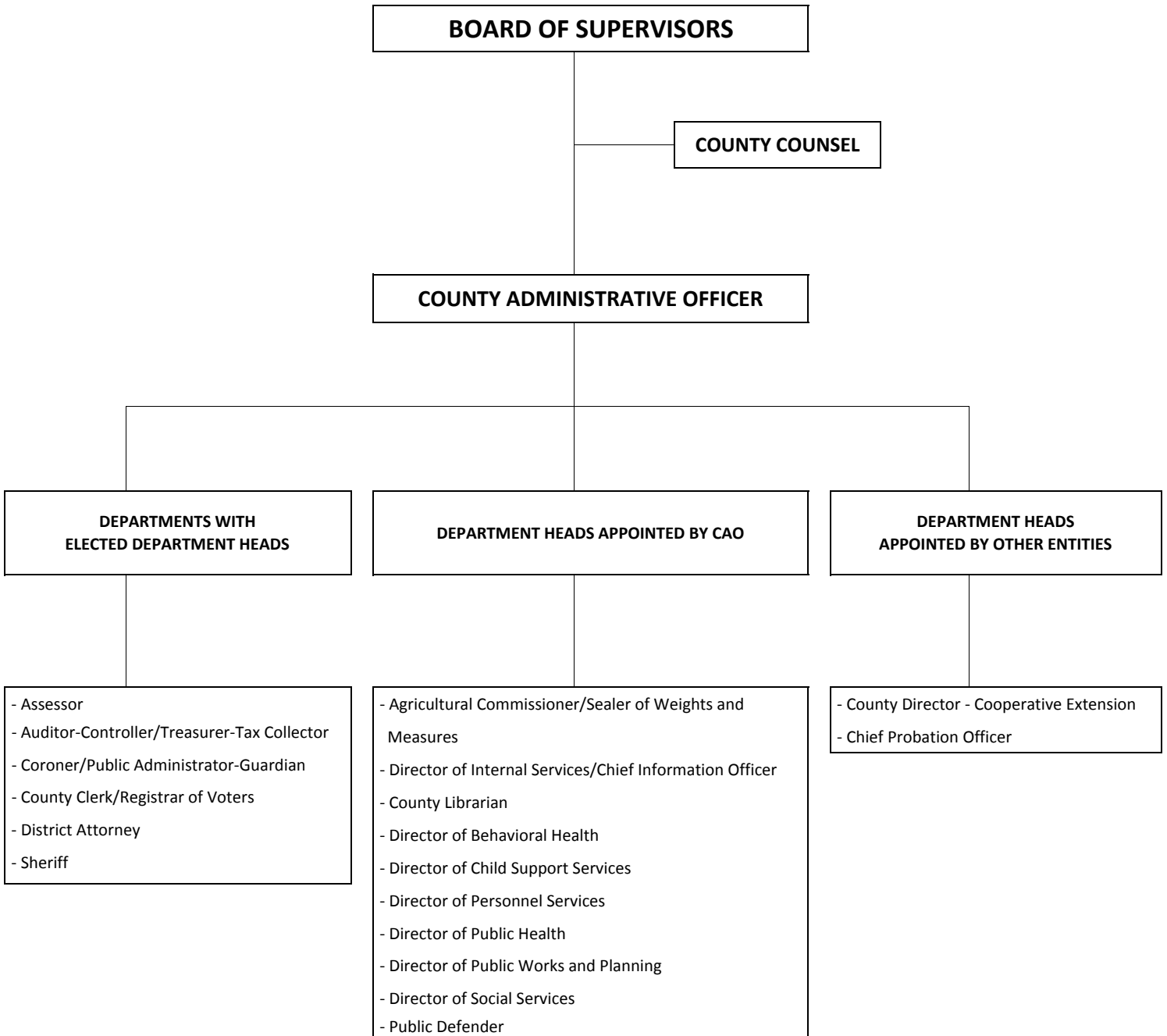
**County of Fresno
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

COUNTY OF FRESNO ORGANIZATIONAL CHART



**County of Fresno
List of Principal Officials
June 30, 2013**

ELECTED OFFICIALS

Board of Supervisors:

Supervisor, District 1.....	Phil Larson
Supervisor, District 2.....	Andreas Borgeas
Chairperson, Supervisor, District 3.....	Henry R. Perea
Supervisor, District 4.....	Judy Case
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

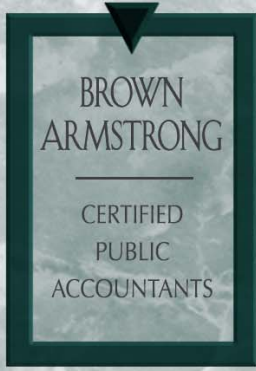
County Administrative Officer.....	John A. Navarrette
County Counsel.....	Kevin B. Briggs

THIS PAGE INTENTIONALLY BLANK



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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 position, and revenues of the discretely presented component unit.
- Fresno County Tobacco Funding Corporation is presented as a blended component unit, which represents 2.4 percent, 2.0 percent, 1.1 percent, respectively, of assets, fund balance, and revenues of the total governmental funds.

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

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

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

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

7673 N. INGRAM AVENUE

SUITE 101

FRESNO, CALIFORNIA 93711

TEL 559.476.3592

FAX 559.476.3593

221 E. WALNUT STREET

SUITE 260

PASADENA, CALIFORNIA 91101

TEL 626.204.6542

FAX 626.204.6547

5250 CLAREMONT AVENUE

SUITE 237

STOCKTON, CA 95207

TEL 209.451.4833



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 2 to the financial statements, during the year ended June 30, 2013, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which modified the current financial reporting of those elements. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the general fund, road fund and 2012 realignment fund, and the analysis of funding progress for the Fresno County Employees Retirement Association, 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 GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2014, 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* in considering County's internal control over financial reporting and compliance.

Bakersfield, California
February 28, 2014

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

County of Fresno
Management's Discussion and Analysis
June 30, 2013
(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, 2013. 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 2012-2013 fiscal year, the assets and deferred outflows of the County exceeded liabilities and deferred inflows by \$1,177,154. The residual of this difference is referred to as "net position". The County has an unrestricted net position of \$255,659. The County's net position also includes a restricted net position of \$303,115 representing assets which can only be used for specific purposes, and \$618,380 representing the County's net investment in capital assets.
- The County's long-term debt increased by \$2,719. Long-term debt totals \$922,564 at June 30, 2013.
- The primary government's total net position increased by \$65,580. The governmental activities gain is \$62,840 and business type activities gain is \$2,740.
- As of June 30, 2013, the County's governmental funds reported combined ending fund balances of \$464,971, which is an increase of \$38,624 in comparison to the prior year. Approximately 70.3% of combined fund balances, or \$327,081, is either non-spendable or restricted for specific uses; 29.7%, or \$137,890, 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 \$307,538. Approximately \$203,245 is either non-spendable or restricted for specific uses. The remaining \$104,293, which approximates to 10.3% 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 are comprised of three components: 1) **Government-wide** financial statements, 2) **Fund** financial statements and 3) **Notes** to the basic financial statements. Required supplementary information 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 Position* presents information on all County assets and liabilities, deferred inflows and outflows, with the residual of these elements being reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

County of Fresno
Management's Discussion and Analysis
June 30, 2013
(amounts expressed in thousands)

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

Both of these government-wide financial statements distinguish functions of the 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. The County's blended component units include the County Service Areas, the Fresno County Tobacco Funding Corporation, and the Fresno County Financing Authority. 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.

County of Fresno
Management's Discussion and Analysis
June 30, 2013
(amounts expressed in thousands)

Summary fund data by fund type and individual fund data for these non-major governmental funds is provided as other supplementary information in the form of *combining statements* found on pages 73-84 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 89-96 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 99-100 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 27-60 of this report.

County of Fresno
Management's Discussion and Analysis
June 30, 2013
(amounts expressed in thousands)

Required Supplementary Information includes the General Fund, Road Fund, and 2011 Realignment Fund Budgetary Comparison Schedules, along with the Fresno County Employees' Retirement 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 62-68 of this report.

The combining and individual fund statements and schedules referred to earlier provide information for non-major 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 73-100 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 \$1,177,154 at June 30, 2013.

Summary of Net Position
June 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Assets:						
Current and other assets	\$ 1,329,396	\$ 1,267,851	\$ 74,178	\$ 81,857	\$ 1,403,574	\$ 1,349,708
Capital assets	737,849	751,797	61,746	48,210	799,595	800,007
Total assets	<u>2,067,245</u>	<u>2,019,648</u>	<u>135,924</u>	<u>130,067</u>	<u>2,203,169</u>	<u>2,149,715</u>
Liabilities:						
Other liabilities	101,956	116,447	1,495	1,849	103,451	118,296
Long-term liabilities	879,693	880,445	42,871	39,400	922,564	919,845
Total liabilities	<u>981,649</u>	<u>996,892</u>	<u>44,366</u>	<u>41,249</u>	<u>1,026,015</u>	<u>1,038,141</u>
Net Position:						
Net investment in capital assets	560,544	562,279	57,836	43,336	618,380	605,615
Restricted	301,425	335,573	1,690	5,090	303,115	340,663
Unrestricted	223,627	124,904	32,032	40,392	255,659	165,296
Total net position	<u>\$ 1,085,596</u>	<u>\$ 1,022,756</u>	<u>\$ 91,558</u>	<u>\$ 88,818</u>	<u>\$ 1,177,154</u>	<u>\$ 1,111,574</u>

The largest portion of the County's net position, \$618,380, 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 position balance of \$303,115 represents resources that are subject to external restrictions on how they may be used. The remaining balance for unrestricted net position, \$255,659, may be used to meet the County's ongoing obligation to citizens and creditors.

Current and other assets increased by \$53,866 from \$1,349,708 to \$1,403,574 or 4.0%. This increase over prior year was due primarily to an increase in the cash and restricted cash balance of approximately \$53,927.

County of Fresno
Management's Discussion and Analysis
June 30, 2013
(amounts expressed in thousands)

Capital assets decreased by \$412 from \$800,007 to \$799,595, or 0.05% 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.

Long-term liabilities increased by \$2,719, from \$919,845 to \$922,564, or 0.3% from the prior year. This was primarily due to increases in the liabilities for self-insurance of \$7,113 and for adverse judgments of \$8,766.

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

Summary of Changes in Net Position
For the Years Ended June 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Revenues:						
Program revenues:						
Charges for services	\$ 88,047	\$ 114,135	\$ 13,317	\$ 11,749	\$ 101,364	\$ 125,884
Operating grants and contributions	690,028	715,246	-	-	690,028	715,246
Capital grants and contributions	187	3,069	-	-	187	3,069
General Revenues						
Property taxes	209,419	196,145	635	622	210,054	196,767
Sales taxes	154,998	140,232	-	-	154,998	140,232
Motor vehicle in lieu taxes	34,077	35,491	-	-	34,077	35,491
Franchise taxes	4,784	4,849	-	-	4,784	4,849
Tobacco settlement proceeds	13,213	8,352	-	-	13,213	8,352
Investment earnings	14,159	5,945	974	1,257	15,133	7,202
Miscellaneous	5,170	4,708	2,307	1,733	7,477	6,441
Total revenues	<u>1,214,082</u>	<u>1,228,172</u>	<u>17,233</u>	<u>15,361</u>	<u>1,231,315</u>	<u>1,243,533</u>
Expenses:						
General government	52,919	51,348	-	-	52,919	51,348
Public protection	304,365	293,106	-	-	304,365	293,106
Public ways and facilities	41,895	48,529	-	-	41,895	48,529
Health, sanit. & public assist.	686,767	751,998	-	-	686,767	751,998
Education	24,191	24,897	-	-	24,191	24,897
Culture and recreation	2,712	2,331	-	-	2,712	2,331
Interest on long-term debt	42,519	44,232	-	-	42,519	44,232
County Service Areas, other	-	-	6,139	5,607	6,139	5,607
Landfill	-	-	14,063	14,024	14,063	14,024
Total expenses	<u>1,155,368</u>	<u>1,216,441</u>	<u>20,202</u>	<u>19,631</u>	<u>1,175,570</u>	<u>1,236,072</u>
Increase (decrease) in net position before transfers	<u>58,714</u>	<u>11,731</u>	<u>(2,969)</u>	<u>(4,270)</u>	<u>55,745</u>	<u>7,461</u>
Transfers	302	271	(302)	(271)	-	-
Extraordinary item	-	(274)	-	-	-	(274)
Increase (decrease) in net position	<u>59,016</u>	<u>11,728</u>	<u>(3,271)</u>	<u>(4,541)</u>	<u>55,745</u>	<u>7,187</u>
Net position beginning of year	1,022,756	1,010,233	88,818	93,264	1,111,574	1,103,497
Prior period adjustment	3,824	795	6,011	95	9,835	890
Net position end of year	<u>\$ 1,085,596</u>	<u>\$ 1,022,756</u>	<u>\$ 91,558</u>	<u>\$ 88,818</u>	<u>\$ 1,177,154</u>	<u>\$ 1,111,574</u>

Governmental activities. Governmental activities increased the County's net position by \$62,840. This accounts for the majority of the total increase in net position of the County. This represents a \$50,317

County of Fresno
Management's Discussion and Analysis
June 30, 2013
(amounts expressed in thousands)

increase in net position growth from fiscal year 2011-2012. This increase in net position growth occurred primarily as the result of a \$61,073 decline in net expenses. Revenue related to charges for services decreased by \$26,088 due to a reduction in service levels. Operating grant revenue decreased by \$25,218 primarily due to the elimination of particular federal programs, as well as decreases in funding for realigned programs. Property taxes increased by \$13,274. This increase in property taxes is due to a slight increase in assessed values and a slightly decreased property tax delinquency rate. Sales taxes increased by \$14,766 as consumer confidence continues its upward trend.

Expenses for general government increased by \$1,571; this was due to a slight increase in the cost of salaries and benefits countywide. Expenses for health, sanitation and public assistance decreased by \$65,231 due to the elimination of particular federal programs and the reduction in other realigned programs. Expenses for public ways and facilities decreased by \$6,634, 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 Position") 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 position under the accrual basis of accounting.

Business-type activities. Business-type activities increased the County's net position by \$2,740. The increase in net position from business-type activities is attributable to an increase in charges for services and prior period adjustments reflecting added capital assets.

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, 2013, the County's governmental funds reported combined ending fund balances of \$464,971, an increase of \$38,624 in comparison with the prior fiscal year. Approximately 29.7% of this total amount, or \$137,890, constitutes fund balance that is available for appropriation in the upcoming year. The remainder of the fund balance totaling \$327,081 is restricted; this includes \$4,622 "not in spendable form" for items that are not expected to be converted into cash, such as inventories and imprest

County of Fresno
Management's Discussion and Analysis
June 30, 2013
(amounts expressed in thousands)

cash balances, that are long-term in nature and thus do not represent available spendable resources. The remainder of the fund balance also includes \$322,459 restricted for programs at various levels.

General Fund. The General Fund is the chief operating fund of the County. At June 30, 2013, unrestricted fund balance of the General Fund was \$104,293, while total fund balance was \$307,538. 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 10.3% of total fund expenditures less transfers, while total fund balance represents 30.3% of that same amount.

The fund balance of the County's General Fund increased \$8,963 during the current fiscal year due to the leveling off of decreases in tax revenue combined with a significant decrease in expenditures.

Revenues for the General Fund without transfers totaled \$882,928, which represents a 9.7% decrease from fiscal year 2011-2012. Tax revenue decreased by \$784, while state and federal aid decreased by \$84,198. 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 2012-2013 are reported as taxes, rather than state aid. The continued realignment of programs has led to a decrease in specific governmental program revenues; in addition, the County did not have its applications for certain grants approved for 2012-2013, further depleting program revenue. Use of money and property revenue increased by \$7,913 due to increases in cash balances available for investments. Other revenue decreased by \$7,878 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 \$1,016,643 in fiscal year 2012-2013, which represents a decrease of 5.8% from fiscal year 2011-2012. 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 2012-13 with a \$35,327 fund balance, an increase of \$2,522 or 7.7%. The fund balance increase was primarily due to a decrease in expenditures in the Road Fund.

Revenues decreased by \$1,607 or 3.2% from fiscal year 2011-12. This decrease was primarily attributable to a \$2,294 decline in intergovernmental revenues.

Expenditures decreased by \$6,837 or 13.0% from fiscal year 2011-12. The decrease was attributable to a \$6,837 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 \$126,359 in revenues and distributed \$102,999 to the General Fund which, when combined with the \$11,582 in restricted fund balance from the prior year, resulted in \$34,942 in restricted fund balance for fiscal year 2012-2013.

Debt Service Fund. The Debt Service Fund is a major governmental fund. Fund balance decreased by \$576 from \$57,365 to \$56,789. The decrease is mostly due to an increase in interest and fiscal charges related to the debt.

County of Fresno
Management's Discussion and Analysis
June 30, 2013
(amounts expressed in thousands)

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 \$65,958 in net position at June 30, 2013, and the CSAs have \$25,600. The Landfills' and CSAs' unrestricted net positions are \$27,895 and \$4,137; this comprises 42.3% and 16.2%, respectively, of their total net positions. Overall net position increased \$2,740 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 \$34,733. Some of the significant differences between the original budget and the final amended budget are briefly summarized as follows:

- The Sheriff Department's appropriations increased by \$3,197 as a result of additional funding being realized; this was facilitated as a means to fund the opening of an additional jail floor in the North Annex Jail.
- The Department of Public Works and Planning, upon submission of its grant request to the State of California San Joaquin River Conservancy and Wildlife Conservation Board to fund improvements to Lost Lake Park campground, received increased appropriations to match the expected funding of the plan, which was \$1,403.
- The Department of Social Services' appropriations increased by \$2,409, which reflected an adjustment to the 1991 Realignment budget to recognize the unanticipated sales tax growth. In addition, the Department of Social Services' appropriations increased by \$1,452 in order to facilitate the transition of the Healthy Families Program to the Medi-Cal Program as required by Assembly Bill (AB) 1494.
- The Sheriff Department's appropriations increased by \$3,328 (facilitated by various budget adjustments) in order to allow for the purchase or improvement of a variety of capital assets.
- As a result of an unanticipated increase in revenue from penalties on delinquent property taxes, revenue and appropriations for the Interest and Miscellaneous Division (maintained by the County Administrative Office) increased by \$2,996.

The Actual General Fund revenue balance of \$1,212,033 was \$40,460, or 3.2%, less than expected. The major budgeted revenue shortfalls occurred in intergovernmental revenues, which were \$36,129 below target due to payment deferrals and diminished State and Federal allocations.

Actual General Fund expenditures fell below the total budget estimates by \$100,135, or 7.9%. The savings were achieved by an array of continuous efforts to address the County's structural budget deficit.

- \$27,318 decrease in salaries and benefits primarily due to the elimination of vacant positions across all functions.
- \$45,805 decrease in services and supplies and \$19,135 decrease in other charges primarily due to a reduction in contract and miscellaneous expenditures and savings from prudent spending.

County of Fresno
Management's Discussion and Analysis
June 30, 2013
(amounts expressed in thousands)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

As of June 30, 2013, the County's investment in capital assets for its governmental and business-type activities was \$799,595. 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 \$412.

Capital asset projects during the current fiscal year included the following:

- 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	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Assets:						
Infrastructure	\$ 291,798	\$ 296,502	\$ -	\$ -	\$ 291,798	\$ 296,502
Infrastructure in progress	61,006	51,795	-	-	61,006	51,795
Land	16,673	16,673	7,488	7,257	24,161	23,930
Buildings and Improvements	341,013	351,090	33,061	26,718	374,074	377,808
Equipment	22,286	25,592	6,420	8,098	28,706	33,690
Construction in progress	338	2,909	14,777	6,137	15,115	9,046
Intangible assets	4,735	7,236	-	-	4,735	7,236
	<u>\$ 737,849</u>	<u>\$ 751,797</u>	<u>\$ 61,746</u>	<u>\$ 48,210</u>	<u>\$ 799,595</u>	<u>\$ 800,007</u>

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

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 2012-13, the County added infrastructure totaling \$6,797. Accumulated depreciation for infrastructure increased by \$11,501.

County of Fresno
Management's Discussion and Analysis
June 30, 2013
(amounts expressed in thousands)

Long-term debt

At June 30, 2013, the County had total long-term debt outstanding of \$922,564, compared to \$919,845 for the prior fiscal year. This amount was comprised of \$41,628 in compensated absences, \$4,066 in capital leases, \$78,697 in liability for self-insurance, \$742,406 in bonds payable, \$12,896 from an adverse judgment, and \$38,670 in closure and post-closure care, as well as \$3,910 in bonds payable and \$291 in compensated absences from business activities. Please refer to Note 10 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 have seen solid gains in their recovery from the recession. Fresno County has seen upward trends in both property and sales taxes, as well as in its investment earnings. However, high unemployment and overall uncertainty about the economic policies of government continue to persist, although nonfarm unemployment has decreased. Also, while new construction activity in the housing market has occurred, housing inventory remains low, leading to higher median home prices.
- 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. In addition, certain types of crime are considered high and public protection is a high priority to citizens.
- Due to the stabilizing economy, the County's general revenue, sometimes referred to as discretionary revenue, has increased. Both property and sales tax revenues have seen solid increases. 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. Medical insurance, in particular, has been affected, most notably by the passage of the Affordable Care Act; the full effects of the legislation have yet to be realized.
- 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 continue to increase, specific program-related revenue continues to fall 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 2013-14. The County will make adjustments to its budget as necessary to deal with further expected State budget actions.

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.

County of Fresno
Management's Discussion and Analysis
June 30, 2013
(amounts expressed in thousands)

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 Position
June 30, 2013
(amounts expressed in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Children and Families Commission
ASSETS				
Cash and investments	\$ 525,476	\$ 41,363	\$ 566,839	\$ 23,231
Restricted cash and investments	14,238	31,170	45,408	-
Receivables				
Accounts (net of allowances for uncollectibles)	132,259	2,426	134,685	86
Taxes	38,366	-	38,366	-
Interest	1,257	213	1,470	-
Loans	39,490	-	39,490	-
Internal balances	1,002	(1,002)	-	-
Due from other governmental units	5,814	-	5,814	2,095
Inventories of supplies	5,090	8	5,098	-
Prepaid items and other assets	351	-	351	-
Deferred bond issuance charges	7,500	-	7,500	-
Pension asset	558,553	-	558,553	-
Capital assets (net of accumulated depreciation):				
Land	16,673	7,488	24,161	617
Buildings and improvements	341,013	33,061	374,074	701
Equipment	22,286	6,420	28,706	-
Construction in progress	338	14,777	15,115	629
Infrastructure	291,798	-	291,798	-
Infrastructure in progress	61,006	-	61,006	-
Intangible	4,735	-	4,735	-
Total assets	<u>2,067,245</u>	<u>135,924</u>	<u>2,203,169</u>	<u>27,359</u>
LIABILITIES				
Accounts payable	29,414	548	29,962	2,508
Salaries and benefits payable	34,111	317	34,428	-
Interest payable	7,436	87	7,523	-
Due to other governmental units	17,885	469	18,354	-
Deposits and other liabilities	182	74	256	-
Unearned revenue	12,928	-	12,928	-
Noncurrent liabilities:				
Due within one year	77,095	237	77,332	-
Due beyond one year	802,598	42,634	845,232	81
Total liabilities	<u>981,649</u>	<u>44,366</u>	<u>1,026,015</u>	<u>2,589</u>
NET POSITION				
Net investment in capital assets	560,544	57,836	618,380	1,947
Restricted for:				
General government	74,421	-	74,421	-
Public protection	10,948	-	10,948	-
Public ways and facilities	28,271	-	28,271	-
Health, sanitation and public assistance	106,842	-	106,842	-
Education	6,607	-	6,607	-
Capital projects	7,418	-	7,418	-
Debt service	66,918	1,690	68,608	-
Unrestricted	223,627	32,032	255,659	22,823
Total net position	<u>\$ 1,085,596</u>	<u>\$ 91,558</u>	<u>\$ 1,177,154</u>	<u>\$ 24,770</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, 2013
(amounts expressed in thousands)

Function/Program	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Unit Children and Family Commission
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business- Type Activities		
Primary government:								
Governmental activities								
General government	\$ 52,919	\$ 18,258	\$ 1,790	\$ -	\$ (32,871)	\$ -	\$ (32,871)	\$ -
Public protection	304,365	38,244	142,839	-	(123,282)	-	(123,282)	-
Public ways and facilities	41,895	10,782	27,692	187	(3,234)	-	(3,234)	-
Health, sanitation and public assistance	686,767	16,032	517,464	-	(153,271)	-	(153,271)	-
Education	24,191	3,378	243	-	(20,570)	-	(20,570)	-
Culture and recreation	2,712	1,353	-	-	(1,359)	-	(1,359)	-
Interest and fiscal charges	42,519	-	-	-	(42,519)	-	(42,519)	-
Total governmental activities	<u>1,155,368</u>	<u>88,047</u>	<u>690,028</u>	<u>187</u>	<u>(377,106)</u>	<u>-</u>	<u>(377,106)</u>	
Business activities								
Water and sewer	6,139	3,456	-	-	-	(2,683)	(2,683)	-
Landfill	14,063	9,861	-	-	-	(4,202)	(4,202)	-
Total business-type activities	<u>20,202</u>	<u>13,317</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,885)</u>	<u>(6,885)</u>	
Total primary government	<u>\$ 1,175,570</u>	<u>\$ 101,364</u>	<u>\$ 690,028</u>	<u>\$ 187</u>	<u>(377,106)</u>	<u>(6,885)</u>	<u>(383,991)</u>	
Component Unit:								
Children and Families Commission	\$ 14,337	\$ -	\$ 11,511	\$ -	-	-	-	(2,826)
Total component units	<u>\$ 14,337</u>	<u>\$ -</u>	<u>\$ 11,511</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,826)</u>
General revenues:								
Property tax					209,419	635	210,054	-
Sales tax					154,998	-	154,998	-
Franchise tax					4,784	-	4,784	-
Unrestricted motor vehicle in-lieu taxes					34,077	-	34,077	-
Tobacco settlement proceeds					13,213	-	13,213	-
Other					4,832	2,326	7,158	509
Gain/(Loss) on bond refunding and sale of fixed assets					338	(19)	319	-
Unrestricted investment earnings					14,159	974	15,133	86
Transfers in (out)					302	(302)	-	-
Total general revenues and transfers					<u>436,122</u>	<u>3,614</u>	<u>439,736</u>	<u>595</u>
Change in net position					59,016	(3,271)	55,745	(2,231)
Net position - beginning					1,022,756	88,818	1,111,574	27,001
Prior period adjustment					3,824	6,011	9,835	-
Net position - ending					<u>\$ 1,085,596</u>	<u>\$ 91,558</u>	<u>\$ 1,177,154</u>	<u>\$ 24,770</u>

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

**County of Fresno
Balance Sheet
Governmental Funds
June 30, 2013
(amounts expressed in thousands)**

	General Fund	Debt Service	Road Fund	2011 Realignment Fund	Other Governmental Funds	Total
ASSETS						
Cash and investments	\$ 298,332	\$ 42,919	\$ 37,063	\$ 22,192	\$ 26,045	\$ 426,551
Restricted cash and investments	-	13,754	-	-	-	13,754
Receivables:						
Accounts (net of allowances for uncollectibles)	80,871	6,822	5,412	23,590	13,247	129,942
Taxes	35,827	-	-	-	2,539	38,366
Interest	662	116	113	-	70	961
Loans	39,490	-	-	-	-	39,490
Due from other funds	24,549	-	449	-	1,377	26,375
Due from other governmental units	2,415	-	3	-	75	2,493
Prepaid items	272	-	-	-	-	272
Advances to other funds	566	-	-	-	-	566
Inventory of supplies	3,456	-	645	-	31	4,132
Total assets	<u>\$ 486,440</u>	<u>\$ 63,611</u>	<u>\$ 43,685</u>	<u>\$ 45,782</u>	<u>\$ 43,384</u>	<u>\$ 682,902</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accrued liabilities	\$ 22,759	\$ -	\$ 1,172	\$ -	\$ 1,496	\$ 25,427
Salaries and benefits payable	30,593	-	1,013	-	935	32,541
Due to other governmental units	5,765	-	5,206	842	-	11,813
Advances from other funds	489	-	-	-	-	489
Due to other funds	6,750	-	727	9,998	10,572	28,047
Deposits and other liabilities	27	-	-	-	-	27
Deferred revenue	112,519	6,822	240	-	6	119,587
Total liabilities	<u>178,902</u>	<u>6,822</u>	<u>8,358</u>	<u>10,840</u>	<u>13,009</u>	<u>217,931</u>
Fund balances:						
Nonspendable	3,939	-	645	-	38	4,622
Restricted	199,306	56,789	12,564	34,942	18,858	322,459
Assigned	57,176	-	22,118	-	11,479	90,773
Unassigned	47,117	-	-	-	-	47,117
Total fund balances	<u>307,538</u>	<u>56,789</u>	<u>35,327</u>	<u>34,942</u>	<u>30,375</u>	<u>464,971</u>
Total liabilities and fund balances	<u>\$ 486,440</u>	<u>\$ 63,611</u>	<u>\$ 43,685</u>	<u>\$ 45,782</u>	<u>\$ 43,384</u>	<u>\$ 682,902</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 Position
June 30, 2013
(amounts expressed in thousands)

Fund balances - total governmental funds	\$	464,971
Amounts reported for governmental activities of net position 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		714,656
Bond issue costs are not financial resources and, therefore, are not reported in the governmental funds.		7,500
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.		(794,783)
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.		(7,436)
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.		558,553
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.		107,376
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 position.		34,759
Net position of governmental activities	<u>\$</u>	<u>1,085,596</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, 2013
(amounts expressed in thousands)

	General Fund	Debt Service	Road Fund	2011 Realignment Fund	Other Governmental Funds	Total
REVENUES:						
Taxes	\$ 221,472	\$ -	\$ 9,333	\$ 126,359	\$ 23,377	\$ 380,541
Licenses and permits	8,459	-	413	-	-	8,872
Fines, forfeitures and penalties	8,390	-	-	-	1,139	9,529
Use of money and property	12,516	1,109	409	-	281	14,315
Aid from other governmental agencies:						
State	252,051	-	20,599	-	116,117	388,767
Federal	315,250	-	7,444	-	51	322,745
Other	3,273	-	-	-	-	3,273
Charges for current services	54,107	-	9,451	-	2,933	66,491
Other revenues	7,410	16,425	228	-	295	24,358
Total revenues	<u>882,928</u>	<u>17,534</u>	<u>47,877</u>	<u>126,359</u>	<u>144,193</u>	<u>1,218,891</u>
EXPENDITURES:						
General government	32,976	-	-	-	-	32,976
Public ways and facilities	1,689	67	29,895	-	1,156	32,807
Public protection	298,179	-	-	-	-	298,179
Health, sanitation and public assistance	680,116	-	-	-	1,885	682,001
Education	573	-	-	-	23,318	23,891
Culture and recreation	2,684	-	-	-	-	2,684
Capital outlay	426	-	15,822	-	346	16,594
Debt service:						
Principal	-	30,785	-	-	-	30,785
Interest and fiscal charges	-	25,509	-	-	-	25,509
Total expenditures	<u>1,016,643</u>	<u>56,361</u>	<u>45,717</u>	<u>-</u>	<u>26,705</u>	<u>1,145,426</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(133,715)</u>	<u>(38,827)</u>	<u>2,160</u>	<u>126,359</u>	<u>117,488</u>	<u>73,465</u>
OTHER FINANCING SOURCES (USES):						
Refunding bond issue proceeds	-	23,587	-	-	-	23,587
Refunded bond payments	-	(26,160)	-	-	-	(26,160)
Transfers in	263,767	44,760	-	-	45,293	353,820
Transfers out	(85,274)	(3,116)	(1,092)	(102,999)	(158,426)	(350,907)
Bond issuance costs	-	(820)	-	-	-	(820)
Total other financing sources (uses)	<u>178,493</u>	<u>38,251</u>	<u>(1,092)</u>	<u>(102,999)</u>	<u>(113,133)</u>	<u>(480)</u>
Net change in fund balances	44,778	(576)	1,068	23,360	4,355	72,985
Fund balances - beginning	298,575	57,365	32,805	11,582	26,020	426,347
Prior period adjustment	(35,815)	-	1,454	-	-	(34,361)
Fund balances - ending	<u>\$ 307,538</u>	<u>\$ 56,789</u>	<u>\$ 35,327</u>	<u>\$ 34,942</u>	<u>\$ 30,375</u>	<u>\$ 464,971</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, 2013
(amounts expressed in thousands)

Net change in fund balances - total governmental funds		72,985
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	16,594	
Less - current year depreciation expense	(26,348)	(9,754)
Bond issuance costs and interest are expended in the governmental funds when paid, and are capitalized and amortized in the Statement of Net Position. This is the amount by which the current year issuance costs and interest costs exceeded amortization expense and interest expense.		
		(1,999)
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 position. This amount is net of internal service fund activity.		
		34,520
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.		
		(33,894)
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.		
		(4,836)
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 revenue of certain activities of the internal service funds is reported with governmental activities.		
		1,994
Change in net position of governmental activities		59,016

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

County of Fresno
Statement of Net Position
Proprietary Funds
June 30, 2013
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			Governmental
	Solid Waste	County Service	Total	Activities
	Enterprise	Areas, Other		Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 36,433	\$ 4,930	\$ 41,363	\$ 98,925
Restricted cash and cash equivalents	29,480	1,690	31,170	484
Accounts receivable (net of allowance)	1,990	436	2,426	1,615
Interest receivable	192	21	213	296
Due from other funds	142	252	394	7,355
Due from other governmental units	-	-	-	3,321
Inventory of supplies	8	-	8	958
Other assets	-	-	-	79
Total current assets	<u>68,245</u>	<u>7,329</u>	<u>75,574</u>	<u>113,033</u>
Noncurrent assets:				
Accounts receivable	-	-	-	702
Advances to other funds	-	-	-	489
Nondepreciable:				
Land	6,260	1,228	7,488	-
Construction in progress	13,467	1,310	14,777	20
Depreciable:				
Buildings and improvements	44,125	34,087	78,212	4,025
Equipment	16,509	5,234	21,743	71,129
Less accumulated depreciation	(42,298)	(18,176)	(60,474)	(52,336)
Intangible	-	-	-	20,265
Less accumulated depreciation	-	-	-	(19,910)
Total noncurrent assets	<u>38,063</u>	<u>23,683</u>	<u>61,746</u>	<u>24,384</u>
Total assets	<u>106,308</u>	<u>31,012</u>	<u>137,320</u>	<u>137,417</u>
LIABILITIES				
Current liabilities:				
Accounts payable	396	152	548	3,987
Salaries and benefits payable	236	81	317	1,570
Due to other funds	414	416	830	5,247
Due to other governmental units	469	-	469	6,072
Advances from other funds	-	566	566	-
Liability for self-insurance	-	-	-	78,697
Interest payable	-	87	87	-
Compensated leave and absences	26	51	77	895
Deferred revenue	-	-	-	717
Deposits and other liabilities	-	74	74	155
General obligation bonds payable	-	160	160	-
Capital lease obligations	-	-	-	1,689
Total current liabilities	<u>1,541</u>	<u>1,587</u>	<u>3,128</u>	<u>99,029</u>
Noncurrent liabilities				
Compensated leave and absences	139	75	214	1,348
General obligation bonds payable	-	3,750	3,750	-
Accrued closure/post-closure liability	38,670	-	38,670	-
Capital lease obligations	-	-	-	2,281
Total noncurrent liabilities	<u>38,809</u>	<u>3,825</u>	<u>42,634</u>	<u>3,629</u>
Total liabilities	<u>40,350</u>	<u>5,412</u>	<u>45,762</u>	<u>102,658</u>
NET POSITION				
Net investment in capital assets	38,063	19,773	57,836	19,223
Restricted				
Debt service	-	1,690	1,690	-
Unrestricted	27,895	4,137	32,032	15,536
Total net position	<u>\$ 65,958</u>	<u>\$ 25,600</u>	<u>\$ 91,558</u>	<u>\$ 34,759</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 Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2013
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Solid Waste	County Service	Total	Internal
	Enterprise	Areas, Other		Service Funds
Operating revenues:				
Charges for services	\$ 9,861	\$ 3,456	\$ 13,317	\$ 166,405
Other operating revenues	121	1,647	1,768	1,983
Total operating revenues	<u>9,982</u>	<u>5,103</u>	<u>15,085</u>	<u>168,388</u>
Operating expenses:				
Salaries and benefits	3,356	1,478	4,834	27,579
Insurance	57	68	125	84,674
Professional services	620	586	1,206	7,377
Special departmental	2,034	284	2,318	9,693
General and administrative	1,165	551	1,716	8,898
Repairs and maintenance	1,051	1,281	2,332	4,282
Rents and leases	220	9	229	3,351
Parts and supplies	-	-	-	2,011
Accrued closure/post-closure	3,882	-	3,882	-
Utilities	84	676	760	10,452
Depreciation	1,383	943	2,326	5,914
Total operating expenses	<u>13,852</u>	<u>5,876</u>	<u>19,728</u>	<u>164,231</u>
Operating income (loss)	<u>(3,870)</u>	<u>(773)</u>	<u>(4,643)</u>	<u>4,157</u>
Non-operating revenues (expenses):				
Gain (loss) on sale of equipment	(19)	-	(19)	(639)
Interest income	820	154	974	1,087
Interest expense	-	(263)	(263)	-
Tax revenues	-	635	635	-
Closure/post-closure expense/fees	(211)	-	(211)	-
Grants and other revenues	287	271	558	-
Total non-operating revenues	<u>877</u>	<u>797</u>	<u>1,674</u>	<u>448</u>
Net income (loss) before transfers	<u>(2,993)</u>	<u>24</u>	<u>(2,969)</u>	<u>4,605</u>
Transfers in (out):				
Transfers in	-	-	-	401
Transfers out	(209)	(93)	(302)	(3,012)
Total transfers in (out)	<u>(209)</u>	<u>(93)</u>	<u>(302)</u>	<u>(2,611)</u>
Change in net position	(3,202)	(69)	(3,271)	1,994
Net position - beginning	69,160	19,658	88,818	32,765
Prior period adjustment	-	6,011	6,011	-
Net position - ending	<u>\$ 65,958</u>	<u>\$ 25,600</u>	<u>\$ 91,558</u>	<u>\$ 34,759</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, 2013
(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
Cash flows from operating activities:				
Cash received from users	\$ 9,605	\$ 3,640	\$ 13,245	\$ 166,335
Cash paid to suppliers	(5,385)	(3,545)	(8,930)	(111,487)
Cash paid to employees	(3,350)	(1,498)	(4,848)	(27,475)
Cash paid for claims	-	-	-	(14,744)
Cash received from other operating revenues	-	1,365	1,365	-
Net cash provided by (used in) operating activities	<u>870</u>	<u>(38)</u>	<u>832</u>	<u>12,629</u>
Cash flows from non-capital financing activities:				
Tax revenues	-	635	635	-
Grant revenues	-	271	271	-
Cash received from haulers and incorporated cities	327	-	327	-
Transfers from other funds	-	-	-	401
Transfers to other funds	(209)	(93)	(302)	(3,012)
Advances received from other funds	-	-	-	489
Advances paid to/returned to other funds	-	(569)	(569)	-
Cash paid to closure/post-closure liability	(447)	-	(447)	-
Net cash provided by (used in) non-capital financing activities	<u>(329)</u>	<u>244</u>	<u>(85)</u>	<u>(2,122)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(9,521)	(212)	(9,733)	(4,173)
Principal paid on long-term liabilities	-	(150)	(150)	-
Interest paid on long-term liabilities	-	(267)	(267)	-
Net cash (used in) capital and related Financing activities	<u>(9,521)</u>	<u>(629)</u>	<u>(10,150)</u>	<u>(4,173)</u>
Cash flows from investing activities:				
Interest on investments	900	159	1,059	1,105
Net cash provided by investing activities	<u>900</u>	<u>159</u>	<u>1,059</u>	<u>1,105</u>
Net increase (decrease) in cash and cash equivalents	(8,080)	(264)	(8,344)	7,439
Cash and cash equivalents - beginning	73,993	6,884	80,877	91,970
Cash and cash equivalents - ending	<u>\$ 65,913</u>	<u>\$ 6,620</u>	<u>\$ 72,533</u>	<u>\$ 99,409</u>
Reconciliation of cash and cash equivalents to the statement of net position:				
Cash and cash equivalents in cash and investments	\$ 36,433	\$ 4,930	\$ 41,363	\$ 98,925
Cash and cash equivalents in restricted cash and investments	29,480	1,690	31,170	484
Total	<u>\$ 65,913</u>	<u>\$ 6,620</u>	<u>\$ 72,533</u>	<u>\$ 99,409</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, 2013
(amounts expressed in thousands)

Page 2 of 2

	Solid Waste Enterprise	County Service Areas, Other	Total	Governmental Activities Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (3,870)	\$ (773)	\$ (4,643)	\$ 4,157
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	1,383	943	2,326	5,914
Decrease (increase) in accounts receivable	(441)	(51)	(492)	(949)
Decrease (increase) in due from other funds	64	62	126	(1,190)
Decrease (increase) in due from other governmental units	-	-	-	(156)
Decrease (increase) in inventory	-	-	-	(117)
Decrease (increase) in deposits and other assets	-	-	-	266
(Decrease) increase in accounts payable	(172)	(77)	(249)	(8,539)
(Decrease) increase in salaries and benefits payable	17	(20)	(3)	101
(Decrease) increase in deferred revenue	-	-	-	363
(Decrease) increase in due to other funds	23	(17)	6	(238)
(Decrease) increase in due to developer deposits	-	(105)	(105)	-
(Decrease) increase in due to other government units	(5)	-	(5)	5,904
(Decrease) increase in closure/post-closure liability	3,882	-	3,882	-
(Decrease) increase in liability for self-insurance	(11)	-	(11)	7,113
Total adjustments	4,740	735	5,475	8,472
 Net cash provided by (used in) operating activities	 \$ 870	 \$ (38)	 \$ 832	 \$ 12,629
 Noncash investing, capital, and financing activities:				
 Borrowing under capital lease				 \$ 1,344

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

County of Fresno
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013
(amounts expressed in thousands)

	<u>Investment Trust</u>	<u>Agency</u>
ASSETS		
Cash and investments	\$ 1,384,054	\$ 175,898
Taxes receivable	-	1,573
Accounts receivable	-	7,496
Due from other governmental units	-	2,980
Property held by public administrator	-	6,561
Total assets	<u>1,384,054</u>	<u>\$ 194,508</u>
LIABILITIES		
Accounts payable	-	\$ 6,355
Due to other taxing units	-	70,455
Due to other governmental units	6,010	25,686
Fiduciary liabilities	-	92,012
Total liabilities	<u>6,010</u>	<u>\$ 194,508</u>
NET POSITION		
Net position held in trust	<u>\$ 1,378,044</u>	

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

County of Fresno
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2013
(amounts expressed in thousands)

	<u>Investment Trust</u>
ADDITIONS:	
Contributions:	
Contributions to pooled investments	\$ 9,937,345
Total contributions	<u>9,937,345</u>
Interest and investment revenue	
Interest	25,735
Total interest and investment revenue	<u>25,735</u>
Total additions	<u>9,963,080</u>
DEDUCTIONS:	
Disbursements from pooled investments	<u>9,764,976</u>
Total deductions	<u>9,764,976</u>
Change in net position	198,104
Net position - beginning	<u>1,179,940</u>
Net position - ending	<u>\$ 1,378,044</u>

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

THIS PAGE INTENTIONALLY BLANK

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(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. The following circumstances set forth a primary government's financial accountability for a legally separate organization (from GASB Statement No. 61):

- a. The primary government is financially accountable if it appoints a voting majority of the organization's governing body *and* (1) it is able to impose its will on that organization *or* (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.
- b. The primary government is financially accountable if an organization is fiscally dependent on *and* there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

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.

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 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 the County financial statements. The FCFA and the County have a financial and operational

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

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.

It should be noted that in previous years, the Fresno County Employees' Retirement Association (FCERA) was reported as a blended component unit (a trust fund). However, additional review revealed that there was no basis for reporting that information as a part of the County's financial statements; as such, that former component unit has been removed. Refer to note 11 for more information on FCERA.

Discretely Presented Component Unit: The Children and Families Commission (Commission) 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. In addition, while the Commission does not meet the specific financial accountability criteria of a component unit, management has determined that the Commission's relationship to the County is of such a significant nature that exclusion of the Commission's financial information would cause the County's financial statements to be misleading. 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 position 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

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

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 position is available for use, restricted resources are used prior to depleting unrestricted resources.

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 with the County Local Revenue Fund 2011 exclusively for specific public safety services related to appropriate rehabilitative, housing, and supervision services to youth 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.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

- 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.

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

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

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 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 Budgetary Comparison Schedules are part of Required Supplementary Information on pages 62-67. Nonmajor Special Revenue budget schedules are shown on pages 79 through 84. 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.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

(D) 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.

(E) 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.

(F) 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. 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.

(G) 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.

(H) 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.

For more information, refer to Note 11.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

(I) 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 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>
Buildings and improvements	20-50
Equipment	3-15
Infrastructure	40
Intangible	5-15

(J) Unbilled Service Receivables

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

(K) Liability for Earned Compensated Absences

The County reports a liability for compensated absences attributable to services already rendered as of the statements of net position 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 statement of net position 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.

(L) 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 position. 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.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

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.

(M) Fund Balance

In the fund financial statements, in accordance with GASB Statement No. 54, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the County is bound to honor constraints on how specific amounts can be spent. The Board of Supervisors, the County's highest decision-making authority, establishes, modifies, or rescinds fund balance commitments by passage of an ordinance or resolution (ordinances and resolutions are considered of equal authority with respect to fund balance). This is done through adoption of the budget and subsequent budget amendments that occur throughout the year. In addition, per County policy, the County's Administrative Officer and Auditor-Controller/Treasurer-Tax Collector can establish, modify, or rescind fund balance assignments through the encumbrance process. Please refer to Note 13 for more information on fund balance.

(N) Special Assessments

The total amount of special assessments for special districts paid at June 30, 2013 was \$43,212. 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.

(O) 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.

(P) Recently Issued Accounting Pronouncements

During the year ended June 30, 2013, the County implemented the following GASB Statements:

The GASB has issued Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements." This Statement establishes guidance for accounting and financial reporting for services concession arrangements (SCAs). These arrangements are often referred to as public-private partnerships or public-public partnerships (PPP).

The GASB has issued Statement No. 61, "The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34." This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units (blending vs. discrete presentation), and certain disclosure requirements.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

The GASB has issued Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.” This Statement codifies into GASB accounting and financial reporting standards the “legacy” standards from the private-sector.

The GASB has issued Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” This Statement establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and also requires related disclosures.

The GASB has issued Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions; an amendment of GASB Statement No. 53”. This Statement clarifies the existing requirements for the termination of hedge accounting.

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

The GASB has issued Statement No. 65, “Items Previously Reported as Assets and Liabilities.” This Statement specifies the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, or inflows of resources. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012.

The GASB has issued Statement No. 66, “Technical Corrections – 2012; an amendment of GASB Statements No. 10 and No. 62.” The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012.

The GASB has issued Statement No. 67, “Financial Reporting for Pension Plans; an amendment of GASB Statement No. 25.” This Statement replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trust or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2013.

The GASB has issued Statement No. 68, “Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27.” This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014.

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

The GASB has issued Statement No. 69, “Government Combinations and Disposals of Government Operations.” This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of this Statement are effective for financial statements for fiscal years beginning after December 15, 2013.

The GASB has issued Statement No. 70, “Accounting and Financial Reporting for Non-exchange Financial Guarantees.” This Statement establishes accounting and financial reporting standards for

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

financial guarantees that are non-exchange transactions (non-exchange financial guarantees) extended or received by a state or local government. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2013.

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 2012-13, the County recorded \$210,054 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.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

The following is a schedule of receivables and allowances for uncollectible accounts applicable to each fund at June 30, 2013.

Receivables - Governmental activities	General Fund	Non-major Funds/ Debt Service/Road Fund/2011 Realignment	Internal Service Funds	Total Governmental Activities
Taxes	\$ 35,827	\$ 2,539	\$ -	\$ 38,366
Accounts	80,894	49,071	2,382	132,347
Interest	662	299	296	1,257
Loans	40,296	-	-	40,296
Gross receivables	157,679	51,909	2,678	212,266
Less: allowance for uncollectibles	(829)	-	(65)	(894)
Total	<u>\$ 156,850</u>	<u>\$ 51,909</u>	<u>\$ 2,613</u>	<u>\$ 211,372</u>

Receivables - Business-type activities	Solid Waste Enterprise	County Service Areas, Other	Total Business- Type Activities
Accounts	\$ 1,990	\$ 436	\$ 2,426
Interest	192	21	213
Gross receivables	2,182	457	2,639
Less: allowance for uncollectibles	-	-	-
Total	<u>\$ 2,182</u>	<u>\$ 457</u>	<u>\$ 2,639</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 deferred revenue 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

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

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, 2013 was as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 24,549	\$ 6,750
Road Fund	449	727
2011 Realignment Fund	-	9,998
Non-major governmental funds	1,377	10,572
Enterprise Funds	394	830
Internal Service Funds	<u>7,355</u>	<u>5,247</u>
	<u>\$ 34,124</u>	<u>\$ 34,124</u>

The following schedule briefly summarizes the County's transfer activity for the fiscal year ended June 30, 2013:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 263,767	\$ 85,274
Debt Service	44,760	3,116
Road Fund	-	1,092
2011 Realignment Fund	-	102,999
Non-major governmental funds	45,293	158,426
Enterprise Funds	-	302
Internal Service Funds	401	3,012
	<u>\$ 354,221</u>	<u>\$ 354,221</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, 2013:

	<u>Advances From Other Funds</u>	<u>Advances To Other Funds</u>
General fund	\$ 489	\$ 566
Internal Service Funds	-	489
Enterprise funds	566	-
	<u>\$ 1,055</u>	<u>\$ 1,055</u>

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

NOTE 6 - Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2013</u>
Government activities					
Capital assets, not being depreciated					
Land	\$ 16,673	\$ -	\$ -	\$ -	\$ 16,673
Construction in progress	2,909	299	(1,565)	(1,305)	338
Infrastructure in progress	51,795	14,433	(5,222)	-	61,006
Total capital assets, not being depreciated	<u>71,377</u>	<u>14,732</u>	<u>(6,787)</u>	<u>(1,305)</u>	<u>78,017</u>
Capital assets, being depreciated					
Buildings and improvements	506,648	1,852	-	(505)	507,995
Equipment	112,060	3,223	(7,325)	92	108,050
Infrastructure	525,097	6,797	-	-	531,894
Intangible	44,099	-	-	-	44,099
Total capital assets, being depreciated	<u>1,187,904</u>	<u>11,872</u>	<u>(7,325)</u>	<u>(413)</u>	<u>1,192,038</u>
Less accumulated depreciation for:					
Buildings and improvements	(155,558)	(11,430)	-	6	(166,982)
Equipment	(86,468)	(6,830)	7,115	419	(85,764)
Infrastructure	(228,595)	(11,501)	-	-	(240,096)
Intangible	(36,863)	(2,501)	-	-	(39,364)
Total accumulated depreciation	<u>(507,484)</u>	<u>(32,262)</u>	<u>7,115</u>	<u>425</u>	<u>(532,206)</u>
Total capital assets, being depreciated, net	<u>680,420</u>	<u>(20,390)</u>	<u>(210)</u>	<u>12</u>	<u>659,832</u>
Government activities capital assets, net	<u>\$ 751,797</u>	<u>\$ (5,658)</u>	<u>\$ (6,997)</u>	<u>\$ (1,293)</u>	<u>\$ 737,849</u>
Business-type activities					
Capital assets, not being depreciated					
Land	\$ 7,257	\$ -	\$ -	\$ 231	\$ 7,488
Construction in progress	6,137	9,673	-	(1,033)	14,777
Total capital assets, not being depreciated	<u>13,394</u>	<u>9,673</u>	<u>-</u>	<u>(802)</u>	<u>22,265</u>
Capital assets, being depreciated					
Buildings and improvements	70,977	20	-	7,215	78,212
Equipment	21,796	39	(110)	18	21,743
Total capital assets, being depreciated	<u>92,773</u>	<u>59</u>	<u>(110)</u>	<u>7,233</u>	<u>99,955</u>
Less accumulated depreciation for:					
Buildings and improvements	(44,259)	(1,125)	-	233	(45,151)
Equipment	(13,698)	(1,201)	91	(515)	(15,323)
Total accumulated depreciation	<u>(57,957)</u>	<u>(2,326)</u>	<u>91</u>	<u>(282)</u>	<u>(60,474)</u>
Total capital assets being depreciated, net	<u>34,816</u>	<u>(2,267)</u>	<u>(19)</u>	<u>6,951</u>	<u>39,481</u>
Business-type activities capital assets, net	<u>\$ 48,210</u>	<u>\$ 7,406</u>	<u>\$ (19)</u>	<u>\$ 6,149</u>	<u>\$ 61,746</u>

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 10,360
Public protection	1,079
Public ways and facilities	11,627
Health, sanitation, and public assistance	2,257
Education	1,025
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	5,914
Total depreciation expense - governmental functions	\$ 32,262

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

Solid waste enterprise	\$ 1,383
County service areas, other	943
Total depreciation expense - business-type functions	\$ 2,326

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, 2013 was as follows:

	Beginning Balance July 1, 2012	Draws	Repayment	Ending Balance June 30, 2013
TRANS	\$ -	\$ 82,000	\$ (82,000)	\$ -

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, 2013, for operating leases was \$8,898.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

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, 2013:

Fiscal year ended June 30	Governmental Activities
2014	\$ 7,573
2015	7,034
2016	6,404
2017	5,767
2018	2,597
2019-2023	10,269
2024-2028	3,627
Totals	\$ 43,271

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, 2013:

	Total Payments	Imputed Interest	Net Present Value of Minimum Lease Payments
Governmental activities			
Fiscal year ended June 30			
2014	\$ 1,911	\$ 161	\$ 1,750
2015	1,263	88	1,175
2016	852	38	814
2017	330	6	324
2018	3	-	3
Totals	\$ 4,359	\$ 293	\$ 4,066

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

The following is a schedule of property under capital leases segregated by major class at June 30, 2013:

	Governmental Activities
Equipment	17,920
Accumulated depreciation	(13,854)
Net	\$ 4,066

NOTE 9 – Service Concession Arrangements (SCA)

GASB Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements (SCA)” defines an SCA as a type of public-private or public-public partnership. As used in Statement No. 60, an SCA is an arrangement between a government (the transferor) and an operator in which all of the following criteria are met:

- a. The transferor conveys to the operator the right and related obligation to provide public services through the use and operation of a capital asset (referred to in the statement as a “facility”) in exchange for significant consideration, such as an up-front payment, installment payments, a new facility, or improvements to an existing facility
- b. The operator collects and is compensated by fees from third parties
- c. The transferor determines or has the ability to modify or approve what services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services

The County has determined that it has no arrangements that meet the criteria set forth above.

NOTE 10 - 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, 2013:

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013	Amounts due within one year
Earned compensated absences	\$ 42,035	\$ 38,881	\$ (39,288)	\$ 41,628	18,000
Capital lease obligations (Note 8)	4,601	1,383	(1,918)	4,066	1,750
Liability for self-insurance (Note 12)	71,584	25,429	(18,316)	78,697	22,787
Adverse Judgment	4,130	8,766	-	12,896	5,413
Bonds payable	758,095	41,213	(56,902)	742,406	29,145
General long-term debt payable	\$ 880,445	\$ 115,672	\$ (116,424)	\$ 879,693	\$ 77,095

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

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 position. 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.

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. These bonds were refunded from the issuance of Series 2012A Refunding Lease Revenue Bonds.

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. These bonds were refunded from the issuance of Series 2012A Refunding Lease Revenue Bonds.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

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.

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) of \$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.

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%.

The following is a schedule of future bonds payable requirements for governmental activities:

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2014	\$ 29,145	\$ 23,484	\$ 52,629
2015	32,075	21,892	53,967
2016	33,830	20,112	53,942
2017	37,205	18,185	55,390
2018	40,855	16,028	56,883
2019-2023	157,788	57,127	214,915
2024-2028	126,847	44,092	170,939
2029-2033	167,793	37,259	205,052
2034-2038	53,765	11,627	65,392
2039-2043	-	-	-
2044-2048	30,824	-	30,824
2049-2053	-	-	-
2054-2055	32,741	-	32,741
Sub-total	742,868	249,806	992,674
Less: Original issue premium	1,335	-	1,335
Original issue discount	(1,797)	-	(1,797)
Total	\$ 742,406	\$ 249,806	\$ 992,212

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

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

Series	Maturity Date	Interest Rate	Initial Principal Amount	Accreted Value at 6/30/13	Accreted Value at Maturity
2004A	August 15, 2033	1.3% to 5.67%	\$ 327,898	\$ 424,839	\$ 711,250

Tobacco Securitization Tax Bonds

Series	Maturity Date	Interest Rate	Initial Principal Amount	Accreted Value at 6/30/13	Accreted Value at Maturity
2006A	June 1, 2046	6.50%	\$ 16,606	\$ 26,215	\$ 216,420
2006B	June 1, 2046	6.65%	2,890	4,609	39,920
2006C	June 1, 2055	7.00%	9,757	15,943	286,800
2006D	June 1, 2055	7.75%	9,762	16,798	409,500
Total			\$ 39,015	\$ 63,565	\$ 952,640

The following is a schedule of long-term liabilities for business-type activities for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013	Due within one year
Earned compensated absences	\$ 337	\$ 276	\$ (322)	\$ 291	\$ 77
Bonds	4,060	-	(150)	3,910	160
Closure and post-closure	35,003	3,882	(215)	38,670	-
Totals	\$ 39,400	\$ 4,158	\$ (687)	\$ 42,871	\$ 237

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.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

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

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2014	\$ 160	\$ 257	\$ 417
2015	170	246	416
2016	180	234	414
2017	195	221	416
2018	205	208	413
2019-2023	1,260	805	2,065
2024-2028	1,740	307	2,047
	-	-	-
Sub-total	<u>3,910</u>	<u>2,278</u>	<u>6,188</u>
Total	<u>\$ 3,910</u>	<u>\$ 2,278</u>	<u>\$ 6,188</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.

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, 2013.

The \$38,670 reported as landfill closure and post-closure care liability at June 30, 2013, 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 \$41,852 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, 2013. 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.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

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:

<u>Landfill</u>	<u>Capacity used at June 30, 2013</u>	<u>Estimated Years Remaining</u>	<u>Total Estimated Liability June 30, 2013</u>	<u>Liability Recognized June 30, 2013</u>	<u>Remaining Liability to be Recognized</u>
American Avenue	39.38%	40	\$ 69,043	\$ 27,191	\$ 41,852
Coalinga	49.30%		6,548	6,548	-
Southeast Regional	100.00%		4,931	4,931	-
Totals			<u>\$ 80,522</u>	<u>\$ 38,670</u>	<u>\$ 41,852</u>

The increase from 2011-2012 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 2012-2013. 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 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, 2013 does not expect to incur a liability.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

NOTE 11 - 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 Fresno County Employees' Retirement Association website: <http://www2.co.fresno.ca.us/9200/default.htm> or FCERA's office, located at 1111 H Street, Fresno, CA, 93721.

Funding Policy - Contributions are made by the members and the employers at rates recommended by 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 4.43% and 13.50% 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 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

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

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 State of California Governor Jerry Brown signed the California Public Employees' Pension Reform Act (PEPRA) into law on September 12, 2012. This new law established a new tier for both General and Safety employees entering FCERA membership on or after January 1, 2013. In addition to establishing new benefit formulas, PEPRA also placed a limit on the amount of compensation FCERA can use to calculate a retirement benefit. The 2013 compensation limits are \$113,700 for members covered by Social Security and \$136,440 for members not covered by Social Security and will be adjusted for future years based upon changes in the Consumer Price Index.

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, 2013 were as follows:

Annual required contribution	\$	146,492
Interest on beginning pension asset		(42,258)
Adjustment to annual required contribution		52,565
Annual pension cost		156,799
Contributions made		146,492
Increase (decrease) in pension asset		(10,307)
Net pension asset, beginning of year		568,860
Net pension asset, end of year	\$	558,553

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

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
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
6/30/2013	156,799	93.43%	558,553

The County has made its annual required contribution (ARC) for each of the past four years. The difference between the ARC and the APC is due to the interest on the pension asset, offset by the annual adjustment to the ARC.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

FCERA funded status based on the most recent actuarial valuation performed by the Segal Company as of June 30, 2012 is as follows:

SCHEDULE OF FUNDED STATUS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded AAL Percentage of Covered Payroll</u>
June 30, 2012	\$3,305,045	\$4,345,402	\$1,040,357	76.1%	\$365,596	284.6%

NOTE 12 - 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 \$2.50 per occurrence and excess coverage of \$15,000 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 \$600,000 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.

County departmental contributions to the workers' compensation, general liability, and medical malpractice programs are based on actuarial recommendations. The reported actuarial liabilities for

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

workers compensation and general liability assume a long-term annual rate of return of 1.27 percent. The undiscounted actuarial liability for these programs is \$77,846. 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 \$78,697 reported in the Risk Management Fund at June 30, 2013 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, 2013 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:

	June 30, 2013	June 30, 2012
Beginning of fiscal year liability	\$ 71,584	\$ 72,781
Current year claims provision and changes in estimates	25,429	25,430
Claim payments	(18,316)	(26,627)
Balance at fiscal year-end	\$ 78,697	\$ 71,584

NOTE 13 - Fund Balance

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2013, 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.
- 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

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

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, 2013, were distributed as follows:

	General Fund	Debt Service	Road Fund	2011 Realignment Fund	Other Governmental Funds	Total
Nonspendable:						
Inventory	\$ 3,456	\$ -	\$ 645	\$ -	\$ 31	\$ 4,132
Prepaid items/postage/imprest cash	483	-	-	-	7	490
Subtotal	<u>3,939</u>	<u>-</u>	<u>645</u>	<u>-</u>	<u>38</u>	<u>4,622</u>
Restricted for:						
General government:						
Low-income housing	39,490	-	-	-	-	39,490
Equipment purchase/other purpose	47,827	-	-	-	-	47,827
Public protection	11,020	-	-	19,388	61	30,469
Public ways and facilities	1,115	-	12,564	-	5,590	19,269
Health, sanitation and public assistance	99,854	-	-	15,554	6,277	121,685
Education	-	-	-	-	3,451	3,451
Capital projects	-	-	-	-	3,479	3,479
Debt service	-	56,789	-	-	-	56,789
Subtotal	<u>199,306</u>	<u>56,789</u>	<u>12,564</u>	<u>34,942</u>	<u>18,858</u>	<u>322,459</u>
Assigned to:						
General government	50,629	-	-	-	-	50,629
Public protection	5,981	-	-	-	-	5,981
Public ways and facilities	566	-	22,118	-	-	22,684
Education	-	-	-	-	11,479	11,479
Subtotal	<u>57,176</u>	<u>-</u>	<u>22,118</u>	<u>-</u>	<u>11,479</u>	<u>90,773</u>
Unassigned	<u>47,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,117</u>
Total	<u>\$ 307,538</u>	<u>\$ 56,789</u>	<u>\$ 35,327</u>	<u>\$ 34,942</u>	<u>\$ 30,375</u>	<u>\$ 464,971</u>

NOTE 14 – Net Position

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

- **Net Investment in Capital Assets** groups all capital assets, including infrastructure, into one component of net position. 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.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

- Restricted Net Position reflects net position that is 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 Position represents net position of the County that is not restricted for any project or purpose.

NOTE 15 - 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	\$	13,754
Internal Service funds		
Information technology services		484
Total	\$	14,238

Business-type activities:

Enterprise funds:

Solid Waste Enterprise		
American Avenue post-closure care - other	\$	26,925
Corrective action		518
Coalinga post-closure		2,037
Subtotal		29,480

County Service Areas, Other:

Bond repayment/construction		1,690
Subtotal		1,690

Total	\$	31,170
-------	----	--------

NOTE 16 - Contingent Liabilities and Commitments

The County is subject to various lawsuits and claims involving public liability and other actions incidental to the ordinary course of County operations. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable financial loss to the County, a liability for litigation of \$12,896, representing County Counsel’s best estimate

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

of the ultimate loss, has been accrued in the government-wide Statement of Net Position. Refer to Note 10 for more information on these and other long-term liabilities.

A number of lawsuits and claims are pending against the County for which County Counsel has determined the financial loss to the County to be reasonably possible. These lawsuits include claims filed for labor matters, tort liability, civil rights violation, and breach of contract. These lawsuits are seeking damages in excess of \$6,700. The County intends to vigorously defend itself against these lawsuits. The County has recorded actuarially determined reserves in the internal service funds to adequately cover estimated potential material adverse losses at June 30, 2013.

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.

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

	Encumbrances
General Fund for capital assets	\$ 2,190
General Fund for other purposes	6,363
Road Fund for capital assets	2,948
Non-major funds for capital assets	2,140
Non-major funds for other purposes	4,413
	<u>\$ 18,054</u>

NOTE 17 - Cash and Investments

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 590,070
Restricted cash and investments	45,408
Fiduciary Funds:	
Cash and investments	1,559,952
Total cash and investments	\$ 2,195,430

Cash and investments as of June 30, 2013 consist of the following:

Cash on hand	\$ 2,197
Deposits with financial institutions	90,278
Investments	2,081,923
Total County cash and investments	2,174,398
Children and Families Commission outside investments	21,032
Total cash and investments	\$ 2,195,430

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

The following represents a condensed statement of net position and changes in net position for the Treasury Investment Pool as of June 30, 2013.

Statement of Net Position

Cash and investments	\$ 2,166,870
Less: warrants payable	<u>(251,994)</u>
Net position held in trust for pool participants	<u><u>\$ 1,914,876</u></u>
Equity of internal pool participants	\$ 536,833
Equity of external pool participants (voluntary and involuntary)	<u>1,378,043</u>
	<u><u>\$ 1,914,876</u></u>

Statement of Changes in Net Position

Net position at July 1, 2012	\$ 1,713,263
Net change in investments by pool participants	<u>201,613</u>
Net position held in trust for pool participants at June 30, 2013	<u><u>\$ 1,914,876</u></u>

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:

Internal Service Fund	Negative Cash Amount
Facility Services	(3,318)
Graphic Communications	(36)
Total	<u><u>\$ (3,354)</u></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

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

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.*

Investment Authorized by Debt Agreements

The County and its component units have \$14,178 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 is of its fair value to changes in market interest rates. A way the County manages its exposure to interest rate risk is by purchasing a combination of short term and long term investments as well as 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.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

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:

	Totals	Remaining Maturity (in months)					
		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	\$ 1,616,305	\$ 175,181	\$ 266,610	\$ 374,597	\$ 799,917	\$ -	\$ -
Medium-Term Corporate Notes	235,043	93,766	61,370	26,973	52,934	-	-
U.S. Treasury Notes	13,819	-	-	2,974	10,845	-	-
Asset Backed Securities	8,175	-	1,710	2,240	4,225	-	-
Mutual Fund	66,580	66,580	-	-	-	-	-
Bank Account	218,101	218,101	-	-	-	-	-
Vault	2,197	2,197	-	-	-	-	-
Total	\$ 2,160,220	\$ 555,825	\$ 329,690	\$ 406,784	\$ 867,921	\$ -	\$ -

Investments with Fiscal Agents:

	Totals	Remaining Maturity (in months)					
		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	\$ 2,310	\$ 2,310	-	\$ -	\$ -	\$ -	\$ -
Federal Home Loan Mortgage Association	6,944	6,944	-	-	-	-	-
Federated Government Obligation Fund	4,650	4,650	-	-	-	-	-
Money Market Mutual Funds	274	274	-	-	-	-	-
Total	\$ 14,178	\$ 14,178	\$ -	\$ -	\$ -	\$ -	\$ -

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.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

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.

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure	Ratings as of the Year End 6/30/2013			
				A1/P1 A-AAA	B-BBB	C-CCC	Not Rated
U.S. Gov. Agency Obligation	\$ 1,616,305	N/A	\$ -	\$ 1,616,305	\$ -	\$ -	\$ -
Medium-Term Corporate Notes	235,043	A3	-	235,043	-	-	-
U.S. Treasury Notes	13,819	N/A	13,819	-	-	-	-
Asset Backed Securities	8,175	AA	-	8,175	-	-	-
Mutual Fund	66,580	N/A	-	11,534	-	-	55,046
Bank Account	218,101	N/A	-	-	-	-	218,101
Vault	2,197	N/A	-	-	-	-	2,197
Total	<u>\$ 2,160,220</u>		<u>\$ 13,819</u>	<u>\$ 1,871,057</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,344</u>

Investments with Fiscal Agents:

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure	Ratings as of the Year End 6/30/2013			
				A1/P1 A-AAA	B-BBB	C-CCC	Not Rated
Federal Home Loan Banks	\$ 2,310	N/A	\$ -	\$ 2,310	\$ -	\$ -	\$ -
Federal Home Loan Mortgage Association	6,944	N/A	-	6,944	-	-	-
Federated Government Obligation Fund	4,650	N/A	-	4,650	-	-	-
Money Market Mutual Funds	274	N/A	-	274	-	-	-
Total	<u>\$ 14,178</u>		<u>\$ -</u>	<u>\$ 14,178</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 external investment pools) that represent 5% or more of the total County's total investments are as follows.

Concentration of Credit Risk

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal Agency Securities	\$ 492,618
Federal Home Loan Mortgage Corp.	Federal Agency Securities	654,584
Federal National Mortgage Assn.	Federal Agency Securities	408,897

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-

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

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, 2013, 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, 2013, 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.

Note 18 – Deficit Fund Equity

As of June 30, 2013, the Facility Services and Risk Management Services internal service funds reported net position deficits of \$2,686 and \$180, respectively.

Facility Services. The Facility Services fund incurred greater than anticipated expenditures, which was 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. The fund reduced its net position deficit by \$976 from \$3,662 at June 30, 2012 to \$2,686 at June 30, 2013.

Risk Management. The Risk Management Fund is in the process of correcting the net deficit position as the fund reduced the net position deficit by \$1,001 from \$1,181 at June 30, 2012 to \$180 at June 30, 2013 by increasing premium revenue and controlling expenditure growth.

NOTE 19 – Prior Period Adjustment

The County identified certain construction projects, previously identified as construction-in-process, which did not qualify for capitalization; as such, the write-off of these projects resulted in a prior period adjustment of \$(1,305). In addition, the General Fund had two significant prior period adjustments. The first involved Affordable Housing loan receivables; when booked in prior periods, the offset to these receivables was revenue. Further review revealed that the offset should have been deferred revenue; as

County of Fresno
Notes to the Basic Financial Statements
June 30, 2013
(amounts expressed in thousands)

such, a prior period adjustment of \$(39,490) occurred. The second adjustment resulted from certain federal revenue not being recognized in the correct period. This adjustment also affected the Road Fund, with the prior period adjustments for the General and Road funds being \$3,675 and \$1,454, respectively.

The County Service Areas Enterprise Funds identified multiple adjustments relating to the prior period. The most notable adjustments were a write-off of construction in progress totaling \$(1,033), and the addition of multiple significant assets totaling \$7,446. In all, the County Service Areas Enterprise Funds made twelve (12) adjustments, resulting in an aggregate prior period adjustment of \$6,011.

The total of prior period adjustments for government activities was \$3,824, while the total of prior period adjustments for business-type activities was \$6,011. In the governmental funds, the total prior period adjustments were \$(35,815) for the General Fund and \$1,454 for the Road Fund, resulting in an aggregate prior period adjustment of \$(34,361). It should be noted that, due to the fact that the adjustment in the General Fund for \$(39,490) related to the housing loan receivables was solely an adjustment predicated by the modified accrual basis of accounting, it did not require an adjustment of any kind to the government-wide statements.

NOTE 20 - Subsequent Events

In accordance with accounting standards generally accepted in the United States, subsequent events have been evaluated through 2/28/2014, the date in which the financial statements have been issued. On July 1, 2013, the County issued Tax and Revenue Anticipation Notes (TRANs) totaling \$63,000 due on June 30, 2014 at a coupon interest rate of 1.25% and a reoffering rate of 0.18%. 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, 2014. 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 2013-14 that are lawfully available for payment of the notes and interest.

On November 15, 2013, the Board of the Children & Families Commission of Fresno County approved a resolution for the Lighthouse for Children Inc. which allots approximately \$9,142 of funding for the building of a community resource center in downtown Fresno.

On July 10, 2012, the Board of Supervisors adopted a Resolution of Application initiating an application to dissolve County Service Area No.47 with the Fresno Local Agency Formation Commission; direction also was given to enter into agreement negotiations with the California Water Service Company for the purpose of transferring the water district's assets, infrastructure, facilities and service responsibilities to the California Water Service Company. However, as of the issue date of these financial statements, the full dissolution of County Service Area No. 47 has yet to transpire.

As a result of the California Supreme Court's decision in the City of Alhambra vs. Los Angeles County case, the County of Fresno became potentially responsible for the repayment of certain property-tax administration fees (PTAF) collected using allocation factors that included Vehicle License Swap Fee revenue in the calculation. On February 6, 2014, the County reached a settlement agreement with the Cities of Clovis, Fresno, Fowler, Kerman, Kingsburg, Sanger, and Selma, paying them a combined total of \$5,053 in repayment and interest.

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

County of Fresno
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2013
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
Budgetary fund balances, July 1	\$ 12,537	\$ 22,449	\$ 116,057	\$ 93,608
Resources (inflows):				
Taxes	205,162	205,294	219,247	13,953
Licenses and permits	8,179	11,175	8,325	(2,850)
Fines, forfeitures and penalties	6,914	8,089	7,911	(178)
Use of money and property	3,820	3,820	12,384	8,564
Aid from other governmental agencies:				
State	303,196	315,360	298,062	(17,298)
Federal	329,980	331,469	314,229	(17,240)
Other	3,012	3,856	2,265	(1,591)
Charges for current services	69,194	69,988	54,207	(15,781)
Other revenues	45,191	46,851	42,300	(4,551)
Transfers in	253,024	256,591	253,103	(3,488)
Total resources	<u>1,227,672</u>	<u>1,252,493</u>	<u>1,212,033</u>	<u>(40,460)</u>
Total budgetary balance and resources	<u>1,240,209</u>	<u>1,274,942</u>	<u>1,328,090</u>	<u>53,148</u>
Charges to appropriations (outflows):				
General government				
Salaries and benefits	30,671	30,548	28,072	2,476
Services and supplies	12,801	13,767	9,140	4,627
Other charges	1,274	4,359	1,096	3,263
Capital assets	3,026	4,375	441	3,934
Total general government	<u>47,772</u>	<u>53,049</u>	<u>38,749</u>	<u>14,300</u>
Public protection				
Salaries and benefits	252,209	253,363	244,611	8,752
Services and supplies	63,548	71,504	60,159	11,345
Other charges	17,268	17,273	16,621	652
Capital assets	58	4,258	1,564	2,694
Total public protection	<u>333,083</u>	<u>346,398</u>	<u>322,955</u>	<u>23,443</u>
Public ways and facilities				
Services and supplies	362	362	289	73
Total public ways and facilities	<u>362</u>	<u>362</u>	<u>289</u>	<u>73</u>
Health, sanitation, and public assistance				
Salaries and benefits	283,370	285,264	269,294	15,970
Services and supplies	212,182	215,345	185,647	29,698
Other charges	313,779	313,513	298,293	15,220
Capital assets	-	183	150	33
Total health, sanitation, and public assistance	<u>809,331</u>	<u>814,305</u>	<u>753,384</u>	<u>60,921</u>
Education				
Salaries and benefits	452	464	464	-
Services and supplies	186	207	185	22
Total education	<u>638</u>	<u>671</u>	<u>649</u>	<u>22</u>
Culture and recreation				
Salaries and benefits	1,626	1,665	1,545	120
Services and supplies	927	1,486	1,446	40
Other charges	1	1	1	-
Total culture and recreation	<u>2,554</u>	<u>3,152</u>	<u>2,992</u>	<u>160</u>
Transfers out	<u>46,469</u>	<u>57,005</u>	<u>55,789</u>	<u>1,216</u>
Total charges to appropriations	<u>1,240,209</u>	<u>1,274,942</u>	<u>1,174,807</u>	<u>100,135</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,283</u>	<u>\$ 153,283</u>

County of Fresno
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2013
(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	\$ 1,212,033
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(253,103)
Receipts from sub-funds reclassified from County Agency Funds, not budgeted	(28,076)
Modified accrual basis of accounting to budgetary basis of accounting	(47,926)
Total revenue reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 882,928</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary schedule not including fund balance	\$ 1,174,807
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(55,789)
Payments to sub-funds reclassified from County Agency Funds, not budgeted	(42,156)
Modified accrual basis of accounting to budgetary basis of accounting	(60,219)
Total expenditures reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 1,016,643</u>

County of Fresno
Budgetary Comparison Schedule
Road Fund
For the Fiscal Year Ended June 30, 2013
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Budgetary fund balances, July 1	\$ 5,741	\$ 16,112	\$ 38,009	\$ 21,897
Resources (inflows):				
Taxes	5,870	5,870	9,588	3,718
Licenses and permits	325	325	433	108
Use of money and property	400	400	420	20
Intergovernmental revenues	30,204	30,204	27,912	(2,292)
Charges for current services	12,650	12,650	10,035	(2,615)
Other revenues	20	20	226	206
Other financing sources - operating transfer in	573	573	-	(573)
Total revenues	50,042	50,042	48,614	(1,428)
Charges to appropriations (outflows):				
Public ways and facilities:				
Salaries and benefits	19,598	19,598	18,649	949
Services and supplies	33,893	44,090	28,667	15,423
Other charges	2,275	2,275	1,949	326
Fixed assets	17	191	163	28
Total charges to appropriations	55,783	66,154	49,428	16,726
Budgetary fund balances, June 30	\$ -	\$ -	\$ 37,195	\$ 37,195

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	\$ 48,614
Differences - budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	(737)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 47,877

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 49,428
Differences - budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	(2,619)
Transfers to other funds	(1,092)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 45,717

County of Fresno
Budgetary Comparison Schedule
2011 Realignment
For the Fiscal Year Ended June 30, 2013
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
Budgetary fund balance - July 1	\$ -	\$ -	\$ 7,845	\$ 7,845
Resources (inflows):				
State Aid	97,842	97,842	116,960	19,118
Total resources	<u>97,842</u>	<u>97,842</u>	<u>116,960</u>	<u>19,118</u>
Charges to appropriations (outflows):				
Public Protection				
Other financing uses - operating transfers out	45,254	45,254	44,395	859
Health and Sanitation				
Other financing uses - operating transfers out	52,588	52,588	68,014	(15,426)
Total charges to appropriations	<u>97,842</u>	<u>97,842</u>	<u>112,409</u>	<u>(14,567)</u>
Budgetary fund balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,396</u>	<u>\$ 12,396</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	\$ 116,960
Differences - budget to GAAP	
Accruals due to differences between GAAP and the budgetary basis of accounting	9,399
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - special revenue funds	<u>\$ 126,359</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 112,409
Differences - budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	(9,410)
Transfers to other funds	(102,999)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ -</u>

County of Fresno
Note to the Budgetary Comparison Schedules
For the Fiscal Year Ended June 30, 2013
(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, 2013
(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, 2013**

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

Actuarial Valuation Date	(1) Actuarial Value of Assets (AVA)	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratio (1) / (2)	(5) Covered Payroll	(6) UAAL as a Percentage of Coverd Payroll (3) / (5)
6/30/05 ²	\$ 2,044,389 ¹	\$ 2,233,594 ^{1,2}	\$ 189,205 ^{1,2}	91.5% ¹	\$ 351,049	53.9% ²
6/30/06	2,398,454	2,803,990	405,536	85.5%	376,270	107.8%
6/30/07	2,610,269 ³	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%
6/30/12	3,305,045	4,345,402	1,040,357	76.1%	365,596	284.6%

¹ Results were prepared by the Association's prior actuary and disclosed in the June 30, 2006 CAFR.

² Before the Board 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 percentage was 89.2% and the UAAL was \$275,479.

³ 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.

THIS PAGE INTENTIONALLY BLANK

**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.

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, 2013
(amounts expressed in thousands)

	Special Revenue Funds	Capital Projects Fund	Total
ASSETS			
Cash and investments	\$ 22,539	\$ 3,506	\$ 26,045
Receivables:			
Accounts	13,247	-	13,247
Taxes	2,539	-	2,539
Interest	57	13	70
Due from other funds	1,377	-	1,377
Due from other governmental units	75	-	75
Inventory of supplies	31	-	31
Total assets	<u>\$ 39,865</u>	<u>\$ 3,519</u>	<u>\$ 43,384</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,496	\$ -	\$ 1,496
Salaries and benefits payable	935	-	935
Due to other funds	10,532	40	10,572
Deferred revenue	6	-	6
Total liabilities	<u>12,969</u>	<u>40</u>	<u>13,009</u>
Fund balances:			
Nonspendable	38	-	38
Restricted	15,379	3,479	18,858
Assigned	11,479	-	11,479
Total fund balances	<u>26,896</u>	<u>3,479</u>	<u>30,375</u>
Total liabilities and fund balances	<u>\$ 39,865</u>	<u>\$ 3,519</u>	<u>\$ 43,384</u>

County of Fresno
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2013
(amounts expressed in thousands)

	Special Revenue Funds	Capital Projects Fund	Total
Revenues:			
Taxes	\$ 23,377	\$ -	\$ 23,377
Fines, forfeitures and penalties	1,139	-	1,139
Use of money and property	227	54	281
Aid from other governmental agencies:			
State	116,117	-	116,117
Federal	51	-	51
Charges for current services	2,933	-	2,933
Other revenues	295	-	295
Total revenues	<u>144,139</u>	<u>54</u>	<u>144,193</u>
Expenditures:			
Public ways and facilities	1,156	-	1,156
Health, sanitation, and public assistance	1,885	-	1,885
Education	23,318	-	23,318
Capital outlay	-	346	346
Total expenditures	<u>26,359</u>	<u>346</u>	<u>26,705</u>
Excess (deficiency) of revenues over (under) expenditures	<u>117,780</u>	<u>(292)</u>	<u>117,488</u>
Other financing sources (uses):			
Transfers in	45,231	62	45,293
Transfers out	(158,426)	-	(158,426)
Total other financing sources (uses)	<u>(113,195)</u>	<u>62</u>	<u>(113,133)</u>
Net change in fund balances	<u>4,585</u>	<u>(230)</u>	<u>4,355</u>
Fund balances - beginning	<u>22,311</u>	<u>3,709</u>	<u>26,020</u>
Fund balances - ending	<u>\$ 26,896</u>	<u>\$ 3,479</u>	<u>\$ 30,375</u>

County of Fresno
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2013
(amounts expressed in thousands)

	County Free Library	Fish and Game	Off- Highway License	Emergency Medical Services
ASSETS				
Cash and investments	\$ 14,133	\$ 22	\$ 37	\$ 2,550
Receivables:				
Accounts	89	1	5	7
Taxes	2,539	-	-	-
Interest	33	-	-	7
Due from other funds	-	-	-	-
Due from other governmental agencies	75	-	-	-
Inventory of supplies	31	-	-	-
Total assets	<u>\$ 16,900</u>	<u>\$ 23</u>	<u>\$ 42</u>	<u>\$ 2,564</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 833	\$ 4	\$ -	\$ 488
Salaries and benefits payable	935	-	-	-
Due to other funds	159	-	-	-
Deferred revenue	6	-	-	-
Total liabilities	<u>1,933</u>	<u>4</u>	<u>-</u>	<u>488</u>
Fund balances				
Nonspendable	38	-	-	-
Restricted	3,450	19	42	2,076
Assigned	11,479	-	-	-
Total fund balances	<u>14,967</u>	<u>19</u>	<u>42</u>	<u>2,076</u>
Total liabilities and fund balances	<u>\$ 16,900</u>	<u>\$ 23</u>	<u>\$ 42</u>	<u>\$ 2,564</u>

County of Fresno
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2013
(amounts expressed in thousands)

<u>Local Health and Welfare</u>	<u>County Service Areas, Other</u>	<u>Total</u>	
\$ -	\$ 5,797	\$ 22,539	ASSETS
13,145	-	13,247	Cash and investments
-	-	2,539	Receivables:
-	17	57	Accounts
1,377	-	1,377	Taxes
-	-	75	Interest
-	-	31	Due from other funds
<u>\$ 14,522</u>	<u>\$ 5,814</u>	<u>\$ 39,865</u>	Due from other governmental agencies
			Inventory of supplies
			Total assets
			LIABILITIES AND FUND BALANCES
			Liabilities
\$ -	\$ 171	\$ 1,496	Accounts payable
-	-	935	Salaries and benefits payable
10,320	53	10,532	Due to other funds
-	-	6	Deferred revenue
<u>10,320</u>	<u>224</u>	<u>12,969</u>	Total liabilities
			Fund balances
-	-	38	Nonspendable
4,202	5,590	15,379	Restricted
-	-	11,479	Assigned
<u>4,202</u>	<u>5,590</u>	<u>26,896</u>	Total fund balances
<u>\$ 14,522</u>	<u>\$ 5,814</u>	<u>\$ 39,865</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, 2013
(amounts expressed in thousands)

	County Free Library	Fish and Game	Off- Highway License	Emergency Medical Services
Revenues:				
Taxes	\$ 23,330	\$ -	\$ -	\$ -
Fines, forfeitures and penalties	-	5	-	1,134
Use of money and property	127	-	-	35
Aid from other governmental agencies:				
State	276	-	9	-
Federal	51	-	-	-
Charges for current services	1,534	-	-	-
Other revenues	280	-	-	-
Total revenues	<u>25,598</u>	<u>5</u>	<u>9</u>	<u>1,169</u>
Expenditures:				
Public ways and facilities	-	5	-	-
Health, sanitation, and public assistance	-	-	-	1,885
Education	23,318	-	-	-
Total expenditures	<u>23,318</u>	<u>5</u>	<u>-</u>	<u>1,885</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,280</u>	<u>-</u>	<u>9</u>	<u>(716)</u>
Other financing sources (uses):				
Transfers in	102	-	-	-
Transfers out	(958)	-	(8)	-
Total other financing sources (uses)	<u>(856)</u>	<u>-</u>	<u>(8)</u>	<u>-</u>
Net change in fund balances	1,424	-	1	(716)
Fund balances - beginning	<u>13,543</u>	<u>19</u>	<u>41</u>	<u>2,792</u>
Fund balances - ending	<u>\$ 14,967</u>	<u>\$ 19</u>	<u>\$ 42</u>	<u>\$ 2,076</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, 2013
(amounts expressed in thousands)

Local Health and Welfare	County Service Areas, Other	Total	
\$ -	\$ 47	\$ 23,377	Revenues:
-	-	1,139	Taxes
-	65	227	Fines, forfeitures and penalties
115,831	1	116,117	Use of money and property
-	-	51	Aid from other governmental agencies:
-	1,399	2,933	State
-	15	295	Federal
<u>115,831</u>	<u>1,527</u>	<u>144,139</u>	Charges for current services
			Other revenues
			Total revenues
			Expenditures:
-	1,151	1,156	Public ways and facilities
-	-	1,885	Health, sanitation, and public assistance
-	-	23,318	Education
<u>-</u>	<u>1,151</u>	<u>26,359</u>	Total expenditures
			Excess (deficiency) of revenues
<u>115,831</u>	<u>376</u>	<u>117,780</u>	over (under) expenditures
			Other financing sources (uses):
45,129	-	45,231	Transfers in
(157,460)	-	(158,426)	Transfers out
<u>(112,331)</u>	<u>-</u>	<u>(113,195)</u>	Total other financing sources (uses)
3,500	376	4,585	Net change in fund balances
702	5,214	22,311	Fund balances - beginning
<u>\$ 4,202</u>	<u>\$ 5,590</u>	<u>\$ 26,896</u>	Fund balances - ending

County of Fresno
Budgetary Comparison Schedule
County Free Library Fund
For the Fiscal Year Ended June 30, 2013
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Budgetary fund balances, July 1	\$ 1,652	\$ 1,851	\$ 13,262	\$ 11,411
Resources (inflows):				
Taxes	22,139	22,139	23,171	1,032
Use of money and property	200	200	143	(57)
Intergovernmental revenues	117	138	322	184
Charges for current services	1,699	1,699	1,503	(196)
Other revenues	595	595	583	(12)
Other financing sources - operating transfer in	102	102	102	-
Total resources	24,852	24,873	25,824	951
Charges to appropriations (outflows):				
Education:				
Salaries and benefits	16,717	16,717	16,360	357
Services and supplies	9,113	9,304	7,833	1,471
Other charges	322	322	305	17
Capital assets	352	381	41	340
Total charges to appropriations	26,504	26,724	24,539	2,185
Budgetary fund balances, June 30	\$ -	\$ -	\$ 14,547	\$ 14,547

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 \$ 25,824

Differences - budget to GAAP:

Accruals due to differences between GAAP and the budgetary basis of accounting (124)

Transfers in (102)

Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds \$ 25,598

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule \$ 24,539

Differences - budget to GAAP:

Accruals due to differences between GAAP and the budgetary basis of accounting (263)

Transfers to other funds (958)

Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds \$ 23,318

County of Fresno
Budgetary Comparison Schedule
Fish and Game Fund
For the Fiscal Year Ended June 30, 2013
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Budgetary fund balances, July 1	\$ -	\$ -	\$ 19	\$ 19
Resources (inflows):				
Fines, forfeitures, and penalties	5	5	5	-
Total resources	5	5	5	-
Charges to appropriations (outflows):				
Public ways and facilities:				
Services and supplies	5	5	5	-
Total charges to appropriations	5	5	5	-
Budgetary fund balances, June 30	\$ -	\$ -	\$ 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	\$ 5
 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	\$ 5

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5
 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	\$ 5

County of Fresno
Budgetary Comparison Schedule
Off-Highway License Fund
For the Fiscal Year Ended June 30, 2013
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Budgetary fund balances, July 1	\$ 14	\$ 14	\$ 37	\$ 23
Resources (inflows):				
Intergovernmental revenues	10	10	10	-
Total resources	10	10	10	-
Charges to appropriations (outflows):				
Public ways and facilities:				
Services and supplies	16	16	-	16
Other financing uses - operating transfers out	8	8	8	-
Total charges to appropriations	24	24	8	16
Budgetary fund balances, June 30	\$ -	\$ -	\$ 39	\$ 39

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	\$ 10
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	\$ 9

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 8
Differences - Budget to GAAP:	
Transfers to other funds	(8)
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
Emergency Medical Services Fund
For the Fiscal Year Ended June 30, 2013
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Budgetary fund balances, July 1	\$ -	\$ -	\$ 2,750	\$ 2,750
Resources (inflows):				
Fines, forfeitures, and penalties	1,375	1,375	1,132	(243)
Use of money and property	66	66	39	(27)
Total resources	1,441	1,441	1,171	(270)
Charges to appropriations (outflows):				
Health, sanitation, and public assistance:				
Services and supplies	1,441	1,441	1,719	(278)
Total charges to appropriations	1,441	1,441	1,719	(278)
Budgetary fund balances, June 30	\$ -	\$ -	\$ 2,202	\$ 2,202

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	\$ 1,171
Differences - Budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	(2)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 1,169

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,719
Differences - Budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	166
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 1,885

County of Fresno
Budgetary Comparison Schedule
Local Health and Welfare Fund
For the Fiscal Year Ended June 30, 2013
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Budgetary fund balances, July 1	\$ -	\$ -	\$ 862	\$ 862
Resources (inflows):				
Intergovernmental revenues	118,270	112,801	113,675	874
Other financing sources - operating transfer in	36,731	44,962	46,991	2,029
Total resources	155,001	157,763	160,666	2,903
Charges to appropriations (outflows):				
Health, sanitation, and public assistance:				
Other financing uses - operating transfer out	155,001	157,763	160,666	(2,903)
Total charges to appropriations	155,001	157,763	160,666	(2,903)
Budgetary fund balances, June 30	\$ -	\$ -	\$ 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	\$ 160,666
Differences - Budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	294
Transfers from other funds	(45,129)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 115,831

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 160,666
Differences - budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	(3,206)
Transfers to other funds	(157,460)
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, 2013
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Budgetary fund balances, July 1	\$ 239	\$ 239	5,217	\$ 4,978
Resources (inflows):				
Taxes	37	37	47	10
Use of money and property	70	70	66	(4)
Intergovernmental revenues	-	-	1	1
Charges for current services	1,391	1,391	1,399	8
Other revenues	36	36	15	(21)
Total resources	<u>1,534</u>	<u>1,534</u>	<u>1,528</u>	<u>(6)</u>
Charges to appropriations (outflows):				
Services and supplies	<u>1,773</u>	<u>1,773</u>	<u>1,105</u>	<u>668</u>
Total charges to appropriations	<u>1,773</u>	<u>1,773</u>	<u>1,105</u>	<u>668</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,640</u>	<u>\$ 5,640</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	\$ 1,528
Differences - Budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	(1)
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>\$ 1,527</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,105
Differences - Budget to GAAP:	
Accruals due to differences between GAAP and the budgetary basis of accounting	46
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 1,151</u>

THIS PAGE INTENTIONALLY BLANK

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.

THIS PAGE INTENTIONALLY BLANK

County of Fresno
Combining Statement of Net Position
Internal Service Funds
June 30, 2013
(amounts expressed in thousands)

	Fleet Services	Information Technology Services	Graphic Communication Services	Facility Services
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 6,024	7,788	\$ -	\$ -
Restricted cash and cash equivalents	-	484	-	-
Accounts receivable	66	31	25	2
Interest receivable	18	22	-	-
Due from other funds	1,009	1,706	255	2,899
Due from other governmental units	-	-	-	-
Inventory of supplies	723	2	9	220
Prepaid items and other assets	-	-	49	-
Total current assets	<u>7,840</u>	<u>10,033</u>	<u>338</u>	<u>3,121</u>
Noncurrent assets:				
Receivables	-	-	-	-
Advances to other funds	-	-	-	-
Buildings	569	2,537	257	662
Less accumulated depreciation	(569)	(910)	(61)	(53)
Equipment	38,960	9,210	106	38
Less accumulated depreciation	(25,404)	(6,532)	(86)	(38)
Software	110	10,579	-	-
Less accumulated depreciation	(110)	(10,579)	-	-
Construction in progress	-	-	-	-
Total noncurrent assets	<u>13,556</u>	<u>4,305</u>	<u>216</u>	<u>609</u>
Total assets	<u>21,396</u>	<u>14,338</u>	<u>554</u>	<u>3,730</u>
LIABILITIES				
Current liabilities:				
Accounts payable	563	447	241	2,003
Salaries and benefits payable	130	661	51	366
Due to other funds	258	371	65	3,539
Due to other governmental units	-	-	-	-
Liability for self - insurance	-	-	-	-
Deferred revenue	272	-	-	71
Deposits held for others	-	-	-	-
Compensated leave and absences	66	362	27	210
Capital lease obligations	-	1,434	-	-
Total current liabilities	<u>1,289</u>	<u>3,275</u>	<u>384</u>	<u>6,189</u>
Noncurrent liabilities:				
Compensated leave and absences	126	697	35	227
Capital lease obligations	93	1,580	-	-
Total noncurrent liabilities	<u>219</u>	<u>2,277</u>	<u>35</u>	<u>227</u>
Total liabilities	<u>1,508</u>	<u>5,552</u>	<u>419</u>	<u>6,416</u>
NET POSITION				
Net investment in capital assets	13,463	1,291	216	609
Unrestricted	6,425	7,495	(81)	(3,295)
Total net position	<u>\$ 19,888</u>	<u>\$ 8,786</u>	<u>\$ 135</u>	<u>\$ (2,686)</u>

County of Fresno
Combining Statement of Net Position
Internal Service Funds
June 30, 2013
(amounts expressed in thousands)

Security Services	Risk Management	Communications	PeopleSoft Operations	Total
\$ 1,279	\$ 79,886	\$ 3,376	\$ 572	\$ 98,925
-	-	-	-	484
28	1,409	29	25	1,615
3	241	11	1	296
395	495	360	236	7,355
22	3,299	-	-	3,321
-	4	-	-	958
-	30	-	-	79
<u>1,727</u>	<u>85,364</u>	<u>3,776</u>	<u>834</u>	<u>113,033</u>
-	702	-	-	702
-	489	-	-	489
-	-	-	-	4,025
-	-	-	-	(1,593)
-	6	22,809	-	71,129
-	(6)	(18,677)	-	(50,743)
-	-	-	9,576	20,265
-	-	-	(9,221)	(19,910)
-	-	20	-	20
-	1,191	4,152	355	24,384
<u>1,727</u>	<u>86,555</u>	<u>7,928</u>	<u>1,189</u>	<u>137,417</u>
34	252	224	223	3,987
181	131	42	8	1,570
50	867	17	80	5,247
-	6,072	-	-	6,072
-	78,697	-	-	78,697
-	374	-	-	717
-	155	-	-	155
86	101	20	23	895
-	-	255	-	1,689
<u>351</u>	<u>86,649</u>	<u>558</u>	<u>334</u>	<u>99,029</u>
158	86	19	-	1,348
-	-	608	-	2,281
<u>158</u>	<u>86</u>	<u>627</u>	<u>-</u>	<u>3,629</u>
<u>509</u>	<u>86,735</u>	<u>1,185</u>	<u>334</u>	<u>102,658</u>
-	-	3,289	355	19,223
1,218	(180)	3,454	500	15,536
<u>\$ 1,218</u>	<u>\$ (180)</u>	<u>\$ 6,743</u>	<u>\$ 855</u>	<u>\$ 34,759</u>

ASSETS

Current assets:

Cash and cash equivalents	98,925
Restricted cash and cash equivalents	484
Accounts receivable	1,615
Interest receivable	296
Due from other funds	7,355
Due from other governmental units	3,321
Inventory of supplies	958
Prepaid items and other assets	79
Total current assets	113,033

Noncurrent assets:

Receivables	702
Advances to other funds	489
Buildings	4,025
Less accumulated depreciation	(1,593)
Equipment	71,129
Less accumulated depreciation	(50,743)
Software	20,265
Less accumulated depreciation	(19,910)
Construction in progress	20
Total noncurrent assets	24,384

Total noncurrent assets

Total assets

LIABILITIES

Current liabilities:

Accounts payable	3,987
Salaries and benefits payable	1,570
Due to other funds	5,247
Due to other governmental units	6,072
Liability for self - insurance	78,697
Deferred revenue	717
Deposits held for others	155
Compensated leave and absences	895
Capital lease obligations	1,689
Total current liabilities	99,029

Total current liabilities

Noncurrent liabilities:

Compensated leave and absences	1,348
Capital lease obligations	2,281
Total noncurrent liabilities	3,629

Total noncurrent liabilities

Total liabilities

NET POSITION

Net investment in capital assets	19,223
Unrestricted	15,536
Total net position	34,759

County of Fresno
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2013
(amounts expressed in thousands)

	Fleet Services	Information Technology Services	Graphic Communications Services	Facility Services
Operating revenues:				
Charges for services	\$ 12,089	\$ 21,334	\$ 3,165	\$ 24,714
Other revenues	104	19	578	972
Total operating revenues	<u>12,193</u>	<u>21,353</u>	<u>3,743</u>	<u>25,686</u>
Operating expenses:				
Salaries and benefits	2,360	11,463	942	6,837
Insurance	19	31	12	280
Professional services	129	903	-	2,523
Special departmental	5,042	3,439	-	-
General and administrative	867	809	663	1,197
Repairs and maintenance	849	543	2	2,157
Rents and leases	41	1,503	93	3
Parts and supplies	435	69	1,344	-
Utilities	63	310	55	9,929
Depreciation	2,513	1,659	8	13
Total operating expenses	<u>12,318</u>	<u>20,729</u>	<u>3,119</u>	<u>22,939</u>
Operating income (loss)	<u>(125)</u>	<u>624</u>	<u>624</u>	<u>2,747</u>
Non - operating revenues (expenses):				
Gain (loss) on sale of equipment	(489)	(150)	-	-
Interest income	74	87	(4)	(42)
Total non - operating revenues (expenses)	<u>(415)</u>	<u>(63)</u>	<u>(4)</u>	<u>(42)</u>
Net income (loss) before transfers	<u>(540)</u>	<u>561</u>	<u>620</u>	<u>2,705</u>
Transfers in (out):				
Transfers in	152	-	-	-
Transfers out	(147)	(701)	(58)	(1,729)
Total transfers in (out)	<u>5</u>	<u>(701)</u>	<u>(58)</u>	<u>(1,729)</u>
Change in net position	<u>(535)</u>	<u>(140)</u>	<u>562</u>	<u>976</u>
Net position - beginning	20,423	8,926	(427)	(3,662)
Net position - ending	<u>\$ 19,888</u>	<u>\$ 8,786</u>	<u>\$ 135</u>	<u>\$ (2,686)</u>

County of Fresno
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2013
(amounts expressed in thousands)

Security Services	Risk Management	Communications	PeopleSoft Operations	Total	
					Operating revenues:
\$ 5,748	\$ 91,941	\$ 4,607	\$ 2,807	\$ 166,405	Charges for services
289	21	-	-	1,983	Other revenues
<u>6,037</u>	<u>91,962</u>	<u>4,607</u>	<u>2,807</u>	<u>168,388</u>	Total operating revenues
					Operating expenses:
3,043	2,120	660	154	27,579	Salaries and benefits
32	84,290	10	-	84,674	Insurance
291	1,837	65	1,629	7,377	Professional services
-	48	272	892	9,693	Special departmental
372	3,350	1,585	55	8,898	General and administrative
246	55	430	-	4,282	Repairs and maintenance
366	-	1,345	-	3,351	Rents and leases
-	-	157	6	2,011	Parts and supplies
14	42	39	-	10,452	Utilities
-	1	1,483	237	5,914	Depreciation
<u>4,364</u>	<u>91,743</u>	<u>6,046</u>	<u>2,973</u>	<u>164,231</u>	Total operating expenses
<u>1,673</u>	<u>219</u>	<u>(1,439)</u>	<u>(166)</u>	<u>4,157</u>	Operating income (loss)
					Non - operating revenues (expenses):
-	-	-	-	(639)	Gain (loss) on sale of equipment
4	915	47	6	1,087	Interest income
<u>4</u>	<u>915</u>	<u>47</u>	<u>6</u>	<u>448</u>	Total non - operating revenues (expenses)
<u>1,677</u>	<u>1,134</u>	<u>(1,392)</u>	<u>(160)</u>	<u>4,605</u>	Net income (loss) before transfers
					Transfers in (out):
-	-	-	249	401	Transfers in
(190)	(133)	(44)	(10)	(3,012)	Transfers out
(190)	(133)	(44)	239	(2,611)	Total transfers in (out)
<u>1,487</u>	<u>1,001</u>	<u>(1,436)</u>	<u>79</u>	<u>1,994</u>	Change in net position
(269)	(1,181)	8,179	776	32,765	Net position - beginning
<u>\$ 1,218</u>	<u>\$ (180)</u>	<u>\$ 6,743</u>	<u>\$ 855</u>	<u>\$ 34,759</u>	Net position - ending

County of Fresno
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2013
(amounts expressed in thousands)

Page 1 of 4

	Fleet Services	Information Technology Services	Graphic Communications Services	Facility Services
Cash flows from operating activities:				
Cash received from users	\$ 12,662	\$ 21,128	\$ 3,681	\$ 24,701
Cash paid to suppliers	(8,967)	(7,829)	(2,679)	(16,053)
Cash paid to employees	(2,371)	(11,219)	(939)	(6,877)
Cash paid for claims	-	-	-	-
Net cash provided by (used in) operating activities	<u>1,324</u>	<u>2,080</u>	<u>63</u>	<u>1,771</u>
Cash flows from non-capital financing activities:				
Transfers from other funds	152	-	-	-
Transfers to other funds	(147)	(701)	(58)	(1,729)
Advances received from other funds	-	-	-	-
Net cash provided by (used in) non-capital financing activities	<u>5</u>	<u>(701)</u>	<u>(58)</u>	<u>(1,729)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(2,157)	(1,590)	-	-
Net cash used in capital and related financing activities	<u>(2,157)</u>	<u>(1,590)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	79	89	(5)	(42)
Net cash provided by (used in) investing activities	<u>79</u>	<u>89</u>	<u>(5)</u>	<u>(42)</u>
Net increase (decrease) in cash and cash equivalents	(749)	(122)	-	-
Cash and cash equivalents, beginning of year	6,773	8,394	-	-
Cash and cash equivalents, end of year	<u>\$ 6,024</u>	<u>\$ 8,272</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of cash and cash equivalents to the statement of net assets:				
Cash and cash equivalents	\$ 6,024	\$ 7,788	\$ -	\$ -
Restricted cash and investments	-	484	-	-
Total	<u>\$ 6,024</u>	<u>\$ 8,272</u>	<u>\$ -</u>	<u>\$ -</u>

County of Fresno
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2013
(amounts expressed in thousands)

Page 2 of 4

Security Services	Risk Management	Communications	PeopleSoft Operations	Total	
					Cash flows from operating activities:
\$ 5,916	\$ 90,898	\$ 4,577	\$ 2,772	\$ 166,335	Cash received from users
(1,414)	(66,988)	(4,854)	(2,703)	(111,487)	Cash paid to suppliers
(3,035)	(2,144)	(735)	(155)	(27,475)	Cash paid to employees
-	(14,744)	-	-	(14,744)	Cash paid for claims
<u>1,467</u>	<u>7,022</u>	<u>(1,012)</u>	<u>(86)</u>	<u>12,629</u>	Net cash provided by (used in) operating activities
					Cash flows from non-capital financing activities:
-	-	-	249	401	Transfers from other funds
(190)	(133)	(44)	(10)	(3,012)	Transfers to other funds
-	489	-	-	489	Advances received from other funds
<u>(190)</u>	<u>356</u>	<u>(44)</u>	<u>239</u>	<u>(2,122)</u>	Net cash provided by (used in) non-capital financing activities
					Cash flows from capital and related financing activities:
-	-	(426)	-	(4,173)	Acquisition of capital assets
-	-	(426)	-	(4,173)	Net cash used in capital and related financing activities
					Cash flows from investing activities:
<u>1</u>	<u>926</u>	<u>51</u>	<u>6</u>	<u>1,105</u>	Interest on investments
<u>1</u>	<u>926</u>	<u>51</u>	<u>6</u>	<u>1,105</u>	Net cash provided by (used in) investing activities
1,278	8,304	(1,431)	159	7,439	Net increase (decrease) in cash and cash equivalents
1	71,582	4,807	413	91,970	Cash and cash equivalents, beginning of year
<u>\$ 1,279</u>	<u>\$ 79,886</u>	<u>\$ 3,376</u>	<u>\$ 572</u>	<u>\$ 99,409</u>	Cash and cash equivalents, end of year
					Reconciliation of cash and cash equivalents to the statement of net assets:
\$ 1,279	\$ 79,886	\$ 3,376	\$ 572	\$ 98,925	Cash and cash equivalents
-	-	-	-	\$ 484	Restricted cash and investments
<u>\$ 1,279</u>	<u>\$ 79,886</u>	<u>\$ 3,376</u>	<u>\$ 572</u>	<u>\$ 99,409</u>	Total

County of Fresno
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2013
(amounts expressed in thousands)

Page 3 of 4

	Fleet Services	Information Technology Services	Graphic Communications Services	Facility Services
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (125)	\$ 624	\$ 624	\$ 2,747
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	2,513	1,659	8	13
Decrease (increase) in accounts receivable	1	(2)	(22)	5
Decrease (increase) in due from other funds	196	(204)	(26)	(990)
Decrease (increase) in due from other governmental units	-	-	-	-
Decrease (increase) in inventory of supplies	(8)	1	3	(113)
Decrease (increase) in deposits and other assets	-	-	(14)	-
(Decrease) increase in accounts payable	(1,629)	159	(54)	(137)
(Decrease) increase in salaries and benefits payable	(11)	244	3	(40)
(Decrease) increase in deferred revenue	272	(19)	-	71
(Decrease) increase in due to other funds	115	(382)	(459)	215
(Decrease) increase in due to other governmental units	-	-	-	-
(Decrease) increase in liability for self-insurance	-	-	-	-
Total adjustments	1,449	1,456	(561)	(976)
Net cash provided by (used in) operating activities	\$ 1,324	\$ 2,080	\$ 63	\$ 1,771
Noncash investing, capital, and financing activities:				
Borrowing under capital lease	\$ 93	\$ 1,157	\$ -	\$ -

County of Fresno
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2013
(amounts expressed in thousands)

Page 4 of 4

Security Services	Risk Management	Communications	PeopleSoft Operations	Total	
					Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:
\$ 1,673	\$ 219	\$ (1,439)	\$ (166)	\$ 4,157	Operating income (loss)
					Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:
-	1	1,483	237	5,914	Depreciation expense
(6)	(905)	(13)	(7)	(949)	Decrease (increase) in accounts receivable
(116)	(6)	(17)	(27)	(1,190)	Decrease (increase) in due from other funds
1	(157)	-	-	(156)	Decrease (increase) in due from other governmental units
-	-	-	-	(117)	Decrease (increase) in inventory of supplies
-	280	-	-	266	Decrease (increase) in deposits and other assets
12	(5,924)	(874)	(92)	(8,539)	(Decrease) increase in accounts payable
8	(26)	(75)	(2)	101	(Decrease) increase in salaries and benefits payable
-	39	-	-	363	(Decrease) increase in deferred revenue
(105)	484	(77)	(29)	(238)	(Decrease) increase in due to other funds
-	5,904	-	-	5,904	(Decrease) increase in due to other governmental units
-	7,113	-	-	7,113	(Decrease) increase in liability for self-insurance
<u>(206)</u>	<u>6,803</u>	<u>427</u>	<u>80</u>	<u>8,472</u>	Total adjustments
<u>\$ 1,467</u>	<u>\$ 7,022</u>	<u>\$ (1,012)</u>	<u>\$ (86)</u>	<u>\$ 12,629</u>	Net cash provided by (used in) operating activities
					Noncash investing, capital, and financing activities:
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94</u>	<u>\$ -</u>	<u>\$ 1,344</u>	Borrowing under capital lease

THIS PAGE INTENTIONALLY BLANK

Fiduciary Funds

The County maintains an Investment Trust Fund that is used to account for the investments made by the County. 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 Investment Trust fund is discretely presented in the basic financial statements.

Trust Funds:

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

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.

San Joaquin Valley Insurance Authority – The San Joaquin Valley Insurance Authority was established as a multi-entity authority with the express goal of negotiating, purchasing, or otherwise providing funding for health, vision, dental and life insurance for the employees of the various entities in the authority (including the County of Fresno). This fund is used for the accounting and recording of all San Joaquin Valley Insurance Authority 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 Position
Agency Funds
June 30, 2013
(amounts expressed in thousands)

	Property Tax Collection	Public Administrator- Guardian	San Joaquin Valley Insurance Authority	Other Agency Funds	Total
ASSETS					
Cash and investments	\$ 68,871	\$ 12,912	\$ 9,673	\$ 84,442	\$ 175,898
Taxes receivable	1,573	-	-	-	1,573
Accounts receivable	-	-	710	6,786	7,496
Due from other governmental agencies	11	-	-	2,969	2,980
Property held by public administrator	-	6,561	-	-	6,561
Total assets	<u>\$ 70,455</u>	<u>\$ 19,473</u>	<u>\$ 10,383</u>	<u>\$ 94,197</u>	<u>\$ 194,508</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 6,355	\$ 6,355
Due to other taxing units	70,455	-	-	-	70,455
Due to other governmental units	-	-	10,383	15,303	25,686
Fiduciary liability	-	19,473	-	72,539	92,012
Total liabilities	<u>\$ 70,455</u>	<u>\$ 19,473</u>	<u>\$ 10,383</u>	<u>\$ 94,197</u>	<u>\$ 194,508</u>

County of Fresno
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2013
(amounts expressed in thousands)

	<u>July 01, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2013</u>
Property Tax Collection				
Assets:				
Cash	\$ 77,485	\$ 882,851	\$ 891,465	\$ 68,871
Taxes receivable	2,296	-	723	1,573
Due from other governmental agencies	69	-	58	11
Total assets	<u>\$ 79,850</u>	<u>\$ 882,851</u>	<u>\$ 892,246</u>	<u>\$ 70,455</u>
Liabilities:				
Due to other taxing units	\$ 79,850	\$ 882,851	\$ 892,246	\$ 70,455
Total liabilities	<u>\$ 79,850</u>	<u>\$ 882,851</u>	<u>\$ 892,246</u>	<u>\$ 70,455</u>
Public Administrator-Guardian				
Assets:				
Cash	\$ 16,605	\$ -	\$ 3,693	\$ 12,912
Property held by public administrator	6,494	67	-	6,561
Total assets	<u>\$ 23,099</u>	<u>\$ 67</u>	<u>\$ 3,693</u>	<u>\$ 19,473</u>
Liabilities:				
Fiduciary liability	\$ 23,099	\$ -	\$ 3,626	\$ 19,473
Total liabilities	<u>\$ 23,099</u>	<u>\$ -</u>	<u>\$ 3,626</u>	<u>\$ 19,473</u>
San Joaquin Valley Insurance Authority				
Assets:				
Cash and investments	\$ 8,923	\$ 750	\$ -	\$ 9,673
Accounts receivable	-	710	-	710
Total assets	<u>\$ 8,923</u>	<u>\$ 1,460</u>	<u>\$ -</u>	<u>\$ 10,383</u>
Liabilities:				
Due to other governmental units	\$ 8,923	\$ 1,460	\$ -	\$ 10,383
Total liabilities	<u>\$ 8,923</u>	<u>\$ 1,460</u>	<u>\$ -</u>	<u>\$ 10,383</u>
Other Agency Funds				
Assets:				
Cash	\$ 142,586	\$ 216,002	\$ 274,146	\$ 84,442
Accounts receivable	5,622	1,164	-	6,786
Due from other governmental units	40,793	-	37,824	2,969
Total assets	<u>\$ 189,001</u>	<u>\$ 217,166</u>	<u>\$ 311,970</u>	<u>\$ 94,197</u>
Liabilities:				
Accounts payable	\$ 103,645	\$ -	\$ 97,290	\$ 6,355
Due to other governmental units	15,799	-	496	15,303
Fiduciary liability	69,557	218,984	216,002	72,539
Total liabilities	<u>\$ 189,001</u>	<u>\$ 218,984</u>	<u>\$ 313,788</u>	<u>\$ 94,197</u>
Total - All Agency Funds				
Assets:				
Cash and investments	\$ 245,599	\$ 1,099,603	\$ 1,169,304	\$ 175,898
Taxes receivable	2,296	-	723	1,573
Accounts receivable	5,622	1,874	-	7,496
Due from other governmental agencies	40,862	-	37,882	2,980
Property held by public administrator	6,494	67	-	6,561
Total assets	<u>\$ 300,873</u>	<u>\$ 1,101,544</u>	<u>\$ 1,207,909</u>	<u>\$ 194,508</u>
Liabilities:				
Accounts payable	\$ 103,645	\$ -	\$ 97,290	\$ 6,355
Due to other taxing units	79,850	882,851	892,246	70,455
Due to other governmental units	24,722	1,460	496	25,686
Fiduciary liability	92,656	218,984	219,628	92,012
Total liabilities	<u>\$ 300,873</u>	<u>\$ 1,103,295</u>	<u>\$ 1,209,660</u>	<u>\$ 194,508</u>

THIS PAGE INTENTIONALLY BLANK

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.

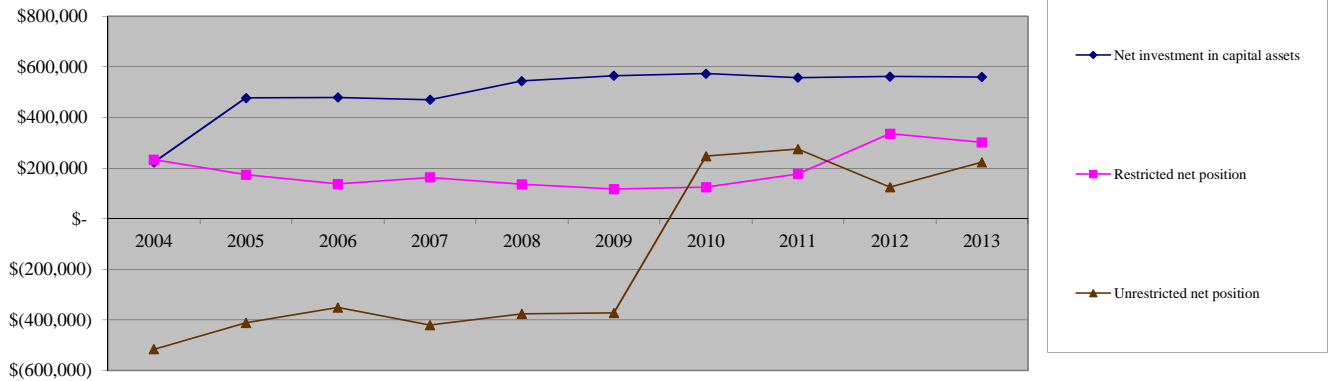
THIS PAGE INTENTIONALLY BLANK

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

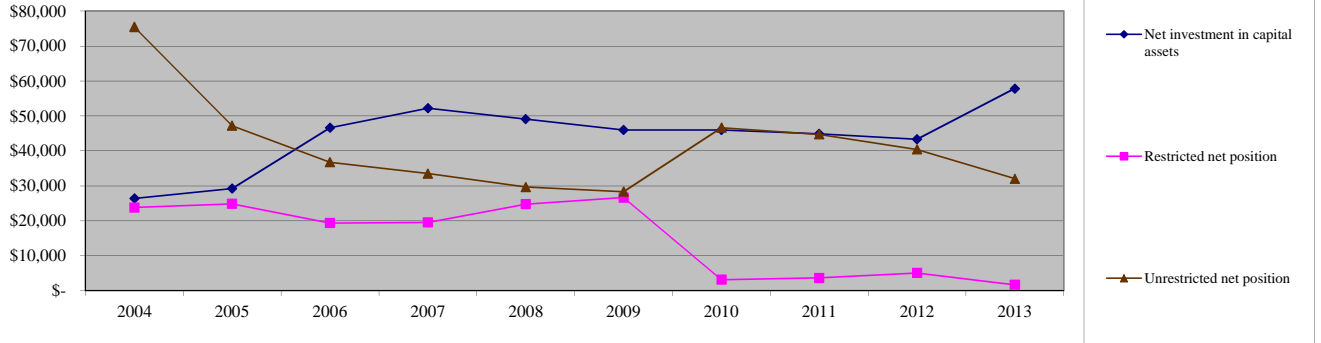
	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 222,948	\$ 477,894	\$ 479,254	\$ 470,668	\$ 544,635	\$ 565,196	\$ 573,855	\$ 557,748	\$ 562,279	\$ 560,544
Restricted net position	233,687	173,695	137,451	163,426	135,904	117,491	124,661	177,153	335,573	301,425
Unrestricted net position	(515,755)	(411,976)	(350,589)	(420,615)	(376,525)	(371,904)	247,181	275,332	124,904	223,627
Total governmental activities net position	(59,120)	239,613	266,116	213,479	304,014	310,783	945,697	1,010,233	1,022,756	1,085,596
Business-type activities										
Net investment in capital assets	26,438	29,230	46,630	52,174	49,087	45,982	46,012	44,875	43,336	57,836
Restricted net position	23,794	24,877	19,373	19,564	24,762	26,634	3,189	3,654	5,090	1,690
Unrestricted net position	75,452	47,181	36,769	33,500	29,643	28,297	46,659	44,735	40,392	32,032
Total business-type activities net position	125,684	101,288	102,772	105,238	103,492	100,913	95,860	93,264	88,818	91,558
Primary government										
Net investment in capital assets	249,386	507,124	525,884	522,842	593,722	611,178	619,867	602,623	605,615	618,380
Restricted net position	257,481	198,572	156,824	182,990	160,666	144,125	127,850	180,807	340,663	303,115
Unrestricted net position	(440,303)	(364,795)	(313,820)	(387,115)	(346,882)	(343,607)	293,840	320,067	165,296	255,659
Total primary government net position	\$ 66,564	\$ 340,901	\$ 368,888	\$ 318,717	\$ 407,506	\$ 411,696	\$ 1,041,557	\$ 1,103,497	\$ 1,111,574	\$ 1,177,154

Note 1: Accrual basis of accounting

Governmental Activities



Business-type Activities



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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 26,813	\$ 27,237	\$ 30,156	\$ 37,867	\$ 35,320	\$ 23,634	\$ 24,092	\$ 21,579	\$ 22,628	\$ 18,258
Public protection	58,726	66,011	63,932	86,430	86,146	70,834	62,780	65,412	40,711	38,244
Public ways and facilities	3,188	2,135	4,779	5,812	8,392	15,662	11,928	14,216	12,822	10,782
Health, sanitation and public assistance	58,369	56,626	39,869	68,672	59,210	47,055	27,269	28,350	33,090	16,032
Education	4,221	1,402	2,033	2,003	2,549	3,311	3,369	3,318	3,388	3,378
Culture and recreation	696	581	737	984	978	1,094	1,281	1,421	1,496	1,353
Operating grants and contributions	466,445	521,988	595,209	507,032	573,377	566,158	1,085,032	786,733	715,246	690,028
Capital grants and contributions	4,565	18,694	8,618	7,412	14,485	4,560	13,536	10,353	3,069	187
Subtotal governmental activities program revenues	<u>623,023</u>	<u>694,674</u>	<u>745,333</u>	<u>716,212</u>	<u>780,457</u>	<u>732,308</u>	<u>1,229,287</u>	<u>931,382</u>	<u>832,450</u>	<u>778,262</u>
Business-type activities:										
Charges for services										
Water and sewer	3,049	2,253	2,071	2,092	2,792	2,506	2,483	3,033	2,695	3,456
Landfill	16,007	14,516	13,700	11,701	11,371	8,230	8,592	10,097	9,054	9,861
Subtotal business-type activities program revenues	<u>19,056</u>	<u>16,769</u>	<u>15,771</u>	<u>13,793</u>	<u>14,163</u>	<u>10,736</u>	<u>11,075</u>	<u>13,130</u>	<u>11,749</u>	<u>13,317</u>
Total primary government program revenues	<u>642,079</u>	<u>711,443</u>	<u>761,104</u>	<u>730,005</u>	<u>794,620</u>	<u>743,044</u>	<u>1,240,362</u>	<u>944,512</u>	<u>844,199</u>	<u>791,579</u>
General Revenues										
Governmental activities:										
Taxes										
Property taxes	77,089	142,791	180,656	199,715	220,356	213,721	187,682	203,317	196,145	209,419
Sales taxes	148,203	175,675	180,671	187,397	177,384	158,943	96,956	103,174	140,232	154,998
Franchise taxes	4,224	4,290	4,572	4,786	4,880	5,157	4,266	4,735	4,849	4,784
Motor vehicle in-lieu taxes	84,526	43,297	62,677	45,666	45,891	41,195	40,879	36,063	35,491	34,077
Road use tax	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	13,213
Other	1,455	-	3,619	1,682	3,891	2,914	857	4,816	4,708	4,832
Gain/(loss) on bond refunding and sale of fixed assets	-	-	-	-	-	-	-	-	-	338
Unrestricted investment earnings	5,818	7,020	11,947	13,263	12,495	8,441	6,666	5,450	5,945	14,159
Miscellaneous	(431,435)	56,857	-	180	-	-	-	1,072	-	-
Subtotal governmental activities general revenues	<u>(85,397)</u>	<u>451,222</u>	<u>475,186</u>	<u>499,983</u>	<u>512,311</u>	<u>464,108</u>	<u>347,511</u>	<u>370,716</u>	<u>395,722</u>	<u>435,820</u>
Business-type activities:										
Property tax	-	-	-	-	-	-	-	-	-	635
Other	(1,587)	(7,648)	1,549	2,354	2,476	5,192	3,167	2,421	2,355	2,326
Gain/(loss) on sale of fixed assets	-	-	-	-	-	-	-	-	-	(19)
Unrestricted investment earnings	-	2,814	1,058	3,519	3,808	2,398	1,707	1,507	1,257	974
Subtotal business-type activities general revenues	<u>(1,587)</u>	<u>(4,834)</u>	<u>2,607</u>	<u>5,873</u>	<u>6,284</u>	<u>7,590</u>	<u>4,874</u>	<u>3,928</u>	<u>3,612</u>	<u>3,916</u>
Total primary government revenues	<u>\$555,095</u>	<u>\$1,157,831</u>	<u>\$1,238,897</u>	<u>\$1,235,861</u>	<u>\$1,313,215</u>	<u>\$1,214,742</u>	<u>\$1,592,747</u>	<u>\$1,319,156</u>	<u>\$1,243,533</u>	<u>\$1,231,315</u>

Note 1: Accrual basis of accounting

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

Page 2 of 2

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 36,094	\$ 52,323	\$ 104,079	\$ 52,001	\$ 70,697	\$ 28,685	\$ 38,727	\$ 41,685	\$ 51,348	\$ 52,919
Public protection	223,953	171,303	227,521	332,088	264,592	307,301	304,096	298,354	293,106	304,365
Public ways and facilities	19,143	109,572	110,613	54,286	117,737	58,062	43,782	54,711	48,529	41,895
Health, sanitation, and public assistance	636,898	704,190	679,435	725,012	718,201	724,604	1,088,733	770,169	751,998	686,767
Education	26,134	20,934	23,250	25,971	10,691	22,606	25,322	26,013	24,897	24,191
Culture and recreation	2,083	1,881	2,307	3,476	2,491	3,475	2,832	2,419	2,331	2,712
Interest on long-term debt	19,992	23,624	33,761	43,136	47,909	45,794	44,854	44,243	44,232	42,519
Subtotal governmental activities expenses	<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>	<u>1,155,368</u>
Business-type activities:										
Solid waste enterprise	8,639	8,598	12,735	13,181	16,533	15,063	15,718	14,068	14,024	14,063
County service areas, other	3,158	3,173	4,161	4,325	5,347	5,626	5,621	5,554	5,607	6,139
Subtotal business-type activities expenses	<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>	<u>20,202</u>
Total primary government expenses	<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>	<u>1,175,570</u>
Extraordinary item - RDA dissolution trans	-	-	-	-	-	-	-	-	(274)	-
Excess (deficiency) before transfers										
- governmental activities	(426,671)	62,069	39,553	(19,775)	60,450	5,889	28,452	64,504	11,731	58,714
Transfers	(120)	(34)	90	15	35	203	96	32	271	302
Excess (deficiency) before transfers										
- business-type activities	5,672	164	1,482	2,160	(1,433)	(2,363)	(5,390)	(2,564)	(4,270)	(2,969)
Transfers	120	34	(90)	(15)	(35)	(203)	(96)	(32)	(271)	(302)
Special Items	-	-	-	-	(289)	-	-	-	-	-
Change in net position										
Governmental activities	(426,791)	62,035	39,643	(19,760)	60,485	6,092	28,548	64,536	11,728	59,016
Business-type activities	5,792	198	1,392	2,145	(1,757)	(2,566)	(5,486)	(2,596)	(4,541)	(3,271)
Total primary government	<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>\$ 7,187</u>	<u>\$ 55,745</u>

Note 1: Accrual basis of accounting

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

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
General Fund							
Reserved for:							
Encumbrances	\$ 30,953	\$ 45,611	\$ 26,730	\$ 30,164	\$ 12,998	\$ 9,534	\$ 5,558
Imprest and postage funds	289	268	198	157	203	178	207
Inventory	2,187	2,016	2,760	3,734	3,440	3,288	3,663
Loans	28,838	29,640	32,370	34,534	35,331	37,284	41,605
Unreserved	89,534	88,932	152,361	145,580	136,892	151,243	179,090
Total General Fund	<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	\$ 96,338	\$ 35,064	\$ 32,684	\$ 97,942	\$ 61,706	\$ 48,692	\$ 76,876
Imprest and postage funds	4	9	9	4	5	8	10
Inventory	1,086	2,511	1,657	1,741	1,064	716	1,314
Debt service	42,860	109,485	76,370	93,419	72,689	49,450	49,125
Unreserved, reported in:							
Special revenue funds	43,753	49,488	30,629	18,523	15,461	15,805	14,169
Capital projects fund	(24,097)	(22,783)	(336)	(50,203)	(15,028)	2,820	(16,833)
Total other governmental funds	<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	2013
General Fund			
Nonspendable	\$ 3,200	\$ 3,585	\$ 3,939
Restricted	83,356	195,072	199,306
Assigned	39,138	33,896	57,176
Unassigned	133,154	66,022	47,117
Total General Fund	<u>\$258,848</u>	<u>\$298,575</u>	<u>\$307,538</u>

Other Governmental Funds

Nonspendable	\$ 1,889	\$ 854	\$ 683
Restricted	93,797	97,561	123,153
Assigned	24,407	29,357	33,597
Total other governmental funds	<u>\$120,093</u>	<u>\$127,772</u>	<u>\$157,433</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)

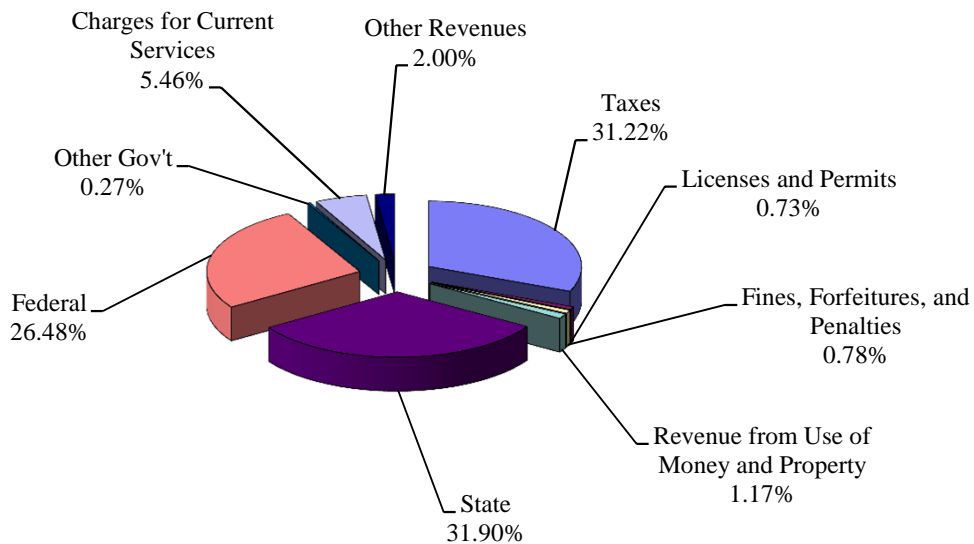
	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 102,702	\$ 167,778	\$ 171,485	\$ 223,356	\$ 238,127	\$ 254,452	\$ 222,538	\$ 230,422	\$ 334,763	\$ 380,541
Licenses and permits	8,822	9,161	9,696	9,919	9,267	9,319	7,543	7,987	8,600	8,872
Fines, forfeitures and penalties	9,877	10,400	10,376	10,340	11,946	13,181	12,045	10,268	9,577	9,529
Use of money and property	11,175	10,578	14,767	16,110	15,359	10,453	8,900	5,745	6,278	14,315
Aid from other governmental agencies	706,934	753,012	823,101	763,753	811,527	783,553	1,212,496	880,190	788,758	714,785
Charges for current services	107,138	112,008	99,423	114,196	106,456	134,064	92,648	98,139	83,947	66,491
Other revenues	24,595	29,096	32,112	76,560	76,277	17,149	22,137	39,383	25,724	24,358
Total revenues	<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>	<u>1,218,891</u>
Expenditures										
General government	46,881	53,859	52,165	55,840	87,131	33,400	36,903	40,359	35,648	32,976
Public ways and facilities	47,623	45,492	85,306	54,890	61,429	58,998	48,087	63,448	55,691	32,807
Public protection	221,752	240,825	257,927	287,883	321,020	312,496	295,553	293,043	289,991	298,179
Health, sanitation, and public assistance	625,226	668,743	670,268	716,377	739,835	724,372	1,085,639	769,639	750,154	682,001
Education	25,672	20,969	23,071	25,667	30,567	29,285	25,864	26,275	23,898	23,891
Culture and recreation	2,493	2,657	2,873	3,374	3,551	3,403	2,494	2,191	2,342	2,684
Capital outlay	27,528	77,209	23,164	8,258	31,864	16,866	968	7,577	2,783	16,594
Debt service:										
Transfers from trust bank	-	-	41,096	-	-	-	-	-	-	-
Principal	1,250	2,465	4,755	11,345	16,020	20,870	19,790	25,042	24,080	30,785
Bond issuance costs	-	-	1,151	-	-	-	-	-	-	-
Interest	10,815	21,584	24,203	29,640	31,933	31,037	29,093	24,515	27,465	25,509
Total expenditures	<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>	<u>1,145,426</u>
Excess (deficiency) of revenues over (under) expenditures	<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>	<u>73,465</u>
Other financing sources (uses):										
Bond proceed transfers	(398,192)	68,961	-	(317)	-	-	-	-	-	-
Bond proceeds	423,461	-	39,015	55,060	-	-	-	-	-	23,587
Payment to refund debt	-	-	-	-	-	-	-	-	-	(26,160)
Proceeds from sale of capital assets	-	-	-	-	-	-	-	1,072	-	-
Transfers in	192,668	244,662	266,409	233,976	322,208	268,539	209,458	230,110	316,612	353,820
Transfers out	(193,906)	(243,781)	(265,214)	(233,111)	(321,743)	(265,726)	(207,548)	(227,070)	(314,520)	(350,907)
Refunding bond issue proceeds	-	-	-	(475)	-	-	-	-	-	(820)
Total other financing sources (uses)	<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>	<u>(480)</u>
Net change in fund balances before extraordinary items	<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>47,687</u>	<u>72,985</u>
Extraordinary item										
Redevelopment Agency dissolution transact	-	-	-	-	-	-	-	-	(274)	-
Net change in fund balances	<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>	<u>\$ 72,985</u>
Debt service as a percentage of non capital expenditures	1.23%	2.28%	2.49%	3.46%	3.71%	4.28%	3.17%	3.98%	4.26%	4.99%

Note 1: Modified accrual basis of accounting

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

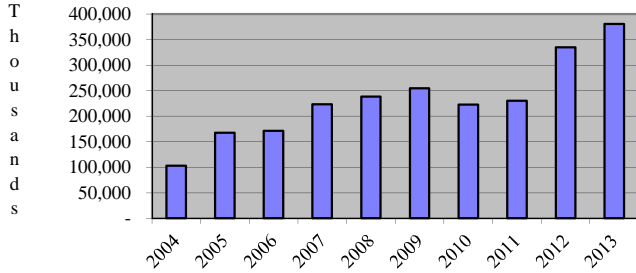
Fiscal Year	Total Revenues	Taxes	Licenses and Permits	Fines, Forfeitures, and Penalties	Revenue from Use of Money and Property	Aid From Other Governmental Agencies			Charges for Current Services	Other Revenues
						State	Federal	Other Gov't		
2004	\$ 971,243	\$ 102,702	\$ 8,822	\$ 9,877	\$ 11,175	\$ 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
2013	1,218,891	380,541	8,872	9,529	14,315	388,767	322,745	3,273	66,491	24,358

For Fiscal Year 2013

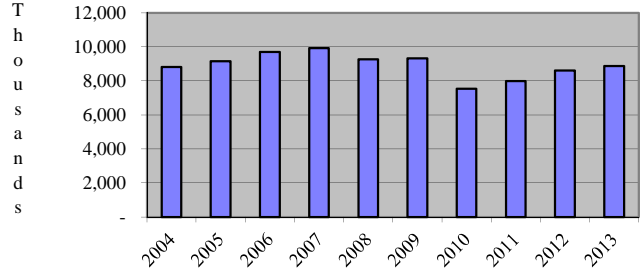


**County of Fresno
Governmental Funds Revenues By Source
Last Ten Fiscal Years
(amount expressed in thousands)**

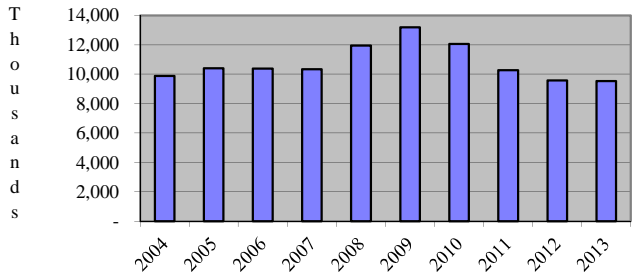
Taxes



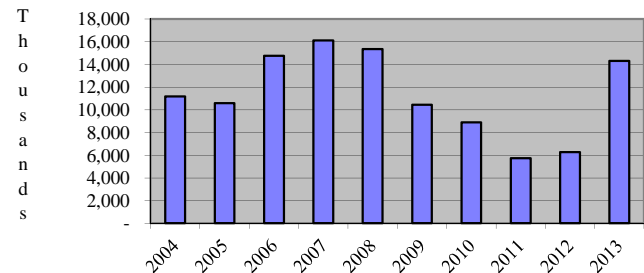
Licenses and Permits



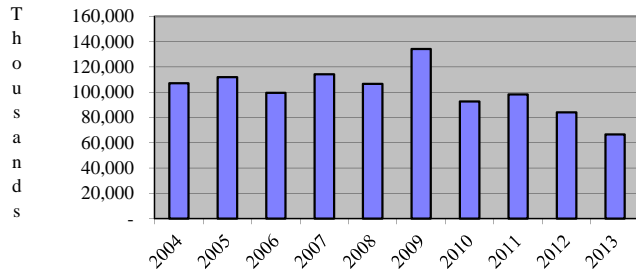
Fines, Forfeitures, and Penalties



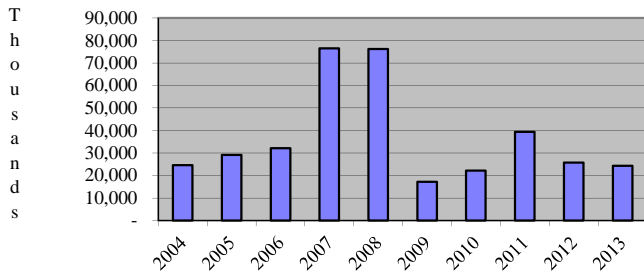
Revenue from Use of Money and Property



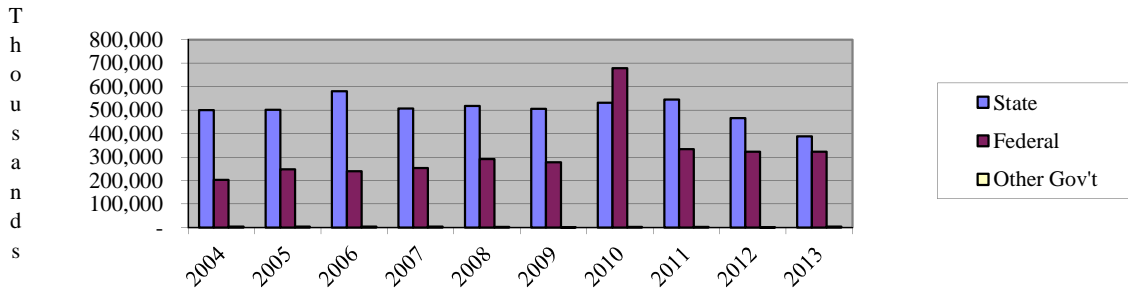
Charges for Current Services



Other Revenues

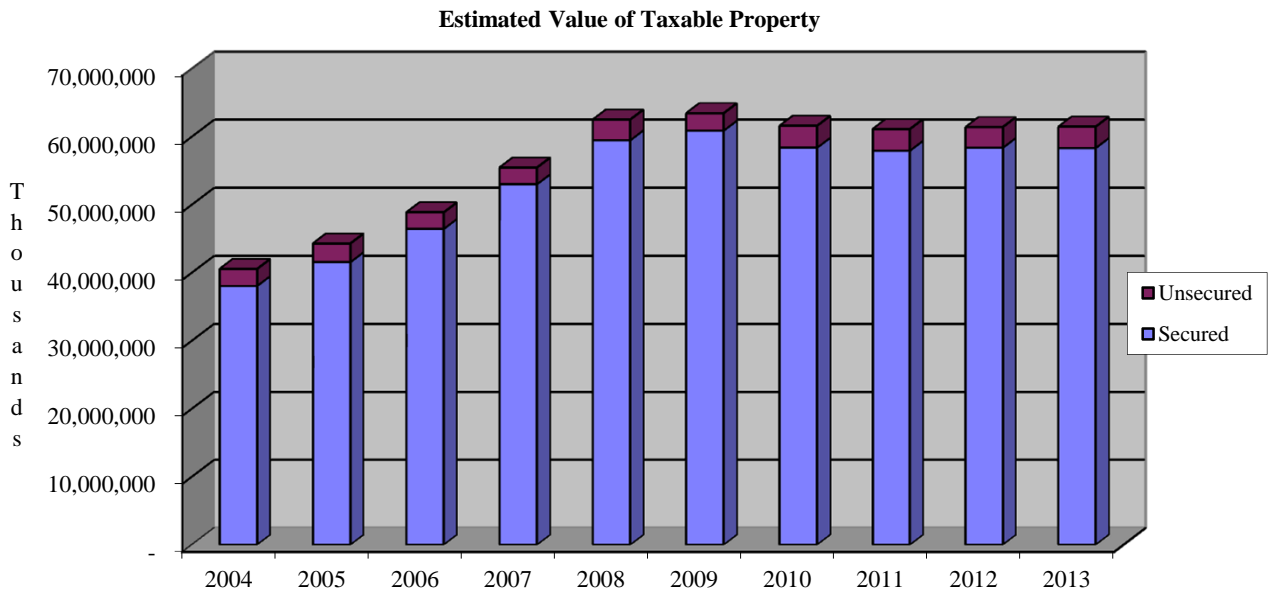


Aid From Other Governmental Agencies



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

Fiscal Year	Secured	Unsecured	Total	Ratio of Assessed to Estimated Actual	Total Direct Tax Rate
	Estimated Actual	Estimated Actual	Estimated Actual		
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%
2013	58,343,171	3,124,705	61,467,876	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>	
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
2012 - 2013	1.00000	0.032438	0.198218	1.230656

Notes:

(1) The above tax rates are for Tax Rate Area 005-001, which applies to most property within the 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
June 30, 2013 AND June 30, 2004
(amounts expressed in thousands)**

<u>Taxpayer</u>	<u>2013</u>			<u>2004</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>% of Total County Assessed Value</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>% of Total County Assessed Value</u>
Pacific Gas & Electric Co.	\$ 1,861,458	1	3.028	\$ 1,046,397	1	2.580
Chevron USA Inc.	716,402	2	1.165	140,040	4	0.345
Southern California Edison Co.	451,948	3	0.735	341,018	2	0.841
Panoche Energy Center, LLC	321,000	4	0.522			
AERA Energy, LLC	254,747	5	0.414	94,452	6	0.233
Pacific Bell Telephone Co.	188,591	6	0.307	224,023	3	0.552
Del Rey Juice Company LLC	149,431	7	0.243			
Macerich Fresno Limited Partnership	132,334	8	0.215	95,250	5	0.235
Gallo E & J Winery	123,382	9	0.201	82,711	8	0.204
Gap Inc.	115,759	10	0.188	70,764	10	0.174
The Gap Inc.	-		N/A	79,740	9	0.197
Fresno Farming LLC	-		N/A	88,470	7	0.218
Total	<u>\$ 4,315,052</u>		<u>7.018</u>	<u>\$ 2,262,865</u>		<u>5.579</u>

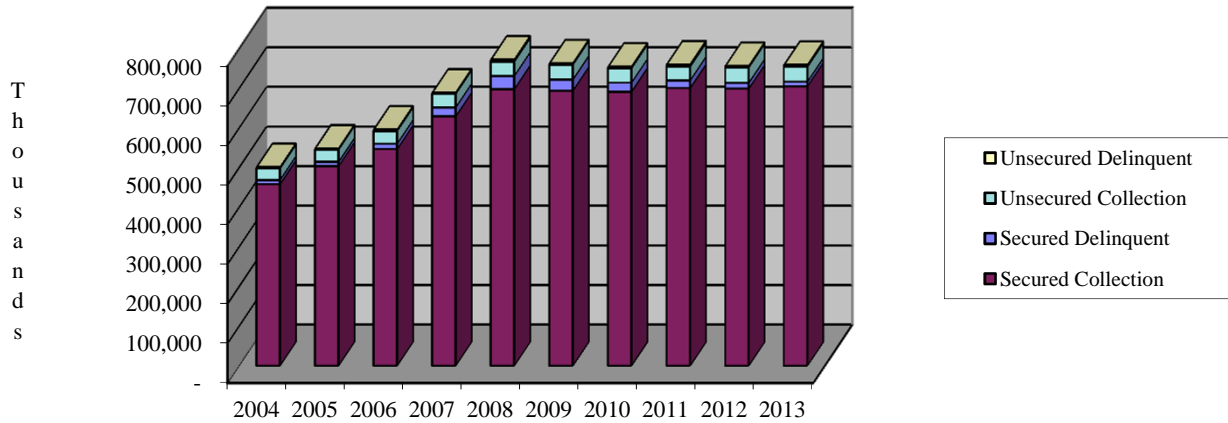
Source: Auditor-Controller/Treasurer-Tax Collector, County of Fresno

Note: Percentages based on estimated property values of \$61,467,876 in 2013 and \$40,553,718 in 2004.

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	Amount	Percent
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
2013	717,057	11,701	1.632	705,356	98.368	41,027	3,545	8.641	37,482	91.359

Property Tax Levies



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

Source: County of Fresno Tax Rate Book

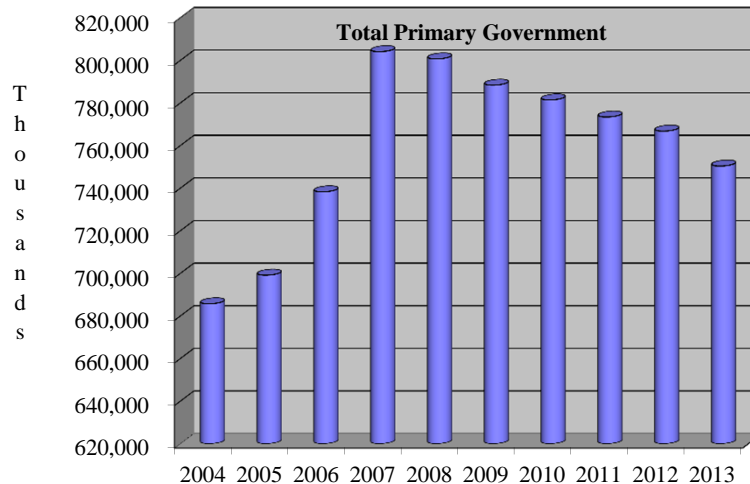
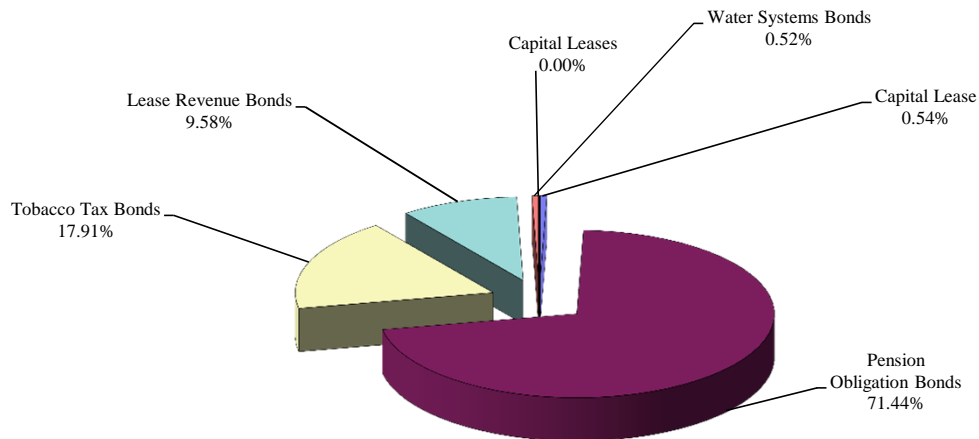
County of Fresno
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income ^a Per Capita ^a	
	Capital Lease	Pension Obligation Bonds	Tobacco Tax Bonds	Lease Revenue Bonds	Water Systems Bonds	Capital Leases			
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	2.60%	820
2012	4,601	543,387	136,041	78,704	4,060	-	766,793	NA	NA
2013	4,066	536,085	134,397	71,924	3,910	-	750,382	NA	NA

Note 1: Accrual basis of accounting

^a 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 2013



County of Fresno
Estimated Direct and Overlapping Bonded Debt
June 30, 2013
(amounts expressed in thousands)

2012-13 Assessed Valuation: \$ 61,467,876 (includes unitary utility valuation)

Overlapping Tax and Assessment Debt:	% Applicable (1)	Debt 6/30/13
Merced Community College District School Facilities Improvement District No. 2	2.789%	\$ 286
State Center Community College District	82.702%	86,316
West Hills Community College District and School Facilities Improvement Districts	22.242-99.644%	35,691
Central Unified School District	100%	94,389
Clovis Unified School District	100%	254,323
Fresno Unified School District	100%	376,143
Kings Canyon Joint Unified School District	91.168%	53,535
Sanger Unified School District	100%	56,424
Other Unified School Districts	Various	109,243
High School and School Districts	Various	34,063
City of Mendota	100%	20
Hospital Districts	99.958-100%	26,568
Other Special Districts	100%	377
California Statewide Community Development Authority Community Facilities District No. 2012-01	100%	4,200
City Community Facilities Districts	100%	4,310
1915 Act Bonds (Estimated)	100%	16,931
Total Overlapping Tax and Assessment Debt		1,152,819
Overlapping Tax Increment Debt:		
Successor Agencies	100%	86,019
Overlapping General Fund Obligation Debt:		
Community College District General Fund Obligations	Various	44,269
Central Unified School District Certificates of Participation	100%	27,795
Clovis Unified School District General Fund Obligations	100%	27,040
Fresno Unified School District General Fund Obligations	100%	23,155
Sanger Unified School District Certificates of Participation	100%	23,862
Other School District General Fund Obligations	Various	28,482
City of Clovis General Fund Obligations	100%	14,055
City of Fresno General Fund and Judgment Obligations	100%	267,647
City of Fresno Pension Obligations	100%	157,880
Other City General Fund Obligations	100%	11,861
Coalinga Regional Medical Center General Fund Obligations	99.958-100%	5,058
Total Gross Overlapping General Fund Obligation Debt		631,104
Less: City of Kingsburg's Self-Supporting Obligations		(2,845)
Total Net Overlapping General Fund Obligation Debt		628,259
Total Net Overlapping Tax and Assessment and General Fund Obligation Debt		1,867,097
Total Gross Overlapping Tax and Assessment and General Fund Obligation Debt		1,869,942
Direct General Fund Obligation Debt:		
Fresno County General Fund Obligation	100%	70,590
Fresno County Pension Obligations	100%	439,878
Total Direct General Fund Obligation Debt		510,468
Total Net Combined Overlapping and Direct Debt		\$ 2,377,565
Total Gross Combined Overlapping and Direct Debt		\$ 2,380,410 ⁽²⁾
Ratios to 2012-13 Assessed Valuation:		
Total Overlapping Tax and Assessment Debt	1.88%	
Total Direct Debt (\$510,468)	0.83%	
Gross Combined Total Debt	3.87%	
Net Combined Total Debt	3.87%	
Ratios to Redevelopment Incremental Valuation (\$4,096,390)		
Total Overlapping Tax Increment Debt	2.10%	
STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/13:		\$ 21

- (1) The percentage of overlapping debt applicable to the county is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the county divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue 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)

Fiscal Year	Assessed Value	Debt Limit Percentage	Debt Limit	Amount of Debt Applicable to Limit			Legal Debt Margin
				General Obligation Bond	Less Resources Restricted to Paying Principal	Total Net Debt Applicable to Limit	
2004	40,553,718	1.25%	506,921	-	-	-	506,921
2005	44,300,762	1.25%	553,760	-	-	-	553,760
2006	48,864,958	1.25%	610,812	-	-	-	610,812
2007	55,471,674	1.25%	693,396	-	-	-	693,396
2008	62,536,020	1.25%	781,700	-	-	-	781,700
2009	63,465,220	1.25%	793,315	-	-	-	793,315
2010	61,601,029	1.25%	770,013	-	-	-	770,013
2011	61,130,072	1.25%	764,126	-	-	-	764,126
2012	61,419,373	1.25%	767,742	-	-	-	767,742
2013	61,467,876	1.25%	768,348	-	-	-	768,348

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

Fiscal Year	Net General Bonded Debt per Capita ~	Net General Bonded Debt to Assessed Value	General Debt Service to General Expenditures
2004	670.41	1.41%	1.08%
2005	680.92	1.33%	2.00%
2006	684.68	1.23%	2.14%
2007	736.13	1.19%	2.53%
2008	721.13	1.05%	2.72%
2009	703.55	1.02%	3.37%
2010	687.97	1.04%	2.61%
2011	674.74	1.03%	3.31%
2012	657.80	1.01%	3.53%
2013	638.55	0.99%	4.15%

~ Updated amounts based on the revised population estimates for 2012 from Department of Finance as released on May 1, 2013.

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

CSA 47 Water/Sewer Revenue Bonds

Fiscal Year	Revenues	Less: Operating	Net Available	Debt Service		Coverage
		Expenses	Revenue	Principal	Interest	
2005	429,470	500,659	(71,189)	95,000	326,318	-17%
2006	452,694	592,104	(139,410)	100,000	320,807	-33%
2007	920,612	683,973	236,639	105,000	314,676	56%
2008	969,569	712,128	257,441	110,000	307,958	62%
2009	1,004,754	717,278	287,476	120,000	300,770	68%
2010	946,516	748,795	197,721	125,000	293,114	47%
2011	1,160,367	678,852	481,515	135,000	284,989	115%
2012	1,211,528	796,012	415,516	140,000	276,395	100%
2013	1,235,362	816,663	418,699	150,000	266,995	100%

WW 41 Water Revenue Bonds

Fiscal Year	Charges	Less: Operating	Net Available	Debt Service		Coverage
		Expenses	Revenue	Principal	Interest	
2005	163,325	488,247	(324,922)	20,000	9,730	-1093%
2006	154,829	786,259	(631,430)	25,000	8,190	-1902%
2007	163,725	464,618	(300,893)	25,000	6,240	-963%
2008	182,142	589,706	(407,564)	25,000	4,290	-1391%
2009	197,120	644,511	(447,391)	30,000	2,340	-1383%
2010	184,459	603,143	(418,684)	-	-	n/a
2011	-	-	-	-	-	n/a
2012	-	-	-	-	-	n/a
2013	-	-	-	-	-	n/a

WW 41 Sewer Revenue Bonds

Fiscal Year	Charges	Less: Operating	Net Available	Debt Service		Coverage
		Expenses	Revenue	Principal	Interest	
2005	106,342	190,427	(84,085)	20,000	10,105	-279%
2006	109,667	332,639	(222,972)	25,000	8,505	-665%
2007	111,783	247,151	(135,368)	25,000	6,480	-430%
2008	132,108	317,753	(185,645)	25,000	4,455	-630%
2009	131,989	267,890	(135,901)	30,000	2,430	-419%
2010	130,847	371,305	(240,458)	-	-	n/a
2011	-	-	-	-	-	n/a
2012	-	-	-	-	-	n/a
2013	-	-	-	-	-	n/a

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

Year	Population~	Personal Income*	Per Capita Personal Income	Median Family Income	Unemployment Rate
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	29,741	31,542	54,700	16.77%
2012	943,493	N/A	N/A	55,500	15.27%
2013	952,166	N/A	N/A	54,600	14.87%

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 2012 as released on May 1, 2013.*

**County of Fresno
Principal Employers
Comparison of 2004 and 2013**

<u>Employer</u>	<u>2013</u>			<u>2004</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Fresno Unified School District (FUSD)	11,500	1	2.61%	8,706	1	2.14%
County of Fresno	6,194	2	1.40%	7,200	3	1.77%
Community Medical Centers	4,090	3	0.93%	6,500	4	1.60%
Clovis Unified School District	3,370	5	0.76%	4,000	5	0.99%
City of Fresno	3,100	4	0.70%	3,424	6	0.84%
State Center Community College	2,784	6	0.63%			
Saint Agnes Medical	2,745	7	0.62%	2,400	7	0.59%
California State University, Fresno	2,034	8	0.46%			
Pelco by Schneider Electric	1,970	9	0.45%	1,500	10	0.37%
Kaiser Permanente Medical	1,934	10	0.44%	1,950	9	0.48%
Internal Revenue Service				7,300	2	1.80%
Children's Hospital of Central CA				2,361	8	0.58%
Total	39,721		9.00%	45,341		11.17%

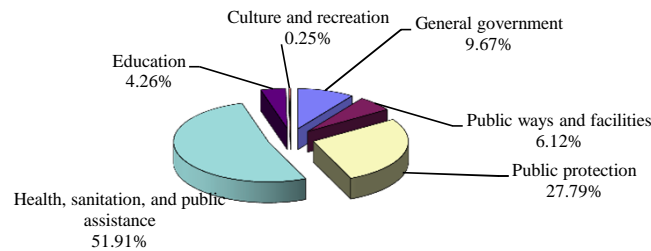
Source: The 2013 employee count is obtained from the Business Journal 2013 Book of lists, and Economic Development Corporation of Fresno County web-site. The 2004 employee count was obtained from the Fresno Bee.

Note: Percentages based on labor force of 441,300 in 2013 and 406,000 in 2004.

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Administration	66	65	65	71	66	59	56	54	52	53
Planning	3	3	-	-	-	-	-	-	-	-
County Counsel	38	39	40	39	35	37	29	26	25	28
Finance	278	292	297	300	288	272	256	227	235	212
Internal Service	487	459	458	460	446	419	411	381	344	346
Other	32	56	54	40	40	38	35	23	23	24
Total	904	914	914	910	875	825	787	711	679	663
Public ways and facilities										
Planning	145	154	156	169	170	137	122	106	105	105
Roads	233	226	226	226	226	224	224	222	198	198
Community Development	23	23	23	22	19	19	19	19	14	14
Solid Waste	21	22	24	24	24	24	24	22	21	21
Other	95	98	98	97	97	86	81	81	83	82
Total	517	523	527	538	536	490	470	450	421	420
Public protection										
Sheriff	1,066	1,107	1,141	1,202	1,203	1,126	1,004	982	998	1,024
Probation	547	548	588	624	629	550	535	514	544	546
District Attorney	241	257	267	259	300	247	243	228	222	238
Public Defender	102	111	111	135	137	127	95	82	79	84
Coroner	42	42	40	40	40	35	16	14	13	14
Total	1,998	2,065	2,147	2,260	2,309	2,085	1,893	1,820	1,856	1,906
Health, sanitation, and public assistance										
Administration	194	90	90	90	85	70	3	3	3	2
Child & Family Services	1,042	1,078	1,066	1,073	978	923	274	232	232	231
Adult Services	684	704	469	465	452	337	511	484	514	514
Social Services	1,272	1,314	1,422	1,504	1,542	1,544	2,060	2,160	2,182	2,320
Community Health	682	700	714	701	658	457	432	438	467	481
In-Home Supportive Services	-	-	18	18	16	14	7	7	7	7
Veterans Services	-	-	4	4	4	4	5	5	5	5
Total	3,874	3,886	3,783	3,855	3,735	3,349	3,292	3,329	3,410	3,560
Education										
Library	381	377	321	331	338	330	330	291	293	292
Culture and recreation										
Parks and grounds	33	35	35	36	36	31	26	20	16	17
Total	7,707	7,800	7,727	7,930	7,829	7,110	6,798	6,621	6,675	6,858

Fiscal Year Ending 2013



Source: Proposed Budget

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public protection										
<i>Child Support Services</i>										
Number of child support cases opened	71,046	74,475	70,292	69,155	69,538	70,343	65,032	62,175	60,115	58,444
Child support collected (in thousands)	\$ 87,416	\$ 85,633	\$ 82,328	\$ 82,043	\$ 83,450	\$ 86,387	\$ 83,562	\$ 82,918	\$ 83,681	\$ 82,529
<hr/>										
<i>Sheriff</i>										
Zone offices	4	4	4	4	4	4	4	4	4	4
Patrol units	152	222	216	232	267	225	233	186	249	240
Dispatched calls	312,003	307,862	326,123	344,315	347,778	211,990	200,553	204,542	199,408	215,403
Physical arrests	6,199	6,029	6,219	5,930	7,675	5,523	7,943	7,789	9,299	7,954
Traffic citations	1,943	1,524	1,605	1,493	1,361	1,761	1,316	1,315	1,077	737
Stolen vehicles	990	1,019	1,090	1,020	952	933	763	1,020	899	997
Jail bookings	38,432	40,333	44,232	43,428	44,028	44,398	40,621	40,794	40,025	41,696
Avg. daily jail population	3,019	3,060	3,168	3,259	3,029	3,067	1,877	1,661	1,810	2,867
<hr/>										
Public ways and facilities										
Street miles maintained	3,600	3,577	3,563	3,555	3,539	3,531	3,527	3,524	3,519	3,517
<hr/>										
Health, sanitation, and public assistance										
<i>Emergency Medical Services (EMS)</i>										
Number of 9-1-1 medical calls	49,937	47,802	58,636	96,020	64,700	81,994	92,960	96,030	107,235	107,039
<hr/>										
<i>Department of Social Services</i>										
Number of client months served	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	7,032,774
<hr/>										
Education										
<i>Library</i>										
Number of branches	34	35	35	35	35	35	35	35	35	35
Number of volumes	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	3,656,593
Volumes borrowed	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	3,844,412
<hr/>										
Culture and recreation										
<i>Parks & 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	152	135	125	209	163	166	162	112	166	193

Sources: Various county departments

Note 1: 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.

Note 2: The Fresno County Department of Social Services had corrected their service description to client months served during 2013 for all periods presented above.

THIS PAGE INTENTIONALLY BLANK

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 (but not including amounts due to other funds or other governments).

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.

ASSIGNED FUND BALANCE. The portion of the fund balance of a governmental fund that represents resources set aside ("earmarked") by the government for a particular purpose.

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.

County of Fresno
Glossary for the Comprehensive Annual Financial Report

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**.

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 at the beginning of the year and at the end of the year, taking into consideration investment purchases, sales, and redemptions.

COMMITTED FUND BALANCE. The portion of the fund balance of a governmental fund that represents resources whose use is subject to a legally binding constraint that is imposed by the government itself at its highest level of decision-making authority and that remains legally binding unless removed in the same manner.

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 other counterparty 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

County of Fresno Glossary for the Comprehensive Annual Financial Report

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 INFLOWS OF RESOURCES. An acquisition of net position by the government that is applicable to a future reporting period.

DEFERED OUTFLOWS OF RESOURCES. A consumption of net position by the government that is applicable to a future reporting period.

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.

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.

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 position. 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 an 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 current net position, 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

County of Fresno Glossary for the Comprehensive Annual Financial Report

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.

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. Net position of a governmental fund (difference between assets, liabilities, deferred outflows of resources, and deferred inflows of resources).

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 position and the statement of activities. Both basic governmental financial

County of Fresno Glossary for the Comprehensive Annual Financial Report

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 fund 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.

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

County of Fresno

Glossary for the Comprehensive Annual Financial Report

funds and agency funds are accounted for using the modified accrual basis of accounting.

NONSPENDABLE FUND BALANCE. The portion of fund balance of a governmental fund that cannot be spent either because the underlying resources are not in spendable form or because the government is legally or contractually required to maintain the resources intact.

NET POSITION. The residual of all other elements presented in a statement of financial position. It is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources.

NET INVESTMENT IN CAPITAL ASSETS. One of three components of net position that must be reported in both government-wide and proprietary fund financial statements. It consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings attributable to the acquisition, construction, or improvements of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt should also be included. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included.

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 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 position (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.

RESTRICTED FUND BALANCE. The portion of the fund balance of a governmental fund that represents resources subject to externally enforceable constraints.

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.

County of Fresno Glossary for the Comprehensive Annual Financial Report

RESTRICTED NET POSITION. One of three components of net position that must be reported in both government-wide and proprietary fund financial statements. It consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability or deferred inflow of resources relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability/deferred inflow of resources or if the liability will be liquidated with the restricted assets reported.

RETAINED EARNINGS. An equity account reflecting the accumulated earnings of an enterprise fund 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 of 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 the Single Audit Act of 1997 and the 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.

STATEMENT OF NET POSITION. A financial statement reporting all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. This statement reports the residual amount of all assets, deferred outflows of resources, liabilities, deferred inflows of resources as net position.

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.

UNASSIGNED FUND BALANCE. The difference between total fund balance in a governmental fund and its nonspendable, restricted, committed, and assigned components.

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

UNRESTRICTED NET POSITION. One of three components of net position that must be reported in both government-wide and proprietary fund financial statements. It is the difference between net position and its two other components (net investment in capital assets and restricted net position).

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.