



**COUNTY OF FRESNO
STATE OF CALIFORNIA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended
June 30, 2010**

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

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INTRODUCTORY SECTION

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

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County of Fresno

Vicki Crow, C.P.A.

Auditor-Controller/Treasurer-Tax Collector

January 21, 2011

The Honorable Board of Supervisors
County of Fresno
Fresno, California

Members of the Board:

The Comprehensive Annual Financial Report (CAFR) of the County of Fresno (County) for the fiscal year ended June 30, 2010, 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 Price, Paige and Company. 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, 2010, are free of material misstatement. The independent certified public accounting firm has issued an unqualified ("clean") opinion on the County's financial statements as of and for the year ended June 30, 2010. The auditors report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The County was created from parts of Merced, Tulare and Mariposa counties in 1856 and is a political subdivision chartered by the State. It is the fifth 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 942,298. There are 15 incorporated cities within the County: Fresno, Clovis, Reedley, Sanger, Kerman, Fowler, Selma, Kingsburg,

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

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

Board of Supervisors

Phil Larson District 1	Susan B. Anderson District 2	Henry R. Perea District 3	Judy Case District 4	Deborah Poochigian District 5
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John Navarrette
County Administrative Officer

Kevin Briggs
County Counsel

Public Protection	Health Sanitation & Public Assistance	Public Ways & Facilities	Education	Culture & Recreation	General Government
Margaret Mims Sheriff	Catherine Huerta Social Services	Alan Weaver Director/Public Works & Planning	Patricia Pondexter - Interim County Librarian	Alan Weaver Director/Public Works & Planning	Robert C. Werner Assessor-Recorder
Elizabeth A. Egan District Attorney	Edward L. Moreno, MD Director/Health Officer- Public Health	Carol N. Hafner Agricultural Commissioner/Sealer of Weights & Measures	Jeanette M. Sutherland Cooperative Extension		Vicki Crow CPA Auditor-Controller/ Treasurer-Tax Collector
Linda Penner Chief Probation Officer	Donna Taylor Director/ Behavioral Health				Arpi K. Apkarian, Deputy Director General Services
Kenneth K. Taniguchi Public Defender	Robert W. Bash, Child Support Services				Beth Bandy Deputy Director Personnel Services
David M. Hadden, MD Coroner-Public Administrator/Guardian					Gary Osmondson Chief Information Officer
Victor E. Salazar County Clerk/Registrar of Voters					

The County, with an average of 7,204 full-time equivalent employees, provides a full range of services to its residents as the above organization chart depicts. Included in reported operations are various component units which provide specific services county-wide or to distinct geographic areas within the County. They include, among others, the Fresno County Employees' Retirement Association (FCERA), multiple County Service Areas (CSA's), the Fresno County Financing Authority (FCFA), the Fresno County Tobacco Funding Corporation, Friant Community Redevelopment Agency and the Children and Families Commission. While these entities are legally separate from the County, the County has some financial accountability for them, their governing bodies are substantially the same as the County's Board and in most cases they provide services exclusively to the County.

For financial planning and control, the Board adopts an annual appropriated budget for the County. Activities of the General Fund, most Special Revenue funds, and the Debt Service fund, are included in the annual budget. 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 County government and its services to the citizens of Fresno County and to those who visit. The County's website includes information about the Board, including how to contact the Board, and provides Board Agendas, County job listings, bid solicitations, County directories, information on how to appeal assessments, voter information, County permits and forms, and financial information such as the County tax rate book, the annual budget, and recent CAFRs. The site also provides several online services, including the ability to view both live and archived Board meetings, look up election results and polling places, and pay property taxes.

ECONOMIC OVERVIEW

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

However, the County's current economic state continues to be difficult with stagnant home prices, continued problems in mortgage markets, tight credit availability, and significant job losses that continue to batter the economy of California and Fresno County. California has the largest labor market in the U.S. From its peak in fiscal year 2006-07 through fiscal year 2009-10, California nonfarm payrolls fell by 902,000 jobs or 5.96%. This constitutes the largest job loss in number and percent of any economic downturn since World War II. Consumer and business spending plunged as a result. The outlook for the State economy is for modest growth through 2010, followed by moderate growth in 2011 and 2012.

After years of strong growth in the County's economy, the recession conditions over the past two years have resulted in a decline in property and sales tax revenues. Property tax revenues have declined by 2.9% from FY 07-08 while sales tax revenues have declined by 10.4% from FY 07-08. The slumping housing sector and mortgage crisis has slowed the residential building industry and some property has been re-assessed to a lower value. The number of appeal assessments filed by property owners in fiscal year remained steady in fiscal year 2009-10 decreasing from 3,998 appeals in FY 08-09 to 3,856 appeals in fiscal year 2009-10. Water delivery constraints continue to hamper expanded agricultural production with thousands of acres of crop land still idle.

The County's unemployment rate is typically higher than the State's or the national average due to the seasonal nature of its large agricultural employment base. The County's unemployment rate ranged to a high of 18.7% during the fiscal year with a summertime level of 14.6% 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 production in 2009 decreased by 4.59% over 2008, exceeding the five billion dollar mark for a third consecutive year. While agriculture currently accounts for 14.17% of wage and salary employment, other important sources of employment include services 37.0%, government 20.52%, trade, transportation and utilities 16.7%, construction 4.2% and manufacturing 7.6%. In recent years, agriculture jobs have declined due to increased efficiencies, farm consolidations, farm land retirements and tight water supplies that caused a further drop in agricultural employment this year. Construction jobs continued to drop due to the poor housing market.

MAJOR INITIATIVES, SERVICE EFFORTS AND ACCOMPLISHMENTS

Current

The County maintains the largest road system in California covering over 3,527 miles of roads including 530 bridges. The 2010-2011 Road Fund adopted budget totals \$75.5 million, which reflects a decrease of 5.6% from the prior year's adopted budget. The adopted budget includes funding from the proposed "Transportation Funding Swap" in lieu of Proposition 42 funds and the remainder of the County's Proposition 1B funding allocation, but does not include Maintenance of Effort (MOE) funding as the inclusion of an MOE requirement has yet to be determined by the State. It also reflects a decline in Federal revenue from Major projects anticipated include the final phase of the Measure "C" Academy Avenue construction, federally funded Manning Avenue and Crawford Road to Hill Avenue reconstruction, six Safe Route to School Projects, Congestion Management and Air Quality shoulder improvements, 3 federal bridge replacements at the Outside Main Canal on Bass Avenue, Kings River Bridge on Goodfellow Avenue and Byrd Slough on Goodfellow Avenue and three projects with various levels of federal funding for intersection improvements at the intersection of North and Maple Ave, Friant-Kern Canal Bridge Rail Replacement on Piedra Road, and Highway Safety project on Annadale Avenue West of McDonough Avenue. The 2010-2011 road maintenance program includes \$25.94 million dedicated to pavement seals and maintenance overlays, contracted preventative maintenance, routine maintenance and traffic signs and striping. Approximately 40 miles of slurry seals on residential streets, 30 miles of chip seal projects, and 25 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.

The new Juvenile Court Facility, constructed on the Juvenile Justice Campus, became operational July 2009. It is a shared-use facility, which includes court rooms occupied by the State of California and office space for staff from the District Attorney, Public Defender and Probation departments. The Juvenile Court Facility was funded with \$55,350,000 of Lease Revenue Bonds issued in April 2007. A lease arrangement between the State and the County provides for the State to lease space, supplying a revenue stream to service approximately 50% of the related debt service.

In August 2009, the Board approved funding for the construction of a scaled back Coroner's facility to be located in the southwest quadrant of the new Juvenile Justice Campus. The construction will be funded with \$20,400,700 of the remaining Tobacco Settlement Bond proceeds. Construction of the 14,370 square feet

morgue building replaces the current inadequate facility which was built in 1948. Construction of the administration portion of this facility has been deferred.

The new Orange County Library branch opened in November 2009. The West Fresno Regional Center was opened in January 2010 and building tenants will include a Fresno County Library branch, and the Departments of Employment and Temporary Assistance, Behavioral Health, Public Health, and Children and Family Services.

Future

The County's budget is strongly influenced by the State's fiscal budget. The State of California passed the FY 2010-11 State budget of \$86.6 billion on October 8, 2010, the latest date ever for a state budget to be passed. On December 6, 2010, Governor Schwarzenegger declared a fiscal emergency and called the State legislatures back into special session to address the estimated \$6.1 billion budget deficit in the current fiscal year and estimated \$19.1 billion deficit in fiscal year 11-12. The governor proposed an agenda that would eliminate \$9.9 billion over the next 18 months with a \$1.9 billion budget reduction for 2010-11 and \$8 billion for 2011-12. The Governor's proposed cuts include state welfare and child-care programs, eliminate cash grants to the elderly and disabled, and cut vision care for children receiving government subsidized healthcare. If enacted, these proposed cuts would reduce the current budget deficit to \$4.2 billion and the 2011-12 budget deficit to \$11.3 billion. Controversial measures were enacted to balance the 2009-10 State budget including the State suspending Proposition 1A, borrowing tax revenue from the cities, counties and special districts and the State suspending funding for the Williamson Act.

In an effort to mitigate the budgetary effect of the State borrowing almost \$16 million in property tax revenue, the County participated in the Proposition 1A securitization program sponsored by the California Statewide Community of Development Authority (CSCDA). Budget clean up legislation authorized Counties to sell their property tax receivables to CSCDA, who sells bonds providing cash proceeds to participating agencies.

The County's 2010-2011 adopted budget is \$35 million less than the prior year and includes a net reduction of 351 positions and implements employee furloughs. The decrease is due to the lower State funding as well as to lower County discretionary revenues including sales and property tax revenues and vehicle license fees as a result of the recession. Significant budget reductions were made in all programs. The County will perform a mid-year review of budget surpluses and deficits and may recommend additional budget reductions. The effect of the recession on County revenues is anticipated to continue through at least the following year.

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

American Recovery and Reinvestment Act of 2009 (ARRA) funding is being utilized to reduce high local unemployment and homelessness, alleviate economic distress and stimulate local construction and other jobs. The Employment and Temporary Assistance Department has been awarded over \$36 million in subsidized employment program, employment readiness training and job retention services funding. Through stimulus funding, the federal share of assistance payment costs for the Foster Care Adoptions Assistance, and In-Home Supportive Services Programs was increased by almost \$11 million. The Children and Family Services Department has been awarded \$1.6 million in Homeless Prevention and Rapid Re-Housing funding. Public Works and Planning has been awarded Community Development Block Grant funding known as CDBG-R, to provide funds for CDBG eligible expedited infrastructure projects that can be under construction quickly and

foster job creation and other long term economic impacts. In addition this department has received funding through Caltrans for additional roadwork. The District Attorney received an award of \$181,000 for elder abuse prosecution and the Sheriff Department is using \$769,000 to investigate internet crimes against children and to purchase vehicles and tasers.

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

OTHER INFORMATION

Pension Trust Fund Operations

The County participates in and contributes to a defined benefit plan covering all full-time employees. Contributions are made to the Fresno County Employees' Retirement Association (FCERA) by both the County and employees as recommended by the actuary and approved by the Board of Retirement and the Board. The FCERA is reported as a Pension Trust Fund in these statements; however, a complete financial report is available from the FCERA.

Cash Management

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

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

Investments authorized under this policy include U.S. Treasury and agency obligations, bankers' acceptances, commercial paper, certificates of deposit, repurchase agreements, medium-term notes, the State's Local Agency Investment Fund (LAIF), mutual funds, and mortgage-backed securities. The policy further restricts investments such that the average weighted maturity of the Pool cannot exceed 550 days or 1½ years unless economic trends or market timing indicate such investments are beneficial.

During the year, the Pool earned an average yield of 2.113 percent. This compares favorably with the average yield of .18 percent for 90 day Treasury Bills and the Consumer Price Index of negative 1.31 percent. In this fiscal year, the County of Fresno earned interest of \$ 5,912,301.

The FCERA's Pension Trust Fund is governed by the Board of Retirement and asset management advisory firms administer investments. The Board has adopted an investment policy intended to provide sufficient benefits to plan participants within an investment structure that minimizes risk and maximizes investment return. Investments include common stocks, short-term corporate and government debt instruments, mortgage backed pass-through certificates and private market investments which includes real estate and alternative investments. For fiscal year 2009-10, the ratio of net investment income to total investments was 13.97% with a net investment loss of \$352,549,000 and ending investments totaling \$2,522,928,000.

Additional information on the County's cash management activities can be found in Note 16 to the basic financial statements.

Risk Management

The County maintains a comprehensive risk management program administered by a full-time professional risk manager and staff. The County is self-insured for workers' compensation, public liability, medical malpractice, unemployment and property damage. The County records estimated liabilities for such claims filed or expected to be filed for incidents that have occurred. The self-insurance for workers' compensation and public liability are supplemented with excess insurance policies. County officials believe that assets of the Risk Management Fund, together with funds to be provided in the future, will be adequate to meet all self-insured claims for workers' compensation, general liability, medical malpractice, unemployment and property damage claims as they come due.

Additional information on the County's risk management activities can be found in Note 11 to the basic financial statements.

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, 2009. 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 Price, Paige & Company 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

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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, 2009

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



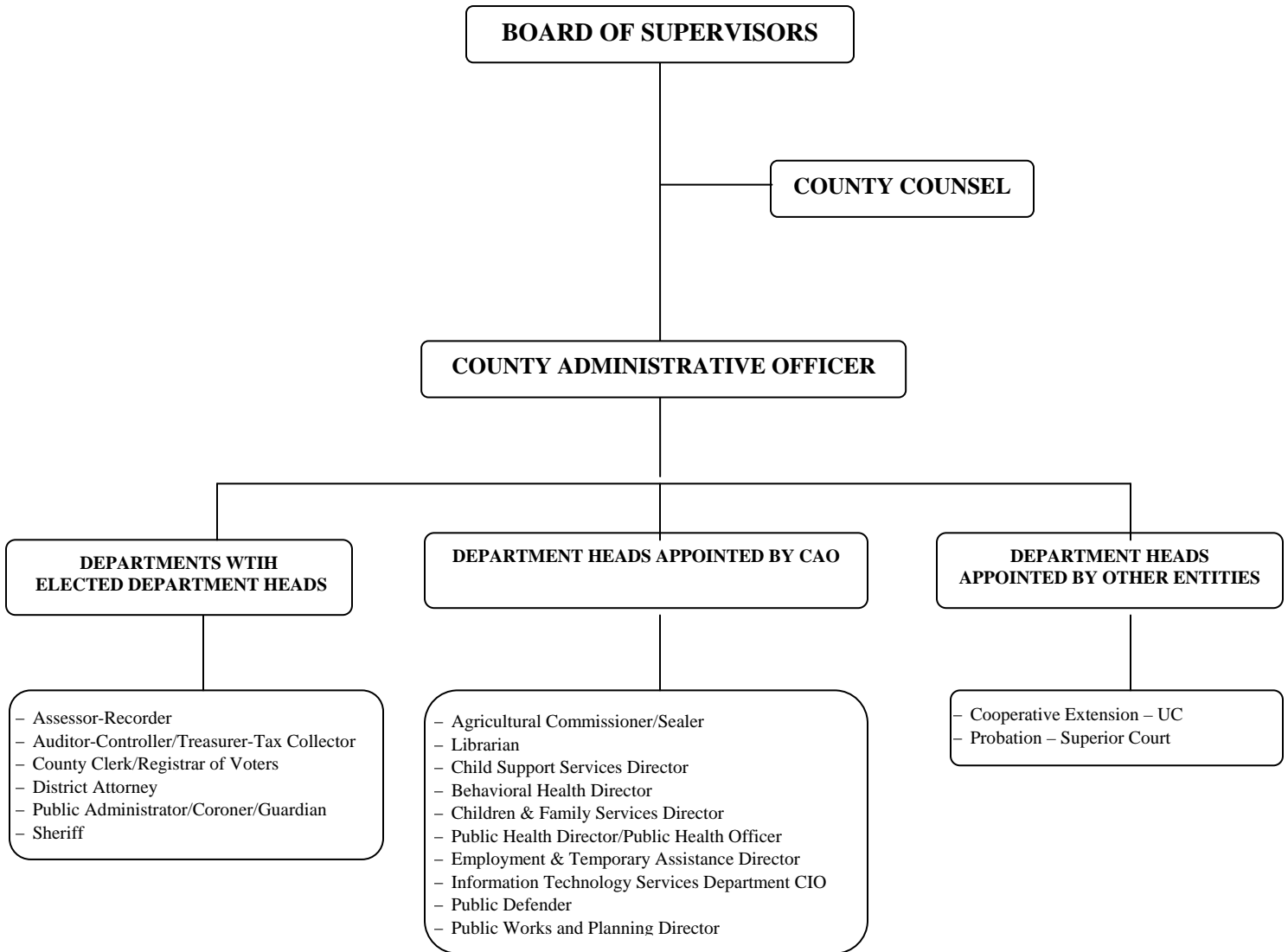
A stylized, handwritten signature in black ink, appearing to be "J.R. Emerson".

President

A handwritten signature in black ink, appearing to be "Jeffrey R. Emerson".

Executive Director

COUNTY OF FRESNO ORGANIZATIONAL CHART



**County of Fresno
List of Principal Officials
June 30, 2010**

ELECTED OFFICIALS

Board of Supervisors:

Supervisor, District 1	Phil Larson
Chairperson, Supervisor, District 2	Susan Anderson
Supervisor, District 3	Henry R. Perea
Supervisor, District 4	Judy Case
Supervisor, District 5.	Debbie Poochigian
Assessor-Recorder.....	Robert C. Werner
Auditor-Controller/Treasurer-Tax Collector.	Vicki Crow, C.P.A.
County Clerk/Registrar of Voters.	Victor E. Salazar
Coroner-Public Administrator/Guardian	David M. Hadden, M.D.
District Attorney.....	Elizabeth Egan
Sheriff.....	Margaret Mims

APPOINTED OFFICIALS

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

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FINANCIAL SECTION

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

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Supervisors
County of Fresno
Fresno, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fresno, California (the County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following component units:

- Fresno County Employees' Retirement Association (FCERA), which represents \$2,883,675,000 of assets of the Fiduciary Funds.
- Children and Families Commission of Fresno County, which represents \$37,834,000 of assets and \$15,171,000 of revenue and is presented as a discrete component unit.

Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to those amounts included for the above mentioned component units in the accompanying basic financial statements of the County, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated January 21, 2011, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 3 through 13 and 69 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's 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 have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 it.

Prue Page & Company

January 21, 2011
Clovis, California

Management's Discussion and Analysis

(amounts expressed in thousands)

The County of Fresno's (County) 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, 2010. 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 2009-2010 fiscal year, the assets of the County exceeded liabilities by \$1,041,557. This difference is referred to as "net assets". The County has unrestricted net assets of \$293,840. The County's net assets also include restricted net assets of \$127,850 representing assets which can only be used for specific purposes, and \$619,867 representing the County's investment in capital assets, net of related debt.
- The County's long-term debt decreased by \$95. Long term debt totals \$926,075 at June 30, 2010.
- The government's total net assets increased by \$629,861. This is primarily due to a Statement of Activities gain of \$28,546, along with a prior period adjustment of \$606,801. The governmental activities gain is \$28,546 and business type activities loss is \$5,486.
- As of June 30, 2010, the County's governmental funds reported combined ending fund balances of \$354,784 which is an increase of \$35,766 in comparison to the prior year. Approximately 49.7% of combined fund balances, or \$176,426 is unreserved and available for appropriation at the government's discretion, subject to reporting fund-type limitations.
- The General Fund's unreserved fund balance is \$179,090 at the end of the current fiscal year, or 12.6% of total General Fund expenditures. This entire amount is budgeted to be spent in the next fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. Therefore, the statements are reported using the accrual basis of accounting. Please refer to *Note 2, section (B)* on page 30 for further information on the accrual basis of accounting.

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

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

Management's Discussion and Analysis

(amounts expressed in thousands)

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, public assistance; education; and culture and recreation. The business-type activities of the County include the Fresno County Solid Waste Enterprise (Landfill), the County Service Areas (CSAs), and the Crocker Building.

Component units are included in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same Board as the County or provide services entirely to the County. Two examples of the County's blended component units are the Fresno County Financing Authority and the Fresno Employees' Retirement Association (FCERA). The Children and Families First 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, services provided by the Commission are not provided solely to the County.

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. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains thirteen individual governmental funds. Information for the General Fund, Debt Service, and the Road Fund is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance. Data for the other governmental funds are combined into a single, aggregated presentation. Summary fund data by fund type and individual fund data for these non-major governmental funds is provided as other supplementary information in the form of *combining statements* found on pages 77-90 of this report. The Capital Projects Fund is reported as a non-major fund.

Management's Discussion and Analysis

(amounts expressed in thousands)

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 and the Road Fund budgetary schedule 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, warehouse, 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 nine 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 can be found on pages 94-101 of this report.

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

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. The accounting used for fiduciary funds, except for the agency funds, is much like that used for proprietary funds. Individual fund data for agency funds is provided as supplementary information in the form of combining statements. These statements can be found on pages 104-107 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 27-65 of this report.

Required Supplementary Information includes the General Fund and Road 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 69-72 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 77-107 of this report.

Management's Discussion and Analysis

(amounts expressed in thousands)

Infrastructure Assets

The County capitalizes and depreciates the value of bridges, streets and traffic lights using straight line depreciation. Right of way is treated as a non-depreciable asset. During fiscal year 2009-10, the County added infrastructure totaling \$1,850. Accumulated depreciation for Infrastructure increased by \$11,447. Refer to the Capital Assets and Debt Administration section on page 11 for further information on the County's capitalization of infrastructure acquired during the fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Prior period information is provided to facilitate comparative analysis between fiscal periods.

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 at the close of the most recent fiscal year.

Summary of Net Assets June 30, 2010

	Governmental Activities		Business-type Activities		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Assets:						
Current and other assets	1,210,076	\$ 556,877	\$ 81,582	\$ 82,466	\$ 1,291,658	\$ 639,343
Capital assets	745,855	740,973	50,346	50,441	796,201	791,414
Total assets	<u>1,955,931</u>	<u>1,297,850</u>	<u>131,928</u>	<u>132,907</u>	<u>2,087,859</u>	<u>1,430,757</u>
Liabilities:						
Other liabilities	118,376	91,766	1,851	1,125	120,227	92,891
Long-term liabilities	891,858	895,301	34,217	30,869	926,075	926,170
Total liabilities	<u>1,010,234</u>	<u>987,067</u>	<u>36,068</u>	<u>31,994</u>	<u>1,046,302</u>	<u>1,019,061</u>
Net Assets:						
Invested in capital assets, net of related debt	573,855	565,196	46,012	45,982	619,867	611,178
Restricted	124,661	117,491	3,189	26,634	127,850	144,125
Unrestricted	247,181	(371,904)	46,659	28,297	293,840	(343,607)
Total net assets	<u>\$ 945,697</u>	<u>\$ 310,783</u>	<u>\$ 95,860</u>	<u>\$ 100,913</u>	<u>\$ 1,041,557</u>	<u>\$ 411,696</u>

The largest portion of the County's net assets, \$619,867, 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. Consequently, these assets are not available for future repayment of the debt. This debt repayment must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets of \$127,850 represents resources that are subject to external restrictions on how they may be used.

Management's Discussion and Analysis

(amounts expressed in thousands)

The remaining balance for unrestricted net assets, \$293,840, may be used to the government's ongoing obligation to citizens and creditors. For business-type activities and governmental-type activities, the County reported positive balances in all three categories of net assets.

Current and other assets increased by \$652,315 from \$639,343 to \$1,291,658. This increase is primarily due to the addition of 589,699 pension asset.

Capital assets increased by \$4,787 from \$791,414 to \$796,201, or 0.6% from the prior year. The increase was primarily due to the implementation of Generally Accepted Accounting Statement 51, which added the new category of intangible assets to the financial statements.

The County's long-term liabilities decreased by \$95, from \$926,170 to \$926,075, or 0.01% from the prior year. This was mainly due to the payment of principal on bonds.

Management's Discussion and Analysis

(amounts expressed in thousands)

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

Summary of Changes in Net Assets For the Year Ended June 30, 2010

	Governmental Activities		Business-type Activities		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Revenues:						
Program revenues:						
Charges for services	\$ 130,719	\$ 161,590	\$ 11,075	\$ 10,736	\$ 141,794	\$ 172,326
Operating grants and cont.	1,085,032	566,158	-	-	1,085,032	566,158
Capital grants and cont.	13,536	4,560	-	-	13,536	4,560
General Revenues						
Property taxes	187,682	213,721	597	686	188,279	214,407
Sales taxes	96,956	158,943	-	-	96,956	158,943
Motor vehicle in lieu taxes	40,879	41,195	-	-	40,879	41,195
Other	14,471	38,894	-	-	14,471	38,894
Investment earnings	6,664	8,441	1,707	2,398	8,371	10,839
Miscellaneous	857	2,914	2,570	4,506	3,427	7,420
Total revenues	<u>1,576,796</u>	<u>1,196,416</u>	<u>15,949</u>	<u>18,326</u>	<u>1,592,745</u>	<u>1,214,742</u>
Expenses:						
General government	38,727	28,685	-	-	38,727	28,685
Public protection	304,096	307,301	-	-	304,096	307,301
Public ways and facilities	43,782	58,062	-	-	43,782	58,062
Health, sanit. & public assist.	1,088,733	724,604	-	-	1,088,733	724,604
Education	25,322	22,606	-	-	25,322	22,606
Culture and recreation	2,832	3,475	-	-	2,832	3,475
Interest on long-term debt	44,854	45,794	-	-	44,854	45,794
County service areas, other	-	-	5,621	5,626	5,621	5,626
Landfill	-	-	15,718	15,063	15,718	15,063
Total expenses	<u>\$ 1,548,346</u>	<u>\$ 1,190,527</u>	<u>\$ 21,339</u>	<u>\$ 20,689</u>	<u>\$ 1,569,685</u>	<u>\$ 1,211,216</u>
Increase(decrease) in net						
assets before transfers	<u>28,450</u>	<u>5,889</u>	<u>(5,390)</u>	<u>(2,363)</u>	<u>23,060</u>	<u>3,526</u>
Transfers	<u>96</u>	<u>203</u>	<u>(96)</u>	<u>(203)</u>	<u>-</u>	<u>-</u>
Increase(decrease) in net assets	<u>28,546</u>	<u>6,092</u>	<u>(5,486)</u>	<u>(2,566)</u>	<u>23,060</u>	<u>3,526</u>
Net assets beginning of year	310,783	304,014	100,913	103,492	411,696	407,506
Prior Period Adjustment	606,368	677	433	(13)	606,801	664
Net assets end of year	<u>\$ 945,697</u>	<u>\$ 310,783</u>	<u>\$ 95,860</u>	<u>\$ 100,913</u>	<u>\$ 1,041,557</u>	<u>\$ 411,696</u>

Management's Discussion and Analysis

(amounts expressed in thousands)

Governmental activities. Governmental-type activities increased the County's net assets by \$28,546. This accounts for the majority of the total increase in net assets of the County. In addition to changes due to operations, accounting adjustments were made to prior period net assets increasing net assets by \$606,368. These adjustments are primarily due to the adoption of Governmental Accounting Standards Board Statement 51, which required governments record intangible assets and Governmental Accounting Standards Board Statement 27, which requires recognition of a pension asset when actual contribution exceed the annual required contribution as estimated by the actuary.

Charges for services decreased by \$30,871 due to reclassifying medical payments from charges for services to operating grants. Operating grants increased by \$518,874 because of recognition of food stamp revenues. Property taxes decreased by \$26,039. This decrease in property taxes is due to decreases in assessed values. Sales taxes decreased by \$61,987 due to the slowing economy.

Expenses for general government increased by \$10,042 due to transfer of monies to the general fund from trust funds. Expenses for health and public assistance increased by \$364,129 due to the implementation of a new policy to recognize food stamp expenses. Public ways and facilities decreased by \$14,280 due to decreases in 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 approach. Under this approach, capital asset purchases and debt principal payments are expensed. Further, revenues are accrued if measurable and available within the County's availability period (established at 60 days for general revenue or 90 days for grant revenue). In contrast, the Statement of Activities (summarized here as "Summary of Changes in Net Assets") is reported under the full accrual basis of accounting, which capitalizes capital asset purchases, reduces liabilities by principal payments and recognizes revenues regardless of if they are available within the 60 to 90 day period. See the reconciliation on page 17 which further explains the difference between changes in the County's fund balance under the modified accrual basis and changes in net assets under the accrual basis of accounting.

Business-type activities. Business-type activities decreased the County's net assets by \$5,486. In addition to changes due to operations, accounting adjustments were made to prior period net assets increasing net assets by \$433. The decrease in net assets from business-type activities is attributable to an increase in post-closure care expense. The prior period adjustments were due to prior year audit adjustments for overstatement of capital assets in prior year.

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, 2010, the County's governmental funds reported combined ending fund balances of \$354,784, an increase of \$35,766 in comparison with the prior fiscal year. Approximately 49.7% of the combined fund balances, or \$176,426, constitutes unreserved fund balance, which is available for spending at the government's

Management's Discussion and Analysis

(amounts expressed in thousands)

discretion, subject to reporting fund-type limitations. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has been committed; 1) to pay debt service, \$49,125, 2) to reflect inventories and imprest cash balances that are long-term in nature and thus do not represent available spendable resources, \$5,194, 3) to liquidate contractual commitments of the period, \$82,434, and 4) to reflect loans to other funds that are unpaid at year end, \$41,605.

The General Fund is the chief operating fund of the County. At June 30, 2010, unreserved fund balance of the general fund was \$179,090, while total fund balance was \$230,123. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 12.6% of total fund expenditures less transfers, while total fund balance represents 16.2% of that same amount.

The fund balance of the County's General Fund increased \$28,596 during the current fiscal year due to the build up fund for Proposition 63, the Mental Health Services Act funds.

Revenues for governmental functions without transfers totaled \$1,578,307, which represents a 29.1% increase from fiscal year 2008-2009. Tax revenue decreased by \$31,914, and charges for services decreased by \$41,416, while state and federal aid increased by \$426,862 due to recognition of food stamp revenues. Use of money and property revenue decreased by \$1,553 due to decreases in interest rates and cash available for investments.

Expenditures without transfers for governmental functions totaled \$1,544,391 in fiscal year 2009-2010, which represents an increase of 25.5% from fiscal year 2008-2009. The largest increase is primarily due to recognition of food stamp program expenditures.

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

Landfill has \$76,173 in net assets at June 30, 2010, and the CSA \$19,687. The Landfill's and CSA's unrestricted net assets are \$42,607 and \$4,053, or 55.9% and 20.6%, respectively of their total net assets. Overall net assets decreased \$5,053 for the Landfill and CSA funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The total change between the original budget and the final amended budget was an increase of \$43,162. Some of the significant differences between the original budget and the final amended budget are briefly summarized as follows:

- An increase of \$20,401 was added to the budget to fund a portion of the project development for the new Fresno County Regional Forensic Center. The source of funding was 2006 Tobacco Tax Securitization Bonds.
- Department of Behavioral Health received an increase in appropriations of \$5,540 due to additional State funding to provide enhanced & expanded services to mental health consumers and family members.
- The Department of Social Services received an increase in appropriations of \$28,460 which was offset by State & Federal funds received. This appropriation will be used primarily to fund subsidized employment payments to businesses participating in the Temporary Assistance for Needy Families Emergency Contingency Fund Program.

Management's Discussion and Analysis

(amounts expressed in thousands)

- Sheriff Department appropriations decreased by \$5,600 due to lower than expected Proposition 172 & inmate housing revenues.
- Department of Behavioral Health appropriations decreased by \$8,847 due to lower than expected Vehicle License Fee & Sales Tax Revenues as well as a reduction in the Department's Managed Care allocation and Medi-Cal billing from the State
- The Department of Social Services received an increase in appropriations of \$4,367 primarily to fund In-Home Supportive Services and General Relief. This was caused primarily by increased demand for public assistance coupled with changes to the State budget and a shortfall in the In-Home Supportive Services budget
- General Services & Administration received an increase in appropriations of \$3,615 to fund the purchase of the Crocker Building. The source of funding was 2006 Tobacco Tax Securitization Bonds.
- Shortfalls in the Assessor-Recorder, County Clerk-Elections, and Public Defender Departments and the Miscellaneous Org budgets were addressed by increasing appropriations a total of \$2,005 using unanticipated discretionary revenue.
- Various departments received year-end increases to appropriations totaling \$2,307 to address the effects of large retirement payouts, other unanticipated expenditures and revenue shortfalls. The increases in appropriations were funded by new discretionary or departmental revenue and/or the Designation for Compensated Absences reserve.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

As of June 30, 2010, the County's investment in capital assets for its governmental and business-type activities, was \$796,201. 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 increase in the County's investment in capital assets for the current period was \$4,787.

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

- Construction of the new Orange Cove Library Branch.
- Construction of the new Coroner's facility.
- Completion of a new Juvenile Court facility.
- Construction of road projects.
- Kings River access project

Management's Discussion and Analysis

(amounts expressed in thousands)

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	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Assets:						
Infrastructure	\$ 302,043	\$ 311,640	\$ -	\$ -	\$ 302,043	\$ 311,640
Infrastructure in progress	23,204	12,918	-	-	23,204	12,918
Land	17,042	17,042	6,850	12,562	23,892	29,604
Buildings and Improvements	357,055	308,115	30,586	28,586	387,641	336,701
Equipment	30,235	39,130	9,671	7,792	39,906	46,922
Construction in progress	3,457	52,128	3,239	1,501	6,696	53,629
Intangible assets	10,483	-	-	-	10,483	-
Intangible in progress	2,336	-	-	-	2,336	-
	<u>\$ 745,855</u>	<u>\$ 740,973</u>	<u>\$ 50,346</u>	<u>\$ 50,441</u>	<u>\$ 796,201</u>	<u>\$ 791,414</u>

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

Long-term debt

At June 30, 2010, the County had total long-term debt outstanding of \$926,075, compared to \$926,170 for the prior fiscal year. This amount was comprised of \$46,710 in compensated absences, \$6,026 in capital leases, \$68,288 in liability for self-insurance, \$775,538 in bonds payable, \$29,513 in closure and post-closure care. Please refer to Note 9 on page 42 for further information on the County's long-term debt.

Economic Factors and Next Year's Budget and Rates

- The national, state and local economies are all suffering the effects of a recession. Fresno County has been particularly hard hit. Numerous factors are contributing to this situation including the precipitous drop in the value of area homes, the drop in new construction, high foreclosure rates due to adjusted loan rates, extremely high unemployment and sluggish consumer sales.

Management's Discussion and Analysis

(amounts expressed in thousands)

- Due to the County being heavily dependent on agriculture, it experiences chronically high unemployment, which places continual pressure on the County to provide adequate social and medical services. Additionally certain types of crime are considered high and public protection is a high priority to citizens.
- Due to the economy, the County's general revenue, sometimes referred to as discretionary revenue has declined. Both property and sales tax revenues have dropped. At the same time, the portion of the County's budget that relies on this revenue continues to experience increased costs due to general inflation, medical insurance, workers compensation, retirement increases and increases in service demands.
- Realignment funds support the County's social services, health and mental health programs. These are comprised of vehicle license fees and sales tax. Realignment funds declined this year by \$5,321 million affecting both the current year budget and the base available for budgeting next year.
- The State's fiscal crisis continues to severely impact County revenues. The State is delaying payments and has made significant cuts to various county funding streams. In addition, the State has allocated reduced Williamson Act funding and suspended proposition 1A, borrowing an amount equivalent to 8% of the County's fiscal year 2008-09 property tax revenue during fiscal year 2009-10.

To the extent these factors were known, or could be estimated, they were considered in preparing the County's budget for fiscal year 2010-11. 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.

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

County of Fresno
Statement of Net Assets
June 30, 2010
(amounts expressed in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Children and Families Commission
ASSETS				
Cash and investments	\$ 378,956	\$ 53,416	\$ 432,372	\$ 33,084
Restricted cash and investments	-	27,124	27,124	-
Receivables				
Accounts (net of allowances for uncollectibles)	127,158	1,627	128,785	123
Taxes	48,797	-	48,797	-
Interest	1,650	427	2,077	2
Loans	40,729	-	40,729	-
Internal balances	1,195	(1,195)	-	-
Due from other governmental units	6,041	-	6,041	4,625
Inventories of supplies	5,903	12	5,915	-
Deposits and other assets	63	-	63	-
Deferred bond issuance charges	9,885	171	10,056	-
Pension Asset	589,699	-	589,699	-
Capital assets (net of accumulated depreciation):				
Land	17,042	6,850	23,892	-
Building and improvements	357,055	30,586	387,641	-
Equipment	30,235	9,671	39,906	-
Construction in progress	3,457	3,239	6,696	-
Infrastructure	302,043	-	302,043	-
Infrastructure in progress	23,204	-	23,204	-
Intangible	10,483	-	10,483	-
Intangible in progress	2,336	-	2,336	-
Total assets	<u>1,955,931</u>	<u>131,928</u>	<u>2,087,859</u>	<u>37,834</u>
LIABILITIES				
Accounts payable	41,657	522	42,179	4,515
Salaries and benefits payable	28,766	228	28,994	73
Loans payable	-	-	-	-
Interest payable	8,321	96	8,417	-
Due to other governmental units	9,910	374	10,284	-
Deposits and other liabilities	179	631	810	-
Unearned revenue	29,543	-	29,543	-
Noncurrent liabilities:				
Due within one year	71,435	254	71,689	-
Due beyond one year	820,423	33,963	854,386	-
Total liabilities	<u>1,010,234</u>	<u>36,068</u>	<u>1,046,302</u>	<u>4,588</u>
NET ASSETS				
Investment in capital assets, net of related debt	573,855	46,012	619,867	-
Restricted for :				
Public ways and facilities	54,783	2,088	56,871	-
Health, sanitation and public assistance	3,347	-	3,347	-
Education	13,100	-	13,100	4,926
Capital projects	4,306	-	4,306	-
Debt service	49,125	1,101	50,226	-
Unrestricted	247,181	46,659	293,840	28,320
Total net assets	<u>\$ 945,697</u>	<u>\$ 95,860</u>	<u>\$ 1,041,557</u>	<u>\$ 33,246</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, 2010
(amounts expressed in thousands)

Function/Program	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	
Primary government:								
Governmental activities								
General government	\$ 38,727	\$ 24,092	\$ 1,113	\$ -	\$ (13,522)	\$ -	\$ (13,522)	\$ -
Public protection	304,096	62,780	85,435	-	(155,881)	-	(155,881)	-
Public ways and facilities	43,782	11,928	30,281	13,536	11,963	-	11,963	-
Health, sanitation, and public assistance	1,088,733	27,269	965,425	-	(96,039)	-	(96,039)	-
Education	25,322	3,369	2,448	-	(19,505)	-	(19,505)	-
Culture and recreation	2,832	1,281	330	-	(1,221)	-	(1,221)	-
Interest and fiscal charges	44,854	-	-	-	(44,854)	-	(44,854)	-
Total governmental activities	<u>1,548,346</u>	<u>130,719</u>	<u>1,085,032</u>	<u>13,536</u>	<u>(319,059)</u>	<u>-</u>	<u>(319,059)</u>	<u>-</u>
Business activities								
Water and sewer	5,621	2,483	-	-	-	(3,138)	(3,138)	-
Landfill	15,718	8,592	-	-	-	(7,126)	(7,126)	-
Total business-type activities	<u>21,339</u>	<u>11,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,264)</u>	<u>(10,264)</u>	<u>-</u>
Total primary government	<u>\$ 1,569,685</u>	<u>\$ 141,794</u>	<u>\$ 1,085,032</u>	<u>\$ 13,536</u>	<u>\$ (319,059)</u>	<u>\$ (10,264)</u>	<u>\$ (329,323)</u>	<u>\$ -</u>
Component Unit:								
Children and families commission	\$ 18,612	\$ -	\$ 13,219	\$ -	\$ -	\$ -	\$ -	\$ (5,393)
Total component units	<u>\$ 18,612</u>	<u>\$ -</u>	<u>\$ 13,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,393)</u>

General revenues:				
Property tax	187,682	597	188,279	-
Sales tax	96,956	-	96,956	-
Franchise tax	4,266	-	4,266	-
Unrestricted motor vehicle in-lieu taxes	40,879	-	40,879	-
Tobacco settlement proceeds	10,205	-	10,205	-
Other	857	2,570	3,427	332
Unrestricted investment earnings	6,664	1,707	8,371	1,620
Transfers in (out)	96	(96)	-	-
Total general revenues and transfers	<u>347,605</u>	<u>4,778</u>	<u>352,383</u>	<u>1,952</u>
Change in net assets	28,546	(5,486)	23,060	(3,441)
Net assets - beginning	310,783	100,913	411,696	36,687
Prior period adjustment	606,368	433	606,801	-
Net assets - ending	<u>\$ 945,697</u>	<u>\$ 95,860</u>	<u>\$ 1,041,557</u>	<u>\$ 33,246</u>

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

**County of Fresno
Balance Sheet
Governmental Funds
June 30, 2010
(amounts expressed in thousands)**

	General Fund	Debt Service	Road Fund	Other Governmental Funds	Total
ASSETS					
Cash and investments	\$ 178,376	\$ 48,943	\$ 39,643	\$ 36,380	\$ 303,342
Receivables:					
Accounts (net of allowance for uncollectible)	94,306	-	10,607	17,508	122,421
Taxes	48,194	-	-	603	48,797
Interest	769	182	127	171	1,249
Loans	40,729	-	-	-	40,729
Due from other funds	15,690	-	445	3,006	19,141
Due from other governmental units	2,919	-	46	73	3,038
Advances to other funds	876	-	-	-	876
Inventory of supplies	3,663	-	1,270	46	4,979
Total assets	<u>\$ 385,522</u>	<u>\$ 49,125</u>	<u>\$ 52,138</u>	<u>\$ 57,787</u>	<u>\$ 544,572</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accrued liabilities	\$ 29,757	\$ -	\$ 2,798	\$ 1,524	\$ 34,079
Salaries and benefits payable	25,574	-	879	881	27,334
Due to other governmental units	5,836	-	2,385	178	8,399
Advances from other funds	-	-	-	150	150
Due to other funds	5,753	-	605	13,327	19,685
Deposits and other liabilities	88	-	-	-	88
Deferred revenue	88,391	-	5,271	6,391	100,053
Total liabilities	<u>155,399</u>	<u>-</u>	<u>11,938</u>	<u>22,451</u>	<u>189,788</u>
Fund balances:					
Reserved for encumbrances and other obligations	5,558	-	37,780	39,096	82,434
Reserved for imprest and postage funds	207	-	-	10	217
Reserved for inventory	3,663	-	1,270	44	4,977
Reserved for loans	41,605	-	-	-	41,605
Reserved for debt service	-	49,125	-	-	49,125
Unreserved, reported in:					
General fund	179,090	-	-	-	179,090
Special revenue funds	-	-	1,150	13,019	14,169
Capital projects funds	-	-	-	(16,833)	(16,833)
Total fund balances	<u>230,123</u>	<u>49,125</u>	<u>40,200</u>	<u>35,336</u>	<u>354,784</u>
Total liabilities and fund balances	<u>\$ 385,522</u>	<u>\$ 49,125</u>	<u>\$ 52,138</u>	<u>\$ 57,787</u>	<u>\$ 544,572</u>

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

County of Fresno
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2010
(amounts expressed in thousands)

Fund balances - total governmental funds	\$ 354,784
Amounts reported for governmental activities of the net assets are different because:	
Capital assets are not recorded in governmental fund types but recorded in government-wide statement to conform with GAAP requirements.	716,282
Bond issue costs are not financial resources and, therefore, are not reported in the funds.	9,885
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. This amount is net of internal service fund activity.	(817,187)
Unmatured interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due. This amount is net of internal service fund activity.	(8,321)
The pension assets resulting from contributions in excess of the annual required contributions are not financial resources and therefore not reported in the funds.	589,699
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 funds. This amount is net of internal service fund activity.	70,701
Internal service funds are used by management to charge the cost of fleet services, information systems, printing and mailing services, central warehouse, risk management and communications to individual funds. The assets and liabilities of the internal services funds are included in the statement of net assets.	29,854
Net assets of governmental activities	\$ 945,697

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, 2010
(amounts expressed in thousands)

	General Fund	Debt Service	Road Fund	Other Governmental Funds	Total
REVENUES:					
Taxes	\$ 196,796	\$ -	\$ 5,793	\$ 19,949	\$ 222,538
Licenses and permits	7,148	-	395	-	7,543
Fines, forfeitures and penalties	10,410	-	-	1,635	12,045
Use of money and property	6,853	616	505	926	8,900
Aid from other governmental agencies:					
State	418,593	-	35,199	77,853	531,645
Federal	674,207	-	3,681	35	677,923
Other	2,928	-	-	-	2,928
Charges for current services	81,751	-	7,839	3,058	92,648
Other revenues	20,481	470	9	1,177	22,137
Total revenues	<u>1,419,167</u>	<u>1,086</u>	<u>53,421</u>	<u>104,633</u>	<u>1,578,307</u>
EXPENDITURES:					
General government	36,903	-	-	-	36,903
Public ways and facilities	1,816	-	43,057	3,214	48,087
Public protection	295,553	-	-	-	295,553
Public assistance, health and sanitation	1,082,769	-	-	2,870	1,085,639
Education	675	-	-	25,189	25,864
Culture and recreation	2,494	-	-	-	2,494
Capital outlay	-	-	-	968	968
Debt service:					
Principal	-	18,010	-	1,780	19,790
Interest and fiscal charges	-	24,233	-	4,860	29,093
Total expenditures	<u>1,420,210</u>	<u>42,243</u>	<u>43,057</u>	<u>38,881</u>	<u>1,544,391</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,043)</u>	<u>(41,157)</u>	<u>10,364</u>	<u>65,752</u>	<u>33,916</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	117,597	41,381	-	50,480	209,458
Transfers out	(87,958)	(549)	(986)	(118,055)	(207,548)
Refunding bond issue proceeds	-	-	-	-	-
Total other financing sources (uses)	<u>29,639</u>	<u>40,832</u>	<u>(986)</u>	<u>(67,575)</u>	<u>1,910</u>
Net change in fund balances	28,596	(325)	9,378	(1,823)	35,826
Fund balance - beginning	201,527	49,450	30,822	37,219	319,018
Prior period adjustment	-	-	-	(60)	(60)
Fund balance - ending	<u>\$ 230,123</u>	<u>\$ 49,125</u>	<u>\$ 40,200</u>	<u>\$ 35,336</u>	<u>\$ 354,784</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, 2010
(amounts expressed in thousands)

Net change in fund balances - total governmental funds	\$	35,826
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	17,025	
Less - current year depreciation expense	(25,100)	(8,075)
Bond issue costs and interest are expended in the governmental funds when paid, and are capitalized and amortized in the statement of net assets. This is the amount by which the current year issuance costs and interest costs exceeded amortization expense and interest expense.		
		(1,191)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. This amount is net of internal service fund activity.		
		21,904
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.		
		(20,399)
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.		
		(1,517)
Internal service funds are used by management to charge the cost of fleet services, information systems, printing and mailing services, central warehouse, risk management and communications to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities.		
		1,998
Change in net assets of governmental activities	\$	28,546

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

County of Fresno
Statement of Net Assets
Proprietary Funds
June 30, 2010
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			Governmental
	Solid Waste	County Service	Total	Activities
	Enterprise	Areas and Other		Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 47,646	\$ 5,770	\$ 53,416	\$ 75,614
Restricted cash and investments	26,023	1,101	27,124	-
Accounts receivable	1,275	352	1,627	4,211
Interest receivable	392	35	427	400
Loan receivable	-	-	-	-
Due from other funds	135	194	329	3,633
Due from other governmental units	-	-	-	3,003
Inventory of supplies	12	-	12	924
Deferred bond issuance costs	-	171	171	-
Other assets	-	-	-	63
Total current assets	<u>75,483</u>	<u>7,623</u>	<u>83,106</u>	<u>87,848</u>
Noncurrent assets:				
Accounts receivable	-	-	-	526
Capital assets:				
Nondepreciable:				
Land	6,260	590	6,850	406
Construction in progress	1,538	1,701	3,239	1,065
Depreciable:				
Buildings and improvements	44,139	26,852	70,991	3,404
Equipment	17,736	5,175	22,911	74,750
Less accumulated depreciation	(38,195)	(15,450)	(53,645)	(51,917)
Intangible	-	-	-	20,797
Less accumulated depreciation	-	-	-	(18,932)
Total noncurrent assets	<u>31,478</u>	<u>18,868</u>	<u>50,346</u>	<u>30,099</u>
Total assets	<u>\$ 106,961</u>	<u>\$ 26,491</u>	<u>\$ 133,452</u>	<u>\$ 117,947</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 223	\$ 299	\$ 522	\$ 7,577
Salaries and benefits payable	162	66	228	1,432
Due to other funds	295	503	798	2,620
Due to other governmental units	374	-	374	1,511
Advances from other funds	-	726	726	-
Liability for self-insurance	-	-	-	68,288
Interest payable	-	96	96	-
Compensated leave and absences	75	44	119	811
Deferred revenue	-	-	-	191
Deposits and other liabilities	-	631	631	91
General obligation bonds payable	-	135	135	-
Capital lease obligations	-	-	-	1,989
Total current liabilities	<u>1,129</u>	<u>2,500</u>	<u>3,629</u>	<u>84,510</u>
Noncurrent liabilities				
Compensated leave and absences	146	104	250	1,522
Revenue bonds payable	-	-	-	-
General obligation bonds payable	-	4,200	4,200	-
Accrued closure/postclosure liability	29,513	-	29,513	-
Capital lease obligations	-	-	-	2,061
Total noncurrent liabilities	<u>29,659</u>	<u>4,304</u>	<u>33,963</u>	<u>3,583</u>
Total liabilities	<u>30,788</u>	<u>6,804</u>	<u>37,592</u>	<u>88,093</u>
NET ASSETS				
Invested in capital assets, net of related debt	31,478	14,533	46,011	25,523
Restricted				
Post-closure care and other	2,088	-	2,088	-
Debt service	-	1,101	1,101	-
Unrestricted	42,607	4,053	46,660	4,331
Total net assets	<u>\$ 76,173</u>	<u>\$ 19,687</u>	<u>\$ 95,860</u>	<u>\$ 29,854</u>

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

County of Fresno
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2010
(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	\$ 8,592	\$ 2,483	\$ 11,075	\$ 159,149
Other operating revenues	-	1,804	1,804	2,139
Total operating revenues	<u>8,592</u>	<u>4,287</u>	<u>12,879</u>	<u>161,288</u>
Operating expenses:				
Salaries and benefits	3,423	1,243	4,666	28,891
Insurance	79	45	124	80,901
Professional services	1,087	599	1,686	5,649
Special departmental	1,458	508	1,966	7,867
General and administrative	536	178	714	10,840
Repairs and maintenance	1,287	1,034	2,321	5,585
Rents and leases	33	380	413	962
Parts and supplies	16	-	16	4,032
Accrued closure-postclosure	2,149	-	2,149	-
Utilities	64	561	625	7,074
Depreciation	4,020	772	4,792	6,917
Total operating expenses	<u>14,152</u>	<u>5,320</u>	<u>19,472</u>	<u>158,718</u>
Operating income (loss)	<u>(5,560)</u>	<u>(1,033)</u>	<u>(6,593)</u>	<u>2,570</u>
Non-operating revenues (expenses):				
Loss on sale of equipment	(63)	-	(63)	(254)
Interest income	1,579	128	1,707	1,496
Interest expense	(4)	(291)	(295)	-
Amortization bond issuance cost	-	(10)	(10)	-
Tax revenues	-	597	597	-
Closure/postclosure expense/fees	(1,292)	-	(1,292)	-
Grant and other revenues	7	552	559	-
Total non-operating revenues	<u>227</u>	<u>976</u>	<u>1,203</u>	<u>1,242</u>
Net income (loss) before transfers	<u>(5,333)</u>	<u>(57)</u>	<u>(5,390)</u>	<u>3,812</u>
Transfers in (out):				
Transfers in	-	166	166	13,006
Transfers out	(192)	(70)	(262)	(14,820)
Total transfers in (out)	<u>(192)</u>	<u>96</u>	<u>(96)</u>	<u>(1,814)</u>
Change in net assets	<u>(5,525)</u>	<u>39</u>	<u>(5,486)</u>	<u>1,998</u>
Net assets - beginning	81,698	19,215	100,913	29,960
Prior period adjustment	-	433	433	(2,104)
Net assets - ending	<u>\$ 76,173</u>	<u>\$ 19,687</u>	<u>\$ 95,860</u>	<u>\$ 29,854</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, 2010
(amounts expressed in thousands)

Page 1 of 2

	Business-type Activities - Enterprise Funds			Governmental
	Solid Waste Enterprise	County Service Areas, Other	Total	Internal Service Funds
Cash flows from operating activities:				
Cash received from users	\$ 11,553	\$ 4,169	\$ 15,722	\$ 158,260
Cash refunds to users	-	-	-	-
Cash paid to suppliers	(7,270)	(4,929)	(12,199)	(102,801)
Cash paid to employees	(3,402)	(1,241)	(4,643)	(28,927)
Cash paid for claims	-	-	-	(18,021)
Cash received from other operating revenues	-	1,935	1,935	-
Prior period adjustment	-	104	104	-
Net cash (used) by operating activities	<u>881</u>	<u>38</u>	<u>919</u>	<u>8,511</u>
Cash flows from non-capital financing activities:				
Tax revenues	-	606	606	-
Charges for special assesment	-	-	-	-
Cash received from other activities	10	710	720	-
Transfers in	-	-	-	-
Transfers out	(196)	(70)	(266)	(3,673)
Cash held for others	-	-	-	-
Cash paid to Merced County	-	-	-	-
Cash from/to closure/postclosure liability	9	-	9	-
Loan Repayments	-	-	-	-
Residual Equity Transfer Out	-	-	-	-
Closure/Post Closure Southeast Transfer	-	-	-	-
Net cash provided by (used in) non-capital financing activities	<u>(177)</u>	<u>1,246</u>	<u>1,069</u>	<u>(3,673)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(2,684)	(818)	(3,502)	(4,717)
Principal paid on bonds/notes	-	(125)	(125)	-
Interest paid on bonds/notes	181	(293)	(112)	-
Cash received from other activities	(219)	430	211	-
Principal paid on capital lease obligations	(195)	-	(195)	-
Cash paid for construction	-	(378)	(378)	-
Contributed capital	-	-	-	-
Loan repayments	-	-	-	-
Other Expenses	-	369	369	-
Net cash (used in) capital and related Financing activities	<u>(2,917)</u>	<u>(815)</u>	<u>(3,732)</u>	<u>(4,717)</u>
Cash flows from investing activities:				
Decrease in Investments	-	-	-	-
Interest on investments	1,626	128	1,754	1,508
Net cash provided by investing activities	<u>1,626</u>	<u>128</u>	<u>1,754</u>	<u>1,508</u>
Net increase in cash and cash equivalents	<u>(587)</u>	<u>597</u>	<u>10</u>	<u>1,629</u>
Cash and cash equivalents - beginning	<u>74,256</u>	<u>6,274</u>	<u>80,530</u>	<u>73,985</u>
Cash and cash equivalents - ending	<u>\$ 73,669</u>	<u>\$ 6,871</u>	<u>\$ 80,540</u>	<u>\$ 75,614</u>
Reconciliation of cash and cash equivalents to the balance sheet:				
Cash and cash equivalents in cash and investments	\$ 47,646	\$ 5,770	\$ 53,416	\$ 75,614
Cash and cash equivalents in restricted cash and investments	26,023	1,101	27,124	-
Total	<u>\$ 73,669</u>	<u>\$ 6,871</u>	<u>\$ 80,540</u>	<u>\$ 75,614</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, 2010
(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 operating activities:				
Operating income (loss)	\$ (5,560)	\$ (1,033)	\$ (6,593)	\$ 2,570
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	4,020	772	4,792	6,917
Prior period adjustment	-	104	104	357
Decrease (increase) in accounts receivable	58	67	125	(2,755)
Decrease (increase) in interest receivable	37	(1)	36	-
Decrease (increase) in due from other funds	(13)	(26)	(39)	292
Decrease (increase) in inventory	-	-	-	134
Decrease (increase) in deposits and other assets	-	-	-	173
(Decrease) increase in accounts payable	72	23	95	(2,979)
(Decrease) increase in salaries and benefits payable	21	2	23	(395)
(Decrease) increase in deferred revenue	-	-	-	(33)
(Decrease) increase in due to other funds	39	28	67	1,429
Increase in due to developer deposits	-	102	102	-
Increase in due to other government units	58	-	58	-
Increase in closure/postclosure liability	2,149	-	2,149	-
Increase in liability for self-insurance	-	-	-	2,801
Total adjustments	<u>6,441</u>	<u>1,071</u>	<u>7,512</u>	<u>5,941</u>
Net cash provided by (used in) operating activities	<u>\$ 881</u>	<u>\$ 38</u>	<u>\$ 919</u>	<u>\$ 8,511</u>

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

County of Fresno
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010
(amounts expressed in thousands)

	Employees' Retirement Association	Investment Trust	Agency
ASSETS			
Cash and investments	277,543	\$ 1,367,115	\$ 225,632
Other investments			
Stocks	1,354,042	-	-
Bonds	695,493	-	-
Mortgages	44,152	-	-
Alternative assets	429,241	-	-
Taxes receivable	-	-	6,451
Accounts receivable	80,748	-	6,217
Due from other governmental units	-	-	2,609
Deposits and other assets	2,456	-	-
Property held by public administrator	-	-	7,674
Total assets	<u>\$ 2,883,675</u>	<u>\$ 1,367,115</u>	<u>\$ 248,583</u>
LIABILITIES			
Accounts payable	\$ 296,988	\$ -	\$ 4,703
Due to other taxing units	-	-	78,850
Due to other governmental units	-	8,484	88,030
Fiduciary liabilities	-	-	77,000
Total liabilities	<u>296,988</u>	<u>8,484</u>	<u>248,583</u>
NET ASSETS			
Held in trust for pension benefits	2,586,687	-	
Held in trust for pool participants	-	1,358,631	
Total net assets	<u>\$ 2,586,687</u>	<u>\$ 1,358,631</u>	

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

County of Fresno
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2010
(amounts expressed in thousands)

	Employees' Retirement Association	Investment
	<u> </u>	<u> </u>
ADDITIONS:		
Contributions:		
Employer	\$ 126,138	\$ -
Member	32,209	-
Contributions of pooled investments	-	9,327,467
Total contributions	<u>158,347</u>	<u>9,327,467</u>
Investment income		
From investment activities:		
Net appreciation in fair value of investments	288,857	-
Interest	32,038	43,972
Dividends	20,801	-
Private markets	10,853	-
Net income from investment activities	<u>352,549</u>	<u>43,972</u>
From securities lending activities:		
Securities lending income	1,629	-
Borrower rebate expenses	(332)	-
Security lending management fees	(250)	-
Net income from securities lending activities	<u>1,047</u>	<u>-</u>
Miscellaneous income	567	-
Investment expense	(12,724)	-
Net investment income	<u>341,439</u>	<u>43,972</u>
Total additions	<u>499,786</u>	<u>9,371,439</u>
DEDUCTIONS:		
Benefits and refunds paid to participants	171,441	-
Disbursements on behalf of participants	-	9,398,792
Administrative expense	3,570	-
Total deductions	<u>175,011</u>	<u>9,398,792</u>
Net increase (decrease)	324,775	(27,353)
Net assets - beginning	2,261,912	1,385,984
Net assets held in trust - ending	<u>\$ 2,586,687</u>	<u>\$ 1,358,631</u>

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

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County of Fresno
Notes to the Basic Financial Statements
June 30, 2010
(amounts expressed in thousands)

NOTE 1 - The Financial Reporting Entity

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

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

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

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

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

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

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

The Friant Community Redevelopment Agency is reported as a Special Revenue fund in the financial statements because the Board is also the board of the Redevelopment Agency.

The 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 relationship, which requires the FCFA's financial statements be blended into the County's

County of Fresno
Notes to the Basic Financial Statements
June 30, 2010
(amounts expressed in thousands)

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

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

NOTE 2 - Summary of Significant Accounting Policies

(A) Basis of Presentation

Government-wide Financial Statements

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

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

When both restricted and unrestricted net assets are available for use, restricted resources are used prior to depleting unrestricted resources.

Fund Financial Statements

County of Fresno
Notes to the Basic Financial Statements
June 30, 2010
(amounts expressed in thousands)

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

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

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 warehouse, 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.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2010
(amounts expressed in thousands)

The *Pension Trust Fund* accumulates contributions from the County, its employees and other participating employers, and earnings from the fund's investments. Disbursements are made from the fund for retirement, disability and death benefits (based on a defined benefit formula), and administrative expenses. This fund includes all assets of the FCERA. The Pension Trust Fund uses the economic resources measurement focus and the accrual basis of accounting.

The *Investment Trust Fund* accounts for the investments of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, and regional boards and authorities. The Investment Trust Fund also accounts for tax collections passed through to cities. This fund reports the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand. This fund uses the economic resources measurement focus and the accrual basis of accounting.

The *Agency Funds* account for assets held by the County as an agent for various local governments. These funds do not have a measurement focus and use the accrual basis of accounting.

(B) Basis of Accounting

The government-wide, proprietary, investment trust, and pension trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. Other agency funds do not use a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations. On an accrual basis, 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 accrual 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.

For its business-type activities and enterprise funds, the County has elected, under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along

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

with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

As a general rule, the effect of interfund 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. Likewise, general revenues include all taxes.

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 29143 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 August 30 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 with some exceptions. The Tobacco Tax Funding Corporation special revenue fund 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 and Road Fund Budgetary Comparison Schedule is part of Required Supplementary Information on pages 69-71. Special Revenue budget schedules are shown on pages 83 through 90. 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

County of Fresno
Notes to the Basic Financial Statements
June 30, 2010
(amounts expressed in thousands)

liabilities. Unencumbered appropriations lapse at year-end and encumbrances outstanding at that time are reported as reservations of fund balance for subsequent year expenditures.

(D) Investments

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

(E) Inventories and Prepaid Items

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

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

(F) Capital Assets

Capital assets, including infrastructure, are recorded at historical cost, or at estimated historical cost, if the actual cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. The County defines capital assets as assets with an initial, individual, cost of more than \$5 for equipment, \$100 for buildings, infrastructure and intangible assets. Capital assets also have an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (applicable to assets procured under capital leases) using the straight-line method over the lesser of the asset's estimated life (or capital lease period) in the government-wide statements and proprietary fund financial statements.

For the year ended June 30, 2010, The County adopted Governmental Accounting Standards Board's (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets. The Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The standard identifies intangibles such as easements, rights, patents, trademarks, computer software, and other internally generated intangible assets as capital assets. GASB No. 51 standards of accounting and financial reporting are similar to the County's capital asset practices currently in use. The County's infrastructure consists of components of one overall roadway network. This network is comprised of the following subsystems: pavement; curbs, gutters, and sidewalks; bridges; traffic signals and right of way. Incomplete projects are reported as infrastructure in progress.

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

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>
Land	0
Buildings and improvements	20-50
Equipment	3-15
Infrastructure	40
Intangible	5-15

(G) Unbilled Service Receivables

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

(H) Liability for Earned Compensated Absences

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

(I) Bond Issuance Costs and Discounts

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

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

(J) Special Assessments

The total amount of special assessments for special districts paid at June 30, 2010 was \$3,647. 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, who are liable for

County of Fresno
Notes to the Basic Financial Statements
June 30, 2010
(amounts expressed in thousands)

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.

(K) Cash and Cash Equivalents

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

(L) 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.

(M) 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.

(N) Recently Issued Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 51

In 2007, the Governmental Accounting Standards Board (GASB) issued Statement No. 51, Accounting and Financial Reporting for Intangible Assets. The standard requires intangibles such as easements, rights, patents, trademarks, computer software, and other internally generated intangible assets as capital assets. As of June 30, 2010, The Standards accounting and financial reporting is similar to capital assets currently in use by the County.

Governmental Accounting Standards Board Statement No. 53

In 2008, GASB issued Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. This statement requires governments that enter into financial arrangements to manage various forms of risk to report the fair value of those instruments and calculate the effectiveness of those instruments. If they are effectively managing related risk, fair values and changes in fair values of the instruments are reported in the statement of net assets. If they are ineffective, changes in fair values of the instruments are reported in the statement of activities as investment income. As of June 30, 2010, the County held no contracts outside the normal course of business that managed risk.

Governmental Accounting Standards Board Statement No. 54

County of Fresno
Notes to the Basic Financial Statements
June 30, 2010
(amounts expressed in thousands)

In March of 2009, GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010. The County has elected not to early implement GASB Statement No. 54 and has not determined its effect on the County's financial statements.

Governmental Accounting Standards Board Statement No. 57

In December of 2009, GASB issued Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. The objective of this statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010. GASB Statement No. 57 is not expected to have a material effect on the County's financial statements.

Governmental Accounting Standards Board Statement No. 59

In June of 2010, GASB issued Statement No. 59, Financial Instruments Omnibus. The objective of this statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010. The County has elected not to early implement GASB Statement No. 59 and has not determined its effect on the County's financial statements

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 2009-10, the County recorded \$188,279 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

County of Fresno
Notes to the Basic Financial Statements
June 30, 2010
(amounts expressed in thousands)

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 uncollectibles.

The following is a schedule of receivables and allowances for uncollectibles applicable to each fund at June 30, 2010.

Receivables - Governmental activities	General Fund	Non-major Funds/ Debt Service/Road Fund	Internal Service Funds	Total Governmental Activities
Taxes	\$ 48,194	\$ 603	\$ -	\$ 48,797
Accounts	94,493	28,115	4,825	127,433
Interest	769	480	400	1,649
Loans	41,558	-	-	41,558
Gross receivables	185,014	29,198	5,225	219,437
Less: allowance for uncollectibles	(1,016)	-	(88)	(1,104)
Total	<u>\$ 183,998</u>	<u>\$ 29,198</u>	<u>\$ 5,137</u>	<u>\$ 218,333</u>

Receivables - Business type activities	Solid Waste Enterprise	County Service Areas, Other	Total Business Type Activities
Accounts	\$ 1,277	\$ 352	\$ 1,629
Interest	391	35	426
Gross receivables	1,668	387	2,055
Less: allowance for uncollectibles	(2)	-	(2)
Total	<u>\$ 1,666</u>	<u>\$ 387</u>	<u>\$ 2,053</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 of Fresno
Notes to the Basic Financial Statements
June 30, 2010
(amounts expressed in thousands)

County does not expect to collect these loans in the near term, they have been offset by reserved fund balance in the fund financial statements.

NOTE 5 - Interfund Transactions and Balances

Short-term interfund transactions between funds which are not reimbursed by the receiving fund at year end are reported as “due to and due from other funds.”

During the course of normal operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." 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. Advances are comprised of short term loans of money between funds for operating purposes. All interfund transfers between individual governmental funds have been eliminated on the government-wide statements.

The composition of interfund balances as of June 30, 2010 was as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General fund	\$ 15,690	\$ 5,753
Debt Service	-	-
Road Fund	445	605
Non-major governmental funds	3,006	13,327
Proprietary funds	329	798
Internal service funds	3,633	2,620
	<u>\$ 23,103</u>	<u>\$ 23,103</u>

County of Fresno
Notes to the Basic Financial Statements
June 30, 2010
(amounts expressed in thousands)

The following schedule briefly summarizes the County's transfer activity for the fiscal year ended June 30, 2010:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 117,597	\$ 87,958
Debt service	41,381	549
Road Fund	-	986
Non-major governmental funds	50,480	118,055
Proprietary fund	166	262
Internal service funds	13,006	14,820
	<u>\$ 222,630</u>	<u>\$ 222,630</u>

The following schedule briefly summarizes the County's advances between funds for the fiscal year ended June 30, 2010:

	<u>Advance From Other Funds</u>	<u>Advances To Other Funds</u>
General fund	\$ -	\$ 876
Non-major governmental funds	150	-
Enterprise funds	726	-
	<u>\$ 876</u>	<u>\$ 876</u>

County of Fresno
Notes to the Basic Financial Statements
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NOTE 6 - Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2010</u>
Government activities					
Capital assets, not being depreciated					
Land	\$ 17,042	\$ -	\$ -	\$ -	\$ 17,042
Construction in progress	52,128	3,946	(52,617)	-	3,457
Infrastructure in progress	12,918	12,883	(675)	(1,922)	23,204
Intangible in progress	-	974	-	1,362	2,336
Total capital assets, not being depreciated	<u>82,088</u>	<u>17,803</u>	<u>(53,292)</u>	<u>(560)</u>	<u>46,039</u>
Capital assets, being depreciated					
Buildings and improvements	428,461	53,479	(1,683)	12,739	492,996
Equipment	143,491	19,018	(33,281)	(16,005)	113,223
Infrastructure	505,980	1,850	-	-	507,830
Intangible	-	1,246	-	40,831	42,077
Total capital assets, being depreciated	<u>1,077,932</u>	<u>75,593</u>	<u>(34,964)</u>	<u>37,565</u>	<u>1,156,126</u>
Less accumulated depreciation for:					
Buildings and improvements	(120,346)	(11,709)	1,380	(5,266)	(135,941)
Equipment	(104,361)	(14,984)	23,628	12,729	(82,988)
Infrastructure	(194,340)	(11,447)	-	-	(205,787)
Intangible	-	(2,663)	-	(28,931)	(31,594)
Total accumulated depreciation	<u>(419,047)</u>	<u>(40,803)</u>	<u>25,008</u>	<u>(21,468)</u>	<u>(456,310)</u>
Total capital assets, being depreciated, net	<u>658,885</u>	<u>34,790</u>	<u>(9,956)</u>	<u>16,097</u>	<u>699,816</u>
Government activities capital assets, net	<u>\$ 740,973</u>	<u>\$ 52,593</u>	<u>\$ (63,248)</u>	<u>\$ 15,537</u>	<u>\$ 745,855</u>
Business-type activities					
Capital assets, not being depreciated					
Land	\$ 12,562	\$ -	\$ (5,712)	\$ -	\$ 6,850
Construction in progress	1,501	1,738	-	-	3,239
Total capital assets, not being depreciated	<u>14,063</u>	<u>1,738</u>	<u>(5,712)</u>	<u>-</u>	<u>10,089</u>
Capital assets, being depreciated					
Buildings and improvements	65,645	5,774	(410)	(19)	70,990
Equipment	19,757	2,690	(520)	985	22,912
Total capital assets, being depreciated	<u>85,402</u>	<u>8,464</u>	<u>(930)</u>	<u>966</u>	<u>93,902</u>
Less accumulated depreciation for:					
Buildings and improvements	(37,059)	(3,361)	16	-	(40,404)
Equipment	(11,965)	(1,426)	258	(108)	(13,241)
Total accumulated depreciation	<u>(49,024)</u>	<u>(4,787)</u>	<u>274</u>	<u>(108)</u>	<u>(53,645)</u>
Total capital assets being depreciated, net	<u>36,378</u>	<u>3,677</u>	<u>(656)</u>	<u>858</u>	<u>40,257</u>
Business-type activities capital assets, net	<u>\$ 50,441</u>	<u>\$ 5,415</u>	<u>\$ (6,368)</u>	<u>\$ 858</u>	<u>\$ 50,346</u>

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Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 2,471
Public protection	8,192
Public ways and facilities	12,113
Health, sanitation, and public assistance	3,832
Education	1,023
Culture and recreation	364
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	12,808
Total depreciation expense - governmental functions	\$ 40,803

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

Solid waste enterprise	\$ 4,020
County service areas, other	768
Total depreciation expense - business-type functions	\$ 4,788

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, 2010 was as follows:

	Beginning Balance July 1, 2009	Draws	Repayment	Ending Balance June 30, 2010
TRANS	\$ -	\$ 95,000	\$ (95,000)	\$ -

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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, 2010, for operating leases was \$9,448.

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, 2010:

<u>Fiscal year ended June 30</u>	<u>Governmental Activities</u>
2011	\$ 8,011
2012	7,626
2013	6,939
2014	4,697
2015	4,338
2016-2020	13,909
2021-2025	10,469
Totals	<u>\$ 55,989</u>

Capital Leases

The County has entered into certain capital lease agreements under which the related equipment will become the property of the County when all terms of the lease agreements are met. The County has also entered into similar capital lease agreements for buildings.

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, 2010:

Governmental activities	<u>Total Payments</u>	<u>Imputed Interest</u>	<u>Net Present Value of Minimum Lease Payments</u>
<u>Fiscal year ended June 30</u>			
2011	\$ 4,163	\$ 198	\$ 3,965
2012	1,243	72	1,171
2013	645	30	615
2014	280	5	275
Totals	<u>\$ 6,331</u>	<u>\$ 305</u>	<u>\$ 6,026</u>

County of Fresno
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The following is a schedule of property under capital leases segregated by major class at June 30, 2010:

	Governmental Activities
Buildings	\$ 1,895
Equipment	23,879
Accumulated depreciation	(19,866)
Net	\$ 5,908

NOTE 9 - Long-Term Debt

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

The following is a schedule of long-term liabilities for governmental activities for the year ended June 30, 2010:

	Balance	Additions	Deductions	Balance	Amounts due within
	June 30, 2009	June 30, 2009	June 30, 2009	June 30, 2010	one year
Earned compensated absences	\$ 43,129	\$ 43,248	\$ 40,036	\$ 46,341	19,096
Capital lease obligations (Note 8)	8,989	2,028	4,991	6,026	3,965
Liability for self-insurance (Note 11)	67,081	33,735	32,528	68,288	27,309
Bonds payable	776,102	14,795	19,694	771,203	21,065
General long-term debt payable	\$ 895,301	\$ 93,806	\$ 97,249	\$ 891,858	\$ 71,435

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

Capital lease obligations are discussed at Note 8. The County's liability for self-insurance is detailed at Note 11.

Pension Obligation Bonds

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

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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 and Special Revenue funds and as transfers-in in the Debt Service fund.

Lease Revenue Bonds

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

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

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

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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 debt service requirements for governmental activities:

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2011	\$ 21,065	\$ 26,484	\$ 47,549
2012	23,480	25,430	48,910
2013	26,060	24,223	50,283
2014	28,770	22,864	51,634
2015	31,710	21,339	53,049
2016-2020	191,778	78,196	269,974
2021-2025	116,057	49,966	166,023
2026-2030	112,828	41,012	153,840
2031-2035	151,139	30,128	181,267
2036-2040	18,500	3,399	21,899
2041-2045	-	-	-
2046-2050	25,425	-	25,425
2051-2055	26,339	-	26,339
Sub-total	773,151	323,041	1,096,192
Less: Original issue premium	360	-	360
Original issue discount	(2,308)	-	(2,308)
Total	\$771,203	\$323,041	\$1,094,244

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.

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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 6/30/10	Accreted Value at Maturity
2004A	August 15, 2033	1.3% to 5.67%	\$ 327,898	\$ 386,706	\$ 711,250

Tobacco Securitization Tax Bonds

Series	Maturity Date	Interest Rate	Initial Principal Amount	Accreted Value at 6/30/10	Accreted Value at Maturity
2006A	June 1, 2046	6.50%	\$ 16,606	\$ 21,638	\$ 216,420
2006B	June 1, 2046	6.65%	2,890	3,788	39,920
2006C	June 1, 2055	7.00%	9,757	12,969	286,800
2006D	June 1, 2055	7.75%	9,762	13,370	409,500
Total			\$ 39,015	\$ 51,765	\$ 952,640

The following is a schedule of long-term liabilities for business-type activities for the year ended June 30, 2010:

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010	Due within one year
Earned compensated absences	\$ 350	\$ 334	\$ (315)	\$ 369	\$ 119
Bonds	4,460		(125)	4,335	135
Closure and post-closure	26,059	3,454		29,513	-
Totals	\$ 30,869	\$ 3,788	\$ (440)	\$ 34,217	\$ 254

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 district and are not payable from any funds of the County.

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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>
2011	\$ 135	\$ 285	\$ 420
2012	140	276	416
2013	150	267	417
2014	160	257	417
2015	170	246	416
2016-2020	1,035	1,035	2,070
2021-2025	1,435	625	2,060
2026-2028	1,110	115	1,225
Total	<u>\$ 4,335</u>	<u>\$ 3,106</u>	<u>\$ 7,441</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 two solid waste landfills which are currently operating, the American Avenue Disposal Site and the Coalinga Disposal Site, as well as one landfill which ceased accepting waste in fiscal year 1991, the Southeast Regional Disposal Site. Southeast Regional completed its closure activities during fiscal year 1998-99 and began post-closure activities which are still ongoing as of June 30, 2010.

The \$29,513 reported as landfill closure and post-closure care liability at June 30, 2010, 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 \$44,965 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, 2010. Actual costs may be higher when the respective landfills close due to inflation, changes in technology, or changes in regulations.

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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, 2010</u>	<u>Estimated Years Remaining</u>	<u>Total Estimated Liability June 30, 2010</u>	<u>Liability Recognized June 30, 2010</u>	<u>Remaining Liability to be Recognized</u>
American Avenue	33.69%	29	\$ 64,262	\$ 21,649	\$ 42,613
Coalinga	49.30%	24	4,638	2,286	2,352
Southeast Regional	100.00%		5,578	5,578	-
Totals			<u>\$ 74,478</u>	<u>\$ 29,513</u>	<u>\$ 44,965</u>

The increase from 2008-2009 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 2009-2010. 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 and Coalinga Disposal Sites, the County expects that future user fees and interest earnings over the remaining landfill lives will fund the closure and post-closure liabilities. Regarding Southeast Regional, the County expects any on-going 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.

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, 2010 does not expect to incur a liability.

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

Plan Description - The FCERA is governed by the Board of Retirement under the 1937 County Employees Retirement Law (1937 Act). Readers should refer to the 1937 Act for more complete information. The FCERA is a contributory defined benefit plan initially organized under the provisions of the 1937 Act on January 1, 1945. It provides retirement, death, and disability benefits to 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, the Superior Court of California-County of Fresno, Clovis Memorial District, Fresno Mosquito and Vector Control District,

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and Fresno/Madera Area Agency on Aging. An employee becomes eligible for membership commencing with the pay period following the date of employment in a permanent position. The FCERA issues a stand alone financial report that can be reviewed at the Auditor-Controller/Treasurer-Tax Collector's office.

Funding Policy - Contributions are made by the members and the employers at rates recommended by the FCERA's independent actuary and approved by the Board of Retirement and the County Board of Supervisors. Employee contribution rates vary according to age and classification (safety or general), and are designed to provide funding for approximately one-fourth of the regular retirement benefits and one-half of all cost of living benefits. Members are required to contribute between 3.76% and 12.62% 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.

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The County's annual pension cost and prepaid pension asset, computed in accordance with GASB 27, Accounting for Pensions by State and Local Governmental Employers, for the year ended June 30, 2010 were as follows:

Annual required contribution	\$ 126,138
Interest on beginning pension asset	(46,526)
Adjustment to annual required contribution	48,964
Annual pension cost	<u>128,576</u>
Contributions made	<u>126,138</u>
Increase (decrease) in pension asset	(2,438)
Net pension asset, beginning of year	<u>592,137</u>
Net pension asset, end of year	<u><u>\$ 589,699</u></u>

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

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
6/30/2008	95,985	101.38%	592,588
6/30/2009	114,410	99.61%	592,137
6/30/2010	128,576	98.10%	589,699

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

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FCERA funded status based on the most recent actuarial valuation performed by the Segal Company as of June 30, 2009 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, 2009	\$2,864,956	\$3,644,743	\$779,787	78.60%	\$422,519	184.60%

NOTE 11 - Risk Management

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

The Risk Management fund provides coverage of the general liability, workers' compensation, medical malpractice, and property other which 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 \$15,000 per claim is provided through a risk pool agreement with the California State Association of Counties (CSAC) Excess Insurance Authority.

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

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

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

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

Property-other is self-insured up to a deductible of \$25 per claim with a maximum of \$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.

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County departmental contributions to the workers' compensation, general liability, and medical malpractice programs are based on actuarial recommendations. The reported actuarial liabilities for workers compensation and general liability assume a long-term annual rate of return of 4 percent. The undiscounted actuarial liability for these programs is \$69,665. 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 \$68,288 reported in the Risk Management fund at June 30, 2010 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, 2010 is adequate to cover such claims. Changes in the Risk Management fund's claims liability amount during the last two fiscal years were as follows:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Beginning of fiscal year liability	\$ 67,081	\$ 61,886
Current year claims provision and changes in estimates	33,735	26,636
Claim payments	<u>(32,528)</u>	<u>(21,441)</u>
Balance at fiscal year end	<u>\$ 68,288</u>	<u>\$ 67,081</u>

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NOTE 12 - Designated Fund Balances

The County's Governmental Funds' Balance Sheet includes in its Unreserved Fund balance various designations. These designations reflect unreserved fund balances that have been tentatively allocated for financial resource utilization in future fiscal years. The amounts and purpose of these designations are as follows:

	General Fund
1. The Board established a general designation of fund balance in the General Fund to provide additional financial stability	\$ 9,000
2. This designation represents a loan to CSA 51	256
3. A designation for the accrued current year Compensated Absences (annual leave) liability.	2,703
4. This designation was established for a LAFCO transfer of funds for payroll purposes	15
5. A designation established for the potential buyout of the delinquent tax roll for those taxing agencies within the County that have not yet opted into the Teeter Plan.	300
6. A designation established for Information Technology Services depreciation.	407
7. Funds reclassified from Agency funds according to GASB 34.	131,068
	\$ 143,749

County of Fresno
Notes to the Basic Financial Statements
June 30, 2010
(amounts expressed in thousands)

Individual Net Assets balances at June 30, 2010 are as follows:

Solid Waste Enterprise	
Net assets	
Invested in capital assets, net of related debt	\$ 31,478
Restricted - special purpose - post closure care	2,088
Unrestricted	42,607
Total	<u>76,173</u>
County Service Areas, Other	
Net assets	
Invested in capital assets, net of related debt	14,533
Restricted:	
Debt service, bond repayment/construction	1,101
Unrestricted	4,052
Total	<u>19,687</u>
Total net assets for business-type activities	<u>\$ 95,860</u>

NOTE 14 - Restricted Cash

Cash is restricted for various purposes in the governmental funds and proprietary funds. Restricted Cash consists of the following:

Enterprise funds:	
Solid Waste Enterprise	
American Avenue post-closure care - other	23,219
Corrective action	470
Coalinga post-closure	2,334
Subtotal	<u>26,023</u>
County Service Areas, Other:	
Bond repayment/construction	1,101
Subtotal	<u>1,101</u>
Total	<u>\$ 27,124</u>

County of Fresno
Notes to the Basic Financial Statements
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NOTE 15 - Contingent Liabilities and Commitments

The County's budget is strongly influenced by the State's fiscal budget. Controversial measures were enacted to balance the budget including the State suspending Proposition 1A, borrowing tax revenue from the cities, counties and special districts and the State suspending funding for the Williamson Act.

The State has continued to include Proposition 42 funding to local agencies throughout the recent and ongoing State budget crisis. Over the next 15 years Proposition 42 will bring approximately \$128,800 of much needed funding to the County to help maintain the County's road system. The County deferred \$5,569 Maintenance-of-Effort (MOE) payment for FY 2009-10. In accordance with California Revenue and Taxation Code Section 7104.2(f) (6) the MOE has to be restored to the Road Fund for both FY 2009-10 and 2010-11 in FY 2010-11 in the amount of \$11,139 for the two years combined or the County would have to repay with interest the Proposition 42 funds received in FY 2009-10 as well as any Proposition 42 funds received in FY 2010-11.

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.

On November 5, 1996, California voters approved Proposition 218 which provides certain limitations over the ability of local governments within the State of California to impose, increase, and extend taxes, assessments and fees. This Proposition applies to all taxes, assessments, fees, and charges enacted or increased on or after January 1, 1995. The Board resolved to set forth initial procedures for bringing existing and new assessments, fees or charges into conformity with requirements of Proposition 218. The full impact of Proposition 218 on local government finances is difficult to assess and may be resolved only when the legislature enacts implementing statutes or a court ruling becomes available. Accordingly, no adjustments have been made to these financial statements for Proposition 218.

On August 27, 1996, the Board approved a master agreement with Community Hospitals of Central California (CHCC) to provide medical services for the indigent and inmate populations effective October 7, 1996. Valley Medical Center ceased operations as a County hospital on October 6, 1996 and its name changed to University Medical Center. The annual payment to CHCC for such services will be \$19,799 adjusted for inflation.

Numerous lawsuits are pending or threatened against the County. The County has recorded actuarially determined reserves in the internal service funds to adequately cover estimated potential material adverse losses at June 30, 2010.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2010
(amounts expressed in thousands)

NOTE 16 - Cash and Investments

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

Statement of Net Assets:		
Cash and investments	\$	492,580
Fiduciary Funds:		
Cash and investments		<u>4,393,218</u>
Total cash and investments	\$	<u><u>4,885,798</u></u>

Cash and investments as of June 30, 2010 consist of the following:

Cash on hand	\$	16,027
Deposits with financial institutions		35,697
Investments		<u>4,834,074</u>
Total Cash and Investments	\$	<u><u>4,885,798</u></u>

The following represents a condensed statement of net assets and changes in net assets for the Treasury Investment Pool as of June 30, 2010.

Statement of Net Assets

Cash and investments	\$	2,029,901
Less: warrants payable		<u>(300,964)</u>
Net assets held in trust for pool participants	\$	<u><u>1,728,937</u></u>

Equity of internal pool participants	\$	370,306
Equity of external pool participants (voluntary and involuntary)		<u>1,358,631</u>
	\$	<u><u>1,728,937</u></u>

Statement of Changes in Net Assets

Net assets at July 1, 2009	\$	1,787,899
Net change in investments by pool participants		<u>(58,962)</u>
Net assets held in trust for pool participants at June 30, 2010	\$	<u><u>1,728,937</u></u>

County of Fresno
Notes to the Basic Financial Statements
June 30, 2010
(amounts expressed in thousands)

Negative Internal Service Fund Cash

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

<u>Internal Service Fund</u>	<u>Negative Cash Amount</u>
Security Services	\$ (281)
Warehouse	(95)
Facility Services	(960)
Graphic Communications	(61)
Total	<u>\$ (1,397)</u>

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

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

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

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

County of Fresno
Notes to the Basic Financial Statements
June 30, 2010
(amounts expressed in thousands)

Investment Authorized by Debt Agreements

The County and its component units have \$9,001 in investments held by bond trustees pledged to the payment or security of certain debt issues. These funds are invested in accordance with bond covenants and are pledged for payment of principal, interest, and specified capital improvements.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the County manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

	Remaining Maturity (in months)						
	Totals	12 months or less	13 to 24 months	25 to 36 months	37 to 60 months	61 to 120 months	More than 120 months
U.S. Gov. Agency Obligation	\$ 1,408,665	\$ 327,937	\$ 156,220	\$ 301,795	\$ 566,400	\$ 10,121	\$ 46,192
Medium-Term Corporate Notes	319,087	92,039	198,497	28,551	-	-	-
U.S. Treasury Notes	155,432	24,412	16,263	10,470	33,031	27,574	43,682
Asset Backed Securities	4,912	-	789	1,437	2,686	-	-
Asset Sweep Account	327	327	-	-	-	-	-
U.S. Government Discount Note	999	999	-	-	-	-	-
Domestic fixed income	460,972	12,118	13,036	21,563	75,720	111,666	226,869
Mortgages	44,152	-	-	-	1,643	868	41,641
Foreign fixed income	71,314	227	9,723	9,348	14,990	22,431	14,595
Global Bond Fund	14	-	-	-	-	-	14
Mutual Fund	287,187	287,187	-	-	-	-	-
Certificate of Deposit	6,000	6,000	-	-	-	-	-
Bank Account	211,923	211,923	-	-	-	-	-
Vault	16,027	16,027	-	-	-	-	-
Total	<u>\$ 2,987,011</u>	<u>\$ 979,196</u>	<u>\$ 394,528</u>	<u>\$ 373,164</u>	<u>\$ 694,470</u>	<u>\$ 172,660</u>	<u>\$ 372,993</u>

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.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2010
(amounts expressed in thousands)

Credit Risk

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

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

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure	Ratings as of the Year End			
				A1/P1 A-AAA	B-BBB	C-CCC	Not Rated
U.S. Gov. Agency Obligation	\$ 1,408,665	N/A	\$ -	\$ 1,372,440	\$ 61	\$ -	\$ 36,164
Medium-Term Corporate Notes	319,086	A3	-	319,086	-	-	-
U.S. Treasury Notes	155,432	N/A	68,381	87,051	-	-	-
Asset Backed Securities	4,912	AA	-	4,912	-	-	-
Asset Sweep Account	328	P-1 / A-1+	-	-	-	-	328
U.S. Government Discount Note	999	-	-	999	-	-	-
Domestic fixed income	460,972	AA	-	164,390	127,137	4,859	164,586
Mortgages	44,152	B3	-	15,000	3,116	3,121	22,915
Foreign fixed income	71,314	B3	-	37,562	30,671	24	3,057
Global Bond Fund	14	N/A	-	-	-	-	14
Mutual Fund	287,187	N/A	-	267,187	-	-	20,000
Certificate of Deposit	6,000	N/A	-	-	-	-	6,000
Bank Account	211,923	N/A	-	-	-	-	211,923
Vault	16,027	N/A	-	-	-	-	16,027
Total	<u>\$ 2,987,011</u>		<u>\$ 68,381</u>	<u>\$ 2,268,627</u>	<u>\$160,985</u>	<u>\$ 8,004</u>	<u>\$ 481,014</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.

Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	Federal Agency Securities	\$ 359,703
Federal Home Loan Bank	Federal Agency Securities	329,191
Federal Home Loan Mortgage Corp.	Federal Agency Securities	275,224
Federal National Mortgage Assn.	Federal Agency Securities	363,961
Rabobank	Bank Account	190,157

County of Fresno
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Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that the County will not be able to recover its deposits or will not be able to recover collateral securities in the possession of an outside party if a depository institution fails. The custodial credit risk for *investments* is the risk that the County will not be able to recover the value of its investment or collateral securities held by another party if the counterparty (e.g. broker-dealer) to a transaction fails. The CGC and IP do not contain legal or policy requirements that would limit exposure to custodial credit risk for deposits or investments, other than the following provision applicable to *deposits*: The CGC requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure County deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2010, 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, 2010, 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.

FCERA Investment Portfolio

Derivatives. The investment derivatives schedule on page 60 reports the fair value and notional value of the derivatives held by FCERA at June 30, 2010. For reporting purposes, FCERA's derivatives are classified as investment derivatives. FCERA, through its external investment managers, enters into forward foreign currency contracts to hedge against changes in the fair values of foreign bonds and equity securities, primarily denominated in European and Asian currencies. It is possible that, due to foreign exchange fluctuations, FCERA may be exposed to a potential loss. At June 30, 2010, FCERA has approximately \$7 million of its \$543 million international equity portfolio hedged through the use of such forward foreign currency contracts.

County of Fresno
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Derivative Investments

<u>Investment Derivatives</u>	<u>June 30, 2010</u>		<u>Changes in Fair Value for 2010</u>
	<u>Notional</u>	<u>Fair Value</u>	<u>Fair Value</u>
TBA Securities	\$ 19,000	\$ 74	\$ 1,081
Credit Default Swaps	4,555	(360)	1,279
Interest Rate Swaps	19,902	(522)	(830)
Fixed Income Futures	8,600	-	2,869
Options	(98)	-	234
FX Forwards	6,969	40	331
Rights	-	47	(330)
Grand Totals	<u>\$ 58,928</u>	<u>\$ (721)</u>	<u>\$ 4,634</u>

FCERA could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. FCERA anticipates that counterparties will be able to satisfy their obligations under the contracts. FCERA's investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits and exposure monitoring procedures, including requirements for collateral at certain defined levels. At June 30, 2010 FCERA did not hold any collateral to offset potential risks it may encounter through counterparty transactions. FCERA's counterparty exposure is detailed in the following schedule:

Counterparty Credit Risk

Counterparty Credit Ratings

<u>Ratings</u>	<u>Credit Default Swaps</u>	<u>Interest Rate Swaps</u>	<u>Forward Foreign Currency Contracts</u>	<u>Total</u>
Aa3	\$ 23	\$ 459	\$ 8	\$ 490
Aa2	6	-	47	53
Aa1	30	-	74	104
Subtotal Investments in Assets Position	<u>59</u>	<u>459</u>	<u>129</u>	<u>-</u> <u>647</u>
Investments in Liability Position	(419)	(981)	(89)	(1,489)
Total Investments in Asset/ (Liability) Position	<u>\$ (360)</u>	<u>\$ (522)</u>	<u>\$ 40</u>	<u>\$ (842)</u>

County of Fresno
Notes to the Basic Financial Statements
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At June 30, 2010, FCERA was exposed to Foreign Currency Risk related to its investments in equity rights and forward contracts denominated in foreign currencies.

Foreign Currency Risks at Fair Value

<u>Currency Name</u>	<u>Equities</u>	<u>Forward Currency Contracts</u>		<u>Total Exposure</u>
		<u>Net Receivables</u>	<u>Net Payables</u>	
Euro	\$ 46	\$ 47	\$ (14)	\$ 79
Japanese Yen	-	74	(75)	(1)
Pound Sterling	-	7	-	7
Total	\$ 46	\$ 128	\$ (89)	\$ 85

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

Interest rate risk applies to derivative such as TBA's, Credit Default Swaps and Interest Rate Swaps. At June 30, 2010, FCERA was exposed to the following interest rate risk on its investments in these securities. The table below displays the maturity periods of these derivative investments.

Interest Rate Risk for Derivatives

<u>Investment Types</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>				<u>Total</u>
		<u>Less than 12</u>	<u>13 to 60</u>	<u>61 to 120</u>	<u>More than 120</u>	
Credit Default Swaps	\$ (360)	\$ -	\$ (10)	\$ -	\$ (350)	\$ (360)
Interest Rate Swaps	(522)	-	-	(114)	(408)	(522)
TBA Securities	74	-	-	-	74	74
Total	\$ (808)	\$ -	\$ (10)	\$ (114)	\$ (684)	\$ (808)

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

The lending agreement places no restriction on the amount of loans that can be made. FCERA's lending agent is authorized to invest and reinvest cash collateral, but it is not expressly permitted to pledge or sell securities collateral without borrower default. FCERA's agent invests cash collateral in individual securities and the securities are held by the trustee in FCERA's name. The maturities of the investments made with the cash collateral generally match the maturities of their securities on loan.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2010
(amounts expressed in thousands)

Securities on Loan - At year end, FCERA had no credit risk exposure to borrowers because the collateral received exceeded the amount owed to borrowers. As of June 30, 2010 there were no violations of the securities lending provisions and no losses resulted within the securities lending program due to borrower default.

Reinvestment of Collateral - FCERA is subject to credit risk through the reinvestment of collateral cash which FCERA received at the time securities were placed on loan. The risk can include the devaluation of the underlying securities where the collateral has been reinvested. As of June 30, 2010, FCERA believes that if a borrower of a loaned security called on its collateral that it would be reasonably possible that devaluation would be experienced and due to market conditions FCERA would encounter difficulty finding a buyer to take on the reinvested security and thus making it uncertain when the collateral would become available.

FCERA is unable to quantify the dollar devaluation that would have existed if collateral had been called upon. Income from these transactions is reported on the statement of changes in plan net assets. Securities on loan are reported at fair value on the statement of plan net assets. The carrying value of the securities lending investment pool for 2010 was \$219,010. The fair values of loaned securities were as follows:

	June 30, 2010
Domestic equity	\$ 113,620
International equity	7,544
Total equity on loan	121,164
US government and agencies	56,151
Domestic bonds	35,184
Total bonds on loan	91,335
Total equities and bonds on loan	\$ 212,499

Highly Sensitive Investments - FCERA utilizes investments that are highly sensitive to interest rate changes in its actively managed fixed income portfolio. Highly sensitive investments include mortgage-backed securities, asset-backed securities and collateralized mortgage obligations. FCERA's investment portfolio contains certain variable rate notes and collateralized mortgage obligations. At June 30, 2010 FCERA had approximately \$70,230 in these investments. A detail of these investments are listed below:

Investment Type	June 30, 2010
Variable Rate Notes	\$ 26,078
Collateralized Mortgage Obligation	44,152
Forward Foreign Currency	7,233
Total	\$ 77,463

County of Fresno
Notes to the Basic Financial Statements
June 30, 2010
(amounts expressed in thousands)

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.

Foreign Currency Risk

This risk applies to assets invested on behalf of FCERA. The risk is that FCERA will not be able to recover the value of its investment in local currency when the exchange value of the currency lowers. FCERA has not adopted a policy to manage the foreign currency risk. As of June 30, 2010, FCERA's investment in foreign currency was as follows:

Currency	Fair Market Value (US Dollars)
British Pound Sterling	17
Euro	72
Japanese Yen	326
Mexico Peso	281
Other foreign currency	1
Total foreign currency	\$ 697

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

Note 17 Proposition 1A Borrowing by the State of California

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten year period. The amount of this borrowing pertaining to the County of Fresno was \$15,901. Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All

County of Fresno
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June 30, 2010
(amounts expressed in thousands)

transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The County of Fresno participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

NOTE 18- Subsequent Events

On July 1, 2010, the County issued Tax and Revenue Anticipation Notes (TRANs) totaling \$86,000 due on June 30, 2011 at a coupon interest rate of 2.00% and a reoffering rate of 0.37%. 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, 2011. 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 2010-11 that are lawfully available for payment of the notes and interest.

NOTE 19 - Prior Period Adjustment

The County has determined that certain transactions were recorded incorrectly in a prior year. The two largest adjustments were due to the implementation of GASB Statement No. 51 and inclusion of prepaid pension assets.

GASB Statement No. 51, "Accounting and Reporting for Intangible Assets," establishes criteria for intangible assets, accounting and reporting treatment, internally generated intangible assets, and amortization of assets. Examples of such assets include easements, water rights, timber rights, patents, trademarks, and computer software. The Statement also requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The requirements of this Statement are effective for the FY 2009-10 financial statements. Intangible assets should be measured as of July 1, 2009 so that beginning net assets can be restated. Accordingly, beginning net assets of the governmental activities in the Statement of Net Assets were restated by \$12,672 upon implementation of this accounting standard.

The opening net asset balance for the County's governmental activities has been increased by \$592,137. This occurred when the County issued pension obligation bonds and used the proceeds of the bonds to overpay the annual required contribution (ARC) in each year 1998 and 2004. In accordance with GASB 27, this overpayment of the ARC should have been recorded as a pension asset in the Government Wide Statement of Net Assets.

County of Fresno
Notes to the Basic Financial Statements
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Fund Financial Statements	Net Asset (Increase) Decrease
Nonmajor Special Revenue Funds:	
Correction to receivables	(38)
Fund type correction	(18)
Other	(4)
Total Nonmajor Special Revenue Funds	(60)
Internal Service Funds:	
GASB 51-Intangible Assets Implementation	1,529
Capital asset under \$5,000	(3,381)
Other	(252)
Total Internal Service Funds	(2,104)
Total Fund Financial Activities	(2,164)
<u>Government-Wide Financial Statements:</u>	
Governmental Activities Adjustments	
GASB 51-Intangible Assets Implementation	12,672
Understatement of Capital Assets	1,976
Addition of Prepaid Pension Assset	592,137
Other	(417)
Total Governmental Activities	606,368
Business Activities	
Overstatement of Capital Assets	(409)
Fund Type Correction	935
Other	(93)
Total Business Activities	433
Total Governmental Wide Activities	606,801

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

**County of Fresno
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Budgetary balances, July 1	\$ 12,158	\$ 14,924	\$ 112,627	\$ 97,703
Resources (inflows):				
Taxes	195,338	195,338	196,502	1,164
Licenses and permits	8,447	8,447	7,067	(1,380)
Fines, forfeitures and penalties	9,257	9,397	10,255	858
Use of money and property	7,393	7,399	7,255	(144)
Aid from other governmental agencies:				
State	430,937	433,456	364,480	(68,976)
Federal	306,752	343,259	317,489	(25,770)
Other	3,268	3,310	2,964	(346)
Charges for current services	117,813	115,068	111,635	(3,433)
Other revenues	51,318	57,477	48,358	(9,119)
Transfers in	121,257	119,025	109,045	(9,980)
Total resources	<u>1,251,780</u>	<u>1,292,176</u>	<u>1,175,050</u>	<u>(117,126)</u>
Total budgetary balance and resources	1,263,938	1,307,100	1,287,677	(19,423)
Charges to appropriations (outflows):				
General government				
Salaries and benefits	31,416	31,911	31,295	616
Services and supplies	14,377	15,133	7,421	7,712
Other charges	1,384	1,236	886	350
Fixed assets	493	4,058	-	4,058
Total general government	<u>47,670</u>	<u>52,338</u>	<u>39,602</u>	<u>12,736</u>
Public protection				
Salaries and benefits	246,633	245,663	242,229	3,434
Services and supplies	62,851	62,666	53,551	9,115
Other charges	20,564	20,502	19,595	907
Fixed assets	1,977	2,050	1,217	833
Total public protection	<u>332,025</u>	<u>330,881</u>	<u>316,592</u>	<u>14,289</u>
Public ways and facility				
Services and supplies	432	432	398	34
Total public ways and facility	<u>432</u>	<u>432</u>	<u>398</u>	<u>34</u>
Health and sanitation				
Salaries and benefits	264,798	267,032	257,734	9,298
Services and supplies	204,714	209,698	166,793	42,905
Other charges	349,272	379,344	344,066	35,278
Fixed assets	337	550	186	364
Total health and sanitation	<u>819,121</u>	<u>856,624</u>	<u>768,779</u>	<u>87,845</u>
Education				
Salaries and benefits	445	478	457	21
Services and supplies	239	264	239	25
Total education	<u>684</u>	<u>742</u>	<u>696</u>	<u>46</u>
Cultural and recreation:				
Salaries and benefits	1,723	1,723	1,692	31
Services and supplies	1,179	1,179	1,039	140
Other charges	1	1	1	-
Total cultural and recreation	<u>2,903</u>	<u>2,903</u>	<u>2,732</u>	<u>171</u>
Transfers out	61,103	63,180	56,990	6,190
Total charges to appropriations	<u>1,263,938</u>	<u>1,307,100</u>	<u>1,185,789</u>	<u>121,311</u>
Budgetary fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,888</u>	<u>* \$ 101,888</u>

* Ending budgetary fund balance includes Reserved and Unreserved Designated fund balance.

County of Fresno
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010
(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	\$ 1,175,050
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(109,045)
Receipts from sub-funds reclassified from County Agency Funds, not budgeted	52,168
Modified accrual basis of accounting to budgetary basis of accounting	<u>300,994</u>
Total revenue reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u><u>\$ 1,419,167</u></u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary schedule not including fund balance	\$ 1,185,789
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(56,990)
Payments to sub-funds reclassified from County Agency Funds, not budgeted	20,738
Modified accrual basis of accounting to budgetary basis of accounting	<u>270,673</u>
Total expenditures reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u><u>\$ 1,420,210</u></u>

County of Fresno
Budgetary Comparison Schedule
Road Fund
For the Fiscal Year Ended June 30, 2010
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balance - June 30, 2009	\$ 10,236	\$ 19,919	\$ 30,822	\$ 10,903
Resources (inflows):				
Taxes	7,738	7,738	4,922	(2,816)
Licenses and permits	242	242	333	91
Use of money and property	451	451	502	51
Intergovernmental revenues	38,054	38,054	38,179	125
Charges for current services	29,276	29,276	8,380	(20,896)
Other revenues	17	17	10	(7)
Other financing sources - operating transfer in	-	-	-	-
Total revenues	<u>75,778</u>	<u>75,778</u>	<u>52,326</u>	<u>(23,452)</u>
Charges to appropriations (outflows):				
Public ways and facilities:				
Salaries and benefits	18,867	18,867	18,451	416
Services and supplies	66,118	75,780	24,885	50,895
Other charges	900	900	822	78
Fixed assets	129	150	41	109
Total charges to appropriations	<u>86,014</u>	<u>95,697</u>	<u>44,199</u>	<u>51,498</u>
Budgetary fund balance - June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,949</u>	<u>\$ 38,949</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis) "available from appropriation" from the budgetary comparison schedule	\$ 52,326
Differences - budget to GAAP	
Accruals due to differences between GAAP and the budgetary basis of Accounting	1,095
Transfers from other funds	-
Total revenues as reported on the combining statement of revenues and expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 53,421</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 44,199
Differences - budget to GAAP	
Accruals due to differences between GAAP and the budgetary basis of Accounting	(156)
Transfers to other funds	(986)
Total expenditures as reported on the combining statement of revenues and expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 43,057</u>

**County of Fresno
Required Supplementary Information
For the Year Ended June 30, 2010**

**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)
6/30/04 ¹	1,977,097 ²	2,017,971	40,874	98.0%	337,614	12.1%
6/30/05 ³	2,044,389 ¹	2,233,594 ^{1,3}	189,205 ^{1,3}	91.5% ¹	351,049	53.9% ³
6/30/06	2,398,454	2,803,990	405,536	85.5%	376,270	107.8%
6/30/07	2,610,269 ⁴	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%

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

² Actuarial Value of Assets in the Solvency Test includes the total plan assets for all years. The Summary of Funding Progress shown here reports only the employer's assets for the years 2002, 2003, and 2004, amounts will therefore not be consistent between the Solvency Test and the Summary of Fundings Progress schedules.

³ 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.

⁴ Assets decreased by \$3,169 for a net overpayment of member contributions discounted.

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

Source: Schedule prepared by The Segal Company.

**Combining Individual Financial Statements
and Schedules**

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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.

California Healthcare for Indigents Program (CHIP)

The CHIP fund was established in 1989-90 to receive the County's share of Proposition 99 monies as per AB 75. The monies in this fund are used to pay hospitals and doctors for services rendered to individuals who cannot 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.

Friant Community Redevelopment Agency

The Friant Community Redevelopment Agency (Agency) Fund was established to account for redevelopment tax increments received and expenditures incurred by the Agency. The Agency was formed to construct a sewage system within the Friant commercial area in an effort to stimulate economic growth.

Fresno County Tobacco Funding Corporation

The Fresno County Tobacco Funding Corporation was formed in June 2002 to purchase the rights to receive tobacco settlement payments. The County securitized its tobacco settlement payments and issued bonds to pay for the juvenile justice facility. The Fresno County Tobacco Funding Corporation pays the principal and interest payments on the bonds.

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, 2010
(amounts expressed in thousands)

	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 31,847	\$ 4,533	\$ 36,380
Receivables:			
Accounts	17,508	-	17,508
Taxes	603	-	603
Interest	147	24	171
Due from other funds	3,006	-	3,006
Due from other governmental units	73	-	73
Inventory of supplies	46	-	46
Total assets	<u>\$ 53,230</u>	<u>\$ 4,557</u>	<u>\$ 57,787</u>
LIABILITIES			
Accounts payable	\$ 1,283	\$ 241	\$ 1,524
Salaries and benefits payable	881	-	881
Due to other funds	13,317	10	13,327
Due to other governmental units	178	-	178
Advances from other funds	150	-	150
Deferred revenue	6,391	-	6,391
Total liabilities	<u>22,200</u>	<u>251</u>	<u>22,451</u>
FUND BALANCES			
Reserved for encumbrances and other obligations	17,957	21,139	39,096
Reserved for imprest and postage funds	10	-	10
Reserved for inventory	44	-	44
Unreserved	13,019	(16,833)	(3,814)
Total fund balances	<u>31,030</u>	<u>4,306</u>	<u>35,336</u>
Total liabilities and fund balances	<u>\$ 53,230</u>	<u>\$ 4,557</u>	<u>\$ 57,787</u>

County of Fresno
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2010
(amounts expressed in thousands)

	Special Revenue Funds	Capital Projects Fund	Total
Revenues:			
Taxes	\$ 19,949	\$ -	\$ 19,949
Licenses and permits	-	-	-
Fines, forfeitures and penalties	1,634	-	1,634
Use of money and property	835	92	927
Aid from other governmental agencies:			
State	77,853	-	77,853
Federal	35	-	35
Charges for current services	3,058	-	3,058
Other revenues	790	387	1,177
Total revenues	104,154	479	104,633
Expenditures:			
Public ways and facilities	3,214	-	3,214
Health, sanitation, and public assistance	2,870	-	2,870
Education	25,189	-	25,189
Capital outlay	-	968	968
Debt service:			-
Principal	1,780	-	1,780
Interest	4,860	-	4,860
Total expenditures	37,913	968	38,881
Excess (deficiency) of revenues over (under) expenditures	66,241	(489)	65,752
Other financing sources (uses):			
Transfers in	49,932	548	50,480
Transfers out	(118,048)	(7)	(118,055)
Total other financing sources (uses)	(68,116)	541	(67,575)
Net change in fund balance	(1,875)	52	(1,823)
Fund balance - beginning	32,965	4,254	37,219
Prior period adjustment	(60)	-	(60)
Fund balance - ending	\$ 31,030	\$ 4,306	\$ 35,336

County of Fresno
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010
(amounts expressed in thousands)

	<u>County Free Library</u>	<u>Fish and Game</u>	<u>Off- Highway License</u>	<u>California Healthcare for Indigents Program</u>	<u>Emergency Medical Services</u>
ASSETS					
Cash and investments	\$ 13,413	\$ 11	\$ 273	\$ -	\$ 3,446
Receivables:					
Accounts	298	-	6	-	134
Taxes	603	-	-	-	-
Interest	98	-	2	-	20
Due from other funds	-	-	-	-	-
Due from other governmental agencies	73	-	-	-	-
Inventory of supplies	46	-	-	-	-
Total assets	<u>\$ 14,531</u>	<u>\$ 11</u>	<u>\$ 281</u>	<u>\$ -</u>	<u>\$ 3,600</u>
LIABILITIES					
Accounts payable	\$ 415	\$ -	\$ -	\$ -	\$ 792
Salaries and benefits payable	881	-	-	-	-
Due to other funds	122	-	-	-	31
Due to other governmental units	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	13	-	-	-	-
Total liabilities	<u>1,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>823</u>
FUND BALANCES					
Reserved for:					
Encumbrances and other obligations	1,969	-	-	-	617
Imprest and postage funds	10	-	-	-	-
Inventory	44	-	-	-	-
Unreserved	11,077	11	281	-	2,160
Total fund balances	<u>13,100</u>	<u>11</u>	<u>281</u>	<u>-</u>	<u>2,777</u>
Total liabilities and fund balances	<u>\$ 14,531</u>	<u>\$ 11</u>	<u>\$ 281</u>	<u>\$ -</u>	<u>\$ 3,600</u>

**County of Fresno
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010
(amounts expressed in thousands)**

Local Health and Welfare	County Service Areas, Other	Friant Community Redevelopment Agency	Tobacco Funding Corporation	Total
\$ -	\$ 4,575	\$ 600	\$ 9,529	\$ 31,847
10,692	-	-	6,378	17,508
-	-	-	-	603
-	24	3	-	147
3,006	-	-	-	3,006
-	-	-	-	73
-	-	-	-	46
<u>\$ 13,698</u>	<u>\$ 4,599</u>	<u>\$ 603</u>	<u>\$ 15,907</u>	<u>\$ 53,230</u>
\$ -	\$ 76	\$ -	\$ -	\$ 1,283
-	-	-	-	881
13,128	33	3	-	13,317
-	-	178	-	178
-	-	150	-	150
-	-	-	6,378	6,391
<u>13,128</u>	<u>109</u>	<u>331</u>	<u>6,378</u>	<u>22,200</u>
15,371	-	-	-	17,957
-	-	-	-	10
-	-	-	-	44
<u>(14,801)</u>	<u>4,490</u>	<u>272</u>	<u>9,529</u>	<u>13,019</u>
<u>570</u>	<u>4,490</u>	<u>272</u>	<u>9,529</u>	<u>31,030</u>
<u>\$ 13,698</u>	<u>\$ 4,599</u>	<u>\$ 603</u>	<u>\$ 15,907</u>	<u>\$ 53,230</u>

ASSETS

Cash and investments	31,847
Receivables:	
Accounts	17,508
Taxes	603
Interest	147
Due from other funds	3,006
Due from other governmental agencies	73
Inventory of supplies	46
Total assets	53,230

LIABILITIES

Accounts payable	1,283
Salaries and benefits payable	881
Due to other funds	13,317
Due to other governmental units	178
Advances from other funds	150
Deferred revenue	6,391
Total liabilities	22,200

FUND BALANCES

Reserved for:	
Encumbrances and other obligations	17,957
Imprest and postage funds	10
Inventory	44
Unreserved	13,019
Total fund balances	31,030
Total liabilities and fund balances	53,230

County of Fresno
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2010
(amounts expressed in thousands)

	County Free Library	Fish and Game	Off- Highway License	California Healthcare for Indigents Program	Emergency Medical Services
Revenues:					
Taxes	\$ 19,903	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Fines, forfeitures and penalties	-	5	-	-	1,629
Use of money and property	277	-	9	-	80
Aid from other governmental agencies:					
State	1,982	-	11	-	-
Federal	35	-	-	-	-
Charges for current services	1,700	-	-	-	-
Other revenues	772	-	-	-	-
Total revenues	<u>24,669</u>	<u>5</u>	<u>20</u>	<u>-</u>	<u>1,709</u>
Expenditures:					
Public ways and facilities	-	7	131	-	-
Health and sanitation	-	-	-	236	2,634
Education	25,189	-	-	-	-
Debt service:					
Principle	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>25,189</u>	<u>7</u>	<u>131</u>	<u>236</u>	<u>2,634</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(520)</u>	<u>(2)</u>	<u>(111)</u>	<u>(236)</u>	<u>(925)</u>
Other financing sources (uses):					
Bond proceeds	-	-	-	-	-
Debt issuance costs	-	-	-	-	-
Capital contributions	-	-	-	-	-
Transfers in	102	-	-	-	-
Transfers out	(1,007)	-	(17)	-	-
Total other financing sources (uses)	<u>(905)</u>	<u>-</u>	<u>(17)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(1,425)</u>	<u>(2)</u>	<u>(128)</u>	<u>(236)</u>	<u>(925)</u>
Fund balance - beginning	14,566	13	409	236	3,702
Prior Period adjustment	(41)	-	-	-	-
Fund balance - ending	<u>\$ 13,100</u>	<u>\$ 11</u>	<u>\$ 281</u>	<u>\$ -</u>	<u>\$ 2,777</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, 2010
(amounts expressed in thousands)

Local Health and Welfare Trust	County Service Areas, Other	Friant Community Redevelopment Agency	Tobacco Funding Corporation	Total	
\$ -	\$ 41	\$ 5	\$ -	\$ 19,949	Revenues:
-	-	-	-	-	Taxes
-	-	-	-	1,634	Licenses and permits
2	85	10	372	835	Fines, forfeitures and penalties
					Use of money and property
67,762	1	-	8,097	77,853	Aid from other governmental agencies:
-	-	-	-	35	State
-	1,358	-	-	3,058	Federal
-	18	-	-	790	Charges for current services
<u>67,764</u>	<u>1,503</u>	<u>15</u>	<u>8,469</u>	<u>104,154</u>	Other revenues
					Total revenues
-	933	85	2,058	3,214	Expenditures:
-	-	-	-	2,870	Public ways and facilities
-	-	-	-	25,189	Health and sanitation
					Education
-	-	-	1,780	1,780	Debt service:
-	-	-	4,860	4,860	Principle
<u>-</u>	<u>933</u>	<u>85</u>	<u>8,698</u>	<u>37,913</u>	Interest
					Total expenditures
<u>67,764</u>	<u>570</u>	<u>(70)</u>	<u>(229)</u>	<u>66,241</u>	Excess (deficiency) of revenues over (under) expenditures
-	-	-	-	-	Other financing sources (uses):
-	-	-	-	-	Bond proceeds
-	0	-	-	-	Debt issuance costs
49,830	-	-	-	49,932	Capital contributions
(117,024)	-	-	-	(118,048)	Transfers in
<u>(67,194)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(68,116)</u>	Transfers out
					Total other financing sources (uses)
<u>570</u>	<u>570</u>	<u>(70)</u>	<u>(229)</u>	<u>(1,875)</u>	Net change in fund balance
-	3,939	342	9,758	32,965	Fund balance - beginning
-	(19)	-	-	(60)	Prior Period adjustment
<u>\$ 570</u>	<u>\$ 4,490</u>	<u>\$ 272</u>	<u>\$ 9,529</u>	<u>\$ 31,030</u>	Fund balance - ending

County of Fresno
Budgetary Comparison Schedule
County Free Library
For the Fiscal Year Ended June 30, 2010
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balance - June 30, 2009	\$ 7,017	\$ 7,595	\$ 14,822	\$ 7,227
Resources (inflows):				
Taxes	21,242	21,242	19,898	(1,344)
Use of money and property	200	200	288	88
Intergovernmental revenues	587	587	3,119	2,532
Charges for current services	1,713	1,713	1,591	(122)
Other revenues	324	324	761	437
Other Financing Sources - Operating Transfer In	102	102	102	-
Total revenues	24,168	24,168	25,759	1,591
Charges to appropriations (outflows):				
Education:				
Salaries and benefits	18,450	18,450	18,017	433
Services and supplies	7,698	8,201	6,969	1,232
Other charges	611	611	584	27
Fixed assets	4,324	4,399	1,501	2,898
Other financing uses - operating transfer out	52	52	44	8
Contingencies	50	50	-	50
Total charges to appropriations	31,185	31,763	27,115	4,648
Budgetary fund balance - June 30, 2010	\$ -	\$ -	\$ 13,466	\$ 13,466

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	\$ 25,759
Differences - budget to GAAP	
Accruals due to differences between GAAP and the budgetary basis of Accounting	(988)
Transfers in	(102)
Total revenues as reported on the combining statement of revenues and expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 24,669

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 27,115
Differences - budget to GAAP	
Accruals due to differences between GAAP and the budgetary basis of Accounting	(919)
Transfers to other funds	(1,007)
Total expenditures as reported on the combining statement of revenues and expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 25,189

County of Fresno
Budgetary Comparison Schedule
Fish and Game Fund
For the Fiscal Year Ended June 30, 2010
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balance - June 30, 2009	\$ 8	\$ 15	\$ 13	\$ (2)
Resources (inflows):				
Fines, forfeitures, and penalties	2	2	5	3
Use of money and property	-	-	-	-
Total revenues	2	2	5	3
Charges to appropriations (outflows):				
Public ways and facilities:				
Services and Supplies	10	17	12	5
Total charges to appropriations	10	17	12	5
Budgetary fund balance - June 30, 2010	\$ -	\$ -	\$ 6	\$ 6

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 and 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 \$ 12

Differences - Budget to GAAP

Accruals due to differences between GAAP and the budgetary basis of Accounting (5)

Total expenditures as reported on the combining statement of revenues and expenditures, and changes in fund balances - nonmajor special revenue funds \$ 7

County of Fresno
Budgetary Comparison Schedule
Off-Highway License Fund
For the Fiscal Year Ended June 30, 2010
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balance - June 30, 2009	\$ 183	\$ 183	\$ 411	\$ 228
Resources (inflows):				
Use of money and property	18	18	9	(9)
Intergovernmental revenues	13	13	11	(2)
Total revenues	31	31	20	(11)
Charges to appropriations (outflows):				
Public ways and facilities:				
Services and supplies	197	197	131	66
Other financing uses - operating trans. out	17	17	17	-
Total charges to appropriations	214	214	148	66
Budgetary fund balance - June 30, 2010	\$ -	\$ -	\$ 283	\$ 283

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	\$ 20
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 and expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 20

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 148
Differences - Budget to GAAP	
Accruals due to differences between GAAP and the budgetary basis of Accounting	-
Transfers to other funds	(17)
Total expenditures as reported on the combining statement of revenues and expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 131

County of Fresno
Budgetary Comparison Schedule
California Healthcare for Indigents Program Fund
For the Fiscal Year Ended June 30, 2010
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balance - June 30, 2009	\$ 374	\$ 374	\$ 236	\$ (138)
Resources (inflows):				
Use of money and property	1	1	1	-
Intergovernmental revenues	97	97	369	272
Total revenues	98	98	370	272
Charges to appropriations (outflows):				
Health and sanitation:				
Services and supplies	472	472	374	98
Other financing uses - operating trans. out	-	-	-	-
Total charges to appropriations	472	472	374	98
Budgetary fund balance - June 30, 2010	\$ -	\$ -	\$ 232	\$ 232

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	\$ 370
 Differences - Budget to GAAP	
Accruals due to differences between GAAP and the budgetary basis of Accounting	(370)
Total revenues as reported on the combining statement of revenues and expenditures, and changes in fund balances - nonmajor special revenue funds	\$ -

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 374
 Differences - budget to GAAP	
Accruals due to differences between GAAP and the budgetary basis of Accounting	(138)
Total expenditures as reported on the combining statement of revenues and expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 236

County of Fresno
Budgetary Comparison Schedule
Emergency Medical System Fund
For the Fiscal Year Ended June 30, 2010
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balance - June 30, 2009	\$ 1,993	\$ 1,993	\$ 3,706	\$ 1,713
Resources (inflows):				
Fines, forfeitures, and penalties	1,392	1,392	1,532	140
Use of money and property	60	60	81	21
Intergovernmental revenues	599	599	107	(492)
Miscellaneous Revenues	-	-	-	-
Other financing sources - operating transfer in	-	-	-	-
Total revenues	2,051	2,051	1,720	(331)
Charges to appropriations (outflows):				
Health and sanitation:				
Services and supplies	4,044	4,044	1,883	2,161
Total charges to appropriations	4,044	4,044	1,883	2,161
Budgetary fund balance - June 30, 2010	\$ -	\$ -	\$ 3,543	\$ 3,543

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	\$ 1,720
Differences - Budget to GAAP	
Accruals due to differences between GAAP and the budgetary basis of Accounting	(11)
Total revenues as reported on the combining statement of revenues and expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 1,709

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,883
Differences - Budget to GAAP	
Accruals due to differences between GAAP and the budgetary basis of Accounting	751
Total expenditures as reported on the combining statement of revenues and expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 2,634

County of Fresno
Budgetary Comparison Schedule
Local Health and Welfare Trust Fund
For the Fiscal Year Ended June 30, 2010
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balance - June 30, 2009	\$ 13,160	\$ 13,160	\$ -	\$ (13,160)
Resources (inflows):				
Intergovernmental revenues	71,980	71,980	66,945	(5,035)
Interfund revenues	-	-	-	-
Other financing sources - operating transfer in	51,906	51,906	50,111	(1,795)
Total revenues	123,886	123,886	117,056	(6,830)
Charges to appropriations (outflows):				
Health and sanitation:				
Other financing uses - operating transfer out	137,046	137,046	117,056	19,990
Total charges to appropriations	137,046	137,046	117,056	19,990
Budgetary fund balance - June 30, 2010	\$ -	\$ -	\$ -	\$ -

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	\$ 117,056
 Differences - Budget to GAAP	
Accruals due to differences between GAAP and the budgetary basis of Accounting	538
Transfers from other funds	(49,830)
Total revenues as reported on the combining statement of revenues and expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 67,764

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 117,056
 Differences - budget to GAAP	
Accruals due to differences between GAAP and the budgetary basis of Accounting	(32)
Transfers to other funds	(117,024)
Total expenditures as reported on the combining statement of revenues and 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, 2010
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balance - June 30, 2009	\$ (550)	\$ (550)	\$ 3,919	\$ 4,469
Resources (inflows):				
Taxes	49	49	49	-
Use of money and property	123	123	123	-
Intergovernmental revenues	1	1	1	-
Charges for current services	1,420	1,420	1,420	-
Other revenues	94	94	94	-
Total revenues	<u>1,687</u>	<u>1,687</u>	<u>1,687</u>	<u>-</u>
Charges to appropriations (outflows):				
Services and Supplies	1,137	1,137	1,137	-
Contingencies	-	-	-	-
Total charges to appropriations	<u>1,137</u>	<u>1,137</u>	<u>1,137</u>	<u>-</u>
Budgetary fund balance - June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,469</u>	<u>\$ 4,469</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	\$ 1,687
Differences - Budget to GAAP	
Accruals due to differences between GAAP and the budgetary basis of Accounting	(184)
Total revenues as reported on the combining statement of revenues and expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 1,503</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,137
Differences - Budget to GAAP	
Accruals due to differences between GAAP and the budgetary basis of Accounting	(204)
Total expenditures as reported on the combining statement of revenues and expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 933</u>

County of Fresno
Budgetary Comparison Schedule
Friant Community Redevelopment Agency Fund
For the Fiscal Year Ended June 30, 2010
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balance - June 30, 2009	\$ (115)	\$ 28	\$ 37	\$ 234
Resources (inflows):				
Taxes	150	150	4	(146)
Use of money and property	26	26	12	(14)
Other revenues	-	150	150	-
Total revenues	176	326	166	(160)
Charges to appropriations (outflows):				
Public ways and facilities:				
Services and supplies	15	308	83	225
Other financing uses - operating transfer out	46	46	-	46
Total charges to appropriations	61	354	83	271
Budgetary fund balance - June 30, 2010	\$ -	\$ -	\$ 120	\$ 345

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	\$ 166
Differences - Budget to GAAP	
Accruals due to differences between GAAP and the budgetary basis of Accounting	(151)
Total revenues as reported on the combining statement of revenues and expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 15

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 83
Differences - Budget to GAAP	
Accruals due to differences between GAAP and the budgetary basis of Accounting	2
Total expenditures as reported on the combining statement of revenues and expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 85

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Internal Service Funds

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

Fleet Services

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

Information Technology Services

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

Graphic Communication Services

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

Central Warehouse

Central Warehouse provides centralized storage space to permit the purchase of large quantities of commodities thus obtaining substantial discounts.

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 Operation

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

County of Fresno
Combining Statement of Net Assets
Internal Service Funds
June 30, 2010
(amounts expressed in thousands)

	Fleet Services	Information Technology Services	Graphic Communications	Central Warehouse	Facility Services
ASSETS					
Current assets:					
Cash and investments	\$ 5,594	\$ 6,343	\$ 110	\$ -	\$ -
Accounts receivable	69	100	-	-	5
Interest receivable	30	30	-	-	5
Due from other funds	1,011	1,671	1	-	323
Due from other governmental units	-	-	-	-	-
Inventory of supplies	664	-	18	43	196
Prepays and other assets	-	-	-	-	-
Total current assets	<u>7,368</u>	<u>8,144</u>	<u>129</u>	<u>43</u>	<u>529</u>
Noncurrent assets:					
Receivables	-	-	-	-	-
Land	-	-	-	-	-
Buildings	569	1,215	257	701	662
Less accumulated depreciation	(569)	(693)	(42)	(448)	(13)
Equipment	43,677	8,997	216	92	86
Less accumulated depreciation	(28,617)	(6,344)	(204)	(91)	(84)
Software	110	11,045	-	-	-
Less accumulated depreciation	(110)	(10,992)	-	-	-
Construction in progress	-	1,065	-	-	-
Total noncurrent assets	<u>15,060</u>	<u>4,293</u>	<u>227</u>	<u>254</u>	<u>651</u>
Total assets	<u>\$ 22,428</u>	<u>\$ 12,437</u>	<u>\$ 356</u>	<u>\$ 297</u>	<u>\$ 1,180</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 521	\$ 34	\$ 197	\$ 9	\$ 438
Salaries and benefits payable	129	529	53	9	387
Due to other funds	135	647	73	95	1,011
Due to other governmental units	-	-	-	-	-
Liability for self - insurance	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Deposits held for others	-	-	-	-	-
Current portion of compensated leave and absences	54	247	23	4	208
Current portion of capital lease obligations	-	1,937	-	-	-
Total current liabilities	<u>839</u>	<u>3,394</u>	<u>346</u>	<u>117</u>	<u>2,044</u>
Noncurrent liabilities:					
Compensated leave and absences	119	698	61	10	336
Capital lease obligations	-	1,917	-	-	-
Total noncurrent liabilities	<u>119</u>	<u>2,615</u>	<u>61</u>	<u>10</u>	<u>336</u>
Total liabilities	<u>958</u>	<u>6,009</u>	<u>407</u>	<u>127</u>	<u>2,380</u>
NET ASSETS					
Invested in capital assets, net of related debt	15,060	439	227	254	651
Unrestricted	6,410	5,989	(278)	(84)	(1,851)
Total net assets	<u>\$ 21,470</u>	<u>\$ 6,428</u>	<u>\$ (51)</u>	<u>\$ 170</u>	<u>\$ (1,200)</u>

County of Fresno
Combining Statement of Net Assets
Internal Service Funds
June 30, 2010
(amounts expressed in thousands)

Security Services	Risk Management	Communications	PeopleSoft Operations	Total
\$ -	57,417	\$ 6,088	\$ 62	\$ 75,614
54	3,913	33	37	4,211
-	303	31	1	400
83	-	343	201	3,633
-	3,003	-	-	3,003
-	3	-	-	924
-	63	-	-	63
<u>137</u>	<u>64,702</u>	<u>6,495</u>	<u>301</u>	<u>87,848</u>
-	526	-	-	526
-	406	-	-	406
-	-	-	-	3,404
-	-	-	-	(1,765)
6	6	21,670	-	74,750
(6)	(2)	(14,804)	-	(50,152)
-	-	-	9,642	20,797
-	-	-	(7,830)	(18,932)
-	-	-	-	1,065
<u>-</u>	<u>936</u>	<u>6,866</u>	<u>1,812</u>	<u>30,099</u>
<u>\$ 137</u>	<u>65,638</u>	<u>\$ 13,361</u>	<u>\$ 2,113</u>	<u>\$ 117,947</u>
\$ 6	5,654	\$ 507	\$ 211	\$ 7,577
164	103	51	7	1,432
302	50	188	119	2,620
-	1,511	-	-	1,511
-	68,288	-	-	68,288
-	91	191	-	191
124	73	73	5	811
-	-	52	-	1,989
<u>596</u>	<u>75,770</u>	<u>1,062</u>	<u>342</u>	<u>84,510</u>
176	103	-	19	1,522
-	-	144	-	2,061
<u>176</u>	<u>103</u>	<u>144</u>	<u>19</u>	<u>3,583</u>
<u>772</u>	<u>75,873</u>	<u>1,206</u>	<u>361</u>	<u>88,093</u>
-	410	6,670	1,812	25,523
(635)	(10,645)	5,485	(60)	4,331
<u>\$ (635)</u>	<u>(10,235)</u>	<u>\$ 12,155</u>	<u>\$ 1,752</u>	<u>\$ 29,854</u>

ASSETS

Current assets:

Cash and investments
Accounts receivable
Interest receivable
Due from other funds
Due from other governmental units
Inventory of supplies
Prepays and other assets

Total current assets

Noncurrent assets:

Receivables
Land
Buildings
Less accumulated depreciation
Equipment
Less accumulated depreciation
Software
Less accumulated depreciation
Construction in progress

Total noncurrent assets

Total assets

LIABILITIES

Current liabilities:

Accounts payable
Salaries and benefits payable
Due to other funds
Due to other governmental units
Liability for self - insurance
Deferred revenue
Deposits held for others
Current portion of compensated
leave and absences
Current portion of capital lease
obligations

Total current liabilities

Noncurrent liabilities:

Compensated leave and absences
Capital lease obligations

Total noncurrent liabilities

Total liabilities

NET ASSETS

Invested in capital assets,
net of related debt
Unrestricted
Total net assets

County of Fresno
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the year ended June 30, 2010
(amounts expressed in thousands)

	Fleet Services	Information Technology Services	Graphic Communications	Central Warehouse	Facility Services
Operating revenues:					
Charges for services	\$ 8,724	\$ 20,799	\$ 3,591	\$ 1,336	\$ 21,408
Other revenues	1,161	17	-	-	63
Total operating revenues	<u>9,885</u>	<u>20,816</u>	<u>3,591</u>	<u>1,336</u>	<u>21,471</u>
Operating expenses:					
Salaries and benefits	2,555	10,230	1,065	182	8,195
Insurance	6	7	2	3	60
Professional services	476	654	-	21	813
Special departmental	3,977	2,992	-	-	-
General and administrative	562	1,346	607	33	1,447
Repairs and maintenance	610	1,119	2	19	2,148
Rents and leases	4	489	56	76	3
Parts and supplies	1,289	92	1,617	978	-
Utilities	3	11	42	-	7,006
Depreciation	2,510	2,532	9	24	14
Total operating expenses	<u>11,992</u>	<u>19,472</u>	<u>3,400</u>	<u>1,336</u>	<u>19,686</u>
Operating income (loss)	<u>(2,107)</u>	<u>1,344</u>	<u>191</u>	<u>-</u>	<u>1,785</u>
Non - operating revenues (expenses):					
Gain/Loss on sale of equipment	(158)	(88)	-	-	-
Gain/Loss on transfer of capital asset	-	-	-	-	-
Interest income	135	124	(1)	(2)	33
Total non - operating revenues	<u>(23)</u>	<u>36</u>	<u>(1)</u>	<u>(2)</u>	<u>33</u>
Net income (loss) before transfers	(2,130)	1,380	190	(2)	1,818
Transfers in (out):					
Transfers in	1,626	1,300	-	-	-
Transfers out	(9,153)	(3,144)	(60)	(10)	(1,787)
Total transfers in (out)	<u>(7,527)</u>	<u>(1,844)</u>	<u>(60)</u>	<u>(10)</u>	<u>(1,787)</u>
Change in net assets	<u>(9,657)</u>	<u>(464)</u>	<u>130</u>	<u>(12)</u>	<u>31</u>
Net assets - beginning	30,744	7,231	(181)	182	(874)
Prior year adjustment	383	(339)	-	-	(357)
Net assets - ending	<u>\$ 21,470</u>	<u>\$ 6,428</u>	<u>\$ (51)</u>	<u>\$ 170</u>	<u>\$ (1,200)</u>

County of Fresno
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the year ended June 30, 2010
(amounts expressed in thousands)

Security Services	Risk Management	Communications	PeopleSoft Operations	Total	
					Operating revenues:
3,909	91,743	5,182	\$ 2,457	\$ 159,149	Charges for services
412	50	436	-	2,139	Other revenues
<u>4,321</u>	<u>91,793</u>	<u>5,618</u>	<u>2,457</u>	<u>161,288</u>	Total operating revenues
					Operating expenses:
3,345	2,016	1,177	126	28,891	Salaries and benefits
55	80,767	1	-	80,901	Insurance
243	1,742	195	1,505	5,649	Professional services
-	42	8	848	7,867	Special departmental
352	3,603	2,872	18	10,840	General and administrative
252	91	1,344	-	5,585	Repairs and maintenance
202	-	132	-	962	Rents and leases
-	-	52	4	4,032	Parts and supplies
-	-	12	-	7,074	Utilities
-	1	1,204	623	6,917	Depreciation
<u>4,449</u>	<u>88,262</u>	<u>6,997</u>	<u>3,124</u>	<u>158,718</u>	Total operating expenses
<u>(128)</u>	<u>3,531</u>	<u>(1,379)</u>	<u>(667)</u>	<u>2,570</u>	Operating income (loss)
					Non - operating revenues (expenses):
-	-	(8)	-	(254)	Gain/Loss on sale of equipment
-	-	0	0	-	Gain/Loss on transfer of capital asset
-	1,074	114	19	1,496	Interest income
<u>-</u>	<u>1,074</u>	<u>106</u>	<u>19</u>	<u>1,242</u>	Total non - operating revenues
<u>(128)</u>	<u>4,605</u>	<u>(1,273)</u>	<u>(648)</u>	<u>3,812</u>	Net income (loss) before transfers
					Transfers in (out):
-	-	8,653	1,427	13,006	Transfers in
(190)	(113)	(356)	(7)	(14,820)	Transfers out
(190)	(113)	8,297	1,420	(1,814)	Total transfers in (out)
<u>(318)</u>	<u>4,492</u>	<u>7,024</u>	<u>772</u>	<u>1,998</u>	Change in net assets
(317)	(14,727)	7,072	830	29,960	Net assets - beginning
-	-	(1,941)	150	(2,104)	Prior year adjustment
<u>\$ (635)</u>	<u>(10,235)</u>	<u>\$ 12,155</u>	<u>\$ 1,752</u>	<u>\$ 29,854</u>	Net assets - ending

County of Fresno
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2010
(amounts expressed in thousands)

Page 1 of 4

	Fleet Services	Information Technology Services	Graphic Communications	Central Warehouse	Facility Services
Cash flows from operating activities:					
Cash received from users	\$ 9,941	\$ 21,511	\$ 3,610	\$ 1,379	\$ 21,251
Cash paid to suppliers	(7,092)	(7,966)	(2,479)	(1,188)	(11,270)
Cash paid to employees	(2,664)	(10,206)	(1,053)	(179)	(8,227)
Cash paid for claims	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>185</u>	<u>3,339</u>	<u>78</u>	<u>12</u>	<u>1,754</u>
Cash flows from non-capital financing activities:					
Transfer from (to) other funds	(831)	(2,272)	(60)	(10)	(1,787)
Net cash provided by (used in) non-capital financing activities:	<u>(831)</u>	<u>(2,272)</u>	<u>(60)</u>	<u>(10)</u>	<u>(1,787)</u>
Cash flows from capital and related financing activities:					
Acquisition of fixed assets	(610)	(2,229)	-	-	-
Net cash used in capital and related financing activities	<u>(610)</u>	<u>(2,229)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:					
Interest on investments	147	135	-	(2)	33
Net cash provided by investing activities	<u>147</u>	<u>135</u>	<u>-</u>	<u>(2)</u>	<u>33</u>
Net increase (decrease) in cash and cash equivalents	(1,109)	(1,027)	18	-	-
Cash and cash equivalents, beginning of year	6,703	7,370	92	-	-
Cash and cash equivalents, end of year	<u>\$ 5,594</u>	<u>\$ 6,343</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of cash and cash equivalents to the balance sheet:					
Cash and cash equivalents in cash and investments	\$ 5,594	\$ 6,343	\$ 110	\$ -	\$ -
Total	<u>\$ 5,594</u>	<u>\$ 6,343</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ -</u>

County of Fresno
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2010
(amounts expressed in thousands)

Page 2 of 4

Security Services	Risk Management	Communications	PeopleSoft Operations	Total	
					Cash flows from operating activities:
\$ 4,185	\$ 88,847	\$ 5,318	\$ 2,218	\$ 158,260	Cash received from users
(925)	(64,817)	(4,698)	(2,366)	(102,801)	Cash paid to suppliers
(3,363)	(1,985)	(1,123)	(127)	(28,927)	Cash paid to employees
-	(18,456)	435	-	(18,021)	Cash paid for claims
(103)	3,589	(68)	(275)	8,511	Net cash provided by (used in) operating activities
					Cash flows from non-capital financing activities:
(190)	(112)	1,436	153	(3,673)	Transfer to other funds
(190)	(112)	1,436	153	(3,673)	Net cash provided by (used in) non-capital financing activities:
					Cash flows from capital and related financing activities:
-	(2)	(860)	(1,016)	(4,717)	Acquisition of fixed assets
-	(2)	(860)	(1,016)	(4,717)	Net cash used in capital and related financing activities
					Cash flows from investing activities:
3	1,053	115	24	1,508	Interest on investments
3	1,053	115	24	1,508	Net cash provided by investing activities
(290)	4,528	623	(1,114)	1,629	Net increase (decrease) in cash and cash equivalents
290	52,889	5,465	1,176	73,985	Cash and cash equivalents, beginning of year
\$ -	\$ 57,417	\$ 6,088	\$ 62	\$ 75,614	Cash and cash equivalents, end of year
					Reconciliation of cash and cash equivalents to the balance sheet:
\$ -	\$ 57,417	\$ 6,088	\$ 62	\$ 75,614	Cash and cash equivalents in cash and investments
\$ -	\$ 57,417	\$ 6,088	\$ 62	\$ 75,614	Total

County of Fresno
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2010
(amounts expressed in thousands)

Page 3 of 4

	<u>Fleet Services</u>	<u>Information Technology Services</u>	<u>Graphic Communications</u>	<u>Central Warehouse</u>	<u>Facility Services</u>
Reconciliation of operating income (loss) to net cash Provided by operating activities:					
Operating income (loss)	\$ (2,107)	\$ 1,344	\$ 191	\$ -	\$ 1,785
Adjustments to reconcile operating income (loss) to net Cash provided by (used in) operating activities:					
Depreciation expense	2,510	2,532	9	24	14
Prior period adjustment	-	-	-	-	357
Decrease (increase) in accounts receivable	(56)	(20)	22	1	36
Decrease (increase) in due from other funds	113	716	(1)	42	(256)
Decrease (increase) in inventory of supplies	66	2	14	83	(31)
(Increase) in deposits and other assets	-	-	-	-	-
(Decrease) increase in accounts payable	(82)	(457)	61	(40)	(597)
(Decrease) increase in salaries and benefits payable	(108)	24	11	3	(389)
(Decrease) increase in deferred revenue	-	-	-	-	-
(Decrease) increase in due to other funds	(151)	(802)	(229)	(101)	835
Increase in liability for self-insurance	-	-	-	-	-
Total adjustments	<u>2,292</u>	<u>1,995</u>	<u>(113)</u>	<u>12</u>	<u>(31)</u>
Net cash provided by (used in) operating activities	<u>\$ 185</u>	<u>\$ 3,339</u>	<u>\$ 78</u>	<u>\$ 12</u>	<u>\$ 1,754</u>

County of Fresno
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2010
(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 operating activities:
\$ (128)	\$ 3,531	\$ (1,379)	\$ (667)	\$ 2,570	Operating income (loss)
					Adjustments to reconcile operating income (loss) to net Cash provided by (used in) operating activities:
-	1	1,204	623	6,917	Depreciation expense
-	-	-	-	357	Prior period adjustment
(54)	(2,665)	18	(37)	(2,755)	Decrease (increase) in accounts receivable
(83)	(278)	241	(202)	292	Decrease (increase) in due from other funds
-	-	-	-	134	Decrease (increase) in inventory of supplies
-	173	-	-	173	(Increase) in deposits and other assets
(100)	(1,620)	(160)	16	(2,979)	(Decrease) increase in accounts payable
(18)	30	53	(1)	(395)	(Decrease) increase in salaries and benefits payable
-	91	(124)	-	(33)	(Decrease) increase in deferred revenue
280	1,525	79	(7)	1,429	(Decrease) increase in due to other funds
-	2,801	-	-	2,801	Increase in liability for self-insurance
25	58	1,311	392	5,941	Total adjustments
\$ (103)	\$ 3,589	\$ (68)	\$ (275)	\$ 8,511	Net cash provided by (used in) operating activities

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Fiduciary Funds

The County of Fresno maintains a Pension Trust Fund that is used to account for assets held by the County, in a trustee capacity, for the Fresno County Employees' Retirement Association (FCERA). The County maintains an Investment Trust Fund that is used to account for the investments made by the County. 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.

Trust Funds:

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

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

Agency Funds:

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

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

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

County of Fresno
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2010
(amounts expressed in thousands)

	Property Tax Collection	Public Administrator- Guardian
<u>Assets</u>		
Cash and investments	\$ 72,313	\$ 14,353
Taxes receivable	6,451	-
Accounts receivable	-	-
Due from other governmental agencies	86	-
Property held by public administrator	-	7,674
Total assets	\$ 78,850	\$ 22,027
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ -	\$ -
Due to other governmental units	-	-
Due to other taxing units	78,850	-
Fiduciary liability	-	22,027
Total liabilities	\$ 78,850	\$ 22,027

County of Fresno
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2010
(amounts expressed in thousands)

<u>Other Agency Funds</u>	<u>Total</u>	
		<u>Assets</u>
\$ 138,966	\$ 225,632	Cash and investments
-	6,451	Taxes receivable
6,217	6,217	Accounts receivable
2,523	2,609	Due from other governmental agencies
-	7,674	Property held by public administrator
<u>\$ 147,706</u>	<u>\$ 248,583</u>	Total Assets
		<u>Liabilities and Fund Balance</u>
		Liabilities:
\$ 4,703	\$ 4,703	Accounts payable
88,030	88,030	Due to other governmental units
-	78,850	Due to other taxing units
54,973	77,000	Fiduciary liability
<u>\$ 147,706</u>	<u>\$ 248,583</u>	Total liabilities

County of Fresno
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2010
(amounts expressed in thousands)

Page 1 of 2

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<u>Property Tax Collection</u>				
<u>Assets</u>				
Cash	50,719	\$ 21,594	\$ -	\$ 72,313
Taxes receivable	7,203	-	752	6,451
Accounts Receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governemnt agencies	65	21	-	86
Total assets	\$ 57,987	\$ 21,615	\$ 752	\$ 78,850
<u>Liabilities</u>				
Due to other taxing units	57,987	20,863	-	78,850
Total liabilities	\$ 57,987	\$ 20,863	\$ -	\$ 78,850
<u>Public Administrator-Guardian</u>				
<u>Assets</u>				
Cash	\$ 14,280	\$ 73	\$ -	\$ 14,353
Accounts Receivable	-	-	-	-
Property held by public administrator	12,201	-	4,527	7,674
Total assets	\$ 26,481	\$ 73	\$ 4,527	\$ 22,027
<u>Liabilities</u>				
Fiduciary liability	\$ 26,481	\$ -	\$ 4,454	\$ 22,027
<u>Other Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 139,261	\$ -	295	138,966
Accounts receivable	6,847	-	630	6,217
Due from other funds	-	-	-	-
Due from other governmental units	2,510	13	-	2,523
Total assets	\$ 148,618	\$ 13	\$ 925	\$ 147,706
<u>Liabilities</u>				
Accounts payable	12,487	\$ -	\$ 7,784	4,703
Due to other funds	-	-	-	-
Due to other governmental units	4,918	83,112	-	88,030
Fiduciary liability	131,213	-	76,240	54,973
Total liabilities	\$ 148,618	\$ 83,112	\$ 84,024	\$ 147,706

County of Fresno
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2010
(amounts expressed in thousands)

Page 2 of 2

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<u>Total - All Agency Funds</u>				
<u>Assets</u>				
Cash and investments	\$ 204,260	\$ 21,667	\$ 295	\$ 225,632
Taxes receivable	7,203	-	752	6,451
Accounts receivable	6,847	-	630	6,217
Due from other funds	-	-	-	-
Due from other other governemnt agencies	2,575	34	-	2,609
Property held by public administrator	12,201	-	4,527	7,674
Total assets	<u>\$ 233,086</u>	<u>\$ 21,701</u>	<u>\$ 6,204</u>	<u>\$ 248,583</u>
<u>Liabilities</u>				
Accounts payable	\$ 12,487	\$ -	\$ 7,784	\$ 4,703
Due to other funds	-	-	-	-
Due to other taxing units	57,987	20,863	-	78,850
Due to other governmental units	4,918	83,112	-	88,030
Fiduciary liability	157,694	-	80,694	77,000
Total liabilities	<u>\$ 233,086</u>	<u>\$ 103,975</u>	<u>\$ 88,478</u>	<u>\$ 248,583</u>

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STATISTICAL SECTION

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Statistical Section

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources:

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

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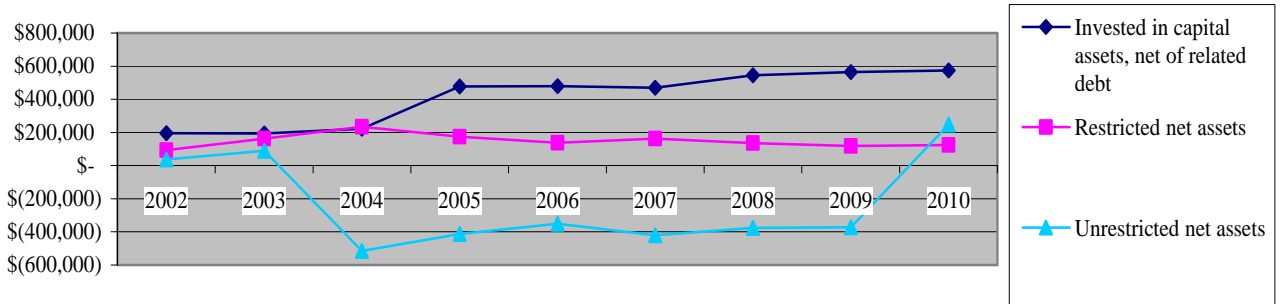
County of Fresno
Net Assets by Component
Last Nine Fiscal Years
(amounts expressed in thousands)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities									
Invested in capital assets, net of related debt	\$ 194,782	\$ 193,715	\$ 222,948	\$ 477,894	\$ 479,254	\$ 470,668	\$ 544,635	\$ 565,196	\$ 573,855
Restricted net assets	94,052	162,292	233,687	173,695	137,451	163,426	135,904	117,491	124,661
Unrestricted net assets	38,065	88,679	(515,755)	(411,976)	(350,589)	(420,615)	(376,525)	(371,904)	247,181
Total governmental activities net assets	<u>326,899</u>	<u>444,686</u>	<u>(59,120)</u>	<u>239,613</u>	<u>266,116</u>	<u>213,479</u>	<u>304,014</u>	<u>310,783</u>	<u>945,697</u>
Business-type activities									
Invested in capital assets, net of related debt	20,850	24,927	26,438	29,230	46,630	52,174	49,087	45,982	46,012
Restricted net assets	4,269	22,228	23,794	24,877	19,373	19,564	24,762	26,634	3,189
Unrestricted net assets	87,719	72,737	75,452	47,181	36,769	33,500	29,643	28,297	46,659
Total business-type activities net assets	<u>112,838</u>	<u>119,892</u>	<u>125,684</u>	<u>101,288</u>	<u>102,772</u>	<u>105,238</u>	<u>103,492</u>	<u>100,913</u>	<u>95,860</u>
Primary government									
Invested in capital assets, net of related debt	215,632	218,642	249,386	507,124	525,884	522,842	593,722	611,178	619,867
Restricted net assets	98,321	184,520	257,481	198,572	156,824	182,990	160,666	144,125	127,850
Unrestricted net assets	125,784	161,416	(440,303)	(364,795)	(313,820)	(387,115)	(346,882)	(343,607)	293,840
Total primary government net assets	<u>\$ 439,737</u>	<u>\$ 564,578</u>	<u>\$ 66,564</u>	<u>\$ 340,901</u>	<u>\$ 368,888</u>	<u>\$ 318,717</u>	<u>\$ 407,506</u>	<u>\$ 411,696</u>	<u>\$ 1,041,557</u>

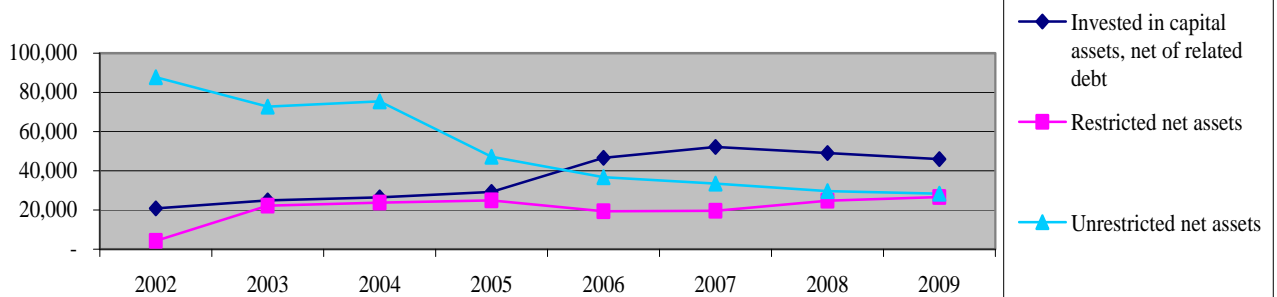
Note 1: Accrual basis of accounting

Note 2: Ten years of data is not presented due to the implementation of the new requirements for GASB 34 which changed the requirements for reporting. Reporting ten years would require restatements of financial statements prior to fiscal year 2002.

Governmental Activities



Business-type Activities



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

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Program Revenues									
Governmental activities:									
Charges for services									
General government	\$ 16,825	\$ 13,855	\$ 26,813	\$ 27,237	\$ 30,156	\$ 37,867	\$ 35,320	\$ 23,634	\$ 24,092
Public protection	53,470	51,268	58,726	66,011	63,932	86,430	86,146	70,834	62,780
Public ways and facilities	3,939	7,581	3,188	2,135	4,779	5,812	8,392	15,662	11,928
Health, sanitation and public assistance	68,669	56,356	58,369	56,626	39,869	68,672	59,210	47,055	27,269
Education	3,832	4,001	4,221	1,402	2,033	2,003	2,549	3,311	3,369
Culture and recreation	480	560	696	581	737	984	978	1,094	1,281
Operating grants and contributions	445,507	493,916	466,445	521,988	595,209	507,032	573,377	566,158	1,085,032
Capital grants and contributions	8,705	3,247	4,565	18,694	8,618	7,412	14,485	4,560	13,536
Subtotal governmental activities									
program revenues	<u>601,427</u>	<u>630,784</u>	<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>
Business-type activities:									
Charges for services									
Subtotal business-type activities									
program revenues	<u>17,334</u>	<u>17,205</u>	<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>
Total primary government program revenue	<u>\$618,761</u>	<u>\$647,989</u>	<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>
General Revenues									
Governmental activities:									
Taxes									
Property taxes	\$ 68,759	\$ 75,347	\$ 77,089	\$ 142,791	\$ 180,656	\$ 199,715	\$ 220,356	\$ 213,721	\$ 187,682
Sales taxes	142,969	136,737	148,203	175,675	180,671	187,397	177,384	158,943	96,956
Franchise taxes	3,998	4,113	4,224	4,290	4,572	4,786	4,880	5,157	4,266
Motor vehicle in-lieu taxes	94,493	93,043	84,526	43,297	62,677	45,666	45,891	41,195	40,879
Road use tax	14,170	17,221	13,810	13,930	18,285	19,727	23,839	20,683	-
Tobacco settlement proceeds	9,660	-	10,913	7,362	12,759	27,567	23,575	13,054	10,205
Other	1,212	197	1,455	-	3,619	1,682	3,891	2,914	857
Unrestricted interest and									
investment earnings	11,633	6,052	5,818	7,020	11,947	13,263	12,495	8,441	6,664
Miscellaneous	-	14,289	(431,435)	56,857	-	180	-	-	-
Subtotal governmental activities									
program revenues	<u>346,894</u>	<u>346,999</u>	<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>347,509</u>
Business-type activities:									
Other									
Unrestricted interest and									
investment earnings	3,720	2,678	-	2,814	1,058	3,519	3,808	2,398	1,707
Subtotal business-type activities									
program revenues	<u>5,246</u>	<u>3,612</u>	<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>
Total primary government program revenue	<u>\$970,901</u>	<u>\$998,600</u>	<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>\$ 1,592,745</u>

Note 1: Accrual basis of accounting

Note 2: Ten years of data is not presented due to the implementation of the new requirements for GASB 34 which changed the requirements for reporting. Reporting ten years would require restatements of financial statements prior to fiscal year 2002.

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

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses									
Governmental activities:									
General government	\$ 44,635	\$ 45,921	\$ 36,094	\$ 52,323	\$ 104,079	\$ 52,001	\$ 70,697	\$ 28,685	\$ 38,727
Public protection	225,252	238,428	223,953	171,303	227,521	332,088	264,592	307,301	304,096
Public ways and facilities	26,367	7,104	19,143	109,572	110,613	54,286	117,737	58,062	43,782
Health, sanitation, and public assistance	567,610	613,313	636,898	704,190	679,435	725,012	718,201	724,604	1,088,733
Education	20,030	18,384	26,134	20,934	23,250	25,971	10,691	22,606	25,322
Culture and recreation	2,601	2,574	2,083	1,881	2,307	3,476	2,491	3,475	2,832
Interest on long-term debt	11,454	9,989	19,992	23,624	33,761	43,136	47,909	45,794	44,854
	<u>897,949</u>	<u>935,713</u>	<u>964,297</u>	<u>1,083,827</u>	<u>1,180,966</u>	<u>1,235,970</u>	<u>1,232,318</u>	<u>1,190,527</u>	<u>1,548,346</u>
Solid waste enterprise	7,146	9,304	8,639	8,598	12,735	13,181	16,533	15,063	15,718
County service areas, other	3,034	4,465	3,158	3,173	4,161	4,325	5,347	5,626	5,621
	<u>10,180</u>	<u>13,769</u>	<u>11,797</u>	<u>11,771</u>	<u>16,896</u>	<u>17,506</u>	<u>21,880</u>	<u>20,689</u>	<u>21,339</u>
Subtotal governmental activities expenses	<u>908,129</u>	<u>949,482</u>	<u>976,094</u>	<u>1,095,598</u>	<u>1,197,862</u>	<u>1,253,476</u>	<u>1,254,198</u>	<u>1,211,216</u>	<u>1,569,685</u>
Business-type activities:	-	75,723	-	-	-	-	-	-	-
Subtotal business-type activities expenses	50,372	42,070	(426,671)	62,069	39,553	(19,774)	60,450	5,889	28,450
Transfers	38	(6)	(120)	(34)	90	15	35	203	96
Total primary government expenses	12,400	7,048	5,672	164	1,482	2,160	(1,433)	(2,363)	(5,390)
Transfers	(38)	6	120	34	(90)	(15)	(35)	(203)	(96)
Special Items	-	-	-	-	-	-	(289)	-	-
Excess (deficiency) before transfers									
- governmental activities									
Governmental activities	50,410	117,787	(426,791)	62,035	39,643	(19,759)	60,485	6,092	28,546
Business-type activities	12,362	7,054	5,792	198	1,392	2,145	(1,757)	(2,566)	(5,486)
Total primary government	<u>\$ 62,772</u>	<u>\$ 124,841</u>	<u>\$ (420,999)</u>	<u>\$ 62,233</u>	<u>\$ 41,035</u>	<u>\$ (17,614)</u>	<u>\$ 58,728</u>	<u>\$ 3,526</u>	<u>\$ 23,060</u>

Note 1: Accrual basis of accounting

Note 2: Ten years of data is not presented due to the implementation of the new requirements for GASB 34 which changed the requirements for reporting. Reporting ten years would require restatements of financial statements prior to fiscal year 2002.

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

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund									
Reserved for:									
Encumbrances	\$ 46,492	\$ 40,594	\$ 30,953	\$ 45,611	\$ 26,730	\$ 30,164	\$ 12,998	\$ 9,534	\$ 5,558
Imprest and postage funds	695	675	289	268	198	157	203	178	217
Inventory	2,239	2,030	2,187	2,016	2,760	3,734	3,440	3,288	3,663
Loans	27,125	28,153	28,838	29,640	32,370	34,534	35,331	37,284	41,605
Unreserved	62,767	82,581	89,534	88,932	152,361	145,580	136,892	151,243	179,090
Total general fund	<u>\$ 139,318</u>	<u>\$ 154,033</u>	<u>\$ 151,801</u>	<u>\$ 166,467</u>	<u>\$ 214,419</u>	<u>\$ 214,169</u>	<u>\$ 188,864</u>	<u>\$ 201,527</u>	<u>\$ 230,133</u>
Other Governmental Funds									
Reserved for:									
Encumbrances	\$ 34,566	\$ 101,012	\$ 96,338	\$ 35,064	\$ 32,684	\$ 97,942	\$ 61,706	\$ 48,692	\$ 76,876
Imprest and postage funds	5	3	4	9	9	4	5	8	10
Inventory	1,153	943	1,086	2,511	1,657	1,741	1,064	716	1,314
Debt service	22,044	20,020	42,860	109,485	76,370	93,419	72,689	49,450	49,125
Unreserved, reported in:									
Special revenue funds	38,042	38,550	43,753	49,488	30,629	18,523	15,461	15,805	14,169
Capital projects funds	(1,605)	1,764	(24,097)	(22,783)	(336)	(50,203)	(15,028)	2,820	(16,833)
Total other governmental funds	<u>\$ 94,205</u>	<u>\$ 162,292</u>	<u>\$ 159,944</u>	<u>\$ 173,774</u>	<u>\$ 141,013</u>	<u>\$ 161,426</u>	<u>\$ 135,897</u>	<u>\$ 117,491</u>	<u>\$ 124,661</u>

Note 1: Modified accrual basis of accounting

Note 2: Ten years of data is not presented due to the implementation of the new requirements for GASB 34 which changed the requirements for reporting. Reporting ten years would require restatements of financial statements prior to fiscal year 2002.

County of Fresno
Changes in Fund Balance, Governmental Funds
Last Nine Fiscal Years
(amounts expressed in thousands)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues									
Taxes	\$ 91,592	\$ 99,809	\$ 102,702	\$ 167,778	\$ 171,485	\$ 223,356	\$ 238,127	\$ 254,452	\$ 222,538
Licenses and permits	7,013	8,155	8,822	9,161	9,696	9,919	9,267	9,319	7,543
Fines, forfeitures and penalties	10,217	11,893	9,877	10,400	10,376	10,340	11,946	13,181	12,045
Use of money and property	10,216	11,944	11,175	10,578	14,767	16,110	15,359	10,453	8,900
Aid from other governmental agencies	692,754	732,464	706,934	753,012	823,101	763,753	811,527	783,553	1,212,496
Charges for current services	102,296	95,230	107,138	112,008	99,423	114,196	106,456	134,064	92,648
Other revenues	25,560	13,362	24,595	29,096	32,112	76,560	76,277	17,149	22,137
Total revenues	939,648	972,857	971,243	1,092,033	1,160,960	1,214,234	1,268,959	1,222,171	1,578,307
Expenditures									
General government	43,162	49,307	46,881	53,859	52,165	55,840	87,131	33,400	36,903
Public ways and facilities	39,821	37,657	47,623	45,492	85,306	54,890	61,429	58,998	48,087
Public protection	222,060	219,676	221,752	240,825	257,927	287,883	321,020	312,496	295,553
Public assistance, health and sanitation	568,008	609,799	625,226	668,743	670,268	716,377	739,835	724,372	1,085,639
Education	19,514	21,941	25,672	20,969	23,071	25,667	30,567	29,285	25,864
Culture and recreation	2,421	2,453	2,493	2,657	2,873	3,374	3,551	3,403	2,494
Capital outlay	25,098	12,726	27,528	77,209	23,164	8,258	31,864	16,866	968
Debt service:									
Transfers from trust bank	-	-	-	-	41,096	-	-	-	-
Principal	12,000	1,330	1,250	2,465	4,755	11,345	16,020	20,870	19,790
Bond issuance costs	790	-	-	-	1,151	-	-	-	-
Interest	11,828	10,643	10,815	21,584	24,203	29,640	31,933	31,037	29,093
Total expenditures	944,702	965,532	1,009,240	1,133,803	1,185,979	1,193,274	1,323,350	1,230,727	1,544,391
Excess (deficiency) of revenues over (under) expenditures	(5,053)	7,325	(37,997)	(41,770)	(25,019)	20,960	(54,391)	(8,556)	33,916
Other financing sources (uses):									
Bond proceed transfers	-	-	(398,192)	68,961	-	(317)	-	-	-
Bond proceeds	-	-	423,461	-	39,015	55,060	-	-	-
Transfers in	249,316	271,030	192,668	244,662	266,409	233,976	322,208	268,539	209,458
Transfers out	(252,974)	(271,276)	(193,906)	(243,781)	(265,214)	(233,111)	(321,743)	(265,726)	(207,548)
Refunding bond issue proceeds	117,055	-	-	-	-	(475)	-	-	-
Payment to refunded bond escrow agent	(115,955)	-	-	-	-	-	-	-	-
Bond discount	(310)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(2,868)	(246)	24,031	69,842	40,210	55,133	465	2,813	1,910
Net change in fund balances before extraordinary items	(7,922)	7,079	(13,966)	28,072	15,191	76,093	(53,926)	(5,743)	35,826
Extraordinary item									
Sale of tobacco settlement bonds	-	75,723	-	-	-	-	-	-	-
Net change in fund balances	\$ (7,922)	\$ 82,802	\$ (13,966)	\$ 28,072	\$ 15,191	\$ 76,093	\$ (53,926)	\$ (5,743)	\$ 35,826
Debt service as a percentage of non capital expendi	2.59%	1.26%	1.23%	2.28%	2.49%	3.46%	3.71%	4.28%	3.17%

Not Modified accrual basis of accounting

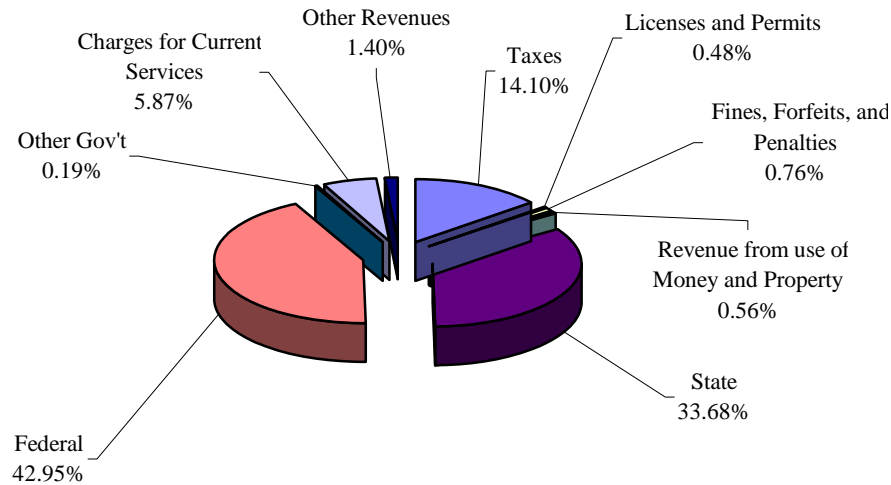
Not Ten years of data is not presented due to the implementation of the new requirements for GASB 34 which changed the requirements for reporting.

Reporting ten years would require restatements of financial statements prior to fiscal year 2002.

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

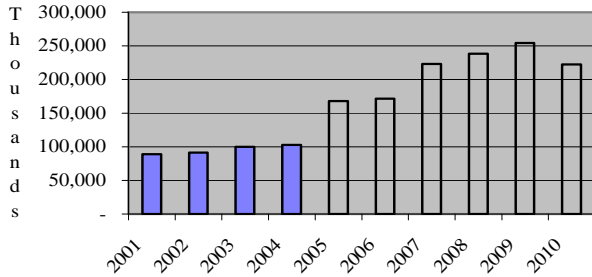
Fiscal Year	Total Revenues	Taxes	Licenses and Permits	Fines, Forfeits, and Penalties	Revenue from use of Money and Property	Aid From Other Governmental Agencies			Charges for Current Services	Other Revenues
						State	Federal	Other Gov't		
2001	853,864	88,895	5,688	10,453	12,243	419,874	216,248	2,805	80,868	16,790
2002	939,648	91,592	7,013	10,217	10,216	472,481	217,291	2,982	102,296	25,560
2003	972,857	99,809	8,155	11,893	11,944	527,668	201,489	3,307	95,230	13,362
2004	971,243	102,702	8,822	9,877	11,175	500,096	203,330	3,508	107,138	24,595
2005	1,092,033	167,778	9,161	10,400	10,578	501,214	248,338	3,460	112,008	29,096
2006	1,160,960	171,485	9,696	10,376	14,767	580,131	239,464	3,506	99,423	32,112
2007	1,214,234	223,356	9,919	10,340	16,110	506,506	253,756	3,491	114,196	76,560
2008	1,268,959	238,127	9,267	11,946	15,359	517,137	291,760	2,630	106,456	76,277
2009	1,222,171	254,452	9,319	13,181	10,453	504,632	278,074	847	134,064	17,149
2010	1,578,307	222,538	7,543	12,045	8,900	531,645	677,923	2,928	92,648	22,137

For Fiscal Year 2010

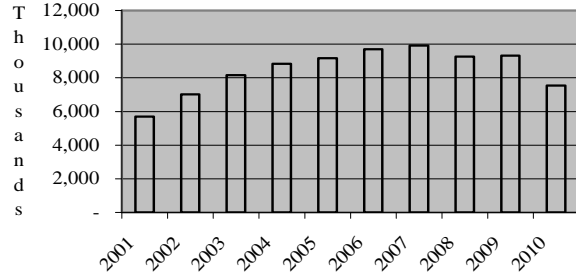


**County of Fresno
Governmental Funds' Revenues By Source
Last Ten Fiscal Years
(amounts expressed in thousands)**

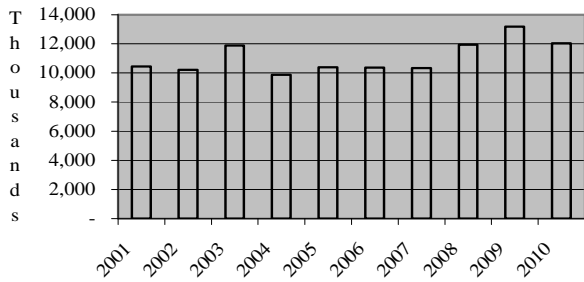
Taxes



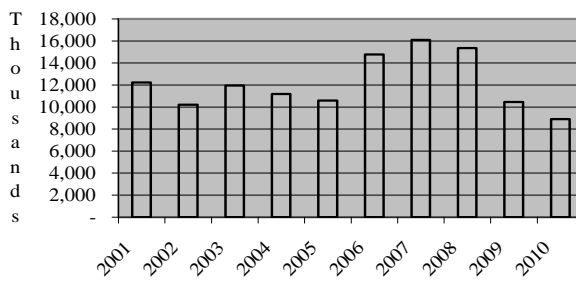
Licenses and Permits



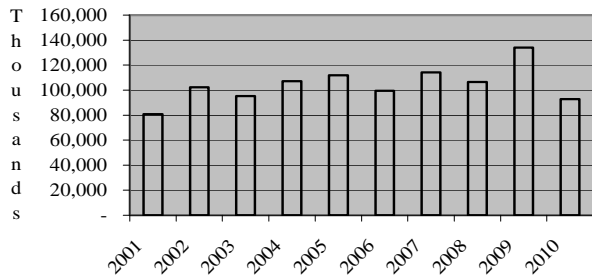
Fines, Forfeits, and Penalties



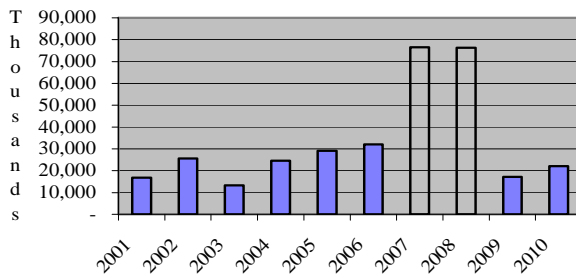
Revenue from use of Money and Property



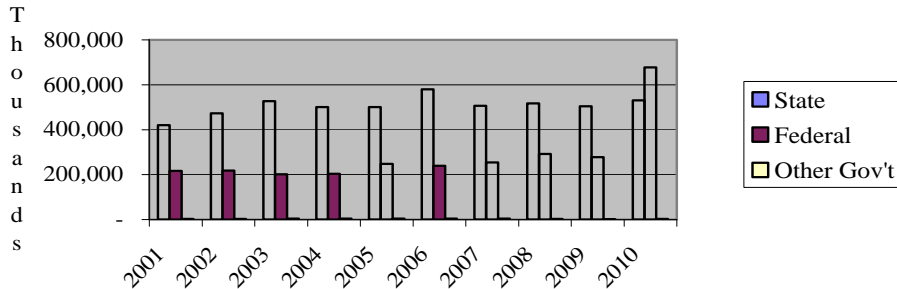
Charges for Current Services



Other Revenues

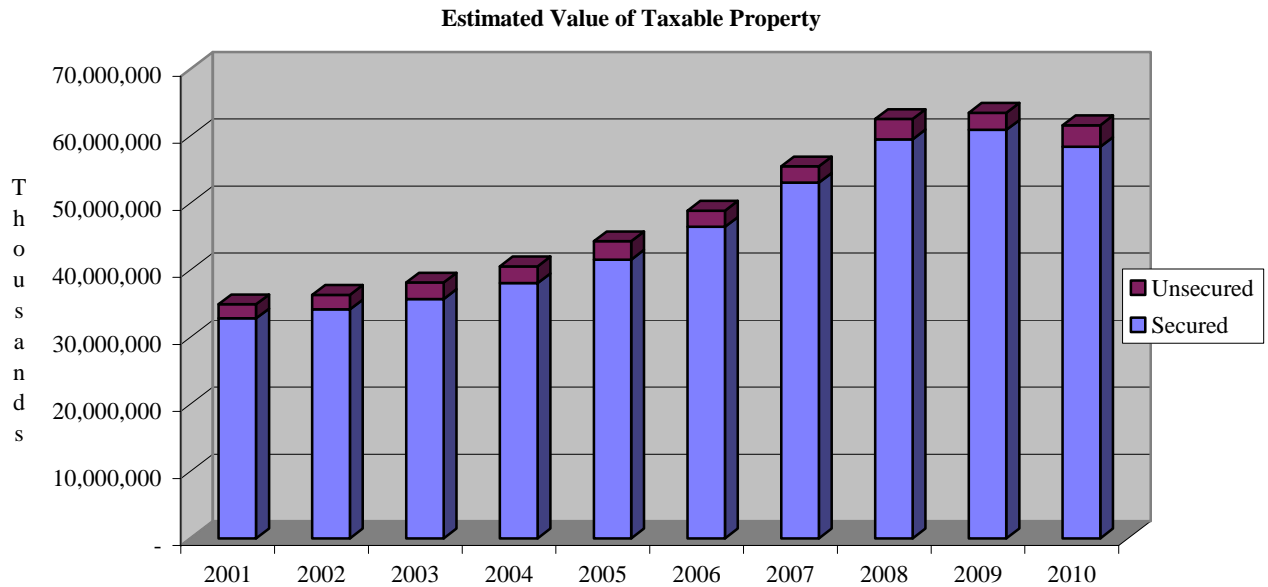


Aid From Other Governmental Agencies



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		
2001	32,818,992	2,080,804	34,899,796	100	1.00%
2002	34,134,346	2,185,496	36,319,842	100	1.00%
2003	35,686,489	2,474,168	38,160,657	100	1.00%
2004	38,056,316	2,497,402	40,553,718	100	1.00%
2005	41,564,509	2,736,253	44,300,762	100	1.00%
2006	46,449,263	2,415,695	48,864,958	100	1.00%
2007	53,028,982	2,442,692	55,471,674	100	1.00%
2008	59,498,590	3,037,430	62,536,020	100	1.00%
2009	60,909,391	2,555,829	63,465,220	100	1.00%
2010	58,391,376	3,209,653	61,601,029	100	1.00%



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

Fiscal Year	County-wide	City of Fresno	Schools	Total
2001	1.0	0.032438	0.111449	1.143887
2002	1.0	0.032438	0.164921	1.197359
2003	1.0	0.032438	0.178198	1.210636
2004	1.0	0.032438	0.201130	1.233568
2005	1.0	0.032438	0.210800	1.243238
2006	1.0	0.032438	0.145454	1.177892
2007	1.0	0.032438	0.186664	1.219102
2008	1.0	0.032438	0.176204	1.208642
2009	1.0	0.032438	0.105860	1.138298
2010	1.0	0.032438	0.199188	1.231626

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

Notes: The above tax rates are for Tax Rate Area 005-001, which applies to most property within the City of Fresno.

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.

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

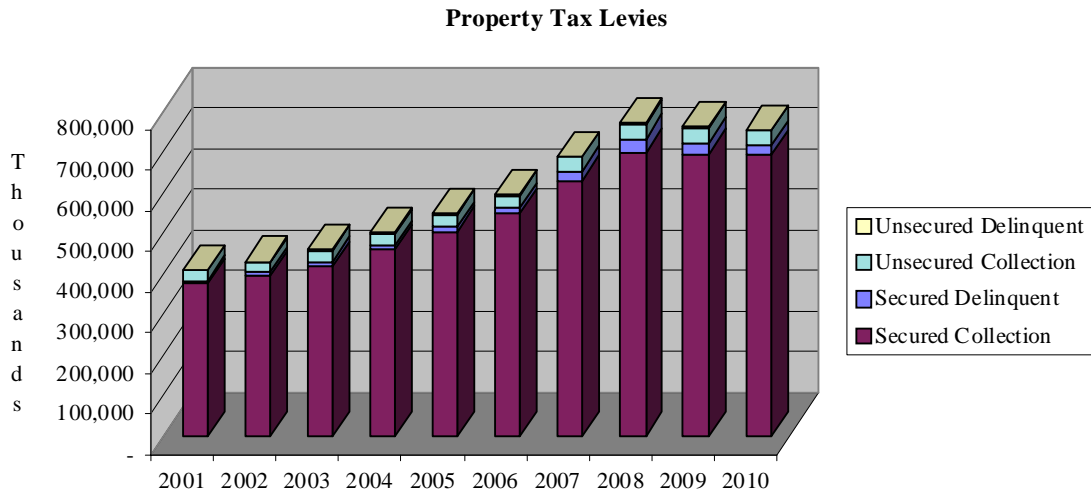
Taxpayer	2010			2001		
	Assessed Value	Rank	% of Total County Assessed Value	Assessed Value	Rank	% of Total County Assessed Value
Pacific Gas & Electric Co.	\$ 1,556,001	1	2.526	\$ 1,145,367	1	3.282
Southern California Edison Co.	386,604	2	0.628	373,380	2	1.070
Chevron USA	339,733	3	0.552	236,521	4	0.678
Panoche Energy Center, LLC	258,500	4	0.420			
AT&T California	212,109	5	0.344	295,228	3	0.846
AERA Energy, LLC	192,943	6	0.313	90,454	6	0.259
The Gap Inc.	151,290	7	0.246	63,563	9	0.182
Macerich Fresno Limited Partnership	133,525	8	0.217	88,813	5	0.254
Atlantic Path 15 LLC	113,886	9	0.185			
Gallo E & Winery	105,227	10	0.171	71,598	7	0.205
Harris Farms Inc	-		N/A	65,252	8	0.187
GST Telecom California, Inc	-		N/A	54,139	10	0.155
Total	\$ 3,449,818		5.602	\$ 2,484,315		7.118

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

Note: Percentages based on estimated property values of \$61,601,029 in 2010 and \$34,899,796 in 2001.

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
2001	383,925	9.336	2.432	374,589	97.568	25,627	1,355	5.287	24,272	94.713
2002	403,076	9,840	2.441	393,236	97.559	26,158	1,727	6.602	24,431	93.398
2003	428,658	11,083	2.585	417,575	97.414	31,110	1,866	5.999	29,243	94.000
2004	468,858	10,421	2.223	458,437	97.777	31,231	2,090	6.692	29,141	93.308
2005	514,720	10,612	2.062	504,108	97.938	32,672	1,677	5.133	30,995	94.867
2006	560,471	13,415	2.394	547,056	97.606	34,365	2,520	7.333	31,845	92.667
2007	652,147	22,853	3.504	629,294	96.496	36,082	2,155	5.973	33,927	94.027
2008	731,524	33,429	4.570	698,095	95.430	40,052	4,583	11.443	35,469	88.557
2009	722,290	28,076	3.887	694,214	96.113	39,986	2,481	6.205	37,505	93.795
2010	714,619	23,072	3.229	691,547	96.771	39,039	3,083	7.897	35,956	92.103



Source: County of Fresno Tax Rate Book

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

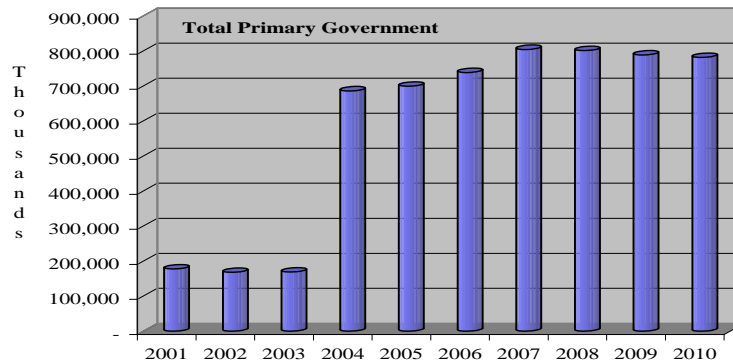
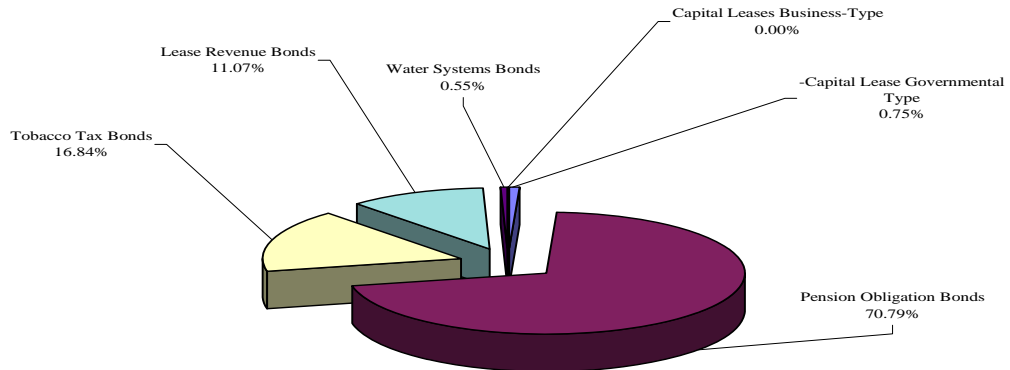
County of Fresno
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)

Fiscal Year	Governmental Type Activities				Business Type Activities			Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	Capital Lease Governmental-Type	Pension Obligation Bonds	Tobacco Tax Bonds	Lease Revenue Bonds	Water Systems Bonds	Capital Leases Business-Type				
2001	\$ 765	\$ 157,080	\$ -	\$ -	\$ 19,661	\$ 68	\$ 177,574	0.90%	219	
2002	3,258	145,739	-	-	18,817	51	167,865	0.80%	203	
2003	5,925	144,873	-	-	17,913	34	168,745	0.76%	200	
2004	6,851	546,064	89,994	25,830	16,959	17	685,715	2.94%	800	
2005	4,719	549,320	88,752	40,399	15,954	-	699,144	2.90%	806	
2006	4,837	561,523	126,583	40,396	4,955	-	738,294	2.87%	841	
2007	13,803	563,232	128,069	94,196	4,800	-	804,100	2.97%	904	
2008	13,209	561,477	129,120	92,238	4,640	-	800,684	2.86%	887	
2009	6,026	556,015	131,601	90,238	4,460	-	788,340	NA	NA	
2010	5,830	553,132	131,601	86,516	4,335	-	781,414	NA	NA	

Note 1: Accrual basis of accounting

Note 2: Ten years of data is not presented due to the implementation of the new requirements for GASB 34 which changed the requirements for reporting. Reporting ten years would require restatements of financial statements prior to fiscal year 2002.

Outstanding Debt by Type for Fiscal Year 2010



County of Fresno
Estimated Direct and Overlapping Bonded Debt
6/30/2010
(amounts expressed in thousands)

2009-10 Assessed Valuation:	\$ 61,601,029	(includes unitary utility valuation)
Less: Redevelopment Incremental Valuation:	<u>3,822,524</u>	
Adjusted Assessed Valuation:	\$ 57,778,505	

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/10</u>
Merced Community College District School Facilities Improvement District No. 2	2.658 %	\$ 294
State Center Community College District	83.404	94,726
West Hills Community College District	27.808-99.626	24,102
Central Unified School District	100	83,919
Clovis Unified School District	100	260,953
Fresno Unified School District	100	245,889
Fresno Unified School District Lease Tax Obligations	100	21,185
Kings Canyon Joint Unified School District	90.517	34,873
Sanger Unified School District	100	46,219
Other Unified School Districts	Various	90,981
High School and School Districts	Various	25,861
City of Mendota	100	50
Hospital Districts	100	29,184
Other Special Districts	100	666
City Community Facilities Districts	100	5,145
1915 Act Bonds (Estimated)	100	<u>16,537</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		980,584

<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Fresno County	100 %	86,185
Fresno County Pension Obligations	100	495,168
Community College District General Fund Obligations	Various	47,514
Central Unified School District Certificates of Participation	100	31,385
Clovis Unified School District General Fund Obligations	100	31,480
Fresno Unified School District General Fund Obligations	100	31,305
Sierra Unified School District Certificates of Participation	100	6,710
Other School District General Fund Obligations	Various	23,750
City of Clovis General Fund Obligations	100	16,010
City of Fresno General Fund and Judgment Obligations	100	288,407
City of Fresno Pension Obligations	100	173,665
Other City General Fund Obligations	100	18,041
Coalinga Regional Medical Center General Fund Obligations	100	<u>5,410</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		1,255,030
Less: Cities of Kingsburg self-supporting obligations		<u>3,065</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		1,251,965

GROSS COMBINED TOTAL DEBT	<u>\$ 2,235,614</u> ⁽¹⁾
NET COMBINED TOTAL DEBT	<u>\$ 2,232,549</u>

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

<u>Ratios to 2009-10 Assessed Valuation:</u>	
Total Overlapping Tax and Assessment Debt	1.59%
<u>Ratios to Adjusted Assessed Valuation:</u>	
Combined Direct Debt (\$581,353)	1.01%
Gross Combined Total Debt	3.87%
Net Combined Total Debt	3.86%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: \$ 1,288

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	
2001	34,899,796	1.25%	436,247	-	-	-	436,247
2002	36,319,842	1.25%	453,998	-	-	-	453,998
2003	38,160,657	1.25%	477,008	-	-	-	477,008
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

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
2001	192.53	0.45%	2.50%
2002	174.61	0.40%	2.26%
2003	172.18	0.38%	1.07%
2004	662.99	1.41%	1.08%
2005	667.45	1.33%	2.00%
2006	669.16	1.23%	2.14%
2007	716.53	1.19%	2.53%
2008	702.09	1.05%	2.72%
2009	685.83	1.02%	3.37%
2010	670.66	1.04%	2.61%

**County of Fresno
Pledged-Revenue Coverage
Last Six Fiscal Years**

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

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

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%

County of Fresno
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population~	Personal Income*^	Per Capita Personal Income^	Median Family Income	Unemployment Rate
2001	812,003	19,745	24,304	39,700	13.90%
2002	828,138	21,068	25,436	40,300	14.40%
2003	846,270	22,091	26,169	41,700	14.20%
2004	864,623	23,338	27,227	44,900	10.40%
2005	881,009	24,078	27,758	45,450	8.40%
2006	896,973	25,730	29,305	47,000	8.03%
2007	912,176	27,117	30,472	48,900	8.15%
2008	927,055	27,994	30,997	49,900	9.91%
2009	941,006	N/A	N/A	53,100	14.98%
2010	953,761	N/A	N/A	52,200	15.95%

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 2001-2009 as of May 2010.*

^ *The Bureau of Economic Analysis has revised the personal income and per capita personal income estimates for 2001-2007 based on county population estimates available as of April 2010.*

**County of Fresno
Principal Employers
Comparison between 2010 and 2003**

<u>Employer</u>	<u>2010</u>			<u>2003</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>
County of Fresno	8,654	1	1.92%	7,200	3	1.76%
Fresno Unified School District	8,400	2	1.87%	10,500	1	2.58%
Community Medical Services	6,200	3	1.38%	6,000	4	1.47%
Clovis Unified School District	5,000	4	1.11%	4,000	5	0.98%
City of Fresno	2,600	5	0.58%	3,131	6	0.77%
California DMV	2,533	6	0.56%			
United States Postal Services	2,421	7	0.54%			
Kaiser Permanente Medical	2,000	8 ~ 10	0.44%	1,852	9	0.45%
California Dept of Corrections	2,000	8 ~ 10	0.44%			
Hall Management Services	2,000	8 ~ 10	0.44%			
Children's Hospital of Central CA				2,361	8	0.58%
Saint Agnes Medical				2,400	7	0.59%
Internal Revenue Service				7,224	2	1.77%
Pelco				1,500	10	0.37%
Total	<u>41,808</u>		<u>9.29%</u>	<u>46,168</u>		<u>11.31%</u>

Source: 2010 data from Selectory Online Search (A D&B Product) - <http://www.selectory.com/>

2003 data from Economic Development Corporation of Fresno County as published by Fresno Bee.

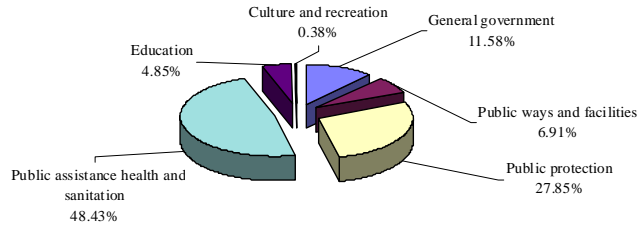
Note 1: Percentages based on labor force of 450,100 in 2009 and 408,100 in 2003.

Note 2: Number of employess listed above is the total number of parttime and fulltime employees in Fresno County.

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

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government									
Administration	62	67	66	65	65	71	66	59	56
Planning	3	3	3	3	-	-	-	-	-
County Counsel	47	42	38	39	40	39	35	37	29
Finance	286	279	278	292	297	300	288	272	256
Internal Service	543	515	487	459	458	460	446	419	411
Other	31	31	32	56	54	40	40	38	35
Total	972	937	904	914	914	910	875	825	787
Public ways and facilities									
Planning	149	144	145	154	156	169	170	137	122
Roads	229	233	233	226	226	226	226	224	224
Community Development	22	23	23	23	23	22	19	19	19
Solid Waste	18	20	21	22	24	24	24	24	24
Other	97	97	95	98	98	97	97	86	81
Total	515	517	517	523	527	538	536	490	470
Public protection									
Sheriff	1,089	1,079	1,066	1,107	1,141	1,202	1,203	1,126	1,004
Probation	570	558	547	548	588	624	629	550	535
District Attorney	272	211	241	257	267	259	300	247	243
Public Defender	100	97	102	111	111	135	137	127	95
Coroner	44	42	42	42	40	40	40	35	16
Total	2,075	1,987	1,998	2,065	2,147	2,260	2,309	2,085	1,893
Public assistance health and sanitation									
Administration	368	295	194	90	90	90	85	70	3
Child & Family Services	1,127	1,081	1,042	1,078	1,066	1,073	978	923	274
Adult Services	654	700	684	704	469	465	452	337	511
Employee & Temporary Assistance	1,228	1,207	1,272	1,314	1,422	1,504	1,542	1,544	2,060
Community Health	683	687	682	700	714	701	658	457	432
In-Home Supportive Services	-	-	-	-	18	18	16	14	7
Veterans Services	-	-	-	-	4	4	4	4	5
Total	4,060	3,970	3,874	3,886	3,783	3,855	3,735	3,349	3,292
Education									
Library	390	387	381	377	321	331	338	330	330
Culture and recreation									
Parks and grounds	33	33	33	35	35	36	36	31	26
Total	8,045	7,831	7,707	7,800	7,727	7,930	7,829	7,110	6,798

Fiscal Year Ending 2010



Source: Proposed Budget

Note: Data for number of employees not available for the years 2000 and 2001.

County of Fresno
Operating Indicators by Function/Program
Last Nine Fiscal Years

Function/Program	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public protection									
<i>Child Support Services</i>									
Number of child support cases opened	71,696	71,553	71,046	74,475	70,292	69,155	69,538	70,343	65,032
Child support collected (in thousands)	\$ 86,303	\$ 87,692	\$ 87,416	\$ 85,633	\$ 82,328	\$ 82,043	\$ 83,450	\$ 86,387	\$ 83,562
<i>Sheriff</i>									
Zone offices	4	4	4	4	4	4	4	4	4
Patrol units	214	159	152	222	216	232	267	225	233
Dispatched calls	255,199	277,213	312,003	307,862	326,123	344,315	347,778	211,990	200,553
Physical arrests	6,868	6,507	6,199	6,029	6,219	5,930	7,675	5,523	7,943
Traffic citations	2,046	1,811	1,943	1,524	1,605	1,493	1,361	1,761	1,316
Stolen vehicles	1,002	1,046	990	1,019	1,090	1,020	952	933	763
Jail bookings	37,838	38,941	38,432	40,333	44,232	43,428	44,028	44,398	40,621
Avg. daily jail population	2,220	2,981	3,019	3,060	3,168	3,259	3,029	3,067	1,877
Public ways and facilities									
Street miles maintained	3,620	3,609	3,600	3,577	3,563	3,555	3,539	3,531	3,527
Public assistance, health, and sanitation									
<i>Emergency Medical Services (EMS)</i>									
Number of 9-1-1 medical calls	47,824	47,018	49,937	47,802	58,636	96,020	64,700	81,994	92,960
<i>Employee & Temporary Assistance</i>									
Number of clients served	2,702,772	2,802,504	3,004,092	3,345,408	3,596,256	5,656,281	5,495,310	6,021,653	6,529,503
Education									
<i>Library</i>									
Number of branches	34	34	34	35	35	35	35	35	35
Number of volumes	3,494,531	3,567,980	3,645,853	3,651,499	3,668,488	3,837,345	3,865,700	3,970,156	4,013,193
Volumes borrowed	2,405,659	2,729,730	2,645,989	2,991,108	2,992,108	3,038,170	3,222,473	3,572,943	3,667,648
Culture and recreation									
<i>Parks & Grounds</i>									
Acreage	1,400	1,400	1,400	1400	1,400	1,400	1,400	1,400	1,400
Park passes issued	N/A	130	152	135	125	209	163	166	162

Source Various county departments

Note: Data for operating indicators is not available for the year 2001.

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Glossary

County of Fresno Glossary for the Comprehensive Annual Financial Report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR). A financial report that encompasses all funds and component units of the government. The CAFR should contain (a) the basic financial statements and required supplementary information, (b) combining statements to support columns in the basic financial statements that aggregate information from more

than one fund or component unit, and (c) individual fund statements as needed. The CAFR is the governmental unit's official annual report and also should contain introductory information, schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, and statistical data.

CONTINGENT LIABILITY. Items that may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders and uncompleted contracts. Contingent liabilities should be disclosed within the financial statements (including the notes) when there is a reasonable possibility a loss may have been incurred. Guarantees, however, should be disclosed even though the possibility of loss may be remote.

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

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

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

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

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

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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.

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

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

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

ECONOMIC RESOURCES MEASUREMENT FOCUS. Measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net assets. The economic resources

measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting. It is also used by business enterprises in the private sector.

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

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

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

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

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

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

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

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

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

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

GENERAL REVENUES. All revenues that are not required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported

by type of tax - for example, property tax, sales tax, transient occupancy tax. All other nontax revenues (including interest, grants and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues.

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

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

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

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

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

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

INFRASTRUCTURE. Long-lived capital assets that normally are stationary in nature and normally can be preserved for a

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significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

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

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

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 for 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 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 item. Any other government or enterprise fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.

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

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

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

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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 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 or activities. Revenues that derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues.

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

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

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

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

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

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

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

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

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

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

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

SINGLE AUDIT. An audit performed in accordance with Single Audit Act of 1997 and Office of Management and Budget's (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. The Single Audit Act allows or requires

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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 expenditure for specified purposes.

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/pr other funds.

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

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

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

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

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