

COUNCIL OF FRESNO COUNTY GOVERNMENTS

ANNUAL FINANCIAL REPORTS

FOR THE YEAR ENDED
JUNE 30, 2009

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Council of Fresno County Governments
Fresno, California

We have audited the accompanying basic financial statements of the Council of Fresno County Governments, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Council of Fresno County Governments' management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. The prior year partial comparative information has been derived from the Council of Fresno County Governments' 2008 financial statements and, in our report dated January 28, 2009, we expressed an unqualified opinion on those statements.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Council of Fresno County Governments as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

In accordance with "Government Auditing Standards," we have also issued our report dated _____, on our consideration of the Council of Fresno County Governments' 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 important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council of Fresno County Governments basic financial statements. The combining and individual fund statements and schedules, and the supplementary schedules and other reports sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is also not a required part of the basic financial statements of the Council of Fresno County Governments. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Dedekian, George, Small & Markarian
Accountancy Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS

COUNCIL OF FRESNO COUNTY GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

The following discussion and analysis of the financial performance and activity of the Council of Fresno County Governments Basic Financial Statements provide an introduction and understanding of the basic financial statements of the Council of Fresno County Governments (COFCG). This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The Council of Fresno County Governments is a voluntary association of the County of Fresno and the 15 incorporated cities in Fresno County established on September 24, 1969, under a joint exercise of power agreement, to provide a cooperative body for discussion and resolution of issues which go beyond individual boundaries. COFCG's major function is the activity generated by its responsibilities as a designated transportation-planning agency, complying with federal and state requirements.

Each year the Policy Board adopts an overall Work Program and Budget setting forth the work activities for the next fiscal year. The major revenue sources come from the Federal Highway Works Administration and Federal Transit Administration. COFCG also receives grants from the State Department of Transportation and a variety of local revenue sources including Planning funds from the Transportation Development Act fund. The COFCG administers the Transportation Development Act fund and State Transit Assistance fund, which consist of allocations to local governments in Fresno County from the proceeds of 1/4 cent sales tax and the state highway account. In addition, the COFCG provides much of the planning for the Measure C Program, a local transportation fund generated by a 1/2 cent sales tax approved by the voters of Fresno County.

The Financial Statements

The Council's basic financial statements include (1) the Statement of Net Assets, and (2) the Statement of Activities. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

The Statement of Net Assets reports assets, liabilities, and the difference between the two as Net Assets. The entire equity section is combined to report total net assets and is displayed in three components - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The net asset component *invested in capital assets, net of related debt*, consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings attributable to the acquisition, construction, or improvements of those assets.

COUNCIL OF FRESNO COUNTY GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2009

The Financial Statements (Continued)

Restricted net assets consist of assets where constraints on their use 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.

Unrestricted net assets consist of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

The Statement of Activities is reported using the accrual basis of accounting. Revenue is reported when earned and expenses are reported when incurred, regardless of when cash is received or paid. Revenues and expenses are categorized as either operating or non-operating based upon definitions provided by the Governmental Accounting Standards Board.

Financial Highlights

- Total net assets of COFCG were \$2,049,623 and consisted of capital assets, net of related debt, of \$131,071; and unrestricted net assets of \$1,918,552.
- Net assets increased \$322,118 during fiscal year 2009. The increase in net assets from governmental activities was attributable to grant revenues and unretained earnings in excess of net governmental program costs.
- Total capital assets, net of accumulated depreciation, were \$131,071 at June 30, 2009, representing a decrease of \$32,872, or 20.05%, over June 30, 2008. The decrease in capital assets was primarily the result of the excess of current year depreciation over capital additions.
- COFCG's governmental fund reported ending fund balances of \$1,918,552, an increase of \$354,990 compared to June 30, 2008.

COUNCIL OF FRESNO COUNTY GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2009

Statement of Net Assets

A summary of the Council's Statement of Net Assets for Governmental Activities as of June 30, 2009, with comparative totals as of June 30, 2008 is as follows:

Statement of Net Assets Governmental Activities As of June 30, 2009 and 2008		
	2009	2008
Assets:		
Current and Other Assets	\$ 4,291,438	\$ 3,827,039
Capital Assets (Net of Depreciation)	131,071	163,943
Total Assets	\$ 4,422,509	\$ 3,990,982
Liabilities:		
Current and Other Liabilities	\$ 2,372,886	\$ 2,263,477
Net Assets:		
Invested in Capital Assets, Net of Related Debt	131,071	163,943
Unrestricted	1,918,552	1,563,562
Total Net Assets	\$ 2,049,623	\$ 1,727,505

As shown above, total assets of Governmental Activities were \$4,422,509 at June 30, 2009, including \$131,071 in capital assets (net of depreciation). Of the total \$4,291,438 in current assets, \$2,562,474 consists of pooled cash, which is invested in accordance with State law and the Council's investment policy.

Net assets totaling \$2,049,623 include \$1,918,552 in unrestricted assets that are available for discretionary spending, although a portion is reserved for encumbrances and a portion is designated for self-insurance. Total net assets increased from June 30, 2008 by \$322,118 (19%). This is a favorable outcome given the challenges the Council faced this year, as a result of a continued sluggish economy.

The net assets invested in capital assets decreased by \$32,872 due to depreciation expense exceeding additional capital investments during the year. Unrestricted net assets increased by \$354,990, in large part due to the results of current year operations.

COUNCIL OF FRESNO COUNTY GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2009

Statement of Activities

The Statement of Net Assets provides a measure of the financial health of an entity at a specific date in time (i.e., year end). The Statement of Activities provides details of how net assets changed from the beginning of the year to the end of the year, and whether net assets increased or decreased. Thus, it indicates whether the Council as a whole is better off at June 30, 2009 than it was at June 30, 2008.

A summary of the Council's Statement of Activities for fiscal year ended June 30, 2009, with comparative totals for the fiscal year ended June 30, 2008 is as follows:

Statement of Activities Governmental Activities Fiscal Years Ended June 30, 2009 and 2008		
	<u>2009</u>	<u>2008</u>
Revenues:		
Program Revenues	\$ 5,278,278	\$ 5,114,526
General Revenues	<u>208,464</u>	<u>235,162</u>
Total Revenues	<u>5,486,742</u>	<u>5,349,688</u>
Expenses:		
Transportation Planning	<u>5,164,624</u>	<u>5,314,891</u>
Changes in Net Assets	322,118	34,797
Net Assets - Beginning	<u>1,727,505</u>	<u>1,692,708</u>
Net Assets - Ending	<u><u>\$ 2,049,623</u></u>	<u><u>\$ 1,727,505</u></u>

Total revenues of the funds included in the Governmental Activities category were \$5,486,742 for the year ended June 30, 2009. Of this total, \$4,751,221 (87%) were derived from grants. This is consistent with the nature of governmental activities, which includes services traditionally financed from general tax revenues. \$527,057 (10%) of total revenues were derived from charges for services, representing fees charged for various services. Revenues derived from fees and charges help support programs largely subsidized from general tax revenues and thus reduce the burden on these limited resources.

Expenses for the year totaled \$5,164,624. All expenses were for transportation planning.

COUNCIL OF FRESNO COUNTY GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2009

General Fund Budgetary Highlights

The Council of Fresno County Governments revised the budget four times to add \$3,758,361 in additional federal and state grants and local government funding that became available during the fiscal year. Generally federal and state grants are multi-year projects; however, due to funding agency authorization requirements, the Council of Fresno County Governments includes the amounts in the current year budget at the total authorized amounts. At the end of the year, there were significant variances between the final budget and the actual revenues and expenditures because of following this convention.

Contacting the COFCG's Financial Management

The Council of Fresno County Governments financial report is designed to provide the COFCG's Board of Directors, management, creditors, legislative and oversight agencies, citizens and customers with an overview of the Council of Fresno County Governments' finances and to demonstrate its accountability for funds received. For additional information about this report, please contact Les Beshears, Finance Director, Council of Fresno County Governments, 2035 Tulare Street, Suite 201, Fresno, California 93721.

BASIC FINANCIAL STATEMENTS

COUNCIL OF FRESNO COUNTY GOVERNMENTS
STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental Activities</u>	<u>Component Units</u>
<u>ASSETS</u>		
Cash and investments	\$ 2,562,474	\$ 546,336
Accounts receivable	244,794	-
Due from other governments	1,474,143	-
Interest receivable	6,698	-
Prepays	3,329	-
Capital assets (net of accumulated depreciation)	<u>131,071</u>	<u>-</u>
Total assets	<u>\$ 4,422,509</u>	<u>\$ 546,336</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 481,000	\$ 297,828
Deferred revenues	1,662,303	-
Due to other governments	34,371	-
Accrued payroll	15,964	-
Compensated absences	<u>179,248</u>	<u>-</u>
Total liabilities	<u>2,372,886</u>	<u>297,828</u>
Net assets:		
Invested in capital assets, net of related debt	131,071	-
Unrestricted	<u>1,918,552</u>	<u>248,508</u>
Total net assets	<u>2,049,623</u>	<u>248,508</u>
Total liabilities and net assets	<u>\$ 4,422,509</u>	<u>\$ 546,336</u>

The accompanying notes are an integral part of these financial statements.

COUNCIL OF FRESNO COUNTY GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Function/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Component Units
PRIMARY GOVERNMENT					
Governmental Activities:					
Transportation planning	\$ 5,164,624	\$ 527,057	\$ 4,751,221	\$ 113,654	
Total primary government	\$ 5,164,624	\$ 527,057	\$ 4,751,221	113,654	
Component Unit:					
Abandoned vehicle abatement	\$ 639,073	\$ -	\$ 699,873		\$ 60,800
Total component unit	\$ 639,073	\$ -	\$ 699,873		60,800
		General Revenues:			
			Investment income	75,910	13,692
			Miscellaneous	132,554	-
			Total general revenues	208,464	13,692
			Change in net assets	322,118	74,492
			Net assets, beginning of year	1,727,505	174,016
			Net assets, end of year	\$ 2,049,623	\$ 248,508

The accompanying notes are an integral part of these financial statements.

COUNCIL OF FRESNO COUNTY GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>General Fund</u>	<u>Component Units</u>
<u>ASSETS</u>		
Cash and investments	\$ 2,562,474	\$ 546,336
Accounts receivable	244,794	-
Due from other governments	1,474,143	-
Interest receivable	6,698	-
Prepays	3,329	-
Total assets	\$ 4,291,438	\$ 546,336
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 481,000	\$ 297,828
Due to other governments	34,371	-
Accrued payroll	15,964	-
Deferred revenues	1,662,303	-
Compensated absences	179,248	-
Total liabilities	2,372,886	297,828
Fund Balances:		
Reserved for encumbrances	1,831,833	-
Designated for self-insurance	86,719	-
Unreserved - undesignated	-	248,508
Total fund balances	1,918,552	248,508
Total liabilities and fund balances	\$ 4,291,438	\$ 546,336

Amounts reported for governmental activities in the statement of net assets (Page 8) are different because:

Total fund balances	\$ 1,918,552
Capital assets used in governmental activities are not financial resources and therefore are not reported in funds	131,071
Net assets of governmental activities (Page 8)	<u>\$ 2,049,623</u>

The accompanying notes are an integral part of these financial statements.

COUNCIL OF FRESNO COUNTY GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Component Units
Revenues:		
Aid from federal government	\$ 1,657,589	\$ -
Aid from state government	703,178	699,873
Aid from local government	2,917,511	-
Interest revenue	75,910	13,692
Miscellaneous	132,554	-
Total revenues	5,486,742	713,565
Expenditures:		
Current:		
General government:		
Salaries and benefits	2,421,321	-
Supplies and services	2,459,094	-
Contributions to other local agencies	251,337	639,073
Total expenditures	5,131,752	639,073
Net changes in fund balances	354,990	74,492
Fund balances at beginning of year	1,563,562	174,016
Fund balances at end of year	\$ 1,918,552	\$ 248,508

Amounts reported for governmental activities in the statement of activities (Page 9) are different because:

Net change in fund balances - total governmental funds	\$ 354,990
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which depreciation (\$32,872) exceeded capital outlays (\$0) in the current period.

	(32,872)
Change in net assets of governmental activities (Page 9)	<u>\$ 322,118</u>

The accompanying notes are an integral part of these financial statements.

COUNCIL OF FRESNO COUNTY GOVERNMENTS
STATEMENT OF FIDUCIARY NET ASSETS
ALL FIDUCIARY FUNDS
JUNE 30, 2009

	<u>Trust Funds</u>
<u>ASSETS</u>	
Cash and investments	\$ 5,649,169
Interest receivable	15,535
Due from other governments	<u>807,682</u>
Total assets	<u>\$ 6,472,386</u>
<u>LIABILITIES AND NET ASSETS</u>	
Liabilities:	
Due to other governments	\$ 6,462,462
Net assets:	
Unrestricted	<u>9,924</u>
Total liabilities and net assets	<u>\$ 6,472,386</u>

The accompanying notes are an integral part of these financial statements.

COUNCIL OF FRESNO COUNTY GOVERNMENTS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
ALL FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Trust Funds</u>
Additions:	
Sales tax	\$ 28,047,419
Aid from state government	2,251,941
Interest revenue	<u>331,222</u>
Total additions	<u>30,630,582</u>
Deductions:	
Administration expense	133,000
TDA claims paid	29,229,578
STA distributions	<u>2,329,570</u>
Total deductions	<u>31,692,148</u>
Change in net assets	(1,061,566)
Net assets, beginning of year	<u>1,071,490</u>
Net assets, end of year	<u><u>\$ 9,924</u></u>

The accompanying notes are an integral part of these financial statements.

COUNCIL OF FRESNO COUNTY GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Scope of Financial Reporting Entity

The Council of Fresno County Governments (the "Council") is a voluntary association of local governments formed in September 1969 by the County of Fresno and the 15 incorporated cities in the County. The purpose of the organization is to provide "a cooperative body" to solve certain problems which cross over governmental boundaries.

b. Basis of Presentation - Fund Accounting

COFCG basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements which provide a more detailed level of financial information.

Government-Wide Statements:

The statement of net assets and the statement of activities report information on all of the non-fiduciary activities of COFCG. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

Fund Financial Statements:

The fund financial statements provide information about COFCG funds, including its fiduciary funds, though the latter are excluded from the government-wide financial statements. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. COFCG's governmental fund is a General Fund.

COUNCIL OF FRESNO COUNTY GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued):

COFCG reports the following major governmental fund:

General Fund – is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund.

Additionally, COFCG reports the following fiduciary fund:

Trust Funds – are used to account for Transportation Development Act funds and State Transportation Assistance funds held by the Council in a trustee capacity.

Component Units – The Abandoned Vehicle Abatement Service Authority (AVA) was created as a separate public entity and distinct from the member jurisdictions in accordance with Vehicle Code (VC) section 22710. The purpose of the AVA is to establish procedures for the abatement, removal, and disposal as public nuisances, abandoned, wrecked, dismantled, or inoperative vehicles or parts thereof from private or public property. The AVA shall be governed by a sixteen-member Board of Directors, which shall be comprised of one representative from each participating jurisdiction. Pursuant to Governmental Code Section 6505, audits for the Service Authority shall be contracted with a certified public accountant as part of the regular COFCG annual audit to ensure that funds are being spent in compliance with VC Sections 9250.7 and 22710.

c. Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

COUNCIL OF FRESNO COUNTY GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term obligations which is recorded when paid, are recorded when they are expected to be liquidated with expendable available resources.

Intergovernmental revenues (primarily grants and subventions), which are received as reimbursement for specific purposes or projects, are recognized based upon the expenditures recorded. Intergovernmental revenues, which are usually unrestricted as to use and are revocable only for failure to meet prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier, if they meet the availability criterion.

d. Cash

In accordance with the Joint Powers Agreement, under which the Council is governed, all cash is deposited with the Fresno County Auditor-Controller/Treasurer. The Council's cash is held within Fresno County's cash and investment pool which is managed by the Auditor-Controller/Treasurer as authorized by California statutes and the County's investment policy.

For purposes of the Statement of Cash Flows, the Agency considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments are pooled with the Agency's pooled cash and investments.

COUNCIL OF FRESNO COUNTY GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Capital Assets

Purchases of capital assets are capitalized at cost in the Government-Wide Statement of Net Assets at the time of purchase and recorded as expenditures in the General Fund. Capital assets are defined by the Council as assets with an estimated useful life in excess of one year and initial individual cost of \$5,000 or more. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, from five to ten years. Depreciation recognized on capital assets acquired is transferred to net assets, invested in capital assets, net of related debt, after being charged to operations.

f. Overhead

Administrative and office overhead is allocated to each project on the basis of their approved indirect cost rate. Professional and specialized services are charged directly to the applicable project.

g. Fund Balance Reserved for Encumbrances

The Executive Director annually sets aside funds for technical assistance grants to various cities and contracts entered into for budgeted work programs. The fund balance reserved for encumbrances represents amounts set aside to cover these expenditures.

h. Fund Balance Designated for Self-Insurance

The Board of Directors has set aside funds for self-insurance of employee optical and dental expenses in lieu of an optical and dental insurance plan. The fund balance designated for self-insurance represents amounts set aside to cover these expenditures.

i. Compensated Absences

Compensated absences are made up of accrued vacation payable and vested accrued sick leave payable as determined by office policy established by the Board of Directors. Council policy states that all vacation pay earned vests and that one-fourth of sick leave hours in excess of forty hours vests and is compensable.

j. Deferred Revenues

Deferred revenues consist primarily of Measure C funds received, but not yet earned, for program planning and administration purposes.

COUNCIL OF FRESNO COUNTY GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

2. CASH AND INVESTMENTS

Investments Authorized by the California Government Code and the Council's Investment Policy

The table below identifies the investment types that are authorized for the Council by the California Government Code (or the Council's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Council's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	None	None
Medium-Term Notes	5 years	None	None
Mutual Funds	N/A	None	None
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	5 years	None	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

COUNCIL OF FRESNO COUNTY GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

2. CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk (Continued)

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Governmental Activities					
County Investment Pool	\$ 2,562,474	\$ 2,562,474	\$ -	\$ -	\$ -
Component Units	546,336	546,336	-	-	-
Total	<u>\$ 3,108,810</u>	<u>\$ 3,108,810</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Council's investment policy, and the actual rating as of year end for each investment type. The column marked "exempt from disclosure" identifies those investment types for which GASB No. 40 does not require disclosure as to credit risk:

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End	
				AAA	Not Rated
Governmental Activities					
County Investment Pool	\$ 2,562,474	N/A	\$ 2,562,474	\$ -	\$ 2,562,474
Component Units	546,336	N/A	546,336	-	546,336
Total	<u>\$ 3,108,810</u>	<u>N/A</u>	<u>\$ 3,108,810</u>	<u>\$ -</u>	<u>\$ 3,108,810</u>

COUNCIL OF FRESNO COUNTY GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

2. CASH AND INVESTMENTS (CONTINUED)

Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools. The County of Fresno issues a financial report that includes custodial credit risk disclosures for the County Investment Pool. The report may be obtained by writing to the Office of the Auditor-Controller/Treasurer-Tax Collector, 2281 Tulare Street, Fresno, California 93721.

3. CAPITAL ASSETS AND DEPRECIATION

The following is a summary of changes in capital assets:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Capital assets being depreciated:				
Computer equipment	\$ 171,959	\$ -	\$ -	\$ 171,959
Office furniture and equipment	39,959	-	-	39,959
Traffic monitoring equipment	53,564	-	-	53,564
Total capital assets being depreciated	265,482	-	-	265,482
Less accumulated depreciation for:				
Computer equipment	23,800	25,153	-	48,953
Office furniture and equipment	28,280	3,759	-	32,039
Traffic monitoring equipment	49,459	3,960	-	53,419
Total accumulated depreciation	101,539	32,872	-	134,411
Total capital assets being depreciated, net	163,943	(32,872)	-	131,071
Total capital assets, net	<u>\$ 163,943</u>	<u>\$ (32,872)</u>	<u>\$ 0</u>	<u>\$ 131,071</u>

The Council uses the straight-line method of calculating depreciation.

The estimated useful lives are as follows:

	<u>Estimated Useful Life</u>
Computer equipment	5 to 10 years
Office furniture and equipment	5 to 10 years
Traffic monitoring equipment	5 to 10 years

COUNCIL OF FRESNO COUNTY GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

4. DUE TO/FROM MEMBERS AND OTHER GOVERNMENTAL ENTITIES

Individual receivables from members and other governmental entities for services rendered at June 30, 2009 consist of the following:

Primary Government

Fresno County Rural Transit Agency	\$ 93,035
Fresno County Transportation Authority	475,356
Due from City of Fresno	70,027
Due from Federal and State Governments	<u>835,725</u>

Total	<u>\$ 1,474,143</u>
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Fiduciary Funds

Due from State of California - STA Article 4	<u>\$ 807,682</u>
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Total	<u>\$ 807,682</u>
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Individual payables to members and other governmental entities for services provided at June 30, 2009 consist of the following:

Primary Government

City of Clovis	\$ 1,799
City of Fresno	13,991
Fresno County	6,081
Fresno County Economic Opportunities Commission	<u>12,500</u>

Total	<u>\$ 34,371</u>
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Fiduciary Funds

Article 4	\$ 5,437,809
Article 8A	<u>1,024,653</u>

Total	<u>\$ 6,462,462</u>
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COUNCIL OF FRESNO COUNTY GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

5. FUND BALANCE RESERVED FOR ENCUMBRANCES

The fund balance reserved for encumbrances as of June 30, 2009 represents unexpended contracts entered into for the following:

Curtis Towing	\$ 287,000
Dedekian, George, Small & Markarian	57,410
Fehr & Peers	70,355
John Wright	7,219
Kimley Horn	2,288,221
Local Government Commission	1,943
MS Rail Committee	250,000
PB Americas	52,078
VRPA Technologies	6,693
Restrictions	<u>(1,189,086)</u>
Total	<u>\$ 1,831,833</u>

6. DEFINED CONTRIBUTION EMPLOYEE RETIREMENT BENEFIT PLAN

The Council provides retirement benefits for all its full-time employees through a defined contribution plan created in accordance with Internal Revenue Code (IRC) Section 401(a) which is currently being administered by I.C.M.A. Retirement Corporation. In addition to the employer defined contribution, the employees are permitted to make contributions to one of two separate defined contribution plans created in accordance with IRC Section 457. The plans are administered by Hartford Insurance and by I.C.M.A. Retirement Corporation. The IRC 457 plans permit employees to defer a minimum of 7.5% of their salaries until future years. The maximum amount an employee may defer is the lesser of 25% of annual gross salary or \$7,500. Under the 401(a) plan the employer contributes 15% of the employee's gross salary. Vesting in the 401(a) plan occurs ratably over five years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Employees, though, may obtain loans from the plans secured by their individual contributions and accumulated earnings. Employer contributions to the 401(a) plan amounted to \$252,940 for the year ended June 30, 2009.

COUNCIL OF FRESNO COUNTY GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

7. FRESNO COUNTY RURAL TRANSIT AGENCY ADMINISTRATION

Included in the budget of the Council is a work element representing its responsibility for the administration of Fresno County Rural Transit Agency. Administration cost consists of direct and indirect labor and allocated overhead costs. These costs are recovered by the Council.

8. OPERATING LEASES

The Council conducts its operations from leased facilities under a ten year lease which expires December 31, 2015. In addition, the Council leases office equipment under operating leases that expire October 2010.

The following is a schedule of future minimum rental payments under the operating leases:

<u>Year Ending June 30</u>	<u>Buildings</u>	<u>Equipment</u>
2010	\$ 209,118	\$ 20,220
2011	209,118	6,740
2012	209,118	-
2013	209,118	-
2014	209,118	-
Thereafter	313,677	-
Total	<u>\$ 1,359,267</u>	<u>\$ 26,960</u>

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

COUNCIL OF FRESNO COUNTY GOVERNMENTS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Aid from federal government	\$ 3,543,940	\$ 3,593,940	\$ 1,657,589	\$ (1,936,351)
Aid from state government	1,188,592	2,538,592	703,178	(1,835,414)
Aid from local governments	6,703,366	9,061,227	2,917,511	(6,143,716)
Interest revenue	40,000	40,000	75,910	35,910
Miscellaneous revenue	25,000	25,500	132,554	107,054
Total revenues	<u>11,500,898</u>	<u>15,259,259</u>	<u>5,486,742</u>	<u>(9,772,517)</u>
Expenditures:				
Current:				
General government:				
Salaries and benefits	2,602,875	2,602,875	2,421,321	181,554
Supplies and services	8,418,323	12,176,684	2,459,094	9,717,590
Contributions to other local agencies	479,700	479,700	251,337	228,363
Total expenditures	<u>11,500,898</u>	<u>15,259,259</u>	<u>5,131,752</u>	<u>10,127,507</u>
Excess of revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 354,990</u>	<u>\$ 354,990</u>

COUNCIL OF FRESNO COUNTY GOVERNMENTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2009

1. BUDGETARY DATA

The Council follows these procedures in establishing the budgetary data reflected in the financial statements:

Five months before the beginning of the year, the Executive Director submits to the Policy Advisory Committee for their approval, a draft operating budget by overall work plan elements for the General Fund for the year commencing July 1. The Policy Advisory Committee then has 45 days, to April 1, to review and make recommendations on the draft operating budget. After the recommendations have been made, the proposed operating budget is brought to the Council for their review and approval. On or prior to the May meeting of the Council, the budget is legally adopted through passage of a resolution.

The budget of the Council represents a financial plan to undertake the work program of the Council and includes proposed expenditures and the means of financing them.

All transfers, modifications, and supplemental appropriations to the budget must be approved by the Council through resolution. During the year ended June 30, 2009, appropriations were increased by \$3,758,361 as a result of budget amendments. The Budgetary Comparison Schedule reflects these revisions. Actual expenditures may not legally exceed "budget" appropriations at the individual fund level. Budgetary control, however, is maintained at the departmental level.

Appropriations lapse at the close of the year to the extent that they have not been expended or encumbered.

The Council prepares its budget on a basis of accounting in accordance with accounting principles generally accepted in the United States of America.

OTHER SUPPLEMENTARY INFORMATION

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the government in a trustee capacity.

State Transit Assistance Fund (STA) - This fund is used to account for the state funds apportioned to Fresno County for the support of transit.

Transportation Development Act Fund (TDA) - This fund is used to account for the 1/4 cent sales tax revenues collected by the state under the Transportation Development Act and distributed to the Council of Fresno County Governments for allocation to eligible claimants for transit street and road, and pedestrian/bicycle facilities as well as regional transportation planning and TDA administration.

COUNCIL OF FRESNO COUNTY GOVERNMENTS
 COMBINING STATEMENT OF NET ASSETS
 TRUST FUNDS
 JUNE 30, 2009

	State Transit Assistance Fund	Local Transportation Fund	Total
<u>ASSETS</u>			
Cash and investments	\$ 276,243	\$ 5,372,926	\$ 5,649,169
Interest receivable	760	14,775	15,535
Due from other governments	<u>807,682</u>	<u>-</u>	<u>807,682</u>
Total assets	<u>\$ 1,084,685</u>	<u>\$ 5,387,701</u>	<u>\$ 6,472,386</u>
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities:			
Due to other governments	<u>\$ 1,074,781</u>	<u>\$ 5,387,681</u>	<u>\$ 6,462,462</u>
Net Assets:			
Unrestricted	<u>9,904</u>	<u>20</u>	<u>9,924</u>
Total liabilities and net assets	<u>\$ 1,084,685</u>	<u>\$ 5,387,701</u>	<u>\$ 6,472,386</u>

COUNCIL OF FRESNO COUNTY GOVERNMENTS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	State Transit Assistance Fund	Local Transportation Fund	Total
Additions:			
Sales tax	\$ -	\$ 28,047,419	\$ 28,047,419
Aid from state governments	2,251,941	-	2,251,941
Interest revenue	26,538	304,684	331,222
Total additions	<u>2,278,479</u>	<u>28,352,103</u>	<u>30,630,582</u>
Deductions:			
Administration expense	-	133,000	133,000
TDA claims paid	-	29,229,578	29,229,578
STA distributions	2,329,570	-	2,329,570
Total deductions	<u>2,329,570</u>	<u>29,362,578</u>	<u>31,692,148</u>
Change in net assets	(51,091)	(1,010,475)	(1,061,566)
Net assets at beginning of year	<u>60,995</u>	<u>1,010,495</u>	<u>1,071,490</u>
Net assets at end of year	<u>\$ 9,904</u>	<u>\$ 20</u>	<u>\$ 9,924</u>

COUNCIL OF FRESNO COUNTY GOVERNMENTS
TRANSPORTATION DEVELOPMENT ACT FUNDS
SCHEDULE OF APPORTIONMENTS BY PURPOSE
STATE TRANSIT ASSISTANCE FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Public Utilities Code		Total
	Article 6.5 99314.3(a) C.A.C. 6730(a) (Transit Operations)	Article 6.5 99313 C.A.C. 6731(b&d) (Transit Population)	
City of Clovis	\$ 15,658	\$ 189,694	\$ 205,352
City of Coalinga	-	38,357	38,357
City of Firebaugh	-	13,703	13,703
City of Fowler	-	11,212	11,212
City of Fresno	338,043	978,101	1,316,144
City of Huron	-	15,197	15,197
City of Kerman	-	27,924	27,924
City of Kingsburg	-	22,649	22,649
City of Mendota	-	19,691	19,691
City of Orange Cove	-	21,679	21,679
City of Parlier	-	26,811	26,811
City of Reedley	-	51,478	51,478
City of Sanger	-	50,394	50,394
City of San Joaquin	-	9,096	9,096
City of Selma	-	46,849	46,849
County of Fresno	-	350,603	350,603
Fresno County Rural Transit Agency (FCRTA)	24,802	-	24,802
Council of Fresno County Governments (COFCG)	-	-	-
	<u>\$ 378,503</u>	<u>\$ 1,873,438</u>	<u>\$ 2,251,941</u>

COUNCIL OF FRESNO COUNTY GOVERNMENTS
TRANSPORTATION DEVELOPMENT ACT FUNDS
SCHEDULE OF DISBURSEMENTS BY PURPOSE
STATE TRANSIT ASSISTANCE FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Public Utilities Code		
	Article 6.5 99314.3(a) C.A.C. 6730(a) (Transit Operations)	Article 6.5 99313 C.A.C. 6731(b&d) (Transit Population)	Total
City of Clovis	\$ 15,658	\$ 192,382	\$ 208,040
City of Coalinga	-	81,200	81,200
City of Firebaugh	-	14,073	14,073
City of Fowler	-	11,523	11,523
City of Fresno	338,043	991,955	1,329,998
City of Huron	-	15,616	15,616
City of Kerman	-	28,703	28,703
City of Kingsburg	-	23,263	23,263
City of Mendota	-	20,241	20,241
City of Orange Cove	-	22,291	22,291
City of Parlier	-	27,537	27,537
City of Reedley	-	52,905	52,905
City of Sanger	-	51,809	51,809
City of San Joaquin	-	9,334	9,334
City of Selma	-	48,137	48,137
County of Fresno	-	360,098	360,098
Fresno County Rural Transit Agency (FCRTA)	24,802	-	24,802
Council of Fresno County Governments (COFCG)	-	-	-
	<u>\$ 378,503</u>	<u>\$ 1,951,067</u>	<u>\$ 2,329,570</u>

COUNCIL OF FRESNO COUNTY GOVERNMENTS
TRANSPORTATION DEVELOPMENT ACT FUNDS
SCHEDULE OF APPORTIONMENTS BY PURPOSE
LOCAL TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Article 3 99234 (Bicycle & Pedestrian)	Article 4.5 99275 (Social Services)	Article 4 and 8 99260/99400(a) (Transit Operations/ Streets & Roads)	COFCG RTP 99402/99233.1 (Planning & Administration)	Total
City of Clovis	\$ 66,559	\$ 161,677	\$ 2,503,888	\$ -	\$ 2,732,124
City of Coalinga	13,458	31,647	506,285	-	551,390
City of Firebaugh	4,808	11,726	180,890	-	197,424
City of Fowler	3,934	9,275	147,985	-	161,194
City of Fresno	343,191	842,885	12,910,540	-	14,096,616
City of Huron	5,332	13,129	200,597	-	219,058
City of Kerman	9,798	23,815	368,580	-	402,193
City of Kingsburg	7,947	19,685	298,970	-	326,602
City of Mendota	6,909	16,517	259,929	-	283,355
City of Orange Cove	7,606	18,476	286,142	-	312,224
City of Parlier	9,407	22,919	353,894	-	386,220
City of Reedley	18,062	43,646	679,474	-	741,182
City of Sanger	17,682	43,590	665,185	-	726,457
City of San Joaquin	3,192	6,781	120,071	-	130,044
City of Selma	16,438	40,641	618,389	-	675,468
County of Fresno	123,017	304,074	4,627,802	-	5,054,893
Council of Fresno County Governments (COFCG)	-	-	-	1,050,975	1,050,975
	<u>\$ 657,340</u>	<u>\$ 1,610,483</u>	<u>\$ 24,728,621</u>	<u>\$ 1,050,975</u>	<u>\$ 28,047,419</u>

COUNCIL OF FRESNO COUNTY GOVERNMENTS
TRANSPORTATION DEVELOPMENT ACT FUNDS
SCHEDULE OF DISBURSEMENTS BY PURPOSE
LOCAL TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Article 3 99234 (Bicycle & Pedestrian)	Article 4.5 99275 (Social Services)	Article 4 99260 (Transit Operations)	Article 8 99400(a) (Streets & Roads)	COFCG RTP 99402/99233.1 (Planning & Administration)	Total
City of Clovis	\$ 66,559	\$ 161,677	\$ 1,632,272	\$ 1,003,914	\$ -	\$ 2,864,422
City of Coalinga	13,458	31,647	-	532,406	-	577,511
City of Firebaugh	4,808	11,726	86,763	103,721	-	207,018
City of Fowler	3,934	9,275	75,310	80,344	-	168,863
City of Fresno	343,191	842,885	13,598,349	-	-	14,784,425
City of Huron	5,332	13,129	101,010	110,323	-	229,794
City of Kerman	9,798	23,815	153,899	234,170	-	421,682
City of Kingsburg	7,947	19,685	118,330	196,665	-	342,627
City of Mendota	6,909	16,517	180,412	93,104	-	296,942
City of Orange Cove	7,606	18,476	162,156	139,129	-	327,367
City of Parlier	9,407	22,919	93,105	279,509	-	404,940
City of Reedley	18,062	43,646	414,366	300,866	-	776,940
City of Sanger	17,682	43,590	259,328	441,426	-	762,026
City of San Joaquin	3,192	6,781	56,449	69,353	-	135,775
City of Selma	16,438	40,641	429,556	221,933	-	708,568
County of Fresno	123,017	304,074	1,893,883	2,981,729	-	5,302,703
Fresno County Rural Transit Agency (FCRTA)	-	-	-	-	-	-
Council of Fresno County Governments (COFCG)	-	-	-	-	1,050,975	1,050,975
	<u>\$657,340</u>	<u>\$1,610,483</u>	<u>\$19,255,188</u>	<u>\$ 6,788,592</u>	<u>\$ 1,050,975</u>	<u>\$29,362,578</u>

COUNCIL OF FRESNO COUNTY GOVERNMENTS
SCHEDULE OF GRANT RECEIPTS AND EXPENDITURE CLAIMS
FOR THE YEAR ENDED JUNE 30, 2009

	Total	Local Resources	Federal Highway Works Administration			
			FHWA PL Planning	Partner Planning	PTA 06A0935/ 06A1024	Environmental Justice
Revenues:						
Federal grants	\$ 1,657,589	\$ -	\$ 1,208,091	\$ 39,251	\$ -	\$ -
Non-federal revenue:						
State assistance	703,178	-	-	-	-	-
Local revenue sources	2,917,511	2,917,511	-	-	-	-
Interest revenue	75,910	75,910	-	-	-	-
Miscellaneous revenue	132,554	132,554	-	-	-	-
Total revenues	<u>5,486,742</u>	<u>\$ 3,125,975</u>	<u>\$ 1,208,091</u>	<u>\$ 39,251</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:						
Regional Streets & Roads	239,117	\$ 27,427	\$ 211,690	\$ -	\$ -	\$ -
Regional Transportation Modeling	264,172	33,711	230,461	-	-	-
Regional Traffic Monitoring	256,001	76,506	179,495	-	-	-
Regional Transportation Studies	28,228	3,238	24,990	-	-	-
Traffic Deficiencies	49,064	9,813	-	39,251	-	-
Regional Trans. Mitigation Fee	162,700	65,317	97,383	-	-	-
Public Trans. - Urban	349,269	119,229	-	-	-	-
JARRC	15,901	9,645	-	-	-	-
PTIS	482,164	482,164	-	-	-	-
Public Trans. - Rural	27,672	3,174	-	-	-	-
Other Modal Elements	12,842	12,842	-	-	-	-
Bicycle & Pedestrian	29,012	4,889	24,123	-	-	-
Airport Land Use	22,683	2,602	20,081	-	-	-
Regional Transportation Plan	200,297	25,096	145,920	-	-	-
Congestion Management Plan	81	9	46	-	-	-
Air Quality	179,667	20,608	122,236	-	-	-
Measure "C"	216,401	216,401	-	-	-	-
Measure "C" Oversight Committee	8,511	8,511	-	-	-	-
Measure "C" Car/Van Pool	188,437	188,437	-	-	-	-
Measure "C" HS Rail	8,393	8,393	-	-	-	-
Measure "C" ADA Seniors	166,844	166,844	-	-	-	-
Measure "C" Farm/Van Pool	82,269	82,269	-	-	-	-
Transportation Program Dev.	143,580	26,491	49,125	-	-	-
Intergovernmental Coordination	110,519	110,519	-	-	-	-
Public Info. and Participation	79,747	9,147	51,419	-	-	-
COG View Internet	10,421	1,196	1,393	-	-	-
Environmental Justice	7,701	3,275	2,213	-	-	-
Technical Assistance Members	14,415	14,415	-	-	-	-
Outside Technical Service	26,742	26,742	-	-	-	-
Rideshare Program	11,107	11,107	-	-	-	-
Regional Data Center	86,466	9,917	46,847	-	-	-
One Voice Advocacy	107,674	107,674	-	-	-	-
California Blueprint	275,159	34,650	-	-	-	-
Farmland Trust	82,854	4,240	-	-	-	-
Valley Air Quality Coordination	153,463	140,257	-	-	-	-
Valley Express Transit	10,623	10,623	-	-	-	-
Valley RTPA Coordination	91,268	12,268	-	-	-	-
COFCG Administration	228,559	228,559	-	-	-	-
OWP and Budget	13,395	1,537	669	-	-	-
Transportation Funds Adm.	132,860	132,860	-	-	-	-
FCRTA Administration	271,562	271,562	-	-	-	-
Transportation Authority Adm.	2,635	2,635	-	-	-	-
Freeway Service Patrol	299,278	62,188	-	-	-	-
Abandoned Vehicle Abatement	9,703	9,703	-	-	-	-
Total expenditures	<u>5,159,456</u>	<u>\$ 2,798,690</u>	<u>\$ 1,208,091</u>	<u>\$ 39,251</u>	<u>\$ 0</u>	<u>\$ 0</u>
Depreciation	(27,704)					
Net gain (loss)	<u>\$ 354,990</u>					

Federal Transit Administration							
FTA MPO 5303	FTA 5307	FTA 5316 5317	State PPM 6086(024) & 6086(027)	State FSP 6086(024) & 6086(027)	SJ Valley Blueprint	State Partner Seed	State PTA
\$ 214,590	\$ 189,401	\$ 6,256	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	67,964	237,090	240,509	78,615	79,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 214,590</u>	<u>\$ 189,401</u>	<u>\$ 6,256</u>	<u>\$ 67,964</u>	<u>\$ 237,090</u>	<u>\$ 240,509</u>	<u>\$ 78,615</u>	<u>\$ 79,000</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
40,639	189,401	6,256	-	-	-	-	-
-	-	-	-	-	-	-	-
24,498	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
29,281	-	-	-	-	-	-	-
26	-	-	-	-	-	-	-
36,823	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	67,964	-	-	-	-
-	-	-	-	-	-	-	-
19,181	-	-	-	-	-	-	-
7,832	-	-	-	-	-	-	-
2,213	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
29,702	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	240,509	-	-
-	-	-	-	-	-	78,614	-
13,206	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	79,000
-	-	-	-	-	-	-	-
11,189	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	237,090	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 214,590</u>	<u>\$ 189,401</u>	<u>\$ 6,256</u>	<u>\$ 67,964</u>	<u>\$ 237,090</u>	<u>\$ 240,509</u>	<u>\$ 78,614</u>	<u>\$ 79,000</u>

COUNCIL OF FRESNO COUNTY GOVERNMENTS
SCHEDULE OF INSURANCE COVERAGE
FOR THE YEAR ENDED JUNE 30, 2009

Insurance coverage of the Council at June 30, 2009 is as follows:

Fire Insurance:

Office personal property 90% co-insurance	\$ 100,000
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Public Officials Professional Liability Coverage	\$ 1,000,000
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Liability Coverage:

All inclusive (combined single limit):	
Bodily injury	\$ 1,000,000

Group Travel Accident	\$ 100,000
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Bond, Blanket Position	\$ 35,000
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Workers' Compensation Insurance	Statutory
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COUNCIL OF FRESNO COUNTY GOVERNMENTS
SCHEDULE OF COST ALLOCATION PLAN RECONCILIATION
AND FIXED RATE OVERHEAD CARRYOVER
FOR THE YEAR ENDED JUNE 30, 2009

The following is a reconciliation of the Council's expenses per the basic financial statements to the expenses per the Council's cost allocation plan for the year ended June 30, 2009

<u>Budget Item</u>	<u>Actual Expense</u>	<u>Eligible Depreciation</u>	<u>Allocated to Other Programs</u>	<u>Direct Expense</u>	<u>Indirect Expense</u>
Salaries and Benefits:					
Direct	\$ 1,940,359	\$ -	\$ (490,895)	\$ 1,449,464	\$ -
Indirect	<u>480,962</u>	<u>-</u>	<u>(14,777)</u>	<u>-</u>	<u>466,185</u>
Total salaries and benefits	<u>2,421,321</u>	<u>-</u>	<u>(505,672)</u>	<u>1,449,464</u>	<u>466,185</u>
Indirect Overhead:					
Telephone	9,108	-	-	-	9,108
Telecommunications	-	-	-	-	-
Contract help	-	-	-	-	-
Membership/dues	125	-	-	-	125
Insurance	14,463	-	-	-	14,463
Postage	16,130	-	-	-	16,130
Printing supplies	18,688	-	-	-	18,688
Office supplies	19,622	-	-	-	19,622
Publications	1,865	-	-	-	1,865
Service contracts	-	-	-	-	-
Advertising and legal notice	3,957	-	-	-	3,957
Computer supplies	3,302	-	-	-	3,302
Office lease	196,390	-	-	-	196,390
Utilities	11,809	-	-	-	11,809
Equipment lease	26,048	-	-	-	26,048
Repair and maintenance	424	-	-	-	424
Travel expenses	23,884	-	(372)	-	23,512
Depreciation	-	27,704	-	-	27,704
Legal and accounting	<u>10,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,500</u>
Total indirect overhead	<u>356,315</u>	<u>27,704</u>	<u>(372)</u>	<u>-</u>	<u>383,647</u>
Total costs	<u>\$ 2,777,636</u>	<u>\$ 27,704</u>	<u>\$ (506,044)</u>	<u>\$ 1,449,464</u>	<u>\$ 849,832</u>

COUNCIL OF FRESNO COUNTY GOVERNMENTS
SCHEDULE OF COST ALLOCATION PLAN RECONCILIATION
AND FIXED RATE OVERHEAD CARRYOVER (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

Direct expenses - at June 30, 2009	\$ 1,449,464
Approved indirect cost rate for June 30, 2009	<u>51.86%</u>
Total allocable indirect expenses - at June 30, 2009	<u>\$ 751,692</u>
Actual indirect expenses - at June 30, 2009	\$ 849,832
Under recovery of indirect expenses - at June 30, 2007	<u>46,556</u>
Net eligible indirect expenses - at June 30, 2009	<u>\$ 896,388</u>
Over recovery of indirect expenses - at June 30, 2009	<u>\$ 144,696</u>
Under recovery of indirect expenses - at June 30, 2008	<u>\$ (31,851)</u>

COUNCIL OF FRESNO COUNTY GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grantor's Number	Grant Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<u>Federal Highway Works Administration:</u>			
Pass-through California Department of Transportation			
Highway Planning and Construction Grant -			
OWP (Overall Work Plan)			\$ 1,208,091
Partner			<u>39,251</u>
Total Federal Highway Works Administration			<u>1,247,342</u>
<u>Federal Transit Administration:</u>			
Pass-through California Department of Transportation			
Federal Transit Technical Studies Grant - MPO			214,590
FTA 5307 - Federal Transit Formula Grant			189,401
FTA 5316 - Job Access Reverse Commute			<u>6,256</u>
Total Federal Transit Administration			<u>410,247</u>
Total Federal Financial Assistance			<u>\$ 1,657,589</u>

OTHER REPORTS SECTION

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

The Board of Directors
Council of Fresno County Governments
Fresno, California

We have audited the financial statements of the Council of Fresno County Governments, as of and for the year ended June 30, 2009, and have issued our report thereon dated _____. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; and the "Basic Audit Program and Reporting Guidelines for California Special Districts," as prescribed by the California State Controller's Office pursuant to Section 26909 of the Government Code.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council of Fresno County Governments' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council of Fresno County Governments' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council of Fresno County Governments' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council of Fresno County Governments' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Council of Fresno County Governments' financial statements that is more than inconsequential will not be prevented or detected by the Council of Fresno County Governments' internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"
(CONTINUED)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Council of Fresno County Governments' internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council of Fresno County Governments' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that allocations made and expended by the Council of Fresno County Governments were made in accordance with the Transportation Development Act as required by Sections 6661, 6662, and 6751 of the California Code of Regulations. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under "Government Auditing Standards."

This report is intended solely for the information and use of the Council of Fresno County Governments' management and Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dedekian, George, Small & Markarian
Accountancy Corporation

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Directors
Council of Fresno County Governments
Fresno, California

Compliance

We have audited the compliance of the Council of Fresno County Governments with the types of compliance requirements described in the “U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement” that are applicable to each of its major federal programs for the year ended June 30, 2009. The Council of Fresno County Governments’ major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Council of Fresno County Governments’ management. Our responsibility is to express an opinion on the Council of Fresno County Governments’ compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in “Government Auditing Standards,” issued by the Comptroller General of the United States; and OMB Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations.” Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council of Fresno County Governments’ compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Council of Fresno County Governments’ compliance with those requirements.

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

Compliance (Continued)

In our opinion, the Council of Fresno County Governments complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Council of Fresno County Governments is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Council of Fresno County Governments' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council of Fresno County Governments' internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course or performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

This report is intended solely for the information and use of the Council of Fresno County Governments' management and Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dedekian, George, Small & Markarian
Accountancy Corporation

FINDINGS AND RECOMMENDATIONS SECTION

COUNCIL OF FRESNO COUNTY GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009

1. Summary of Auditor's Results

- a. The Independent Auditor's Report expresses an unqualified opinion on the general purpose financial statements of the Council of Fresno County Governments.
- b. No significant deficiencies were disclosed during the audit of the financial statements or major federal award programs.
- c. No instances of noncompliance material to the financial statements of the Council of Fresno County Governments, which would be required to be reported in accordance with "Government Auditing Standards", were disclosed during the audit.
- d. The Independent Auditor's Report on Compliance for Major Programs was unqualified.
- e. No current year audit findings were disclosed.
- f. The major program was Highway Planning and Construction (CFDA Number 20.205).
- g. The threshold for distinguishing Types A and B programs was \$300,000.
- h. The Council of Fresno County Governments was determined to be a low-risk auditee.

2. Findings Relating to Financial Statements Required Under GAGAS

None.

3. Findings and Questioned Costs for Major Federal Award Programs

None.

COUNCIL OF FRESNO COUNTY GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2008

There were no reportable audit findings for the fiscal year ended June 30, 2008.

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