

COUNCIL OF FRESNO COUNTY GOVERNMENTS

---

ANNUAL FINANCIAL REPORTS

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FOR THE YEAR ENDED  
JUNE 30, 2010

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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, 2010, 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' 2009 financial statements and, in our report dated February 4, 2010, 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, 2010, 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.

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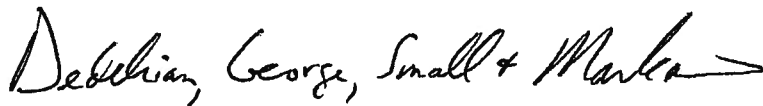
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## INDEPENDENT AUDITORS' REPORT (CONTINUED)

In accordance with "Government Auditing Standards," we have also issued our report dated March 1, 2011, 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  
March 1, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010

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.

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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 Local Transportation fund and State Transit Assistance fund, which consist of allocations to local governments in Fresno County from the proceeds of  $\frac{1}{4}$  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  $\frac{1}{2}$  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, 2010

**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 \$1,572,718 and consisted of capital assets, net of related debt, of \$96,566; and unrestricted net assets of \$1,476,152.
- Net assets decreased \$476,905 during fiscal year 2010. The decrease in net assets from governmental activities was attributable to net governmental program costs in excess of grant revenues and unretained earnings.
- Total capital assets, net of accumulated depreciation, were \$96,566 at June 30, 2010, representing a decrease of \$34,505, or 26.33%, over June 30, 2009. The decrease in capital assets was primarily the result of the excess of current year depreciation over capital additions.
- COFCG's governmental fund reported an ending fund balance of \$1,476,152, a decrease of \$442,400 compared to June 30, 2009.

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2010

**Statement of Net Assets**

A summary of the COFCG's Statement of Net Assets for Governmental Activities as of June 30, 2010, with comparative totals as of June 30, 2009 is as follows:

| <b>Statement of Net Assets<br/>Governmental Activities<br/>As of June 30, 2010 and 2009</b> |              |              |
|---------------------------------------------------------------------------------------------|--------------|--------------|
|                                                                                             | 2010         | 2009         |
| <b>Assets:</b>                                                                              |              |              |
| Current and Other Assets                                                                    | \$ 6,868,988 | \$ 4,291,438 |
| Capital Assets (Net of Depreciation)                                                        | 96,566       | 131,071      |
| Total Assets                                                                                | \$ 6,965,554 | \$ 4,422,509 |
| <b>Liabilities:</b>                                                                         |              |              |
| Current and Other Liabilities                                                               | \$ 5,392,836 | \$ 2,372,886 |
| <b>Net Assets:</b>                                                                          |              |              |
| Invested in Capital Assets, Net of Related Debt                                             | 96,566       | 131,071      |
| Unrestricted                                                                                | 1,476,152    | 1,918,552    |
| Total Net Assets                                                                            | \$ 1,572,718 | \$ 2,049,623 |

As shown above, total assets of Governmental Activities were \$6,965,554 at June 30, 2010, including \$96,566 in capital assets (net of depreciation). Of the total \$6,868,988 in current assets, \$4,521,823 consists of pooled cash, which is invested in accordance with State law and the COFCG's investment policy.

Net assets totaling \$1,572,718 include \$1,476,152 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 decreased from June 30, 2009 by \$476,905 (23%). This decrease is due to the challenges the COFCG faced this year, as a result of a continued sluggish economy.

The net assets invested in capital assets decreased by \$34,505 due to depreciation expense exceeding additional capital investments during the year. Unrestricted net assets decreased by \$442,400, in large part due to the results of current year operations.

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2010

**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 COFCG as a whole is better off at June 30, 2010 than it was at June 30, 2009.

A summary of the COFCG's Statement of Activities for fiscal year ended June 30, 2010, with comparative totals for the fiscal year ended June 30, 2009 is as follows:

| <b>Statement of Activities<br/>Governmental Activities<br/>Fiscal Years Ended June 30, 2010 and 2009</b> |                            |                            |
|----------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
|                                                                                                          | <u>2010</u>                | <u>2009</u>                |
| <b>Revenues:</b>                                                                                         |                            |                            |
| Program Revenues                                                                                         | \$ 6,271,407               | \$ 5,278,278               |
| General Revenues                                                                                         | <u>213,161</u>             | <u>208,464</u>             |
| Total Revenues                                                                                           | <u>6,484,568</u>           | <u>5,486,742</u>           |
| <b>Expenses:</b>                                                                                         |                            |                            |
| Transportation Planning                                                                                  | <u>6,961,473</u>           | <u>5,164,624</u>           |
| Changes in Net Assets                                                                                    | (476,905)                  | 322,118                    |
| Net Assets - Beginning                                                                                   | <u>2,049,623</u>           | <u>1,727,505</u>           |
| Net Assets - Ending                                                                                      | <u><u>\$ 1,572,718</u></u> | <u><u>\$ 2,049,624</u></u> |

Total revenues of the funds included in the Governmental Activities category were \$6,484,568 for the year ended June 30, 2010. Of this total, \$5,708,264 (88%) were derived from grants. This is consistent with the nature of governmental activities, which includes services traditionally financed from general tax revenues. \$563,143 (9%) 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 \$6,961,473. All expenses were for transportation planning.

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2010

**General Fund Budgetary Highlights**

COFCG revised the budget four times to add \$4,147,582 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, COFCG 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**

COFCG's 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 COFCG's 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, 2010

|                                                  | <u>Governmental<br/>Activities</u> | <u>Component<br/>Units</u> |
|--------------------------------------------------|------------------------------------|----------------------------|
| <u>ASSETS</u>                                    |                                    |                            |
| Cash and investments                             | \$ 4,521,823                       | \$ 566,577                 |
| Accounts receivable                              | 108,315                            | -                          |
| Due from other governments                       | 2,215,020                          | -                          |
| Interest receivable                              | 14,302                             | -                          |
| Prepays                                          | 9,528                              | -                          |
| Capital assets (net of accumulated depreciation) | <u>96,566</u>                      | <u>-</u>                   |
| Total assets                                     | <u>\$ 6,965,554</u>                | <u>\$ 566,577</u>          |
| <u>LIABILITIES AND NET ASSETS</u>                |                                    |                            |
| Liabilities:                                     |                                    |                            |
| Accounts payable                                 | \$ 1,322,982                       | \$ 366,777                 |
| Due to other governments                         | 444,513                            | -                          |
| Accrued payroll                                  | 24,694                             | -                          |
| Deferred revenues                                | 3,425,023                          | -                          |
| Compensated absences                             | <u>175,624</u>                     | <u>-</u>                   |
| Total liabilities                                | <u>5,392,836</u>                   | <u>366,777</u>             |
| Net assets:                                      |                                    |                            |
| Invested in capital assets, net of related debt  | 96,566                             | -                          |
| Unrestricted                                     | <u>1,476,152</u>                   | <u>199,800</u>             |
| Total net assets                                 | <u>1,572,718</u>                   | <u>199,800</u>             |
| Total liabilities and net assets                 | <u>\$ 6,965,554</u>                | <u>\$ 566,577</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, 2010

| Function/Programs             | Expenses            | Program Revenues           |                                          | Net (Expense) Revenue and<br>Changes in Net Assets |                    |
|-------------------------------|---------------------|----------------------------|------------------------------------------|----------------------------------------------------|--------------------|
|                               |                     | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Governmental<br>Activities                         | Component<br>Units |
| PRIMARY GOVERNMENT            |                     |                            |                                          |                                                    |                    |
| Governmental Activities:      |                     |                            |                                          |                                                    |                    |
| Transportation planning       | \$ 6,961,473        | \$ 563,143                 | \$ 5,708,264                             | \$ (690,066)                                       |                    |
| Total primary government      | <u>\$ 6,961,473</u> | <u>\$ 563,143</u>          | <u>\$ 5,708,264</u>                      | <u>(690,066)</u>                                   |                    |
| Component Unit:               |                     |                            |                                          |                                                    |                    |
| Abandoned vehicle abatement   | \$ 754,690          | \$ -                       | \$ 693,965                               |                                                    | \$ (60,725)        |
| Total component unit          | <u>\$ 754,690</u>   | <u>\$ -</u>                | <u>\$ 693,965</u>                        |                                                    | <u>(60,725)</u>    |
| General Revenues:             |                     |                            |                                          |                                                    |                    |
| Investment income             |                     |                            |                                          | 83,456                                             | 12,017             |
| Miscellaneous                 |                     |                            |                                          | <u>129,705</u>                                     | <u>-</u>           |
| Total general revenues        |                     |                            |                                          | <u>213,161</u>                                     | <u>12,017</u>      |
| Change in net assets          |                     |                            |                                          | (476,905)                                          | (48,708)           |
| Net assets, beginning of year |                     |                            |                                          | <u>2,049,623</u>                                   | <u>248,508</u>     |
| Net assets, end of year       |                     |                            |                                          | <u>\$ 1,572,718</u>                                | <u>\$ 199,800</u>  |

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

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

|                                      | General<br>Fund | Component<br>Units |
|--------------------------------------|-----------------|--------------------|
|                                      |                 |                    |
| <u>ASSETS</u>                        |                 |                    |
| Cash and investments                 | \$ 4,521,823    | \$ 566,577         |
| Accounts receivable                  | 108,315         | -                  |
| Due from other governments           | 2,215,020       | -                  |
| Interest receivable                  | 14,302          | -                  |
| Prepays                              | 9,528           | -                  |
|                                      | <hr/>           | <hr/>              |
| Total assets                         | \$ 6,868,988    | \$ 566,577         |
|                                      | <hr/>           | <hr/>              |
| <u>LIABILITIES AND FUND BALANCES</u> |                 |                    |
| Liabilities:                         |                 |                    |
| Accounts payable                     | \$ 1,322,982    | \$ 366,777         |
| Due to other governments             | 152,169         | -                  |
| Accrued payroll                      | 24,694          | -                  |
| Deferred revenues                    | 3,425,023       | -                  |
| Compensated absences                 | 175,624         | -                  |
|                                      | <hr/>           | <hr/>              |
| Total liabilities                    | 5,100,492       | 366,777            |
|                                      | <hr/>           | <hr/>              |
| Fund Balances:                       |                 |                    |
| Reserved for encumbrances            | 1,392,850       | -                  |
| Designated for self-insurance        | 83,302          | -                  |
| Unreserved - undesignated            | -               | 199,800            |
|                                      | <hr/>           | <hr/>              |
| Total fund balances                  | 1,476,152       | 199,800            |
|                                      | <hr/>           | <hr/>              |
| Total liabilities and fund balances  | \$ 6,576,644    | \$ 566,577         |
|                                      | <hr/>           | <hr/>              |

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

|                                                                                                                     |                    |
|---------------------------------------------------------------------------------------------------------------------|--------------------|
| Total fund balances                                                                                                 | \$ 1,476,152       |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in funds. | <hr/> 96,566       |
| Net assets of governmental activities (Page 8)                                                                      | <hr/> \$ 1,572,718 |

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, 2010

|                                       | General<br>Fund | Component<br>Units |
|---------------------------------------|-----------------|--------------------|
| Revenues:                             |                 |                    |
| Aid from federal government           | \$ 2,123,140    | \$ -               |
| Aid from state government             | 910,055         | 693,965            |
| Aid from local government             | 3,238,212       | -                  |
| Interest revenue                      | 83,456          | 12,017             |
| Miscellaneous                         | 129,705         | -                  |
|                                       | <hr/>           | <hr/>              |
| Total revenues                        | 6,484,568       | 705,982            |
|                                       | <hr/>           | <hr/>              |
| Expenditures:                         |                 |                    |
| Current:                              |                 |                    |
| General government:                   |                 |                    |
| Salaries and benefits                 | 2,452,313       | -                  |
| Supplies and services                 | 4,187,038       | -                  |
| Contributions to other local agencies | 287,617         | 754,690            |
|                                       | <hr/>           | <hr/>              |
| Total expenditures                    | 6,926,968       | 754,690            |
|                                       | <hr/>           | <hr/>              |
| Net changes in fund balances          | (442,400)       | (48,708)           |
|                                       | <hr/>           | <hr/>              |
| Fund balances at beginning of year    | 1,918,552       | 248,508            |
|                                       | <hr/>           | <hr/>              |
| Fund balances at end of year          | \$ 1,476,152    | \$ 199,800         |
|                                       | <hr/>           | <hr/>              |

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

Net change in fund balances - total governmental funds \$ (442,400)

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 (\$34,505) exceeded capital outlays (\$0) in the current period.

(34,505)

Change in net assets of governmental activities (Page 9) \$ (476,905)

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, 2010

|                                   | <u>Trust Funds</u>   |
|-----------------------------------|----------------------|
| <u>ASSETS</u>                     |                      |
| Cash and investments              | \$ 14,066,096        |
| Interest receivable               | <u>38,681</u>        |
| Total assets                      | <u>\$ 14,104,777</u> |
| <u>LIABILITIES AND NET ASSETS</u> |                      |
| Liabilities:                      |                      |
| Due to other governments          | \$ 8,149,796         |
| Net assets:                       |                      |
| Unrestricted                      | <u>5,954,981</u>     |
| Total liabilities and net assets  | <u>\$ 14,104,777</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, 2010

|                               | <u>Trust Funds</u>         |
|-------------------------------|----------------------------|
| Additions:                    |                            |
| Sales tax                     | \$ 24,759,253              |
| Aid from state government     | 5,920,063                  |
| Interest revenue              | <u>261,338</u>             |
| Total additions               | <u>30,940,654</u>          |
| Deductions:                   |                            |
| Administration expense        | 132,998                    |
| TDA claims paid               | <u>24,862,599</u>          |
| Total deductions              | <u>24,995,597</u>          |
| Change in net assets          | 5,945,057                  |
| Net assets, beginning of year | <u>9,924</u>               |
| Net assets, end of year       | <u><u>\$ 5,954,981</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, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Scope of Financial Reporting Entity

The Council of Fresno County Governments (COFCG) 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, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Basis of Presentation - Fund Accounting (Continued)

**Fund Financial Statements (Continued):**

COFCG reports the following major governmental fund:

General Fund – is the general operating fund of COFCG. 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 Local Transportation funds and State Transportation Assistance funds held by COFCG 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, 2010

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.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

d. Cash

In accordance with the Joint Powers Agreement, under which COFCG is governed, all cash is deposited with the Fresno County Auditor-Controller/Treasurer. COFCG'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, 2010

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 COFCG 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. COFCG 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.

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Deferred Revenues

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

k. Risk Management Liability

COFCG is exposed to various risks of loss related to torts; theft of, or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. COFCG is insured with commercial carriers. COFCG schedule of insurance coverage is included on page 36.

l. Implementation of Governmental Accounting Standards Board Statements

GASB Statement No. 54 – In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The requirements of this statement are effective for the financial statements for periods beginning after June 15, 2010. COFCG has elected not to early implement GASB Statement No. 54 and has not determined its effect on the COFCG's financial statements.

GASB Statement No. 59 – In June 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. COFCG has elected not to early implement GASB Statement No. 59 and has not determined its effect on the County's financial statements.

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

2. CASH AND INVESTMENTS

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

The table below identifies the investment types that are authorized for COFCG by the California Government Code (or COFCG's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or COFCG'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> |
|----------------------------------------|-------------------------|----------------------------------------|-----------------------------------------|
| U.S. Treasury Bills, Notes and Bonds   | 5 Years                 | None                                   | None                                    |
| U.S. Government Agency Obligations     | 5 Years                 | None                                   | None                                    |
| Banker's Acceptances                   | 180 Days                | None                                   | None                                    |
| Commercial Paper                       | 270 Days                | None                                   | None                                    |
| Negotiable Certificates of Deposit     | 13 Months               | None                                   | None                                    |
| Non-negotiable Certificates of Deposit | 13 Months               | None                                   | None                                    |
| Repurchase Agreements                  | Overnight               | None                                   | None                                    |
| Local Agency Investment Fund (LAIF)    | 5 Years                 | None                                   | None                                    |
| Medium-Term Notes                      | 5 Years                 | None                                   | None                                    |
| Mutual Funds                           | 5 Years                 | None                                   | None                                    |
| Mortgage-Backed Securities             | 5 Years                 | 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, 2010

2. CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk (Continued)

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

| Investment Type         | Amount       | Remaining Maturity (in Months) |                    |                    |                        |
|-------------------------|--------------|--------------------------------|--------------------|--------------------|------------------------|
|                         |              | 12 Months<br>or Less           | 13 to 24<br>Months | 25 to 60<br>Months | More Than<br>60 Months |
| Governmental Activities |              |                                |                    |                    |                        |
| County Investment Pool  | \$ 4,521,823 | \$ 4,521,823                   | \$ -               | \$ -               | \$ -                   |
| Component Units         | 566,577      | 566,577                        | -                  | -                  | -                      |
| Total                   | \$ 5,088,400 | \$ 5,088,400                   | \$ -               | \$ -               | \$ -                   |

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, COFCG'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<br>Legal<br>Rating | Exempt<br>From<br>Disclosure | Rating as of Year End |              |
|-------------------------|--------------|----------------------------|------------------------------|-----------------------|--------------|
|                         |              |                            |                              | AAA                   | Not Rated    |
| Governmental Activities |              |                            |                              |                       |              |
| County Investment Pool  | \$ 4,521,823 | N/A                        | \$ 4,521,823                 | \$ -                  | \$ 4,521,823 |
| Component Units         | 566,577      | N/A                        | 566,577                      | -                     | 566,577      |
| Total                   | \$ 5,088,400 | N/A                        | \$ 5,088,400                 | \$ -                  | \$ 5,088,400 |

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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<br>June 30, 2009 | Additions       | Deletions | Balance<br>June 30, 2010 |
|-------------------------------------------------|--------------------------|-----------------|-----------|--------------------------|
| Capital assets being depreciated:               |                          |                 |           |                          |
| Computer equipment                              | \$ 171,959               | \$ -            | \$ -      | \$ 171,959               |
| Office furniture and equipment                  | 39,960                   | -               | -         | 39,960                   |
| Traffic monitoring equipment                    | 53,563                   | -               | -         | 53,563                   |
| <br>Total capital assets being depreciated      | <br>265,482              | <br>-           | <br>-     | <br>265,482              |
| Less accumulated depreciation for:              |                          |                 |           |                          |
| Computer equipment                              | 48,953                   | 30,700          | -         | 79,653                   |
| Office furniture and equipment                  | 32,039                   | 3,661           | -         | 35,700                   |
| Traffic monitoring equipment                    | 53,419                   | 144             | -         | 53,563                   |
| <br>Total accumulated depreciation              | <br>134,411              | <br>34,505      | <br>-     | <br>168,916              |
| <br>Total capital assets being depreciated, net | <br>131,071              | <br>(34,505)    | <br>-     | <br>96,566               |
| <br>Total capital assets, net                   | <br>\$ 131,071           | <br>\$ (34,505) | <br>\$ -  | <br>\$ 96,566            |

COFCG uses the straight-line method of calculating depreciation.

The estimated useful lives are as follows:

|                                | Estimated<br>Useful Life |
|--------------------------------|--------------------------|
| 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, 2010

4. DUE TO/FROM MEMBERS AND OTHER GOVERNMENTAL ENTITIES

Individual receivables from members and other governmental entities for services rendered at June 30, 2010 consist of the following:

Primary Government

|                                        |                     |
|----------------------------------------|---------------------|
| Fresno County Rural Transit Agency     | \$ 107,145          |
| Fresno County Transportation Authority | 340,889             |
| Due from City of Fresno                | 88,513              |
| Due from Federal and State Governments | <u>1,678,473</u>    |
| Total                                  | <u>\$ 2,215,020</u> |

Fiduciary Funds

|                                              |             |
|----------------------------------------------|-------------|
| Due from State of California - STA Article 4 | \$ -        |
| Total                                        | <u>\$ -</u> |

Individual payables to members and other governmental entities for services provided at June 30, 2010 consist of the following:

Primary Government

|                                                 |                   |
|-------------------------------------------------|-------------------|
| City of Clovis                                  | \$ 14,040         |
| City of Fresno                                  | 65,533            |
| Fresno County Transportation Authority          | 292,344           |
| Fresno County                                   | 47,596            |
| Fresno County Economic Opportunities Commission | <u>25,000</u>     |
| Total                                           | <u>\$ 444,513</u> |

Fiduciary Funds

|            |                     |
|------------|---------------------|
| Article 4  | \$ 6,170,663        |
| Article 8A | <u>1,979,133</u>    |
| Total      | <u>\$ 8,149,796</u> |

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

5. DEFERRED REVENUES

The Fresno County Transportation Authority allocates Measure "C" funds to the Council of Fresno County Governments to provide various program administrative and planning services. Allocations are considered earned when they are properly spent for operations. Allocations received but not earned are recorded as deferred revenues. Changes in the deferred revenues account for the year ended June 30, 2010 are summarized as follows:

|                                         | <u>Planning</u>   | <u>PTIS</u>         | <u>ADA/<br/>Seniors</u> | <u>Farm-<br/>worker/<br/>Van Pool</u> | <u>Car/Van<br/>Pool</u> | <u>Rail<br/>Consolidation</u> | <u>Total</u>        |
|-----------------------------------------|-------------------|---------------------|-------------------------|---------------------------------------|-------------------------|-------------------------------|---------------------|
| Deferred revenues,<br>beginning of year | \$ 74,410         | \$ (269,197)        | \$ 723,739              | \$ 558,386                            | \$ 328,166              | \$ 246,799                    | \$ 1,662,303        |
| Funds received                          | 241,682           | 2,554,401           | 438,099                 | 280,350                               | 280,350                 | -                             | 3,794,882           |
| Funds allowed                           | (138,541)         | (1,047,447)         | (324,122)               | (59,656)                              | (300,459)               | (203,264)                     | (2,073,489)         |
| Interest                                | <u>1,659</u>      | <u>14,053</u>       | <u>10,875</u>           | <u>9,330</u>                          | <u>4,381</u>            | <u>1,029</u>                  | <u>41,327</u>       |
| Deferred revenues,<br>end of year       | <u>\$ 179,210</u> | <u>\$ 1,251,810</u> | <u>\$ 848,591</u>       | <u>\$ 788,410</u>                     | <u>\$ 312,438</u>       | <u>\$ 44,564</u>              | <u>\$ 3,425,023</u> |

6. FUND BALANCE RESERVED FOR ENCUMBRANCES

The fund balance reserved for encumbrances as of June 30, 2010 represents unexpended contracts entered into for the following:

|                           |                     |
|---------------------------|---------------------|
| Curtis Towing             | \$ 287,000          |
| High Speed Rail Committee | 45,851              |
| Kimley Horn               | <u>1,059,999</u>    |
| Total                     | <u>\$ 1,392,850</u> |

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

7. DEFINED CONTRIBUTION EMPLOYEE RETIREMENT BENEFIT PLAN

COFCG 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 \$259,758 for the year ended June 30, 2010.

8. FRESNO COUNTY RURAL TRANSIT AGENCY ADMINISTRATION

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

9. OPERATING LEASES

COFCG conducts its operations from leased facilities under a ten year lease which expires December 31, 2015. In addition, COFCG leases office equipment under operating leases that expire December 30, 2014.

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

| Year Ending June 30 | Buildings           | Equipment        |
|---------------------|---------------------|------------------|
| 2011                | \$ 209,118          | \$ 18,251        |
| 2012                | 209,118             | 18,251           |
| 2013                | 209,118             | 18,251           |
| 2014                | 209,118             | 18,251           |
| 2015                | 209,118             | 9,126            |
| Thereafter          | 104,559             | -                |
| Total               | <u>\$ 1,150,149</u> | <u>\$ 82,130</u> |

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

10. CONTINGENT LIABILITIES

Grants have been received by COFCG for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement for costs disallowed under the terms of the grants. The amount, if any, of costs that may be disallowed by the granting agencies cannot be determined at this time. Management expects such amounts, if any, to be immaterial.

**REQUIRED SUPPLEMENTARY INFORMATION**

## GENERAL FUND

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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.

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COUNCIL OF FRESNO COUNTY GOVERNMENTS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2010

|                                       | <u>Budgeted Amounts</u> |                   | <u>Actual</u>       | <u>Variance with</u> |
|---------------------------------------|-------------------------|-------------------|---------------------|----------------------|
|                                       | <u>Original</u>         | <u>Final</u>      | <u>Amounts</u>      | <u>Final Budget</u>  |
| Revenues:                             |                         |                   |                     |                      |
| Aid from federal government           | \$ 5,027,716            | \$ 5,795,004      | \$ 2,123,140        | \$ (3,671,864)       |
| Aid from state government             | 2,558,080               | 4,999,794         | 910,055             | (4,089,739)          |
| Aid from local governments            | 5,598,047               | 6,536,627         | 3,238,212           | (3,298,415)          |
| Interest revenue                      | 40,000                  | 40,000            | 83,456              | 43,456               |
| Miscellaneous revenue                 | 179,725                 | 179,725           | 129,705             | (50,020)             |
| Total revenues                        | <u>13,403,568</u>       | <u>17,551,150</u> | <u>6,484,568</u>    | <u>(11,066,582)</u>  |
| Expenditures:                         |                         |                   |                     |                      |
| Current:                              |                         |                   |                     |                      |
| General government:                   |                         |                   |                     |                      |
| Salaries and benefits                 | 2,667,518               | 2,667,518         | 2,452,313           | (215,205)            |
| Supplies and services                 | 10,256,350              | 14,403,932        | 4,187,038           | (10,216,894)         |
| Contributions to other local agencies | 479,700                 | 479,700           | 287,617             | (192,083)            |
| Total expenditures                    | <u>13,403,568</u>       | <u>17,551,150</u> | <u>6,926,968</u>    | <u>(10,624,182)</u>  |
| Excess of revenues over expenditures  | <u>\$ -</u>             | <u>\$ -</u>       | <u>\$ (442,400)</u> | <u>\$ (442,400)</u>  |

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2010

1. BUDGETARY DATA

COFCG 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 COFCG for their review and approval. On or prior to the May meeting of COFCG, the budget is legally adopted through passage of a resolution.

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

All transfers, modifications, and supplemental appropriations to the budget must be approved by COFCG through resolution. During the year ended June 30, 2010, appropriations were increased by \$4,147,582 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.

COFCG 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

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

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

Local Transportation Fund (LTF) - This fund is used to account for the ¼ 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 Transit Development Act administration.

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
COMBINING STATEMENT OF NET ASSETS  
TRUST FUNDS  
JUNE 30, 2010

|                                   | State<br>Transit<br>Assistance<br>Fund | Local<br>Transportation<br>Fund | Total                       |
|-----------------------------------|----------------------------------------|---------------------------------|-----------------------------|
|                                   | <u>                    </u>            | <u>                    </u>     | <u>                    </u> |
| <u>ASSETS</u>                     |                                        |                                 |                             |
| Cash and investments              | \$ 5,938,626                           | \$ 8,127,470                    | \$ 14,066,096               |
| Interest receivable               | <u>16,331</u>                          | <u>22,350</u>                   | <u>38,681</u>               |
| Total assets                      | <u>\$ 5,954,957</u>                    | <u>\$ 8,149,820</u>             | <u>\$ 14,104,777</u>        |
| <u>LIABILITIES AND NET ASSETS</u> |                                        |                                 |                             |
| Liabilities:                      |                                        |                                 |                             |
| Due to other governments          | <u>\$ -</u>                            | <u>\$ 8,149,796</u>             | <u>\$ 8,149,796</u>         |
| Net assets:                       |                                        |                                 |                             |
| Unrestricted                      | <u>5,954,957</u>                       | <u>24</u>                       | <u>5,954,981</u>            |
| Total liabilities and net assets  | <u>\$ 5,954,957</u>                    | <u>\$ 8,149,820</u>             | <u>\$ 14,104,777</u>        |

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
 COMBINING STATEMENT OF CHANGES IN NET ASSETS  
 TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

|                               | State<br>Transit<br>Assistance<br>Fund | Local<br>Transportation<br>Fund | Total               |
|-------------------------------|----------------------------------------|---------------------------------|---------------------|
| Additions:                    |                                        |                                 |                     |
| Sales tax                     | \$ -                                   | \$ 24,759,253                   | \$ 24,759,253       |
| Aid from state government     | 5,920,063                              | -                               | 5,920,063           |
| Interest revenue              | 24,990                                 | 236,348                         | 261,338             |
|                               | <u>5,945,053</u>                       | <u>24,995,601</u>               | <u>30,940,654</u>   |
| Total additions               |                                        |                                 |                     |
| Deductions:                   |                                        |                                 |                     |
| Administration expense        | -                                      | 132,998                         | 132,998             |
| TDA claims paid               | -                                      | 24,862,599                      | 24,862,599          |
|                               | <u>-</u>                               | <u>24,995,597</u>               | <u>24,995,597</u>   |
| Total deductions              |                                        |                                 |                     |
| Change in net assets          | 5,945,053                              | 4                               | 5,945,057           |
| Net assets, beginning of year | <u>9,904</u>                           | <u>20</u>                       | <u>9,924</u>        |
| Net assets, end of year       | <u>\$ 5,954,957</u>                    | <u>\$ 24</u>                    | <u>\$ 5,954,981</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, 2010

|                                              | Public Utilities Code |                     |                     |
|----------------------------------------------|-----------------------|---------------------|---------------------|
|                                              | STA Article 4         | STA Article 4&8     |                     |
|                                              | C.A.C. 6730(a)        | C.A.C. 6730(a)      |                     |
|                                              | 99314.3(a)            | 99313               |                     |
|                                              | (Transit              | (Transit            |                     |
|                                              | Operations)           | Population)         | Total               |
| City of Clovis                               | \$ 12,045             | \$ 499,834          | \$ 511,879          |
| City of Coalinga                             | -                     | 98,374              | 98,374              |
| City of Firebaugh                            | -                     | 35,815              | 35,815              |
| City of Fowler                               | -                     | 29,742              | 29,742              |
| City of Fresno                               | 904,703               | 2,591,857           | 3,496,560           |
| City of Huron                                | -                     | 41,705              | 41,705              |
| City of Kerman                               | -                     | 74,205              | 74,205              |
| City of Kingsburg                            | -                     | 59,360              | 59,360              |
| City of Mendota                              | -                     | 51,424              | 51,424              |
| City of Orange Cove                          | -                     | 57,012              | 57,012              |
| City of Parlier                              | -                     | 70,475              | 70,475              |
| City of Reedley                              | -                     | 135,330             | 135,330             |
| City of Sanger                               | -                     | 132,425             | 132,425             |
| City of San Joaquin                          | -                     | 21,006              | 21,006              |
| City of Selma                                | -                     | 120,923             | 120,923             |
| County of Fresno                             | -                     | 901,872             | 901,872             |
| Fresno County Rural Transit Agency (FCRTA)   | 81,956                | -                   | 81,956              |
| Council of Fresno County Governments (COFCG) | -                     | -                   | -                   |
|                                              | <u>\$ 998,704</u>     | <u>\$ 4,921,359</u> | <u>\$ 5,920,063</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, 2010

|                                              | Public Utilities Code |                 |             |
|----------------------------------------------|-----------------------|-----------------|-------------|
|                                              | STA Article 4         | STA Article 4&8 |             |
|                                              | C.A.C. 6730(a)        | C.A.C. 6730(a)  |             |
|                                              | 99314.3(a)            | 99313           |             |
|                                              | (Transit              | (Transit        |             |
|                                              | Operations)           | Population)     | Total       |
| City of Clovis                               | \$ -                  | \$ -            | \$ -        |
| City of Coalinga                             | -                     | -               | -           |
| City of Firebaugh                            | -                     | -               | -           |
| City of Fowler                               | -                     | -               | -           |
| City of Fresno                               | -                     | -               | -           |
| City of Huron                                | -                     | -               | -           |
| City of Kerman                               | -                     | -               | -           |
| City of Kingsburg                            | -                     | -               | -           |
| City of Mendota                              | -                     | -               | -           |
| City of Orange Cove                          | -                     | -               | -           |
| City of Parlier                              | -                     | -               | -           |
| City of Reedley                              | -                     | -               | -           |
| City of Sanger                               | -                     | -               | -           |
| City of San Joaquin                          | -                     | -               | -           |
| City of Selma                                | -                     | -               | -           |
| County of Fresno                             | -                     | -               | -           |
| Fresno County Rural Transit Agency (FCRTA)   | -                     | -               | -           |
| Council of Fresno County Governments (COFCG) | -                     | -               | -           |
|                                              | <u>\$ -</u>           | <u>\$ -</u>     | <u>\$ -</u> |

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
TRANSPORTATION DEVELOPMENT ACT FUNDS  
SCHEDULE OF APPORTIONMENTS BY PURPOSE  
LOCAL TRANSPORTATION FUND  
FOR THE YEAR ENDED JUNE 30, 2010

|                                                 | Article 3<br>99234<br>(Bicycle &<br>Pedestrian) | Article 4.5<br>99275<br>(Social<br>Services) | Article 4 and 8<br>99260/99400(a)<br>(Transit<br>Operations/<br>Streets & Roads) | COFCG RTP<br>99233.1/99233.2<br>(Planning &<br>Administration) | Total                |
|-------------------------------------------------|-------------------------------------------------|----------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------|----------------------|
| City of Clovis                                  | \$ 56,265                                       | \$ 138,262                                   | \$ 2,213,409                                                                     | \$ -                                                           | \$ 2,407,936         |
| City of Coalinga                                | 11,302                                          | 27,956                                       | 444,622                                                                          | -                                                              | 483,880              |
| City of Firebaugh                               | 4,026                                           | 9,989                                        | 158,383                                                                          | -                                                              | 172,398              |
| City of Fowler                                  | 3,354                                           | 8,172                                        | 131,951                                                                          | -                                                              | 143,477              |
| City of Fresno                                  | 293,319                                         | 712,901                                      | 11,538,757                                                                       | -                                                              | 12,544,977           |
| City of Huron                                   | 4,635                                           | 11,077                                       | 182,325                                                                          | -                                                              | 198,037              |
| City of Kerman                                  | 8,318                                           | 20,353                                       | 327,237                                                                          | -                                                              | 355,908              |
| City of Kingsburg                               | 6,759                                           | 16,509                                       | 265,880                                                                          | -                                                              | 289,148              |
| City of Mendota                                 | 5,838                                           | 14,353                                       | 229,652                                                                          | -                                                              | 249,843              |
| City of Orange Cove                             | 6,465                                           | 15,800                                       | 254,316                                                                          | -                                                              | 276,581              |
| City of Parlier                                 | 8,017                                           | 19,542                                       | 315,394                                                                          | -                                                              | 342,953              |
| City of Reedley                                 | 15,214                                          | 37,520                                       | 598,515                                                                          | -                                                              | 651,249              |
| City of Sanger                                  | 15,033                                          | 36,731                                       | 591,395                                                                          | -                                                              | 643,159              |
| City of San Joaquin                             | 2,401                                           | 6,630                                        | 94,467                                                                           | -                                                              | 103,498              |
| City of Selma                                   | 13,782                                          | 34,147                                       | 542,160                                                                          | -                                                              | 590,089              |
| County of Fresno                                | 102,612                                         | 255,541                                      | 4,036,643                                                                        | -                                                              | 4,394,796            |
| Council of Fresno County<br>Governments (COFCG) | -                                               | -                                            | -                                                                                | 911,324                                                        | 911,324              |
|                                                 | <u>\$ 557,340</u>                               | <u>\$ 1,365,483</u>                          | <u>\$ 21,925,106</u>                                                             | <u>\$ 911,324</u>                                              | <u>\$ 24,759,253</u> |

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
TRANSPORTATION DEVELOPMENT ACT FUNDS  
SCHEDULE OF DISBURSEMENTS BY PURPOSE  
LOCAL TRANSPORTATION FUND  
FOR THE YEAR ENDED JUNE 30, 2010

|                                                                     | Article 3<br>99234<br>(Bicycle &<br>Pedestrian) | Article 4.5<br>99275<br>(Social<br>Services) | Article 4<br>99260<br>(Transit<br>Operations) | Article 8<br>99400(a)<br>(Streets<br>& Roads) | COFCG RTP<br>99402/99233.1<br>(Planning &<br>Administration) | Total                |
|---------------------------------------------------------------------|-------------------------------------------------|----------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------------------------------------|----------------------|
| City of Clovis                                                      | \$ 56,265                                       | \$ 148,175                                   | \$ 2,194,836                                  | \$ 82,456                                     | \$ -                                                         | \$ 2,481,732         |
| City of Coalinga                                                    | 11,302                                          | -                                            | -                                             | 331,115                                       | -                                                            | 342,417              |
| City of Firebaugh                                                   | 4,026                                           | -                                            | -                                             | 98,092                                        | -                                                            | 102,118              |
| City of Fowler                                                      | 3,354                                           | -                                            | -                                             | 41,898                                        | -                                                            | 45,252               |
| City of Fresno                                                      | 293,319                                         | -                                            | 13,532,666                                    | -                                             | -                                                            | 13,825,985           |
| City of Huron                                                       | 4,635                                           | -                                            | -                                             | 44,920                                        | -                                                            | 49,555               |
| City of Kerman                                                      | 8,318                                           | -                                            | -                                             | 173,211                                       | -                                                            | 181,529              |
| City of Kingsburg                                                   | 6,759                                           | -                                            | -                                             | 153,769                                       | -                                                            | 160,528              |
| City of Mendota                                                     | 5,838                                           | -                                            | -                                             | 109,485                                       | -                                                            | 115,323              |
| City of Orange Cove                                                 | 6,465                                           | -                                            | -                                             | 148,844                                       | -                                                            | 155,309              |
| City of Parlier                                                     | 8,017                                           | -                                            | -                                             | 235,653                                       | -                                                            | 243,670              |
| City of Reedley                                                     | 15,214                                          | -                                            | -                                             | 224,390                                       | -                                                            | 239,604              |
| City of Sanger                                                      | 15,033                                          | -                                            | -                                             | 428,054                                       | -                                                            | 443,087              |
| City of San Joaquin                                                 | 2,401                                           | -                                            | -                                             | 21,706                                        | -                                                            | 24,107               |
| City of Selma                                                       | 13,782                                          | -                                            | -                                             | 92,259                                        | -                                                            | 106,041              |
| County of Fresno                                                    | 102,612                                         | -                                            | -                                             | 1,537,944                                     | -                                                            | 1,640,556            |
| Fresno County<br>Rural Transit<br>Agency<br>(FCRTA)                 | -                                               | -                                            | 2,710,152                                     | -                                             | -                                                            | 2,710,152            |
| Council of Fresno<br>County<br>Governments<br>(COFCG)               | -                                               | -                                            | -                                             | -                                             | 911,324                                                      | 911,324              |
| Fresno County<br>Economic<br>Opportunities<br>Commission<br>(FCEOC) | -                                               | 1,217,308                                    | -                                             | -                                             | -                                                            | 1,217,308            |
|                                                                     | <u>\$ 557,340</u>                               | <u>\$ 1,365,483</u>                          | <u>\$ 18,437,654</u>                          | <u>\$ 3,723,796</u>                           | <u>\$ 911,324</u>                                            | <u>\$ 24,995,597</u> |

**COUNCIL OF FRESNO COUNTY GOVERNMENTS  
SCHEDULE OF GRANT RECEIPTS AND EXPENDITURE CLAIMS  
FOR THE YEAR ENDED JUNE 30, 2010**

|                                         |                     |                     | Federal Highway Work Administration |                  |
|-----------------------------------------|---------------------|---------------------|-------------------------------------|------------------|
|                                         |                     |                     | FHWA                                |                  |
|                                         |                     |                     | PL                                  | Partner          |
|                                         | Total               | Local Resources     | Planning                            | Planning         |
| <b>Revenues:</b>                        |                     |                     |                                     |                  |
| Federal grants                          | \$ 2,123,140        | \$ -                | \$ 1,337,730                        | \$ 46,359        |
| Non-federal revenue:                    |                     |                     |                                     |                  |
| State assistance                        | 910,055             | -                   | -                                   | -                |
| Local revenue sources                   | 3,238,212           | 3,238,212           | -                                   | -                |
| Interest revenue                        | 83,456              | 83,456              | -                                   | -                |
| Miscellaneous revenue                   | 129,705             | 129,705             | -                                   | -                |
| <b>Total revenues</b>                   | <b>6,484,568</b>    | <b>\$ 3,451,373</b> | <b>\$ 1,337,730</b>                 | <b>\$ 46,359</b> |
| <b>Expenditures:</b>                    |                     |                     |                                     |                  |
| Regional Streets & Roads                | \$ 197,144          | \$ 22,612           | \$ 174,532                          | \$ -             |
| Regional Transportation Modeling        | 272,968             | 31,960              | 241,008                             | -                |
| Regional Traffic Monitoring             | 264,765             | 100,985             | 163,780                             | -                |
| Regional Transportation Studies         | 52,455              | 8,190               | 44,265                              | -                |
| Regional Transportation Mitigation Fee  | 69,052              | 27,443              | 41,609                              | -                |
| National Park Studies                   | 8,321               | 954                 | 7,367                               | -                |
| Golden State Corridor                   | 133,778             | 133,778             | -                                   | -                |
| Public Trans. - Urban                   | 306,175             | 55,775              | -                                   | -                |
| JARRC                                   | 16,484              | 8,076               | -                                   | -                |
| New Freedom                             | 63,508              | 35,562              | -                                   | -                |
| PTIS                                    | 1,320,448           | 1,047,447           | -                                   | -                |
| Transit Professional Development        | 58,410              | 12,051              | -                                   | 46,359           |
| Public Transportation - Rural           | 15,000              | 1,312               | -                                   | -                |
| Other Modal Elements                    | 36,043              | 36,043              | -                                   | -                |
| Bicycle & Pedestrian                    | 28,024              | 28,024              | -                                   | -                |
| High Speed Rail                         | 132,463             | 30,654              | 101,809                             | -                |
| Airport Land Use                        | 26,042              | 26,042              | -                                   | -                |
| Regional Transportation Plan            | 275,147             | 38,088              | 206,847                             | -                |
| Congestion Management Plan              | 17,018              | 1,952               | 12,389                              | -                |
| Air Quality                             | 179,498             | 20,773              | 115,135                             | -                |
| Measure "C"                             | 129,752             | 129,752             | -                                   | -                |
| Measure "C" Oversight Committee         | 8,790               | 8,790               | -                                   | -                |
| Measure "C" Car/Van Pool                | 300,459             | 300,459             | -                                   | -                |
| Measure "C" HS Rail                     | 203,265             | 203,265             | -                                   | -                |
| Measure "C" ADA Seniors                 | 324,122             | 324,122             | -                                   | -                |
| Measure "C" Farm/Van Pool               | 59,656              | 59,656              | -                                   | -                |
| Transportation Program Development      | 231,161             | 54,813              | 50,896                              | -                |
| Intergovernmental Coordination          | 58,357              | 21,870              | 36,487                              | -                |
| Public Info. and Participation          | 59,252              | 7,013               | 40,172                              | -                |
| COG View Internet                       | 14,391              | 1,813               | -                                   | -                |
| Environmental Justice                   | 28,687              | 3,306               | 12,759                              | -                |
| Technical Assistance Members            | 33,470              | 20,710              | -                                   | -                |
| Outside Technical Service               | 26,358              | 26,358              | -                                   | -                |
| Rideshare Program                       | 3,405               | 3,405               | -                                   | -                |
| Regional Data Center                    | 90,962              | 10,434              | 51,161                              | -                |
| One Voice Advocacy                      | 115,938             | 115,938             | -                                   | -                |
| California Blueprint                    | 602,965             | 52,440              | -                                   | -                |
| Farmland Trust                          | 8,116               | 8,116               | -                                   | -                |
| Valley RTPA Coordination                | 99,884              | 62,370              | 37,514                              | -                |
| COFCG Administration                    | 283,865             | 283,865             | -                                   | -                |
| OWP and Budget                          | 27,979              | 27,979              | -                                   | -                |
| Transportation Funds Administration     | 164,190             | 154,455             | -                                   | -                |
| FCRTA Administration                    | 302,144             | 302,144             | -                                   | -                |
| Transportation Authority Administration | 2,649               | 2,649               | -                                   | -                |
| Freeway Service Patrol                  | 294,507             | 60,429              | -                                   | -                |
| Abandoned Vehicle Abatement             | 13,054              | 13,054              | -                                   | -                |
| <b>Total expenditures</b>               | <b>6,960,121</b>    | <b>\$ 3,926,926</b> | <b>\$ 1,337,730</b>                 | <b>\$ 46,359</b> |
| Depreciation                            | (33,153)            |                     |                                     |                  |
| <b>Net gain (loss)</b>                  | <b>\$ (442,400)</b> |                     |                                     |                  |

| Federal Transit Administration |                   |                  |                   | State PPM<br>6086(027)<br>& 6086(028) | State FSP<br>& 6086(026) | Cal<br>Blueprint  |
|--------------------------------|-------------------|------------------|-------------------|---------------------------------------|--------------------------|-------------------|
| FTA MPO<br>5303                | FTA 5307          | JARRC<br>5316    | FTA<br>5317       |                                       |                          |                   |
| \$ 247,198                     | \$ 327,545        | \$ 27,946        | \$ 136,362        | \$ -                                  | \$ -                     | \$ -              |
| -                              | -                 | -                | -                 | 193,605                               | 234,078                  | 482,372           |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| <u>\$ 247,198</u>              | <u>\$ 327,545</u> | <u>\$ 27,946</u> | <u>\$ 136,362</u> | <u>\$ 193,605</u>                     | <u>\$ 234,078</u>        | <u>\$ 482,372</u> |
| \$ -                           | \$ -              | \$ -             | \$ -              | \$ -                                  | \$ -                     | \$ -              |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| 59,494                         | 190,906           | -                | -                 | -                                     | -                        | -                 |
| 8,408                          | -                 | -                | -                 | -                                     | -                        | -                 |
| -                              | -                 | 27,946           | -                 | -                                     | -                        | -                 |
| -                              | 136,639           | -                | 136,362           | -                                     | -                        | -                 |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| 13,688                         | -                 | -                | -                 | -                                     | -                        | -                 |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| 30,212                         | -                 | -                | -                 | -                                     | -                        | -                 |
| 2,677                          | -                 | -                | -                 | -                                     | -                        | -                 |
| 43,590                         | -                 | -                | -                 | -                                     | -                        | -                 |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| -                              | -                 | -                | -                 | 125,452                               | -                        | -                 |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| 12,067                         | -                 | -                | -                 | -                                     | -                        | -                 |
| 12,578                         | -                 | -                | -                 | -                                     | -                        | -                 |
| 12,622                         | -                 | -                | -                 | -                                     | -                        | -                 |
| 12,760                         | -                 | -                | -                 | -                                     | -                        | -                 |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| 29,367                         | -                 | -                | -                 | -                                     | -                        | -                 |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| -                              | -                 | -                | -                 | 68,153                                | -                        | 482,372           |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| 9,735                          | -                 | -                | -                 | -                                     | -                        | -                 |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| -                              | -                 | -                | -                 | -                                     | 234,078                  | -                 |
| -                              | -                 | -                | -                 | -                                     | -                        | -                 |
| <u>\$ 247,198</u>              | <u>\$ 327,545</u> | <u>\$ 27,946</u> | <u>\$ 136,362</u> | <u>\$ 193,605</u>                     | <u>\$ 234,078</u>        | <u>\$ 482,372</u> |

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
SCHEDULE OF INSURANCE COVERAGE  
FOR THE YEAR ENDED JUNE 30, 2010

Insurance coverage of the Council at June 30, 2010 is as follows:

Fire Insurance:

|                                           |            |
|-------------------------------------------|------------|
| Office personal property 90% co-insurance | \$ 100,000 |
|-------------------------------------------|------------|

|                                                  |              |
|--------------------------------------------------|--------------|
| Public Officials Professional Liability Coverage | \$ 1,000,000 |
|--------------------------------------------------|--------------|

Liability Coverage:

All inclusive (combined single limit):

|               |              |
|---------------|--------------|
| Bodily injury | \$ 1,000,000 |
|---------------|--------------|

|                       |            |
|-----------------------|------------|
| Group Travel Accident | \$ 100,000 |
|-----------------------|------------|

|                        |           |
|------------------------|-----------|
| Bond, Blanket Position | \$ 35,000 |
|------------------------|-----------|

|                                 |           |
|---------------------------------|-----------|
| Worker's Compensation Insurance | Statutory |
|---------------------------------|-----------|

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
SCHEDULE OF COST ALLOCATION PLAN RECONCILIATION  
AND FIXED RATE OVERHEAD CARRYOVER  
FOR THE YEAR ENDED JUNE 30, 2010

The following is a reconciliation of COFCG's expenses per the basic financial statements to the expenses per COFCG's cost allocation plan for the year ended June 30, 2010

| Budget Item                   | Actual<br>Expense   | Eligible<br>Depreciation | Allocated to<br>Other Programs | Direct<br>Expense   | Indirect<br>Expense |
|-------------------------------|---------------------|--------------------------|--------------------------------|---------------------|---------------------|
| <b>Salaries and Benefits:</b> |                     |                          |                                |                     |                     |
| Direct                        | \$ 1,989,552        | \$ -                     | \$ (507,649)                   | \$ 1,481,903        | \$ -                |
| Indirect                      | 462,761             | -                        | (18,249)                       | -                   | 444,512             |
| Total salaries and benefits   | <u>2,452,313</u>    | <u>-</u>                 | <u>(525,898)</u>               | <u>1,481,903</u>    | <u>444,512</u>      |
| <b>Indirect Overhead:</b>     |                     |                          |                                |                     |                     |
| Telephone                     | 8,288               | -                        | -                              | -                   | 8,288               |
| Membership/dues               | 225                 | -                        | -                              | -                   | 225                 |
| Insurance                     | 12,511              | -                        | -                              | -                   | 12,511              |
| Postage                       | 10,970              | -                        | -                              | -                   | 10,970              |
| Printing supplies             | 13,243              | -                        | -                              | -                   | 13,243              |
| Office supplies               | 22,219              | -                        | -                              | -                   | 22,219              |
| Publications                  | 74                  | -                        | -                              | -                   | 74                  |
| Advertising and legal notice  | 5,331               | -                        | -                              | -                   | 5,331               |
| Computer supplies             | 8,595               | -                        | -                              | -                   | 8,595               |
| Office lease                  | 196,400             | -                        | -                              | -                   | 196,400             |
| Utilities                     | 15,657              | -                        | -                              | -                   | 15,657              |
| Equipment lease               | 24,858              | -                        | -                              | -                   | 24,858              |
| Travel expenses               | 21,586              | -                        | (190)                          | -                   | 21,396              |
| Depreciation                  | -                   | 33,153                   | -                              | -                   | 33,153              |
| Legal and accounting          | 12,300              | -                        | -                              | -                   | 12,300              |
| Total indirect overhead       | <u>352,257</u>      | <u>33,153</u>            | <u>(190)</u>                   | <u>-</u>            | <u>385,220</u>      |
| <b>Total costs</b>            | <u>\$ 2,804,570</u> | <u>\$ 33,153</u>         | <u>\$ (526,088)</u>            | <u>\$ 1,481,903</u> | <u>\$ 829,732</u>   |

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
SCHEDULE OF COST ALLOCATION PLAN RECONCILIATION  
AND FIXED RATE OVERHEAD CARRYOVER (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2010

|                                                            |                              |
|------------------------------------------------------------|------------------------------|
| Direct expenses - at June 30, 2010                         | \$ 1,481,903                 |
| Approved indirect cost rate for June 30, 2010              | <u>52.26%</u>                |
| <br>Total allocable indirect expenses - at June 30, 2010   | <br><u><u>\$ 774,443</u></u> |
| <br>Actual indirect expenses - at June 30, 2010            | <br>\$ 829,732               |
| Under recovery of indirect expenses - at June 30, 2008     | <u>(31,851)</u>              |
| <br>Net eligible indirect expenses - at June 30, 2010      | <br><u><u>\$ 797,881</u></u> |
| <br>Over recovery of indirect expenses - at June 30, 2010  | <br><u><u>\$ 23,438</u></u>  |
| <br>Under recovery of indirect expenses - at June 30, 2009 | <br><u><u>\$ 144,696</u></u> |

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010

| Federal Grantor/<br>Pass-Through Grantor/<br>Program Title                                                                   | Federal<br>CFDA<br>Number | Grantor's<br>Number | Grant<br>Expenditures |
|------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------|-----------------------|
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u>                                                                                     |                           |                     |                       |
| <u>Federal Highway Works Administration:</u>                                                                                 |                           |                     |                       |
| Pass-through California Department of Transportation<br>Highway Planning and Construction Grant -<br>OWP (Overall Work Plan) | 20.205                    | 74A0150             | \$ 1,337,730          |
| Partner                                                                                                                      | 20.205                    | 74A0150             | <u>46,359</u>         |
| Total Federal Highway Works Administration                                                                                   |                           |                     | <u>1,384,089</u>      |
| <u>Federal Transit Administration:</u>                                                                                       |                           |                     |                       |
| Pass-through California Department of Transportation<br>Federal Transit Technical Studies Grant - MPO                        | 20.505                    | 74A0150             | 247,198               |
| FTA 5307 - Federal Transit Formula Grant                                                                                     | 20.507                    | CA-90-Y699-00       | 327,545               |
| FTA 5316 - Job Access Reverse Commute                                                                                        | 20.516                    | CA-37-X102-00       | 27,946                |
| FTA 5317 - New Freedom Program                                                                                               | 20.521                    | CA-57-X029-00       | <u>136,363</u>        |
| Total Federal Transit Administration                                                                                         |                           |                     | <u>739,052</u>        |
| Total Federal Financial Assistance                                                                                           |                           |                     | <u>\$ 2,123,141</u>   |

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Council of Fresno County Governments and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the County of Fresno County Governments' basic financial statements.

## 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, 2010, and have issued our report thereon dated March 1, 2011. 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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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)

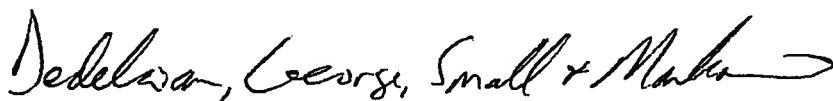
Internal Control Over Financial Reporting (Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 or other matters 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  
March 1, 2011

REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 Council of Fresno County Governments compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that could have a direct and material effect on each of the Council of Fresno County Governments' major federal programs for the year ended June 30, 2010. 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.

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REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

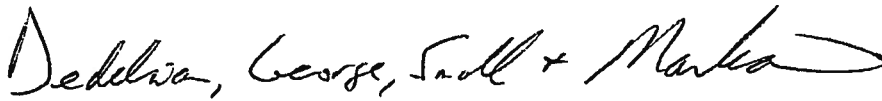
Management of the Council of Fresno County Governments is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Council of Fresno County Governments' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course or performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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.

A handwritten signature in cursive script that reads "Dedekian, George, Small & Markarian".

Dedekian, George, Small & Markarian  
Accountancy Corporation  
March 1, 2011

## FINDINGS AND RECOMMENDATIONS SECTION

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2010

Part I – Summary of Auditor’s Results

1. The Independent Auditors’ Report expresses an unqualified opinion on the financial statements of the Council of Fresno County Governments.
2. No significant deficiencies relating to the audit of the financial statements are reported in the “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.”
3. 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.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the “Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.”
5. The Independent Auditors’ Report on compliance for the major federal award program for the Council of Fresno County Governments expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as a major program included:

| Name                              | CFDA Number |
|-----------------------------------|-------------|
| Highway Planning and Construction | 20.205      |

8. The threshold used for distinguish between Type A and Type B programs was \$300,000.
9. The Council of Fresno County Governments was determined to be a low-risk auditee.

Part II – Financial Statement Findings and Other Non-Federal Compliance

Compliance with Laws and Regulations

None.

Part III – Findings and Questioned Costs for Major Federal Award Programs

None.

COUNCIL OF FRESNO COUNTY GOVERNMENTS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2009

There were no reportable audit findings for the fiscal year ended June 30, 2009.