

**FRESNO METROPOLITAN FLOOD  
CONTROL DISTRICT**

**FINANCIAL STATEMENTS,  
COMBINING FUND FINANCIAL STATEMENTS,  
AND SUPPLEMENTAL SCHEDULES**

**FOR THE YEAR ENDED JUNE 30, 2013**



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
JUNE 30, 2013**

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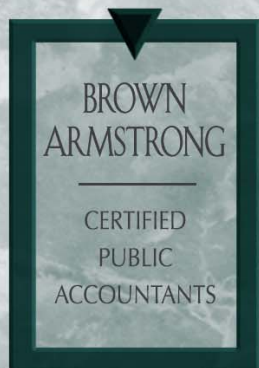


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# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

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Fresno, California

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### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fresno Metropolitan Flood Control District (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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





## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows and the respective budgetary comparison statement for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2013, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which modified the current financial reporting of those elements. Our opinion is not modified with respect to the matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-23 and schedule of funding progress on page 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining fund financial statements and supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The schedules on pages 56 and 57 include the effects of recording a liability to developers in the special revenue fund. This liability is not actually payable from the fund's assets at June 30, 2013. Developers will only be paid when the improvements, which have been financed by the developers, are later reimbursed by the owners of the property benefited by these improvements. The schedules also include the gross amount of contracts payable for awarded contracts rather than presenting the liability net of the percent incomplete. This amount is presented by management to present the amount of resources required in future periods to reduce those liabilities.



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
January 15, 2014



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

This section of the Fresno Metropolitan Flood Control District's (the District) Annual Financial Report presents a narrative overview of the District and its programs along with an analysis of the District's financial activities for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with information presented in our financial statements.

**INTRODUCTION**

The District is a "special act" district, created by the electorate to provide fully coordinated and comprehensive stormwater management and related services on a regional basis through a quasi-joint powers relationship among the Cities of Fresno and Clovis and the County of Fresno.

In the following sections, the mission, history, and organization of the District are presented, as well as an overview of District services and programs.

**GOAL AND MISSION OF THE DISTRICT**

The mission of the District is to control and manage the flood, storm, and surface and groundwater resources of the area, so as to prevent damage, injury, and inconvenience; to conserve such waters for local, domestic, and agricultural use; and to maximize the public use and benefit of the District's programs and infrastructure.

The District is a service agency created by and for the benefit of the community. Its goal is to meet the flood control, drainage, and water resources management needs of its constituency, while adhering to high standards of performance, environmental sensitivity, economic efficiency, and maximization of public benefit.

The District works to address stormwater and related water resource problems and needs, while seeking to prevent the creation of new problems. The District strives to achieve these goals within the reasonable time and economic parameters established through collective community discussion and decision-making as entrusted to the District Board of Directors. As a service agency, it is the District's responsibility to respond to the community's needs for technical information, resources conservation, and facility construction, operation, and maintenance.



*McKinley and Fairfax 1962*

**DISTRICT HISTORY**

The District exists as a direct creation of the electorate of the Fresno-Clovis metropolitan area. Until June 5, 1956, the responsibility for stormwater management and related functions was vested individually in the Cities of Fresno and Clovis and the County of Fresno. Until that time, stormwater management generally consisted of independent, site-specific actions intended only to alleviate individual problem locations, but failing to create comprehensive solutions. In response to the rapidly increasing number of stormwater management problems and the inability of the three independent jurisdictions to provide an effective, coordinated solution, a citizens' committee formed to explore alternatives.



The result of the citizens' efforts was draft legislation creating a "special act" district designed to mandate a quasi-joint powers relationship among the Cities of Fresno and Clovis and the County of Fresno, which would provide the desired stormwater management services. The act is known as the Fresno Metropolitan Flood Control District Act of 1955 (the District Act) and was signed into law on May 13, 1955. The District Act became law on September 17, 1955, subject to voter approval. On June 5, 1956, the District Act was ratified by a five-to-one majority vote (32,030 voting in favor, 5,974 voting in opposition) and was established as Chapter 73 of the California Water Code appendix. Additional information is available from the District's web site at [www.fresnofloodcontrol.org](http://www.fresnofloodcontrol.org).



*Downtown 1925*

Joaquin and Kings rivers. The District is authorized to control stormwaters within an urban and rural foothill watershed of approximately 400 square miles, known as the Fresno County Stream Group. The watershed extends eastward into the Sierra Nevada to an elevation of approximately 4,500 feet above sea level. The District service area includes most of the Fresno-Clovis metropolitan area (excluding the community of Easton), and unincorporated lands to the east and northeast.

## OVERVIEW OF DISTRICT SERVICES AND PROGRAMS

### District Service Area

The District is located in the north-central portion of Fresno County between the San



*Basin D on Forkner Ave.*

For the purposes of program planning, structure, service delivery, and financing, a distinction is made between flood control and local drainage services. The flood control program relates to the control, containment, and safe disposal of stormwaters that flow onto the valley floor from the eastern streams. The local drainage program relates to the collection and safe disposal of stormwater runoff generated within the urban and rural watersheds or "drainage areas." These and other major District programs are introduced below and described in detail in the District's Service Plan. All are closely integrated and coordinated to provide efficient, comprehensive services. Collectively, these facilities comprise the "Storm Drainage and Flood Control Master Plan."

### Flood Control Program

The District's flood control program consists of a system of facilities and operations which control the flows from several low-elevation streams that drain a part of the west slope of the Sierra Nevada between the San Joaquin and Kings rivers. These streams are collectively referred to as the Fresno County Stream Group. The system is currently composed of eight major flood control facilities and many related streams and channel features. The District is the local sponsor of the U.S. Army Corps of Engineers' (Corps) Redbank-Fancher Creeks Flood Control Project, which consists of five of the system's major facilities. Through its contract with the



*Redbank Creek Reservoir, Fresno County*



federal government, the District is responsible for construction costs sharing, land acquisition, operation, and maintenance of the Redbank-Fancher Creeks project. The District is also responsible for construction, operation, and maintenance of additional, non-federal flood control facilities required to control the stream group, and for flood plain management.

### **Rural Streams Program**

Between the easterly boundary of the planned urban stormwater drainage system and the District's eastern boundary, there are approximately 175 miles of streams and channels, many of which are severely obstructed. The District has implemented the rural streams program to preserve, restore, and maintain these channels, and to complete any additional facilities necessary to safely convey storm flows through the rural area and the downstream urban area. The rural streams program includes activities to secure and maintain drainage amenities necessary for rural lands within the watershed.

### **Local Stormwater Drainage Program**

The District's local stormwater drainage system consists of storm drains, detention and retention basins, and pump stations, some of which discharge to irrigation canals, creeks, and the San Joaquin River. The system is designed to retain and infiltrate as much runoff as possible. The District's Storm Drainage and Flood Control Master Plan includes 163 adopted or proposed drainage areas, each providing service to approximately one to two square miles. All but five of the developed drainage areas are served by a retention or detention facility. Local drainage services include topographic mapping; Master Plan engineering and facility design; system construction, operation, and maintenance; and engineering design services to ensure adequate drainage for new development.

### **Stormwater Quality Management Program**

In compliance with the federal Clean Water Act and implementing stormwater permit regulations, the District and four other local public agencies (County of Fresno, City of Fresno, City of Clovis, and CSU Fresno) developed a stormwater quality management program to be implemented in the Fresno-Clovis metropolitan area. The program proposal was submitted to the Central Valley Regional Water Quality Control Board (RWQCB) as a part of the National Pollutant Discharge Elimination System Program (NPDES) municipal stormwater permit process. The RWQCB incorporated into the permit specific program requirements, including best management practices to prevent and reduce stormwater pollutants. The NPDES permit was originally issued to the participating agencies in September 1994, and was renewed in March 2001 and again on May 30, 2013. The permit is scheduled to expire in May 2018.

As owner and operator of the stormwater drainage system serving the metropolitan area, the District has primary responsibility for implementing this mandated program. The stormwater quality management program includes specific pollution prevention and control practices for urban drainage system planning, design, construction, and maintenance. The program also includes public education to prevent stormwater pollution; municipal operations control measures, commercial and industrial control measures, illicit discharges control measures and control measures associated with planning and land development. The program also includes monitoring to assess stormwater impacts on receiving water and methodologies to evaluate the effectiveness of targeted best management practices; and development and implementation of ordinances to effect and enforce stormwater quality controls.

### **Water Conservation Program**

Water conservation benefits are a design objective of the flood control and urban drainage systems, which detain and retain stormwater runoff for groundwater recharge. The District also maintains groundwater recharge contracts with the Fresno Irrigation District (FID) and the Cities of Fresno and Clovis, which provide for dry season delivery of imported surface water into many of the District's local stormwater drainage retention basins. Through cooperative agreements with the Cities of Fresno and Clovis, the District continually investigates the feasibility of building additional interties between the surface water channels and basins, and otherwise expanding the system, to increase the system's water conservation capabilities. When practical, the District will irrigate with surface water to preserve higher quality water for commercial or industrial use.



## **Recreation Program**

The District includes landscaping of urban basin sites with turf, trees, and irrigation systems as part of the improvements in the drainage system. The landscaping stabilizes the soil, adds a green and open space area with aesthetic appeal, and provides the opportunity for recreational activities. Basins in residential areas are designed with depths and slopes that permit large open basin floors to be landscaped and available for passive or active recreational activities. Non-residential basins are designed with depths and slopes that are not accommodative to public access. These basins are only landscaped around the top perimeter and are not available for recreational access. The basins in residential areas are made available for recreational use during the dry weather season and are commonly used for public open space, playing fields, and other organized and unorganized recreation. Organized recreation is controlled by the District through facility use agreements. The District has cooperated with the Cities of Fresno and Clovis to provide active recreational features, such as baseball fields and playgrounds. The District has improved three sites with recreational features specifically designed for use by physically challenged citizens.



*Oso De Oro Park, Basin D*

## **Wildlife Management Program**

The District's flood control and urban stormwater drainage programs provide benefits to wildlife. The District's flood control reservoirs and rural streams provide riparian habitat for many birds and other animals. Through implementation of a Memorandum of Understanding (MOU), which serves as a section 1601 Master Streambed Alteration Agreement between the District and the Department of Fish & Game (DFG), authorized rural stream activities, including channel flow capacity restoration, are intended to accomplish long-term net benefits for fish, wildlife, water quality, native plants, and stream habitat. Furthermore, the Master MOU provides for wildlife habitat improvement to be incorporated comprehensively into District stream restoration projects in lieu of imposing incremental requirements on a project-by-project basis, and results in a net benefit to wildlife and habitat.



*Canadian Geese*

The District has also designated three areas at its reservoirs as existing or potential wildlife habitat. Many urban retention basins also provide wildlife benefits. The District has implemented the wildlife program to conserve and enhance habitats in its facilities, and to provide related environmental education and awareness opportunities to the public.

## **DISTRICT ORGANIZATION**

### **District Board of Directors**

A seven member Board of Directors (the Board) governs the District. The Fresno City Council appoints four members; the Fresno County Board of Supervisors appoints two members; and the Clovis City Council appoints one member. Each director serves a 4-year term and may be re-appointed for consecutive terms. Board meetings normally occur on the second and fourth Wednesday of each month. The Board must approve the District budget, fees and assessments, direct matters of policy and enact ordinances, and perform other responsibilities authorized and required by the District Act.



## **Assets**

The District's physical assets consist of the flood control and local drainage structures and real property, the operations center, and equipment. With the completion of the District's system of flood control facilities, the flows of the stream group will be controlled by eight major flood control structures (dams, reservoirs, and detention basins) and other appurtenant facilities. The five major components of the system initially constructed with the Corps of Engineers as the Redbank-Fancher Creeks Flood Control Project was completed in 1993 at a total cost of approximately \$62,226,677.

As of June 30, 2013, the District had invested \$69,945,850 for land and \$271,033,930 for infrastructure building the local stormwater drainage system. This value represents the actual costs at the time of construction, and does not reflect the current value of the system to the community.

## **Revenue Sources and Financing**

The financing program of the District includes five major categories of revenues. These include (1) general property tax; (2) assessments; (3) capital construction contributions by other public agencies; (4) fees and service charges; and (5) grants. In addition to these, the District receives minor miscellaneous revenues such as rents and leases, interest, and an occasional gift. The general authority to receive or collect such revenues is set forth in the District's enabling legislation, other state legislation under which the District is an eligible participant, and through joint powers relationships in which the District participates.

## **Organizational Structure and Functions**

### ***District Personnel***

For the fiscal year 2012-2013, the Board of Directors authorized 77 full-time positions. Organizational functions are separated into two primary divisions: administration and engineering. The General Manager-Secretary, District Engineer, and support staff performs District administration. Major administrative functions include accounting, assessment collection, office management and clerical support, land acquisition, legal services, community relations, information systems, and environmental resources management.

District engineering functions include system master planning, design, construction, development review, and facility operations and maintenance. These duties are performed by staff engineering personnel, consultants, and contractors under the direction of the District General Manager-Secretary through the District Engineer.

System operations and maintenance activities involve District field staff that monitor all facility operations, perform pump maintenance and equipment repairs, facilitate water diversions and deliveries, and investigate illegal dumping and nuisance complaints related to the storm drain system. Field staff monitors the performance of contractors that provide maintenance services and direct maintenance crews that perform pipeline system cleaning on a contract basis to the District. Field staff also performs inspections of all construction projects to ensure conformance to District design and construction standards.

District engineering staff performs master plan and design engineering for the rural streams system, review and comments on development entitlement applications within the District boundaries, and directs the master planning and design engineering of the urban storm drainage systems performed by the District's consultants. Staff administers the Drainage Fee Ordinance of the three land use entitlement agencies (City of Fresno, County of Fresno, and the City of Clovis) and administers a system of reimbursements for developers who advance facility construction in excess of their drainage fee obligation.



### ***Outsourcing to Private Contractors and Consultants***

The District contracts with private entities for many administrative, environmental, and engineering services; for most maintenance services; and for all appraisal and construction services. Legal services and legislative review are performed through an agreement with private legal counsel. Community relations activities and many environmental resources planning and compliance activities are performed through professional service contracts. Master plan design engineering is performed by staff plus private engineering firms under professional service contracts. Maintenance of all dams, reservoirs, basins, pipeline systems, and all construction activity are contracted with private enterprise entities. Approximately \$7.5 million in expenditures were outsourced during the current fiscal year.

### ***Storm Drainage System***

The Storm Drainage and Flood Control Master Plan includes a five year construction schedule which includes projects managed on a priority basis. The urban Master Plan calls for the construction of basin facilities with an interconnected network of underground pipes and above ground conveyance facilities. The Master Plan is subdivided into 170 urban drainage areas and rural watersheds. Each drainage area has at least one basin, and a network of underground pipelines. In recent years, pump stations and telemetry have been added to basin sites to improve the efficiency of moving stormwater through the system.

#### **BASINS**



Ponding basins vary in size from the smallest 4.2 acre site at “CC” to 33 acres for Basin DP.

#### **“CAST IN PLACE” PIPELINE CONSTRUCTION**



The drainage system is comprised of pipes as large as 96 inches and as small as 18 inches.



## CONSTRUCTION OF A PUMP STATION



## FINANCIAL HIGHLIGHTS

### Statement of Net Position-Total Assets

The total assets of the District increased \$4,330,142 from the prior year. Capital assets increased \$2,768,488 net of depreciation. Non-Capital assets, which are comprised of cash and receivables on hand at the end of the fiscal period, increased \$1,561,654. The District saw a decrease in receivables of \$835,380, and an increase in restricted and unrestricted cash on hand of \$2,397,034.

### Statement of Net Position-Total Liabilities

As of the end of the year, total liabilities decreased \$1,064,632. Current liabilities increased \$17,916. Non-current liabilities decreased \$1,082,548 over the prior year. Non-current liabilities include the liability for Other Post-Employment Benefits.

### Statement of Net Position-Net Position

As of the end of the year, assets exceeded liabilities by \$286,016,769 (net position). Unrestricted Net Position increased \$3,668,378 to \$10,377,042 and may be used to meet the District's ongoing obligations to citizens and creditors. Restricted Net Position, which may only be used for construction or debt service, decreased \$2,256,949. The Investment in Capital Assets increased \$3,983,345 to \$253,447,366.

### Governmental Funds-Fund Balance Reporting Requirements

The Governmental Accounting Standards Board (GASB) Statement No. 54 requires all governmental entities to implement changes to governmental fund financial statements. GASB Statement No. 54 requires that the new requirements must be implemented for fiscal years beginning after June 15, 2010. It changes the presentation of the elements of the fund balance. GASB Statement No. 54 also clarified the definitions of special revenue funds, capital projects funds, debt service funds, and their relationship to the General Fund. GASB Statement No. 54 challenges norms that have been in place since fiscal year 2002. Listed are the Fund Balance Categories:

- **Non-spendable** fund balances are balances in permanent funds. This could apply to non-restricted long-term receivables.
- **Restricted** fund balances are legally enforceable requirements that the resources can only be used for specific purposes enumerated in the law. This would apply to the District's Debt Service and Special Revenue Funds (PPDA).



- **Committed** fund balances are balances that the District's Board has approved for construction for the fiscal year. This would apply to the District's Capital Projects Fund.
- **Assigned** fund balances are amounts intended for a specific purpose by the government entities management team. This would apply to general obligations including payroll and overhead expenses in the District's General Fund.
- **Unassigned** fund balances are amounts available for any purpose. They are not precluded by a management decision in the General Fund.

The fund balance categories focus largely on the nature of inflows in relation to laws and management decisions. Reserves will no longer be presented, nor will encumbrances, in the fund financial statements. Reserves are either renamed as restricted, committed, or assigned balances.

### **Fund Balance-Governmental Funds**

As of June 30, 2013, the District's governmental funds reported combined ending fund balances of \$35,426,280, an increase of \$2,296,005.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the fund balance of the General Fund was \$13,270,712. The fund balance increased \$2,823 during the current fiscal year ended June 30, 2013.

### **Long-Term Debt**

The total long-term debt of the District decreased \$1,140,440. The decrease was the result of principal reductions on all loans of \$1,214,857, offset by a net of an increase in the value of compensated absences of \$74,417.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The statements are comprised of four components:

- 1) ***Government-Wide Financial Statements***
- 2) ***Fund Financial Statements***
- 3) ***Notes to Financial Statements***
- 4) ***Supplementary Information***

***Government-Wide Financial Statements*** are designed to provide readers with a broad overview of District finances in a manner similar to a private-sector business.

- ❖ The *Statement of Net Position*, which is similar to a Balance Sheet, presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- ❖ The *Statement of Activities* presents information showing how the District's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, instead of when the related cash flows in or out. Revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as the collection of year-end Accounts Receivable or the payment of year-end Accounts Payable.
- ❖ The governmental activities or programs of the District include general government, flood control system, and interest on long-term debt.

***Fund Financial Statements*** are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the District are *governmental funds*.



- ❖ **Governmental funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of each fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the District's projects and operations.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund's Balance Sheet and the governmental fund's Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *Governmental Funds* and *Governmental Activities*.

The Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual-General Fund provides a comparison to the adopted budget and the activities of the General Fund.

#### **Governmental Fund Structure:**

The District maintains several individual governmental funds organized according to their type (general, debt service, capital project, and an expendable trust fund). Information is presented separately in the governmental fund's Balance Sheet and in the governmental fund's Statement of Revenues, Expenditures, and Changes in Fund Balances for each of these funds.

#### **General Fund:**

The General Fund is the chief operating fund of the District. Generally, all revenue resources are recorded in the General Fund and allocated to the Capital Projects Fund or Debt Service Fund by Board Action through its adopted Budget. These allocated resources are transferred as the resources become available.

#### **Special Revenue Fund (Drainage Fees):**

This fund is an expendable trust fund that is used to account for Drainage Fees received from the development community. These fees, commonly called AB 1600 fees, are used to pay for the construction of Master Planned Facilities either by the Developer or the District. A trust account has been established for each planned local drainage area. As drainage fees are received, they are deposited in this Fund and are allocated to the appropriate planned local drainage areas. The ending fund balance is restricted by statute. Expenditures are recorded on the modified accrual basis of accounting. Reporting of fund balance, revenue, and expenditure activity is done monthly, quarterly, and yearly.

These resources are restricted and may only be used to:

- a. Construct drainage facilities,
- b. Reimburse Developers for obligations resulting from construction activity,
- c. Pay for debt service obligations whose funds were used exclusively to purchase or build planned facilities,
- d. Reimburse construction expenditures of the General Fund for construction in a specific planned local drainage area,
- e. Reimburse Developer Construction Agreement administrative costs, or
- f. Reimburse the General Fund for engineering costs for Master Plan engineering related development services.



### ***Capital Projects Fund:***

The Capital Projects Fund is used to account for resources to be used to construct Master Plan capital facilities. The District Budget allocates resources in this fund to support the Capital Project construction program for all planned drainage areas of the master plan and rural facilities. This fund includes a number of sub-funds with resources for specific projects. The ending fund balance is restricted by Board action for use for capital facilities only.

### ***Debt Service Fund:***

The Debt Service Fund is used to account for all Debt Service. The Debt Service Fund includes resources for the debt service payments for the California Infrastructure and Economic Development Bank loan and the State of California revolving loan that were used to purchase or construct Master Planned facilities. As of the end of the fiscal year, there were sufficient resources to make loan payments during the first six months of the next fiscal year.

- ❖ ***Notes to the Financial Statements*** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

***Combining Fund Financial Statements*** provide information for the major governmental funds, and are presented immediately following the notes to the financial statements.

### **Combining Balance Sheet – Debt Service Fund – Improvement Districts**

#### **Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Debt Service Fund – Improvement Districts**

These statements present the fiscal year activities and the resources available as of June 30, 2013, for the obligations of the District's Debt Service Fund. Improvement Districts "V", "AA-DD", "CC", and "JJ" have repaid their associated bond obligation. Funds remaining after the completion of all payment obligations were disbursed according to law. Debt service accounts for the State of California revolving loan and the California Infrastructure and Economic Development Bank loan are part of this fund.

### **Combining Balance Sheet – Capital Projects Fund – Project Areas**

#### **Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Capital Projects Fund – Project Areas**

These statements present the fiscal year activities and the resources available as of June 30, 2013, for the obligations of the District's Capital Project Funds. Each of the sub funds show resources currently allocated and available for construction activity in those project areas.

***Supplemental Schedules*** include:

#### **Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund**

This schedule compares actual results to the final adopted budget.

#### **Schedule of Combined Balance Sheet - Governmental Funds (Developer Payable and Construction Contracts Included as a Liability) and Schedule of Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds (Developer Payable and Construction Contracts Included as a Liability)**

Accounting principles generally accepted in the United States of America, Generally Accepted Accounting Principles (GAAP), requires the use of the percentage of completion method for capital construction projects, which reduces the year-end liability for outstanding construction contracts of \$1,610,393 by \$1,309,609 (the amount that is not yet complete). GAAP also precludes the District from recording as a liability of its Expendable Trust Fund, the liability due to



the development community of \$9,205,864 for amounts owed by it because of the contingent nature of that liability. It is contingent, as the reimbursement obligation from the Special Revenue Fund to the developers, because the repayment obligation expires after 20 years. Payments are made semi-annually to the Development Community based upon the current collection of fees. Management presents this schedule as the GAAP adjustment materially increases the ending fund balance and understates the potential obligations of the District as of the end of the fiscal year. The purpose of this statement is to show the financial obligations and financial impact on the District's governmental funds as though these rules did not exist. Management believes this reflects a better picture of the liabilities due from its operations.

#### **Schedule of Revenues, Expenditures, and Changes in Fund Balance - Current Year vs. Prior Year - General Fund**

This schedule compares actual results for the current year to the actual results of the prior year. It is not intended to show compliance with the budget, but to show how the results for the current year compare to the results of the prior year.

#### **Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance - Current Year vs. Prior Year - General Fund**

This schedule is a line by line detail of the previous schedule.

### **ANALYSIS OF GOVERNMENTAL ACTIVITIES**

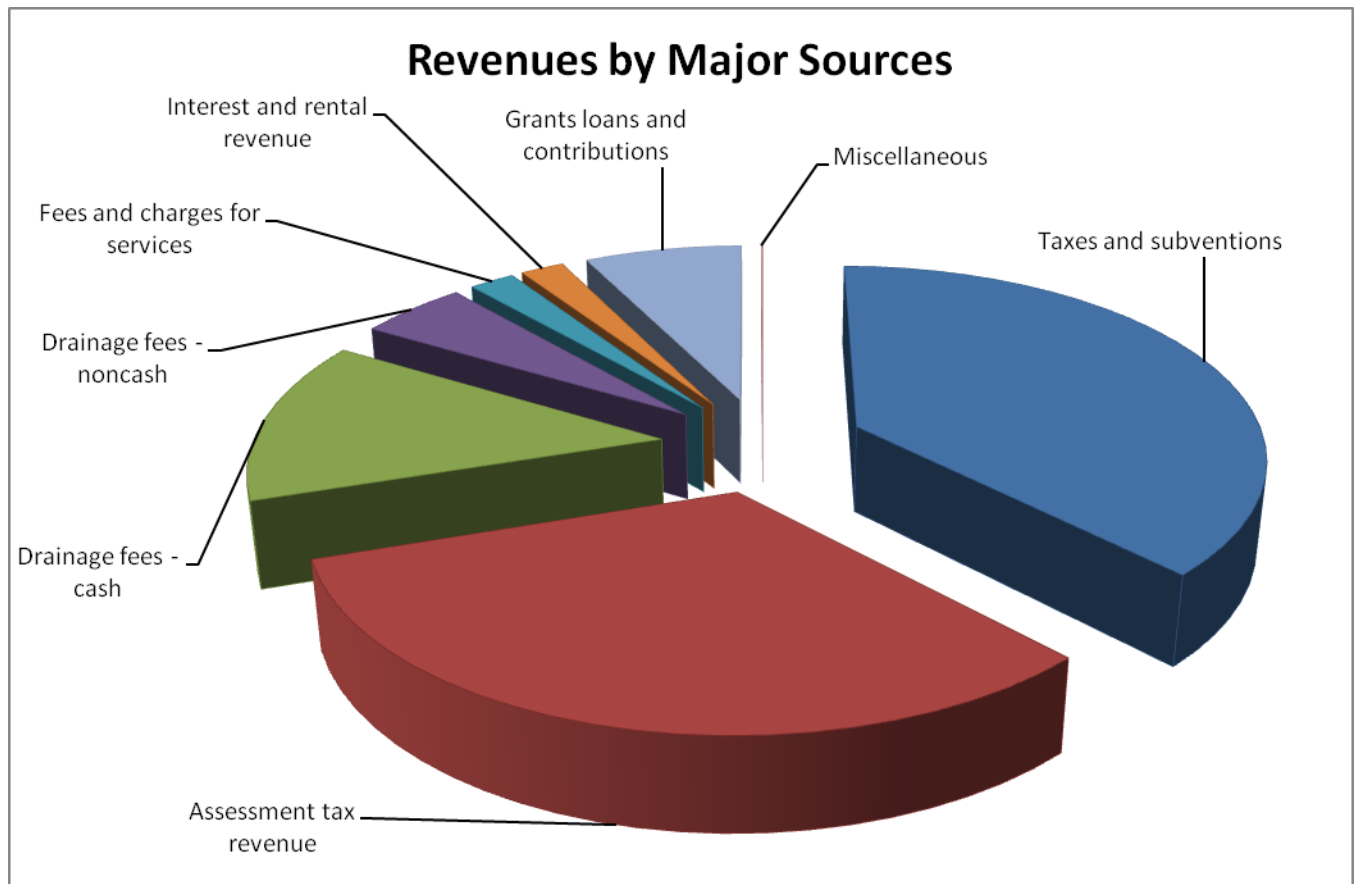
#### **REVENUES**

##### **Property Tax Revenue Loss:**

After the passage of Proposition 13 in 1978, the California legislature enacted legislation that changed the allocation and apportionment of property tax revenues to local governments and public schools. In 1978-79 to help local government deal with the significant revenue loss associated with Prop 13, the State offered agencies bail-out funds. For those agencies who took bail-out funds in 1978-79, the State, in 1979-80, converted the bail-out funds to property tax allocations by reducing property taxes allocated to local education and re-allocating those property taxes to local government. From 1980 through 1992, those property taxes grew based upon a formula developed by the State called the "AB-8" formula. The AB-8 legislation was designed to provide local agencies and public schools with a property tax base that would grow as assessed property values increased. Under that formula, property tax allocations were comprised of a base amount (which is equal to the amount of property taxes received in the prior fiscal year) and a proportionate share of any incremental growth (which is the growth in the property taxes from one year to the next). Beginning in fiscal year 1992-93, the legislature enacted legislation that shifted a portion of local property tax revenues from local public agencies back to the public schools to meet the State's Proposition 98 mandates. This legislation was known as the Educational Revenue Augmentation Fund or "ERAF." In 1992-93, the District lost \$1,475,500 of its base property tax revenue to ERAF. In 1993-94, the State enacted legislation titled ERAF II that limited the ERAF I computation to the current value of the property taxes allocated to local government from schools in 1979-80. In 2003-04, the legislature enacted a two year amendment to the ERAF formula called ERAF III. For the two fiscal years 2004-05 and 2005-06, an additional \$438,197 of District property tax revenues was shifted to schools. In 2004, the District discovered an error in the computation of the original 1992-93 ERAF I and 1993-94 ERAF II. This error was verified by the audit staff of the State Controller's office and determined to be a loss of \$633,000. After working with the Fresno County Auditor-Controller's Office and the State Controller's office, it was determined the only way to correct this error was through legislation. In 2007, Juan Arambula introduced Assembly Bill (AB) 263 which was designed to fix the error. The bill received endorsement from local Assembly and Senate Republicans and Democrats and was signed into law on October 11, 2007. As of fiscal year 2012-13, the District's ERAF contribution has grown to an annual revenue loss of \$4,667,019.



Total revenues were \$25,334,551 with General Fund revenues of \$19,329,082, PPDA revenues of \$5,901,946, Capital Projects revenues of \$91,770, and Debt Service revenues of \$11,753.



#### Property Tax Revenues:

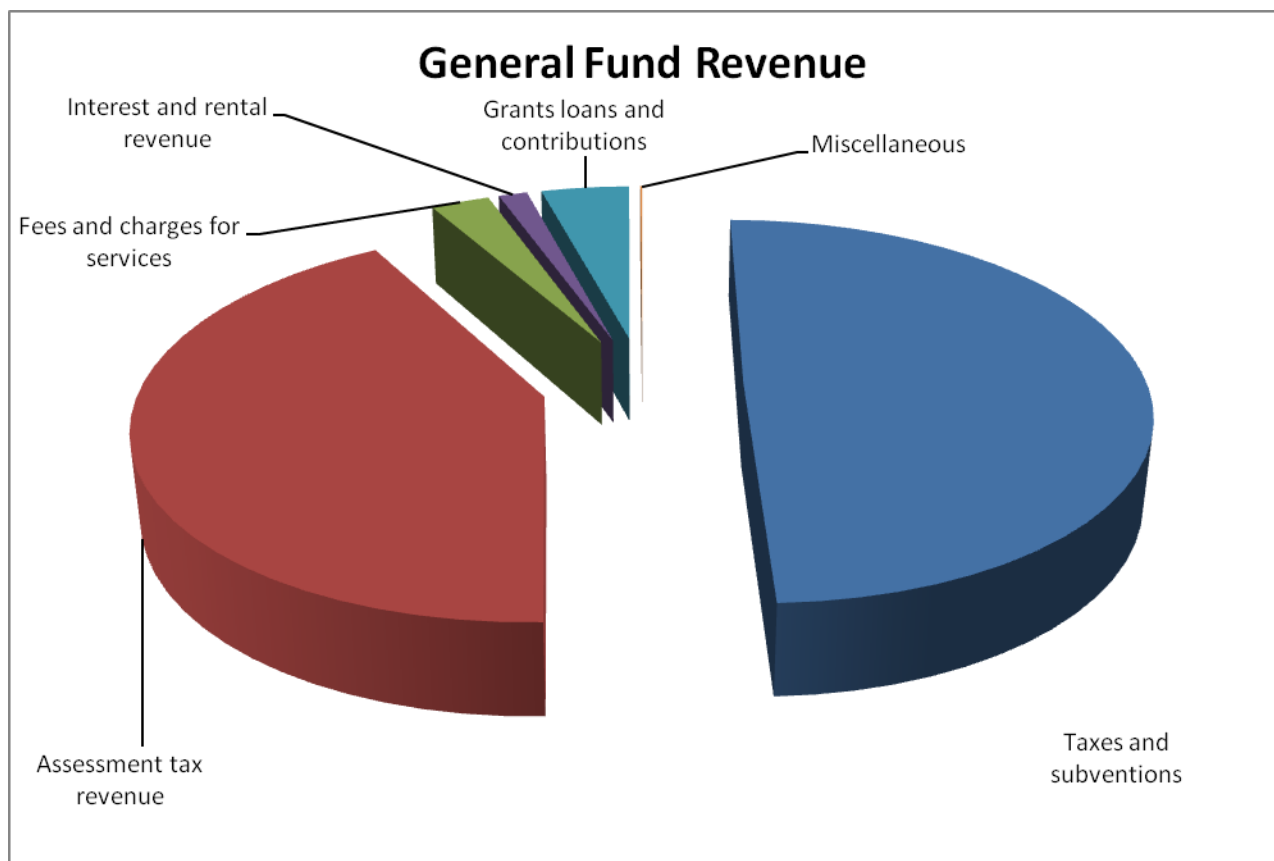
Property Tax Revenues, net of the ERAF shift, comprise 49% of the District's General Fund revenues and 38% of the District's total revenues. Property taxes are based upon the District's proportionate share of Fresno County's ad-valorem property tax. The District receives less than 2% of the total countywide property tax revenue collected by the County of Fresno through property tax assessment rolls prepared by the Auditor-Controller/Treasurer-Tax Collector's office.

Property tax revenues are recorded in the General Fund. This category includes current secured taxes, current unsecured taxes, current collections of unsecured taxes for prior periods, any supplemental taxes, and subventions received from the State and allocated by the County of Fresno to the District and homeowners' relief.

#### Assessments:

Assessment Revenues comprise 32% of the District's total revenue, 42% of the General Fund revenue. Of the assessment revenue, approximately 15% (approximately \$1.2 million) is earmarked for debt service for our California Infrastructure and Economic Development Bank (CIEDB) loan. Assessment tax revenues are recorded in the General Fund.





#### **Interest and Rental Revenue:**

Interest revenue is recorded in all funds while rental revenues are recorded only in the General Fund.

#### **Fees and Charges for Services:**

Fees and Charges are recorded in the General Fund. This income category includes charges for Non-Conforming Facilities, Master Plan Engineering Fees, Excavation Permits, reimbursements for recharge maintenance, PPDA Administration Fees, and other miscellaneous fees, charges, and income.

#### **Drainage Fees:**

Drainage Fees are recorded only in the Special Revenue "PPDA Trust Fund". A cash fee is collected and recorded when the fee charged exceeds any construction requirement. An in lieu or non-cash fee is recorded when a developer constructs qualifying master planned facilities and those costs are deducted from the cash fee owed.

#### **Grants, Loans, and Construction Contributions:**

Grants and construction contributions are recorded both in multiple Funds. General Fund activity primarily reflects contributions and grants from other public agencies, while Developers make up the primary contributors of capital in the Special Revenue "PPDA Trust Fund". General Fund grant income is recorded on a reimbursement basis. Revenue is recognized on the accrual basis. Special Revenue "PPDA Trust Fund" contribution revenues represent the value of contributions by Developers of master plan facilities through the developer agreement process. These contributions do not create expendable resources.

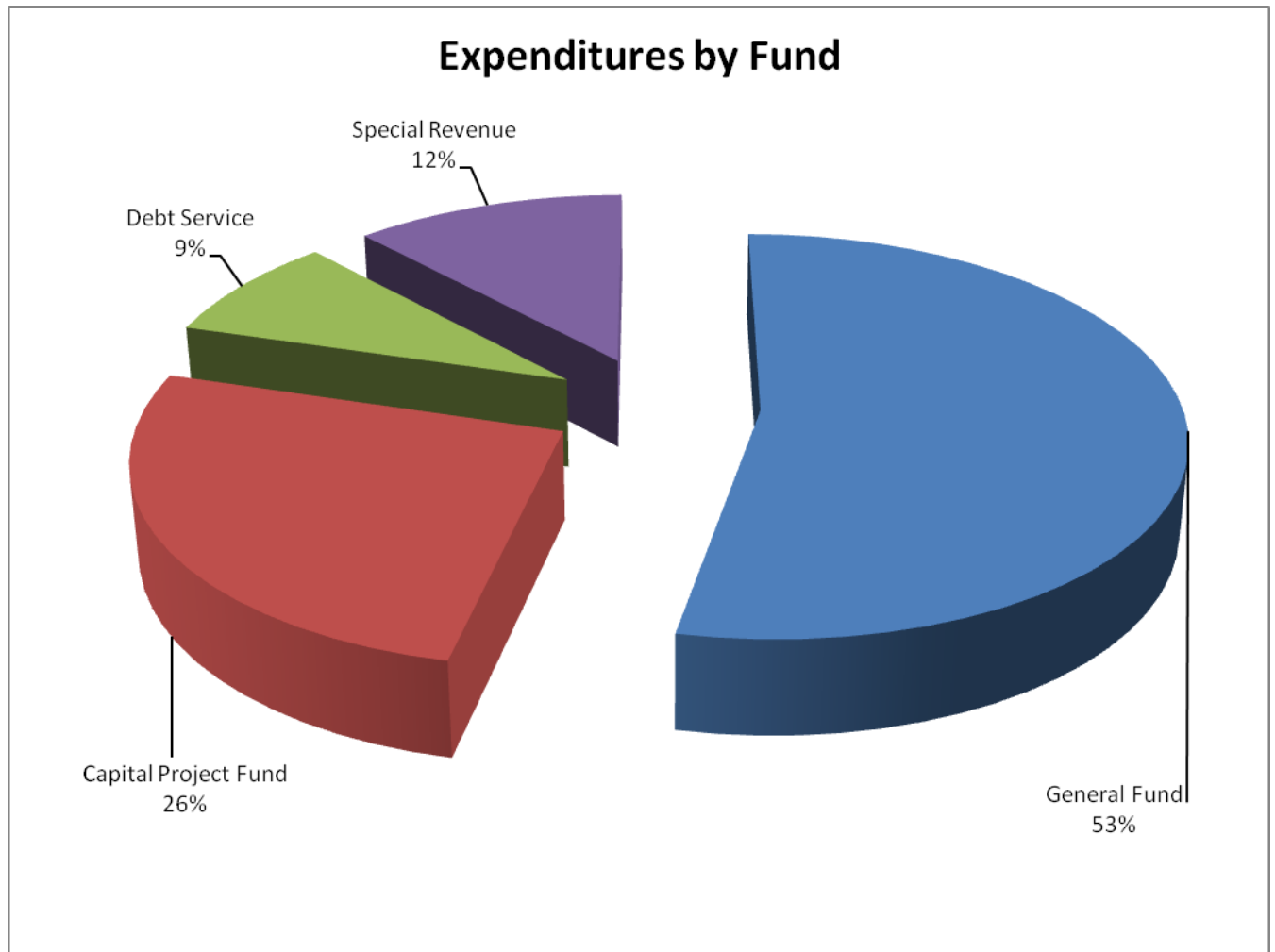


### Other Financing Sources-Operating Transfers In

Operating Transfers represent the movement of cash from one fund to another. The Capital Projects Fund is funded primarily from resources of the Special Revenue "PPDA Trust Fund" and allocations by the Board of available resources in the General Fund. The Debt Service Fund is funded primarily from the General Fund.

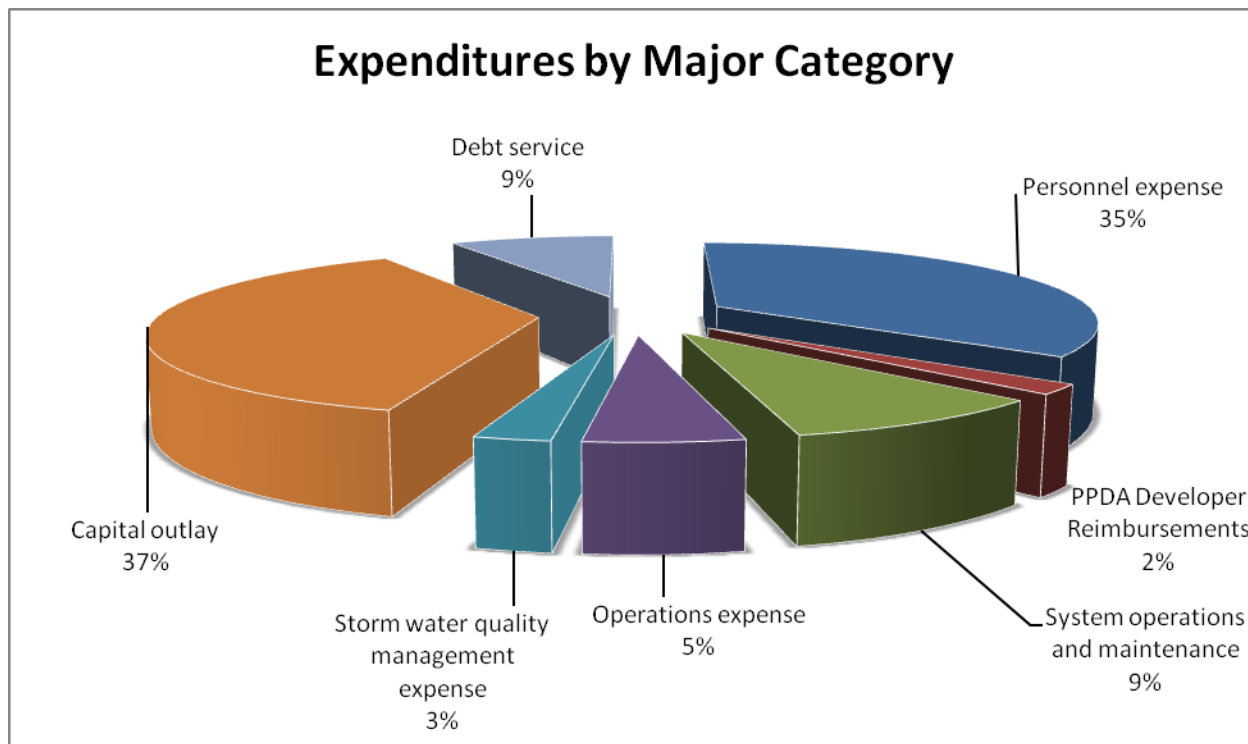
### EXPENDITURES

Total expenditures were \$23,044,602. The following chart shows the expenditures by fund.





The following chart shows the expenditures by major category.



#### PERSONNEL, SERVICES, AND SUPPLIES

- ❖ Personnel Expense represents all costs related to personnel including salaries, benefits, workers' compensation insurance, retirement plans, and temporary services. It represents 35% of total expenditures and was under budget approximately 3%.
- ❖ Operations Expense represents all operational expenses including liability insurance, office administration expenses, legal expenses, and supplies. It represents 5% of total expenditures and was under budget approximately 20%.
- ❖ Systems Operations and Maintenance includes all expenditures for maintaining the urban and rural drainage facilities. It represents 9% of total expenditures and was approximately 15% under budget. Maintenance expenditures vary based upon how the weather impacts the full implementation of the program.
- ❖ Stormwater Quality Management Expense represents those costs associated with the implementation of our NPDES permit. This account group represents 3% of total expenditures and was approximately 26% under budget.

#### DEBT ADMINISTRATION

On June 30, 2013, the District had total loans outstanding of \$18.5 million as compared to \$19.7 million in the prior year. The major components of this balance include \$3.5 million for one California State Revolving Fund loan and \$15 million for our California Infrastructure and Economic Development Bank loan.

- ❖ CALIFORNIA STATE REVOLVING FUND (SRF) LOAN 2 was used almost exclusively for infrastructure purchases.

The total advances for SRF Loan #2 were \$10,000,000. As of June 30, 2013, it has been fully funded and has a balance due of \$3,450,123. Annual debt service payments are \$749,189 and are due each January 5<sup>th</sup>. The final payment is due January 5, 2018.



- ❖ CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK LOAN totaled \$20,000,000 and was used exclusively for infrastructure construction in an older area of the City of Fresno (Drainage Areas “I” & “RR”). As of June 30, 2010, the entire loan had been funded. Annual debt service payments are about \$1.2 million. A principal and interest payment is due each August and interest only payments are due each February. The remaining principal balance due as of June 30, 2013, was \$15,053,541. The final payment is due August 1, 2031.

#### **Other Long-Term Debt**

As of June 30, 2013, other long-term debt totaled \$1,454,618 and included \$1,279,618 in compensated absences, and \$175,000 to the City of Fresno.

- ❖ Compensated Absences are the current value of accumulated annual leave as of June 30, 2013. Employees can accumulate up to 100 days of service. Any accumulation of annual leave in excess of 100 days is paid out annually.
- ❖ Advance from the City of Fresno: The City of Fresno advanced the District \$175,000 without interest to assist in the construction of drainage facilities in drainage areas “KK”, “LL”, and “AW”.

#### **Other Post-Employment Benefits (OPEB)**

- ❖ Other Post-Employment Benefits is the actuarial value required to be accrued per GASB Statement No. 45 (see the Notes to the Financial Statements). The District subsidizes the health insurance cost for employees who retire after age 55 with at least 10 years of service. The District pays 50% of the “full benefit” for employees with more than 10 years of service but less than 15 years of service. The Employees who retire after the age of 55 with more than 15 years of service receive a “full benefit”.

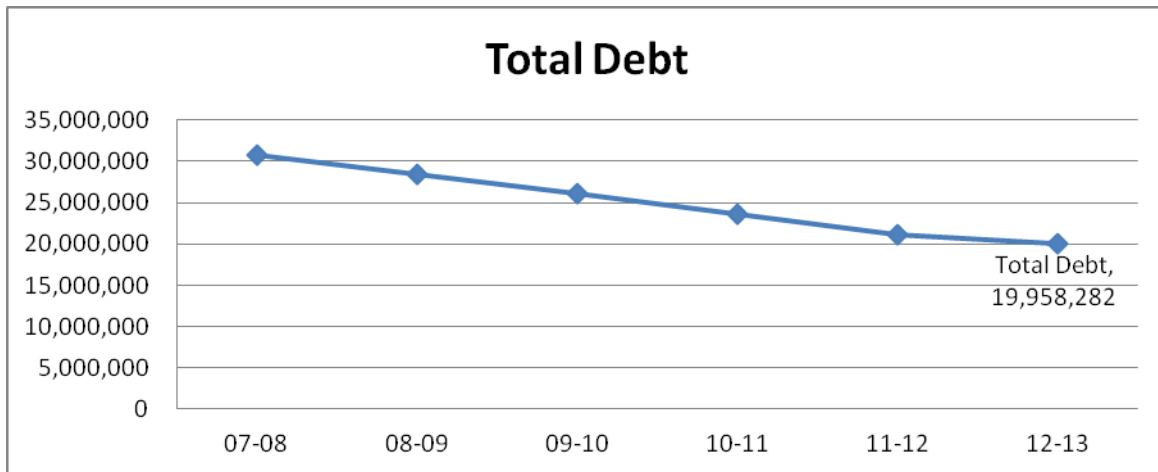
The Full Benefit: There are two tiers of employee health benefits.

- ❖ For employees hired prior to July 1, 1988, the District pays either 100% of the cost of the employee’s health insurance or 60% of the cost of the employee plus dependents premium.
  - ❖ For those employees hired after July 1, 1988, the District pays 100% of the cost of the employee’s health insurance plus 60% of the cost of the additional dependent’s premium.
- ❖ The District established a Trust fund and has made regular deposits to it to fund the OPEB liability. As of June 30, 2013, the cash balance in that fund was \$1,092,610. In addition, the Board has elected to continue to pay the retiree health premiums in addition to the annual budgeted contribution to this fund. A deposit for the 2013-2014 Budget of \$400,000 was made on July 18, 2013.
- ❖ The District’s retirement plan is a Defined Contribution plan similar to those found in many non-governmental entities. As a result, District employees tend to retire later than age 55. If this experience continues, then the OPEB liability may be overstated as calculated under GASB Statement No. 45. The impact could reduce the annual required contribution of \$516,432 by as much as \$100,000. The contribution including the payment of retiree health benefits for this year was \$410,317.
- ❖ The required actuarial computation includes an “Implicit Liability”. This is that portion of the actuarial assumed liability related to the cost difference between an age based plan and a non-aged based plan. As long as the District maintains a non-aged based plan, this implicit liability will never be realized. As of July 1, 2011, the date of the last actuarial computation, the unfunded liability of \$3,410,131 included an implicit liability component of \$572,790.



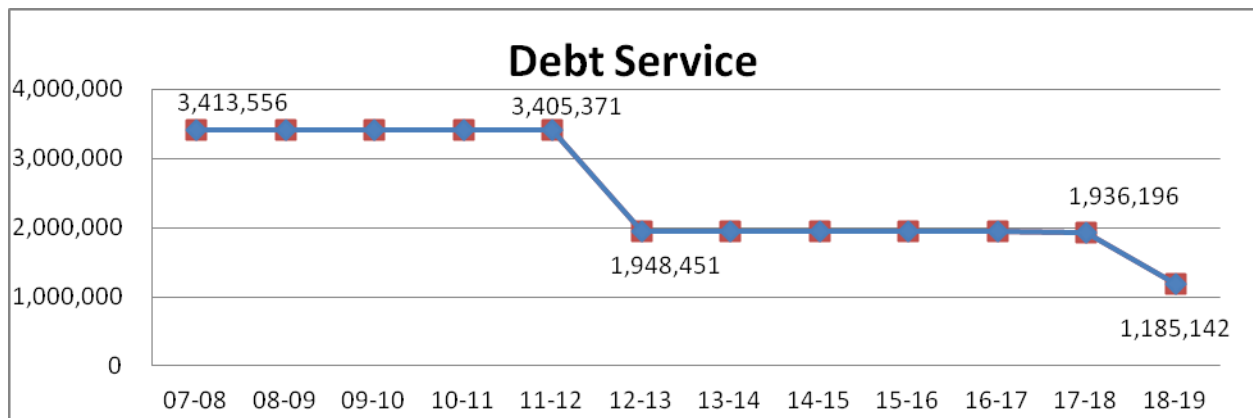
### Chart of Historical Total Long-Term Debt

Long-term debt was used primarily to finance the acquisition of land for basin sites and for the construction of the drainage system. The increase in long-term debt beginning in 2001 is primarily the result of a new \$20 million loan for the construction of the drainage system in Drainage Areas "II" & "RR".



### Chart of Historical Debt Service

As of June 30, 2013, all loans had been fully funded. Debt service has stabilized and began a gradual decrease. The annual debt service for 2012-13 was \$1,948,451.



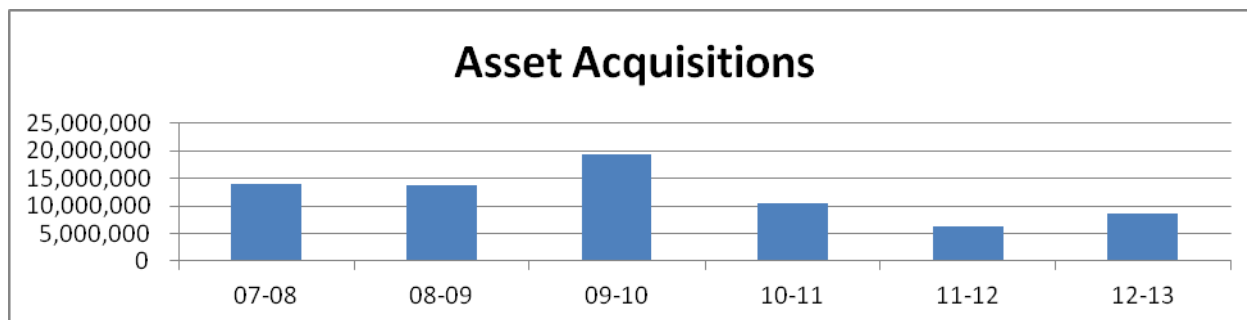
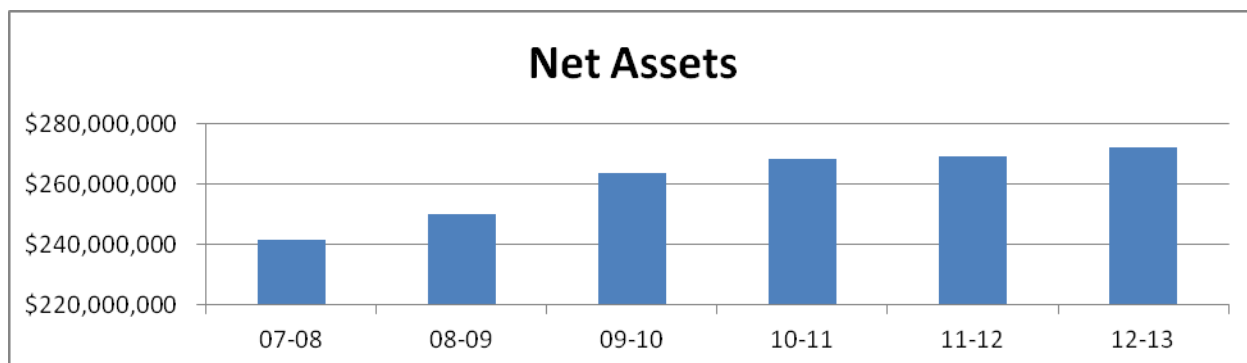
### CAPITAL ASSETS

**Capital Assets:** The District's investment in capital assets for its governmental activities as of June 30, 2013, amounted to \$272,126,030 (net of accumulated depreciation). The investment in capital assets includes land, easements, infrastructure, structures and improvements, equipment, and construction in progress. The total increase in the District's investment in capital assets for the current period is \$7,884,821. Current period depreciation is \$5,769,488. Retirements of assets totaled \$5,048 net of depreciation.



### Chart of Net Position

Over the last five years, net position has increased \$36,481,866. A principal reason for the increase is the District's and the Development Community's commitment to constructing new drainage area facilities. The District has constructed \$38,270,206 and the Development Community has constructed \$20,875,474 in drainage area facilities in the last 9 years.



Budgeted capital expenditures for 2012-13 were estimated at \$7,975,429 including \$1,262,349 in budget contingencies and construction reserves. Actual expenditures were \$8,543,024 net of \$1,272,816 for percentage incomplete as of June 30, 2013, plus \$2,226,047 for percentage incomplete as of June 30, 2012. Capital Expenditures in the Expendable Trust Fund totaled \$2,316,203 and were all from development activities. Major capital asset events during the current fiscal year included the following:

- ❖ Construction began or was ongoing for the following projects budgeted in fiscal year 2012-13:

#### URBAN FACILITIES

Drainage area locations are provided to give the reader the general locations. All Drainage Areas are irregular shapes, as they are based on topography. For actual boundaries, please refer to the District's Storm Drainage and Flood Control Master Plan Map.

**Drainage Area "A":** This drainage area is located near Floradora and Maple. There was one project completed in the drainage area, a pump station at the basin site. Construction and engineering costs incurred at the end of the fiscal year were \$306,821.

**Drainage Area "J":** This drainage area's basin is located at Forkner and Bullard. This basin is designated for recharge. There was one project in this Drainage Area to construct a pump station. Construction and engineering costs incurred were \$226,569.

**Drainage Area "W":** This drainage area is located at Minnewawa and Harvey. There was one project to construct drainage pipe in Belmont between Clovis and DeWitt. Construction and engineering costs incurred were \$177,690.



**Drainage Area “AA”:** This drainage area is located at Holland and Glen. There were multiple projects in the drainage area. Projects included basin excavation, grading and installation of landscaping at the basin site. Construction and engineering costs incurred were \$152,638.

**Drainage Area “FF”:** This drainage area is located at Kearney and West. There was one large project in this Drainage Area to construct a pipeline in “L”, Inyo and Mono Streets. A number of inlets were retro-fitted to prevent theft. Construction and engineering costs incurred at the end of the fiscal year were \$112,059.

**Drainage Area “II1”:** This drainage area is located at Grove East of Fig. There was one project in the drainage area to construct a pipeline project that provided service to “O” and Monterey streets. Construction and engineering costs incurred at the end of the fiscal year were \$531,256.

**Drainage Area “RR”:** This drainage area is located at Nielson & Tielman. There were two projects in the drainage area. A drainage pipe was constructed in Delphia north of Patterson Avenue. Internal pipelines between the upper and lower floor of the basin were installed. Construction and engineering costs incurred at the end of the fiscal year were \$94,654.

**Drainage Area “ZZ”:** This drainage area is located near Dry Creek and Crystal. One project was constructed, a slope stabilization project at the basin site. Construction and engineering costs incurred at the end of the fiscal year were \$24,617.

**Drainage Area “AB”:** This drainage area is located near Palo Alto and Marks. One project was constructed, the replacement of a manhole in Marks Avenue. Construction and engineering costs incurred at the end of the fiscal year were \$28,329.

**Drainage Area “BO”:** This drainage area is located near Sunnyside and Tulare. There were a number of projects including excavation and construction of a pump station with internal pipes at the basin site. Construction and engineering costs incurred at the end of the fiscal year were \$1,808,427.

**Drainage Area “CW”:** This drainage area is located near Fresno and Nees. One project was completed in the drainage area. A pump station was constructed at the basin site. Construction and engineering costs incurred at the end of the fiscal year were \$223,318.

## **RURAL FACILITIES**

**Redbank Creek Detention Basin:** Repair to the gate structure at the detention basin was completed for a cost of \$341,552.

**Big Dry Creek Detention Basin:** This is located near Leaky Acres and was acquired for a cost of \$651,598.

**PPDA (Pre-Paid Drainage Assessment):** The District processed and completed thirteen developer agreements during the fiscal year 2012-13. The total capital improvements were \$2,316,202.

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year using the straight-line depreciation method. Fund financial statements record capital asset purchases as expenditures.

The District's infrastructure assets are recorded at historical costs in the government-wide financial statements as required by GASB Statement No. 34.



## **LOOKING INTO THE FUTURE**

The following summarizes the basic focus and direction of the 2013-14 Budget.

The Budget significantly advances the District commitment to support economic development initiatives of the Cities of Fresno and Clovis and County of Fresno by means of the following:

1. For another consecutive year, funding an economic development capital project program.
2. Continuing the system excavation program which produces a significant costs savings to the development community in reduced development fees.

As the District's inventory of completed facilities continues to increase, the non-capital expenditures will increase as a percentage of total expenditures. The District continues its commitment to the local economy by its use of local businesses for most of the maintenance services and capital construction programs.

A significant portion of the total storm drainage improvements constructed today occurs through the drainage ordinance process. The Budget continues to be pro-active toward constructing local drainage and flood control systems by allocating a portion of property and assessment revenues to Capital related projects. This includes budget support of drainage system construction in older neighborhoods, construction in support of development, and construction of the Rural Flood Control System.

The Budget continues the District's commitment to the environmental quality and compliance with the stormwater regulations. The total sum of \$874,875 was budgeted for continued water and soil monitoring activities, environmental analysis, and stormwater quality control programs and facilities. Also included are a parks and wildlife element in our Storm Drainage Master Plan.

The Budget addresses the growing operations, maintenance, and repair needs of the District's completed urban and rural facilities through budget allocations totaling \$2,617,420.

## **REQUEST FOR INFORMATION**

This Financial Report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Paul Merrill, Finance Manager, Fresno Metropolitan Flood Control District, 5469 East Olive Avenue, Fresno, California 93727. The District's website is at [www.fresnofloodcontrol.org](http://www.fresnofloodcontrol.org).



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Assets:	
Cash and investments	\$ 21,488,756
Receivable:	
Developer	277,545
Fees and charges	320,195
Other	16,413
Restricted cash	14,912,616
Capital assets:	
Land	69,945,850
Structures and improvements	271,033,930
Office building	5,496,991
Furniture, fixtures, and equipment	3,855,546
Contribution - corps project	4,577,620
Accumulated depreciation	<u>(82,783,907)</u>
Total assets	<u>309,141,555</u>
<b>LIABILITIES</b>	
Liabilities:	
Accounts payable	630,515
Contracts payable (see supplemental schedule on pg. 57)	300,784
Salaries payable	176,112
Deferred revenue	138,135
Non-current liabilities:	
Due within one year:	
Interest payable	280,538
Compensated absences	98,162
State revolving loans	652,512
CIEDB loan	601,684
Due in more than one year:	
Compensated absences	1,181,456
State revolving loans	2,797,611
CIEDB loan	14,451,857
Other post employment benefits liability	1,640,420
Other debt	<u>175,000</u>
Total liabilities	<u>23,124,786</u>
<b>NET POSITION</b>	
Net investment in capital assets	253,447,366
Restricted for:	1,698,915
Debt service	20,493,446
Construction	<u>10,377,042</u>
Unrestricted	
Total Net Position	<u><u>\$ 286,016,769</u></u>

The accompanying footnotes are an integral part of the financial statements.



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Position</u>
				<u>Total</u>
				<u>Governmental</u>
				<u>Activities</u>
General government	\$ 16,306,452	\$ 533,910	\$ -	\$ (15,772,542)
Flood control system	2,160,461	-	6,543,864	4,383,403
Interest on long-term debt	701,789	-	-	(701,789)
Total	<u>\$ 19,168,702</u>	<u>\$ 533,910</u>	<u>\$ 6,543,864</u>	<u>(12,090,928)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	16,958,179
Investment earnings and rental revenue	509,400
Miscellaneous	17,115
Gain on sale of assets	1,008

Total general revenues 17,485,702

Change in net position 5,394,774

Net position - beginning 280,621,995

Net position - ending \$ 286,016,769

The accompanying footnotes are an integral part of the financial statements.



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	<u>General</u>	<u>Capital Project</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and investments	\$ 12,440,928	\$ 9,047,828	\$ -	\$ -	\$ 21,488,756
Receivable:					
Developer	-	-	-	32,008	32,008
Fees and charges	-	-	-	320,195	320,195
Other	16,413	-	-	-	16,413
Due from other funds	1,843,900	-	-	-	1,843,900
Restricted cash	-	309,080	1,698,915	12,904,621	14,912,616
Total assets	<u>\$ 14,301,241</u>	<u>\$ 9,356,908</u>	<u>\$ 1,698,915</u>	<u>\$ 13,256,824</u>	<u>\$ 38,613,888</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 593,563	\$ 36,952	\$ -	\$ -	\$ 630,515
Contracts payable (see supplemental schedule on pg. 57)	24,557	276,227	-	-	300,784
Salaries payable	176,112	-	-	-	176,112
Due to other funds	-	228	-	1,843,672	1,843,900
Deferred revenue	138,135	-	-	-	138,135
Liability for compensated absences	98,162	-	-	-	98,162
Total liabilities	<u>1,030,529</u>	<u>313,407</u>	<u>-</u>	<u>1,843,672</u>	<u>3,187,608</u>
Fund balances:					
Restricted:					
Debt service	-	-	1,698,915	-	1,698,915
Drainage assessments	-	-	-	11,413,152	11,413,152
Committed:					
Construction	36,793	9,043,501	-	-	9,080,294
Assigned:					
General obligations	6,940,135	-	-	-	6,940,135
Unassigned:	6,293,784	-	-	-	6,293,784
Total fund balances	<u>13,270,712</u>	<u>9,043,501</u>	<u>1,698,915</u>	<u>11,413,152</u>	<u>35,426,280</u>
Total liabilities and fund balances	<u>\$ 14,301,241</u>	<u>\$ 9,356,908</u>	<u>\$ 1,698,915</u>	<u>\$ 13,256,824</u>	<u>\$ 38,613,888</u>

The accompanying footnotes are an integral part of the financial statements.



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2013**

Total fund balances	\$ 35,426,280
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds (net of accumulated depreciation of \$82,783,907).	272,126,030
Certain revenues are not recognized in the governmental funds balance sheet because they are long-term in nature. On the government-wide statement of net position, these revenues are recorded as receivables.	245,537
Long-term liabilities are not due and payable in the current period and, therefore, are not included in the governmental funds balance sheet. Long-term liabilities at year-end consist of:	<u>(21,781,078)</u>
Total net position - governmental activities	<u><u>\$ 286,016,769</u></u>

The accompanying footnotes are an integral part of the financial statements.



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>General</b>	<b>Capital Project</b>	<b>Debt Service</b>	<b>Special Revenue</b>	<b>Total Governmental Funds</b>
Revenues:					
Taxes and subventions	\$ 9,561,134	\$ -	\$ -	\$ -	\$ 9,561,134
Assessment tax revenue	8,157,270	-	-	-	8,157,270
Drainage fees - cash	-	-	-	3,436,834	3,436,834
Drainage fees - noncash	-	-	-	1,264,143	1,264,143
Fees and charges for services	533,910	-	-	-	533,910
Interest and rental revenue	260,250	91,747	11,753	145,650	509,400
Grants loans and contributions	799,426	-	-	1,055,319	1,854,745
Miscellaneous	17,092	23	-	-	17,115
<b>Total revenues</b>	<b>19,329,082</b>	<b>91,770</b>	<b>11,753</b>	<b>5,901,946</b>	<b>25,334,551</b>
Expenditures:					
Personnel expense	8,116,294	-	-	-	8,116,294
Office administration	192,296	-	-	-	192,296
Management support	69,659	-	-	-	69,659
Insurance	243,395	-	-	-	243,395
Professional services	338,746	-	-	-	338,746
Other administrative expense	231,284	-	-	444,578	675,862
System operations and maintenance	2,160,461	-	-	-	2,160,461
Operations center expense	158,767	-	-	-	158,767
Storm water quality management expense	597,647	-	-	-	597,647
Capital outlay	179,222	6,047,599	-	2,316,203	8,543,024
Debt service	-	-	1,948,451	-	1,948,451
<b>Total expenditures</b>	<b>12,287,771</b>	<b>6,047,599</b>	<b>1,948,451</b>	<b>2,760,781</b>	<b>23,044,602</b>
Excess (deficiency) of revenues over (under) expenditures	<b>7,041,311</b>	<b>(5,955,829)</b>	<b>(1,936,698)</b>	<b>3,141,165</b>	<b>2,289,949</b>
Other financing sources (uses):					
Transfers in	1,435,011	6,504,164	1,948,451	30,236	9,917,862
Transfers out	(8,479,555)	(2,849)	(1,734)	(1,433,724)	(9,917,862)
Proceeds from sale of assets	6,056	-	-	-	6,056
<b>Net other financing sources (uses)</b>	<b>(7,038,488)</b>	<b>6,501,315</b>	<b>1,946,717</b>	<b>(1,403,488)</b>	<b>6,056</b>
<b>Net change in fund balances</b>	<b>2,823</b>	<b>545,486</b>	<b>10,019</b>	<b>1,737,677</b>	<b>2,296,005</b>
<b>Fund balances, beginning of year</b>	<b>13,267,889</b>	<b>8,498,015</b>	<b>1,688,896</b>	<b>9,675,475</b>	<b>33,130,275</b>
<b>Fund balances, end of year</b>	<b>\$ 13,270,712</b>	<b>\$ 9,043,501</b>	<b>\$ 1,698,915</b>	<b>\$ 11,413,152</b>	<b>\$ 35,426,280</b>

The accompanying footnotes are an integral part of the financial statements.



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

Net change in fund balances - total governmental funds	\$ 2,296,005
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 expense. This is the amount by which capital outlay exceeded depreciation in the current period.	2,773,536
In the statement of activities, only the loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the net book value of the assets sold.	(5,048)
Property tax revenue as withheld by the State of California as a result of the passage of Proposition 1A is recognized in the statement of activities and not in the governmental funds in accordance with the modified accrual basis of accounting. This increases the due from other governments on the statement of net position.	(760,225)
Certain revenues are recognized in the current year in the government-wide statement of activities under the full accrual basis of accounting and are not recognized in the current year at the fund level. These revenues decrease receivables in the current year in the statement of net position.	(11,858)
Compensated absences are measured by the amounts paid during the period in governmental funds. In the statement of activities, compensated absences are measured by the amount earned.	(54,600)
Post employment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis of accounting. This year, the difference between the OPEB costs and the actual employer contributions was:	(89,698)
Repayment of principal on long-term debt is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.	<u>1,246,662</u>
Change in net position - governmental activities	<u><u>\$ 5,394,774</u></u>

The accompanying footnotes are an integral part of the financial statements.



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
Revenues:						
Taxes and subventions	\$ 9,247,670	\$ 9,247,670	\$ 1,403,864	\$ -	\$ 9,561,134	\$ 313,464
Assessment tax revenue	8,141,581	8,141,581	8,157,270	-	8,157,270	15,689
Fees and charges for services	269,800	269,800	533,910	-	533,910	264,110
Interest and rental revenue	205,937	205,937	260,250	-	260,250	54,313
Grants loans and contributions	-	-	799,426	-	799,426	799,426
Miscellaneous	4,000	4,000	17,092	-	17,092	13,092
Total revenues	17,868,988	17,868,988	11,171,812	-	19,329,082	1,460,094
Expenditures:						
Personnel expense	8,402,589	8,402,589	8,091,773	(24,521)	8,116,294	286,295
Office administration	263,643	261,493	192,296	-	192,296	69,197
Management support	83,154	83,154	69,659	-	69,659	13,495
Insurance	312,170	312,170	243,395	-	243,395	68,775
Professional services	420,004	420,004	338,746	-	338,746	81,258
Other administrative expense	274,408	274,408	231,284	-	231,284	43,124
System operations and maintenance	2,530,969	2,530,969	2,160,461	-	2,160,461	370,508
Operations center expense	177,446	185,616	158,767	-	158,767	26,849
Storm water quality management expense	808,695	808,695	597,647	-	597,647	211,048
Capital outlay	258,575	252,555	179,222	-	179,222	73,333
Total expenditures	13,531,653	13,531,653	12,263,250	(24,521)	12,287,771	1,243,882
Excess (deficiency) of revenues over (under) expenditures	4,337,335	4,337,335	(1,091,438)	24,521	7,041,311	2,703,976
Other financing sources (uses):						
Transfers in	-	1,079,000	1,435,011	-	1,435,011	356,011
Transfers out	(8,382,694)	(9,461,694)	(8,479,555)	-	(8,479,555)	982,139
Proceeds from sale of assets	13,600	13,600	6,056	-	6,056	(7,544)
Total other financing sources (uses)	(8,369,094)	(8,369,094)	(7,038,488)	-	(7,038,488)	1,330,606
Net change in fund balance	(4,031,759)	(4,031,759)	(8,129,926)	24,521	2,823	4,034,582
Fund balance - beginning	12,037,733	12,037,733	13,267,889		13,267,889	1,230,156
Fund balance - ending	\$ 8,005,974	\$ 8,005,974	\$ 5,137,963		\$ 13,270,712	\$ 5,264,738

Explanation of Budget to GAAP differences:

Budget basis for payroll is on the cash basis, and adjustments include the reconciliation between cash and accrual payroll expenditures as follows:

Add: Prior year payroll accrual	249,753
Less: Current year payroll accrual	(274,274)
Total:	\$ (24,521)

The accompanying footnotes are an integral part of the financial statements.



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Fresno Metropolitan Flood Control District (the District) was formed on June 26, 1956, under provisions of the Fresno Metropolitan Flood Control Act, Chapter 73 of the Water Code, and uncodified acts of the State of California. The District was organized to provide for the control and conservation of flood, storm, and other waste water in the Fresno, California, metropolitan area.

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Standards and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

**A. Financial Statements – Government-Wide Statements**

The District's financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental type.

In the government-wide Statement of Net Position, the governmental activities are presented on a consolidated basis and reported on a full accrual, economic resource basis of accounting, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fees and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. The capital grants and contributions column reflects capital-specific grants and contributions. The net costs by function are normally covered by general revenue.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

**B. Financial Statements – Fund Financial Statements**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues, and expenditures. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements. The District uses the following fund types:

**Governmental Fund Types**

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



## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### **B. Financial Statements – Fund Financial Statements** (Continued)

Capital Project Fund – is used to account for the proceeds of special revenue sources restricted for construction of capital facilities. The proceeds result from the levy of special assessments pursuant to the Municipal Improvement Act of the California Streets and Highways Code or levy of assessment taxes pursuant to the Fresno Metropolitan Flood Control Act, Chapter 73 of the Appendices to the California Water Code.

Debt Service Fund – is used to account for resources accumulated to pay principal and interest on long-term debt, including bonded assessments which are levied on specific properties to retire debt established to finance improvements of special benefit to those properties.

Special Revenue Fund – GASB Statement No. 34 requires that the District's Expendable Trust Fund be presented as a Special Revenue Fund for purposes of financial statement presentation.

The Special Revenue Fund is used to account for drainage fees collected from developers pursuant to local ordinance codes held by the District in a trustee capacity, which will be expended solely for construction of local drainage facilities within the area from which the fees were collected. The fund was established pursuant to the State of California Subdivision Map Act and local ordinances of the Cities of Fresno and Clovis, the County of Fresno, and the District itself.

Developer fees are held in each planned local drainage area trust account. As the District and the development community construct master plan drainage facilities, they are reimbursed for their construction from these accounts, with the development community's construction having priority over the District's construction reimbursement. Following construction of all the master planned facilities within each planned local drainage area and the payment of all related claims from the trust account, the District shall determine by resolution the amount of surplus, if any, remaining in each fund. Any surplus shall be used for one of the following purposes:

- a) For transfer to the General Fund provided that the amount of the transfer shall not exceed five percent of the total amount expended from the particular fund, and provided that the funds transferred are used to support the operation and maintenance of those facilities for which the fees are collected;
- b) For the construction of additional or modified facilities within the particular drainage area; or
- c) As a refund in the manner provided in the California Government Code.

The emphasis in fund financial statements is on the major funds. Non-major funds are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures of either fund category or the government combined) for the determination of major funds. For the year ended June 30, 2013, all of the District's individual fund types qualified as major funds.

### **C. Measurement Focus and Basis of Accounting**

The basis of accounting refers to the point in time when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.



## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **C. Measurement Focus and Basis of Accounting (Continued)**

#### **Accrual**

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

#### **Modified Accrual**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under this method of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized when the related liability is incurred. The exceptions to this rule is that principal and interest on long-term debt are recognized when due, and for District improvement contracts, the liability is recorded when the contract is awarded, offset by the percent incomplete.

Within the governmental fund types, the measurement focus is the determination of financial position and changes in financial position rather than income determination.

### **D. Budget and Budgetary Accounting**

An annual budget is adopted by the Board of Directors for the General Fund. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America, except payroll, which is adopted on a cash basis and then reconciled. No formal budget is adopted by the District for the Special Revenue Fund, as all funds are restricted by statute, and thus they are excluded from the general funds computation and annual budget. As such, no budget to actual comparison is required to be presented as required supplementary information for the special revenue major fund in accordance with accounting principles generally accepted in the United States of America.

### **E. Capital Assets**

Capital assets purchased or constructed are reported at historical cost or estimated historical cost. In the case of acquisitions through gifts or contributions, such assets are recorded at fair value at the time received. The District records at cost the work performed for any construction contracts in progress at year-end. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over their estimated useful lives.

The estimated useful lives of the assets are as follows:

Structures and improvements	10-50 years
Machinery and equipment	4-10 years

### **F. Capitalization of Interest**

Interest incurred on debt during the construction of projects is not capitalized as a cost of the projects.

### **G. Liability for Earned Compensated Absences**

The District’s obligation relating to employees’ rights to receive compensation for future absences, which is attributable to services already rendered, is recorded in the General Fund. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.



## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### **H. Tax/Assessment Tax Payment Delinquencies**

On October 12, 1993, the Fresno County (the County) Board of Supervisors voted to adopt an alternate method of tax/assessment tax apportionment known as the Teeter Plan, effective fiscal year 1993-94. The Teeter Plan provided a one-time fiscal benefit during fiscal year 1993-94 and in future years offers the District a consistent and predictable amount of tax/assessment tax revenue unaffected by delinquent tax payments. This is accomplished by the fact that the District will receive 100% of its current secured and supplemental tax levy, not just the amount collected, with the County owning the delinquent receivable. The County will apportion the revenue in three installments throughout the year. The Teeter Plan does not apply to unsecured taxes.

Unsecured taxes are due periodically throughout the year and become delinquent, if unpaid, on August 31. The lien date for unsecured tax/assessment tax is March 1 of the preceding fiscal year. All tax/assessment taxes are levied and collected by the County Auditor and are paid to the District as described above.

Tax/assessment tax revenues related to current secured and supplemental taxes are recognized in the fiscal year in which they are levied, due to the adoption of the Teeter Plan. Also, the adoption of the Teeter Plan eliminates the need for a receivable for these types of property taxes. Tax/assessment tax revenues related to unsecured taxes are recognized in the fiscal year for which they become available. Available means when due, past due and receivable within the current period, or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

### **I. Interfund Transfers**

The District records the annual transfer from the Special Revenue Fund to the General Fund when approved by the Board of Directors, which is typically subsequent to year-end. As a result, the transfer recorded for the year ended June 30, 2013, relates to activity from the year ended June 30, 2012. All other transfers relate to activity for the year ended June 30, 2013.

All interfund transfers are operating transfers, which are transfers from a fund receiving the revenue to the fund which has expended the resources. All of the interfund transfers are netted as part of the reconciliation to the government-wide financial statements.

### **J. Interfund Receivables and Payables**

Short-term amounts owed between funds are classified as “due to/from other funds” and are subject to elimination upon consolidation.

### **K. Fund Balance**

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

- **Nonspendable** - Amounts that are not in spendable form (such as inventory) or are required either legally or contractually to be maintained intact.
- **Restricted** - Amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional or enabling legislation.
- **Committed** - Amounts constrained to specific purposes by the District itself, using the District's highest level of decision-making authority (the Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.



## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### K. Fund Balance (Continued)

- **Assigned** - Amounts the District *intends* to use for a specific purpose. Intent can be expressed by the District at either the highest level of decision making or by an official or body to which the District delegates the authority. This is also the classification for residual funds in the District's Special Revenue Fund.
- **Unassigned** - The residual classification for the District's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The District establishes and modifies or rescinds fund balance commitments by passage of an ordinance or policy. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget as a designation or commitment of the fund, such as approved construction contracts. Assigned fund balance is established by the District through adoption or amendment of the budget or future year budget plan as intended for a specific purpose.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by the committed, assigned, and unassigned resources as they are needed.

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balances are considered unrestricted.

The District, as per their Act, is required to achieve and maintain unrestricted fund balance in the General Fund sufficient to cover approximately 6 months of working capital at the close of each fiscal year, which exceeds the recommended level (approximately 60 days working capital) promulgated by the Government Finance Officers Association (GFOA).

### L. Accounting Standards Update

During the fiscal year ending June 30, 2013, the District implemented the following Governmental Accounting Standards Board (GASB) standards:

**GASB Statement No. 60** – *Accounting and Financial Reporting for Service Concession Arrangements* addresses accounting and financial reporting issues related to public-private and public-public partnerships. The statement is effective for periods beginning after December 15, 2011. Upon implementation, there was no effect on the District's accounting or financial reporting.

**GASB Statement No. 61** – *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34* modifies a number of provisions with regard to reporting of component units within a financial reporting entity. The statement is effective for periods beginning after June 15, 2012. Upon implementation, there was no effect on the District's accounting or financial reporting.

**GASB Statement No. 62** – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements* incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. The statement is effective for periods beginning after December 15, 2011. Upon implementation, there was no effect on the District's accounting or financial reporting.



## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### **L. Accounting Standards Update** (Continued)

**GASB Statement No. 63** – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* modifies financial reporting of those elements. The largest change was the replacement of the Statement of Net (Plan, if retirement entity) Assets with a Statement of Net (Plan) Position and a Statement of Changes in Net (Plan) Position instead of the Statement of Changes in Net (Plan) Assets upon implementation for periods beginning after December 15, 2011. The District has implemented this change for the fiscal year ended June 30, 2013.

**GASB Statement No. 64** – *Derivative Instruments: Application of Hedge Accounting Termination Provisions* amends current accounting and financial reporting related to terminations of swap agreements due to default or other termination events. In certain instances where swap counterparties or credit support providers are replaced, hedge accounting may continue, rather than cease. The provisions of GASB Statement No. 64 are effective for financial statements beginning after June 15, 2011. Upon implementation, there was no effect on the District's accounting or financial reporting.

Recently released standards by GASB affecting future fiscal years are as follows:

**GASB Statement No. 65** – *Items Previously Reported as Assets and Liabilities*. The provisions of GASB Statement No. 65 are effective for financial statements beginning after December 15, 2012. The District will implement this statement for the fiscal year ending June 30, 2014.

**GASB Statement No. 66** – *Items Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*. The provisions of GASB Statement No. 66 are effective for financial statements beginning after December 15, 2012. As of the date of the basic financial statements, the District has not made an assessment of any changes that will occur upon this statement's implementation.

**GASB Statement No. 67** – *Financial Reporting for Pension Districts - an amendment of GASB Statement No. 25*. The provisions of GASB Statement No. 67 are effective for financial statements beginning after June 15, 2013. The District has not fully judged the effect of the implementation of GASB Statement No. 67 as of the date of the basic financial statements.

**GASB Statement No. 68** – *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. The provisions of GASB Statement No. 68 are effective for financial statements beginning after June 15, 2014. The District has not fully judged the effect of the implementation of GASB Statement No. 68 as of the date of the basic financial statements.

**GASB Statement No. 69** – *Government Combinations and Disposals of Government Operations*. The provisions of GASB Statement No. 69 are effective for financial statements beginning after December 15, 2013. The District has not fully judged the effect of the implementation of GASB Statement No. 69 as of the date of the basic financial statements.

**GASB Statement No. 70** – *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The provisions of GASB Statement No. 70 are effective for financial statements beginning after June 15, 2013. The District has not fully judged the effect of the implementation of GASB Statement No. 70 as of the date of the basic financial statements.

## **NOTE 2 – CASH AND INVESTMENTS**

Statutes authorize the District to invest in the County Treasury, Local Agency Investment Fund, U.S. Treasury and registered state warrants, notes, bonds, bills or certificates, commercial paper, repurchase agreements, and other similar instruments. The District's cash, which approximated market value at June 30, 2013, was invested in the County Treasury.



**NOTE 2 – CASH AND INVESTMENTS** (Continued)

At year-end, the District had the following cash and investments and maturities:

Investment	Fair Value	Investment Maturities (in Years)	
		Less Than One	1-5
Cash in banks	\$ 396,158	\$ 396,158	\$ -
The County Treasury	36,005,214	36,005,214	-
Total	<u>\$ 36,401,372</u>	<u>\$ 36,401,372</u>	<u>\$ -</u>

The District's investment is collateralized with pools of securities held by the Treasury of Fresno County, but not in the District's name. As a result they meet the criteria of Category 3 investments as set forth in GASB Statement No. 40. The investment policies of the County are governed by state statute and an adopted investment policy with oversight by the County Treasury Investment Committee. The Treasury Pool's portfolio has an average dollar-weighted quality of AAA.

**Custodial Credit Risk**

The District's deposits are fully insured by Federal Depository Insurance Corporation (FDIC). As of June 30, 2013, the District's bank balances were not exposed to custodial credit risk as uninsured or uncollateralized.

**Restricted Cash**

Receipts from the Capital Project and the Special Revenue Funds are classified as restricted cash because their use is limited to planned construction and repayment of related debt service obligations. Cash held in the Debt Service Fund is classified as restricted cash as amounts are held for future payments on long-term debt of the District.



**NOTE 3 – CAPITAL ASSETS**

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

	Balance June 30, 2012	Additions/ Completions	Retirements/ Adjustments	Balance June 30, 2013
Capital assets not being depreciated:				
Land	\$ 69,287,647	\$ 658,203	\$ -	\$ 69,945,850
Structures and improvements, Corps Project	4,577,620	-	-	4,577,620
Total capital assets not being depreciated	73,865,267	658,203	-	74,523,470
Capital assets being depreciated:				
Structures and improvements	263,328,333	7,705,597	-	271,033,930
Office building	5,483,121	13,870	-	5,496,991
Furniture, fixtures, and equipment	3,797,880	165,354	(107,688)	3,855,546
Total capital assets being depreciated	272,609,334	7,884,821	(107,688)	280,386,467
Less accumulated depreciation for:				
Structures and improvements	(73,422,313)	(5,395,708)	-	(78,818,021)
Office building	(1,490,056)	(121,950)	-	(1,612,006)
Furniture, fixtures, and equipment	(2,204,690)	(251,830)	102,640	(2,353,880)
Total accumulated depreciation	(77,117,059)	(5,769,488)	102,640	(82,783,907)
Total capital assets being depreciated, net	195,492,275	2,115,333	(5,048)	197,602,560
Total capital assets, net	<u>\$ 269,357,542</u>	<u>\$ 2,773,536</u>	<u>\$ (5,048)</u>	<u>\$ 272,126,030</u>

Depreciation expense was charged as direct expense to the following governmental activities:

General government and administration	\$ 211,384
Flood control system	<u>5,558,104</u>
	<u>\$ 5,769,488</u>



**NOTE 4 – LONG-TERM DEBT**

Transactions for the year ended June 30, 2013, are summarized as follows:

	Balance June 30, 2012	Additions	Expenditures	Balance June 30, 2013	Due Within One Year
Compensated absences	\$ 1,205,201	\$ 657,826	\$ (583,409)	\$ 1,279,618	\$ 98,162
State revolving loans	4,084,932	-	(634,809)	3,450,123	652,512
CIEDB loan	15,633,589	-	(580,048)	15,053,541	601,684
Other long-term debt	175,000	-	-	175,000	-
	<u>\$ 21,098,722</u>	<u>\$ 657,826</u>	<u>\$ (1,798,266)</u>	<u>\$ 19,958,282</u>	<u>\$ 1,352,358</u>

**NOTE 5 – OTHER LONG-TERM DEBT PAYABLE**

Construction advance received from the City of Fresno for drainage facilities in an area known as the "Industrial Triangle" (Drainage Area "KK", "LL", and "AW"). Repayment to begin when the area is 40% developed and to be equal to drainage assessments from the area collected subsequent to that time and continuing until either fully repaid or the area is 80% developed, at which time any amount then unpaid is due. As of June 30, 2012, 47% of the area within the boundaries of the Industrial Triangle has been developed from drainage fee proceeds. The City of Fresno has authorized the District to defer payments and allow the District to use drainage fee revenue to construct Master Plan Facilities. Following completion of the required construction, and after payment of other agreements with chronological priority preceding the date of the required construction, the District will forward any additional fee revenue to the City of Fresno pursuant to all other terms of the agreement.

\$ 175,000



**NOTE 6 – STATE REVOLVING LOANS**

Revolving loan with the State of California in the maximum amount of \$10,000,000, dated July 1, 1997. Principal and interest shall be payable in 20 annual installments beginning one year from the date of the first advance, which was January 5, 1998. Repayment is to be made from drainage fees paid with the General Fund as a secondary source of funding should drainage fees prove inadequate to meet the loan repayment obligation. The interest rate in effect at June 30, 2013, was 2.8%. The full amount of \$10,000,000 has been loaned to the District.

3,450,123

\$ 3,450,123

Payments on the state revolving loan debt at June 30, 2013, for succeeding years will be as follows:

Year	Principal	Interest	Total
2014	\$ 652,512	\$ 96,603	\$ 749,115
2015	670,856	78,331	749,187
2016	689,640	59,547	749,187
2017	708,950	40,237	749,187
2018	<u>728,165</u>	<u>20,387</u>	<u>748,552</u>
	<u>\$ 3,450,123</u>	<u>\$ 295,105</u>	<u>\$ 3,745,228</u>

Interest expense incurred on these loans during the year ended June 30, 2013, is \$105,808.

**NOTE 7 – CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK LOAN (CIEDB)**

Loan with the California Infrastructure and Economic Development Bank in the maximum amount of \$20,000,000, dated May 1, 2001. As of June 30, 2011, interest only payments shall be payable in four semiannual installments beginning August 1, 2001. Beginning August 1, 2003, principal shall be payable in 28 annual installments and interest shall be payable in 56 semiannual installments. Interest is payable at the rate of 3.73%. Repayment is to be made from Assessment Tax Revenues collected with the General Fund and any other source of funds legally available for the purpose of making the annual payment as secondary sources of funding should Assessment Tax Revenues be inadequate to meet the loan repayment obligation. Collateral consists of a pledge and first lien on all of the Assessment Tax Revenues and all amounts in the Assessment Tax Revenues Special Revenue Fund. The full amount of \$20,000,000 has been loaned to the District.

\$ 15,053,541



**NOTE 7 – CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK LOAN (CIEDB)** (Continued)

Payments on the California Infrastructure and Economic Development Bank loan debt at June 30, 2013, for succeeding years will be as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 601,684	\$ 595,437	\$ 1,197,121
2015	624,127	570,770	1,194,897
2016	647,407	545,183	1,192,590
2017	671,555	518,643	1,190,198
2018	696,604	491,112	1,187,716
2019-2023	3,892,706	2,005,284	5,897,990
2024-2028	4,674,912	1,145,578	5,820,490
2029-2031	3,244,546	204,192	3,448,738
	<u>\$ 15,053,541</u>	<u>\$ 6,076,199</u>	<u>\$ 21,129,740</u>

Interest expense incurred on the loan during the year ended June 30, 2013, is \$595,981.

**NOTE 8 – INTERFUND RECEIVABLES AND PAYABLES**

The following is a summary of amounts due from and due to other funds:

Due to and due from other funds:

To General Fund:

From Capital Project Fund	\$ 228
From Special Revenue Fund	1,843,672
	<u>\$ 1,843,900</u>

Transfers in and transfers out:

To General Fund:

From Debt Service Fund	\$ 1,287
From Special Revenue Fund	1,433,724

To Capital Project Fund:

From General Fund	6,504,164
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To Debt Service Fund:

From General Fund	1,948,451
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To Special Revenue Fund:

From General Fund	26,940
From Debt Service Fund	447
From Capital Project Fund	2,849
	<u>\$ 9,917,862</u>



## **NOTE 8 – INTERFUND RECEIVABLES AND PAYABLES** (Continued)

The transfers to the General Fund from the Debt Service Fund and the Special Revenue Fund are to reimburse the General Fund for construction activity. Total transfers of \$1,435,011 were transferred to the General Fund as reimbursement for construction activity. The transfers from the General Fund to the Capital Project Fund were for allocation of assessment tax and payment of capital projects, totaling \$6,504,164. The transfers from the General Fund to the Debt Service Fund were allocation of assessment and property taxes, in accordance with debt agreements to fund debt service payments, and totaled \$1,948,451. Transfers from the Debt Service Fund and Capital Project Fund to the Special Revenue Fund were repayments of prior loans, totaling \$30,236.

## **NOTE 9 – COMMITMENTS AND CONTINGENCIES**

### **A. Retirement Plan**

The Fresno Metropolitan Flood Control District Pension Plan (the Plan) is a defined contribution pension plan established by the Board of Directors of the District. The Plan covers all full-time employees who have completed at least six months of continuous service and have attained the age of eighteen. Monthly employer contributions for employees hired prior to June 30, 1988, are 14% of the employees' salary. Monthly employer contributions for employees hired after June 30, 1988, is 10% of the employees' salaries. Participants are 25% vested after 2 years of service and an additional 25% after each additional year until they are fully vested. District contributions for, and interest forfeited by, employees who leave employment before becoming 100% vested are used to reduce the District's current period contribution requirement. Plan provisions and contribution requirements are established and may be amended by the Administrative Committee of the Board of Directors of the District. The District made the required contribution amounting to \$573,686 as of June 30, 2013.

### **B. Construction Program**

The District, in a cooperative effort with the United States Army Corps of Engineers and the State of California, is constructing a system of dams, reservoirs, channels, and streams known as the Redbank-Fancher Creeks Flood Control Project. Physical construction for the project began in 1987 and was completed in August 1993. The total project is estimated to cost \$73,610,000. The District's share of the total cost is presently estimated to be \$27,705,258, of which the District anticipates to be reimbursed \$13,298,524 from the State of California. At June 30, 2013, total costs incurred by the District amounted to \$28,450,408, and the District has received reimbursements in the amount of \$13,223,712 from the State of California. As of June 30, 2013, the District has a receivable from the State of California of \$996 for outstanding retention being withheld until an audit has been performed by the State Controller's Office. The receivables will be recorded when they become available to finance expenditures of the current period. Currently, the District does not have any new claims submitted to the State.

### **C. Litigation**

The District is a party to a number of lawsuits, claims, and eminent domain litigation arising out of the conduct of its operation. While the ultimate results of lawsuits or other proceedings against the District cannot be predicted with certainty, management does not expect that these matters will have a material adverse effect on the financial position or results of operations of the District.

### **D. Joint Powers Insurance Authority (JPIA)**

The District has entered into a joint powers agreement along with other members of the Association of California Water Agencies (ACWA) to form a self-insuring pool for liability coverage up to \$500,000. Insurance in excess of \$500,000 is collectively purchased through excess policies covering all included members. The excess insurance is for \$39,500,000 per occurrence for a total coverage of \$40,000,000.



**NOTE 9 – COMMITMENTS AND CONTINGENCIES** (Continued)**D. Joint Powers Insurance Authority (JPIA)** (Continued)

The JPIA is governed by a board of directors composed of one representative from each member agency. The JPIA governing board controls the operation of the JPIA, independent of any influence by the District other than the District's representation on the governing board.

The JPIA is independently accountable for its fiscal matters. The JPIA maintains its own accounting records. The JPIA's budget is not subject to any approval other than that of its governing board.

The relationship between the District and the JPIA is such that the JPIA is not a component unit of the District for financial reporting purposes.

Separate financial statements of the JPIA are available upon request at 5620 Birdcage Street, Suite 200, Citrus Heights, California 95610, (916) 335-7500.

Condensed financial information for the JPIA's most recent year audited is shown below:

ACWA/JPIA	September 30, 2012
Total assets	\$ 188,033,750
Total liabilities	100,670,416
Designated equity	<u>\$ 87,363,334</u>
Total revenues	\$ 95,122,401
Total expenditures	<u>55,071,111</u>
Net increase in fund balance	<u>\$ 40,051,290</u>

**E. Construction Contracts**

The District has executed construction contracts for system improvements of \$1,610,393. The financial statements have \$300,784 recorded, which reflects the percent of the contract completed at June 30, 2013, and the District has remaining commitments under the contracts for \$1,309,609.

**NOTE 10 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS****Plan Description**

The District provides post employment health care benefits, in accordance with District employment contracts, to all employees who retire from the District on or after attaining age 55 with at least 15 years of service if hired prior to July 1, 1988, or after attaining age 55 with at least 10 years of service if hired on/after July 1, 1988. Currently, 5 employees meet those eligibility requirements. The District contribution varies by employee classification up to 100 percent of the amount of premiums incurred by retirees and their dependents. Expenditures for post employment benefits are recognized on a pay-as-you-go basis, premiums are paid. During the year, expenditures of \$410,317 were recognized for retirees' health care benefits.

The approximate actuarial accrued liability for the District at June 30, 2013, amounts to \$3,715,339. This is offset by the actuarial value of assets at June 30, 2013 of \$305,208, resulting in an approximated unfunded liability of \$3,410,131 as of June 30, 2013. These amount were calculated based upon an actuarial valuation by Demsey Filliger dated as of July 1, 2012.



**NOTE 10 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS** (Continued)Plan Description (Continued)

The District participates in an industry association plan (ACWA) that has about 300 employer members. There are two providers in the plan: Kaiser and Blue Cross/Blue Shield (BCBS) that offer PPO and HMO plans. Same benefit options are available to retirees as active employees. Upon reaching Medicare eligibility, the plans do not coordinate with Medicare. There is a small rate decrease for retirees who up for Medicare Part B. The health plans are community-rated. Kaiser plans are fully-insured while BCBS plans are self-insured. The District employees represent a very small percentage of the pool for the BCBS plans and thus these plans are assumed to be community-rated with no implicit subsidy to the District. The District employees represent approximately 6% of the pool for the Kaiser plans and thus these plans are not assumed to be community-rated. There will be GASB implicit subsidy to the District for employees enrolled in this plan.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. For fiscal year 2012-13, the District's annual OPEB cost was \$500,015. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended June 30, 2013, were as follows:

Annual required contribution	\$	516,432
Interest on net OPEB obligation		108,551
Adjustments to annual required contribution		<u>(124,968)</u>
Annual OPEB cost		500,015
Contributions made		<u>410,317</u>
Change in net OPEB obligation		89,698
Net OPEB obligation - beginning of year		<u>1,550,722</u>
Net OPEB obligation - end of year	\$	<u><u>1,640,420</u></u>

Year Ended June 30,	Annual OPEB Cost	Actual Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net Ending OPEB Obligation (Asset)
2010	\$ 600,745	\$ 39,937	6.65%	\$ 1,125,358
2011	\$ 600,745	\$ 368,042	61.26%	\$ 1,358,061
2012	\$ 502,055	\$ 309,394	61.63%	\$ 1,550,722
2013	\$ 500,015	\$ 410,317	82.06%	\$ 1,640,420

Funding Policy, Funded Status, and Funding Progress

The District's required contribution is based on pay-as-you-go financing requirements. For fiscal year 2012-13, the District contributed \$410,317 to the Plan.



## **NOTE 10 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS** (Continued)

### **Funding Policy, Funded Status, and Funding Progress** (Continued)

As of July 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$3,715,339. This is offset by the actuarial value of assets at June 30, 2013 of \$305,208, resulting in an approximated unfunded liability of \$3,410,131 as of June 30, 2013. The covered payroll (annual payroll of active employees covered by the Plan) was \$5,517,049 and the ratio of the unfunded actuarial accrued liability (UAAL) to covered payroll was 62 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and probabilities about the occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the annual required contributions of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, will present multiyear trend information that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Because 2008-09 was the year of implementation of GASB Statement No. 45 and the District elected to apply the statement prospectively, only two actuarial valuation years are presented in the schedule at this time. In future years, required trend analysis will be presented.

### **Actuarial Methods and Assumptions**

Calculations of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions used for rates of employee turnover, retirement, and mortality, as well as economic assumptions regarding health care inflation and interest were based on a standard set of actuarial assumptions modified as appropriate for the District. Turnover rates are based on CalPERS State Tier 2 non-vested rates modified to fit the District's termination experience for the past five years. Retirement rates were also based on District experience. Health care inflation rates are based on actuarial analysis of recent District experience and actuarial knowledge of the general health care environment. The actuarial assumption to determine the cost of covering early retirees (those under the age of 65) was an age-specific claims cost matrix fitted to the average estimated equivalent one-party premium for the current retiree group. Discount rate and return on assets of 4% and 4%, respectively, were used.

## **NOTE 11 – PROPOSITION 1A**

Under the provision of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax apportioned to cities, counties, and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining the District was \$760,225.

This borrowing by the State of California was recognized as a receivable in the accompanying financial statements. Under the modified accrual basis of accounting, the borrowed tax revenues are not permitted to be recognized as revenue in the governmental fund financial statements until the tax revenues are received from the State of California (collected during the current fiscal year). In the government-wide financial statements, the tax revenues were recognized in the fiscal year for which they were levied (fiscal year 2009-10).



**NOTE 12 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through January 15, 2014, which is the date the basic financial statements were available to be issued. No events have occurred that would require disclosure.



## **REQUIRED SUPPLEMENTAL INFORMATION**



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
SCHEDULE OF FUNDING PROGRESS FOR  
OTHER POST EMPLOYMENT BENEFITS  
JUNE 30, 2013**

<u>Actuarial Valuation Date June 30,</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as Percentage of Covered Payroll</u>
2009	\$ -	\$4,853,181	\$ 4,853,181	0%	\$ 5,054,764	96%
2012	\$ 305,208	\$3,715,339	\$ 3,410,131	8%	\$ 5,517,049	62%



## **COMBINING FUND FINANCIAL STATEMENTS**



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
COMBINING BALANCE SHEET  
DEBT SERVICE FUND – IMPROVEMENT DISTRICTS  
JUNE 30, 2013**

	<u>Total</u>	<u>CIEDB Loan</u>	<u>SRF Loan</u>	<u>Improvement Districts</u>			
				<u>V</u>	<u>AA-DD</u>	<u>CC</u>	<u>JJ</u>
ASSETS							
Restricted cash	\$ 1,698,915	\$ 932,288	\$ 766,627	\$ -	\$ -	\$ -	\$ -
Total assets	<u>\$ 1,698,915</u>	<u>\$ 932,288</u>	<u>\$ 766,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Restricted for debt service	<u>1,698,915</u>	<u>932,288</u>	<u>766,627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,698,915</u>	<u>\$ 932,288</u>	<u>\$ 766,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
DEBT SERVICE FUND – IMPROVEMENT DISTRICTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Total</b>	<b>CIEDB Loan</b>	<b>SRF Loan</b>	<b>Improvement Districts</b>			
				<b>V</b>	<b>AA-DD</b>	<b>CC</b>	<b>JJ</b>
Revenues:							
Interest	\$ 11,753	\$ 3,466	\$ 8,273	\$ 2	\$ 7	\$ 2	\$ 3
Expenditures:							
Debt service	1,948,451	1,199,264	749,187	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(1,936,698)	(1,195,798)	(740,914)	2	7	2	3
Other financing sources (uses):							
Transfers in	1,948,451	1,199,264	749,187	-	-	-	-
Transfers out	(1,734)	-	-	(211)	(750)	(447)	(326)
Net other financing sources (uses):	1,946,717	1,199,264	749,187	(211)	(750)	(447)	(326)
Net change in fund balances	10,019	3,466	8,273	(209)	(743)	(445)	(323)
Fund balances, beginning of year	1,688,896	928,822	758,354	209	743	445	323
Fund balances, end of year	\$ 1,698,915	\$ 932,288	\$ 766,627	\$ -	\$ -	\$ -	\$ -



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
COMBINING BALANCE SHEET  
CAPITAL PROJECT FUND – PROJECT AREAS  
JUNE 30, 2013**

	<u>Total</u>	<u>Capital Construction Fund</u>	<u>Land</u>	<u>Improvement District CC</u>	<u>II-RR Construction</u>	<u>Basin D</u>	<u>Park Fund</u>
<b>ASSETS</b>							
Cash	\$ 9,047,828	\$ 5,013,434	\$ 4,031,545	\$ 2,849	\$ -	\$ -	\$ -
Restricted cash	309,080	-	-	-	-	10,680	298,400
Total assets	<u>\$ 9,356,908</u>	<u>\$ 5,013,434</u>	<u>\$ 4,031,545</u>	<u>\$ 2,849</u>	<u>\$ -</u>	<u>\$ 10,680</u>	<u>\$ 298,400</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Accounts payable	\$ 36,952	\$ 36,952	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts payable	276,227	276,227	-	-	-	-	-
Due to other funds	228	228	-	-	-	-	-
Total liabilities	<u>313,407</u>	<u>313,407</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Committed for construction	<u>9,043,501</u>	<u>4,700,027</u>	<u>4,031,545</u>	<u>2,849</u>	<u>-</u>	<u>10,680</u>	<u>298,400</u>
Total fund balances	<u>9,043,501</u>	<u>4,700,027</u>	<u>4,031,545</u>	<u>2,849</u>	<u>-</u>	<u>10,680</u>	<u>298,400</u>
Total liabilities and fund balances	<u>\$ 9,356,908</u>	<u>\$ 5,013,434</u>	<u>\$ 4,031,545</u>	<u>\$ 2,849</u>	<u>\$ -</u>	<u>\$ 10,680</u>	<u>\$ 298,400</u>



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
CAPITAL PROJECT FUND – PROJECT AREAS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Total</b>	<b>Capital Construction Fund</b>	<b>Land</b>	<b>Improvement District CC</b>	<b>II-RR Construction</b>	<b>Basin D</b>	<b>Park Fund</b>
Revenues:							
Interest	\$ 91,747	\$ 38,013	\$ 50,097	\$ 12	\$ 9	\$ 131	\$ 3,485
Miscellaneous	23	23	-	-	-	-	-
Total revenues	91,770	38,036	50,097	12	9	131	3,485
Expenditures:							
Capital outlay	6,047,599	6,047,599	-	-	-	-	-
Total expenditures	6,047,599	6,047,599	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(5,955,829)	(6,009,563)	50,097	12	9	131	3,485
Other financing sources (uses):							
Transfers in	6,504,164	6,487,798	-	-	-	-	16,366
Capital Project intrafund transfers	-	34	-	-	(34)	(1)	1
Transfers out	(2,849)	(2,849)	-	-	-	-	-
Total other financing sources (uses)	6,501,315	6,484,983	-	-	(34)	(1)	16,367
Net change in fund balances	545,486	475,420	50,097	12	(25)	130	19,852
Fund balances, beginning of year	8,498,015	4,224,607	3,981,448	2,837	25	10,550	278,548
Fund balances, end of year	<u>\$ 9,043,501</u>	<u>\$ 4,700,027</u>	<u>\$ 4,031,545</u>	<u>\$ 2,849</u>	<u>\$ -</u>	<u>\$ 10,680</u>	<u>\$ 298,400</u>



## **SUPPLEMENTAL SCHEDULES**



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund		
	Budget	Actual	Variance with Final Budget
Revenues:			
Taxes:			
Property taxes - current	\$ 8,918,432	\$ 8,822,349	\$ (96,083)
Property taxes - prior year levies	52,718	15,983	(36,735)
General subventions	147,700	178,241	30,541
Other	128,820	544,561	415,741
Assessment tax revenue	8,141,581	8,157,270	15,689
Interest revenue	137,240	189,343	52,103
Grant revenue	-	729,112	729,112
Construction contributions	-	70,314	70,314
Fees and charges for services:			
Non-conforming facilities fees	15,000	70,998	55,998
Master plan engineering fees	95,000	235,049	140,049
Excavation permit fees	51,000	98,838	47,838
Recharge maintenance	60,000	73,938	13,938
PPDA administration fees	5,000	12,323	7,323
Other fees and charges	43,800	42,764	(1,036)
Rental income	68,697	70,907	2,210
Miscellaneous	4,000	17,092	13,092
Other financing sources:			
Transfers in	1,079,000	1,435,011	356,011
Revenue from sale of assets	13,600	6,056	(7,544)
Total revenues and other sources	<u>18,961,588</u>	<u>20,770,149</u>	<u>1,808,561</u>
Expenditures:			
Personnel expense:			
Salaries, regular and part-time	5,721,886	5,477,217	244,669
Payroll related taxes	409,788	400,995	8,793
Employee insurance	1,031,536	993,504	38,032
Workers' compensation	110,622	89,419	21,203
Retirement	576,139	573,686	2,453
Annual leave	150,618	161,629	(11,011)
OPEB contribution	400,000	402,839	(2,839)
Unemployment insurance	1,000	9,450	(8,450)
Temporary help	1,000	7,555	(6,555)
Total personnel expense	<u>8,402,589</u>	<u>8,116,294</u>	<u>286,295</u>



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND (Continued)  
FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund		
	Budget	Actual	Variance with Final Budget
Expenditures, continued:			
Office administration:			
General office supplies	63,250	43,961	19,289
Records and maps	55,680	37,211	18,469
Reproduction	14,928	9,225	5,703
Office equipment maintenance	66,083	55,205	10,878
Communications	46,300	37,329	8,971
Postage	8,492	5,541	2,951
Printing	6,400	3,767	2,633
Courier service	360	57	303
Total office administration	261,493	192,296	69,197
Management support:			
Conferences and meetings	18,450	10,601	7,849
General management	42,204	36,532	5,672
Professional education	22,500	22,526	(26)
Corps project representation	-	-	-
Total management support	83,154	69,659	13,495
Insurance:			
Employee bonding	1,790	1,738	52
Notary, trustee, and fiduciary	6,330	6,366	(36)
Directors' liability	10,250	6,706	3,544
Fire, theft, and office content	19,920	20,895	(975)
Automobile	24,580	19,130	5,450
General liability	174,250	114,003	60,247
Deductibles, settlements	5,000	-	5,000
Dam failure	70,050	74,557	(4,507)
Total insurance	312,170	243,395	68,775
Professional services:			
Legal services	280,800	166,274	114,526
Accounting services	66,000	43,500	22,500
Consulting engineers	800	28,475	(27,675)
Computer support	32,000	27,278	4,722
Other professional services	8,820	60,504	(51,684)
Legislative services	10,000	-	10,000
Personnel services	8,660	3,196	5,464
Benefit administration	12,924	9,519	3,405
Total professional services	420,004	338,746	81,258



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND (Continued)  
FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund		
	Budget	Actual	Variance with Final Budget
Expenditures, continued:			
Other administrative expense:			
Records storage	1,075	865	210
Revenue collection expense	180,135	173,608	6,527
Directors' expense	56,758	36,935	19,823
Public information	27,000	14,214	12,786
Service charges	2,940	4,137	(1,197)
Assessment refunds	4,500	1,192	3,308
Special events expense	2,000	-	2,000
San Joaquin Conservancy expense	-	332	(332)
Miscellaneous expense	-	1	(1)
Total other administrative expense	274,408	231,284	43,124
System operations and maintenance:			
Basin maintenance:			
Developed basin maintenance	529,000	515,225	13,775
Undeveloped basin maintenance	300,000	265,619	34,381
Recharge maintenance	157,000	151,352	5,648
Parks and recreation maintenance	45,200	29,170	16,030
Winter operations	32,000	6,691	25,309
Fence repair	71,400	72,995	(1,595)
Pump operations/maintenance	295,000	220,335	74,665
Drainline operations	190,000	110,604	79,396
Flood control maintenance:			
Dam operations/maintenance	279,000	239,632	39,368
Channel operations	195,400	187,717	7,683
Detention basin operations	74,900	77,852	(2,952)
Vehicle operations	169,000	112,487	56,513
Vehicle repairs	12,000	12,712	(712)
Vehicle supplies	3,100	3,387	(287)
Operation expense	24,000	20,608	3,392
Operation service charges	500	-	500
Field equipment maintenance	47,000	52,860	(5,860)
Warehouse expense	1,200	2,469	(1,269)
Other operations expense	14,000	13,404	596
Uniform expense	8,400	7,004	1,396
Telemetry maintenance	8,700	5,550	3,150
Environmental management:			
Environmental analysis	53,919	35,131	18,788
Water resource planning	17,000	17,000	-
Other environmental management	3,250	657	2,593
Total system operations and maintenance	2,530,969	2,160,461	370,508



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND (Continued)  
FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund		
	Budget	Actual	Variance with Final Budget
Expenditures, continued:			
Operations center expense:			
Utilities	94,802	81,199	13,603
Building maintenance	61,114	57,438	3,676
Landscape maintenance	18,200	17,703	497
Repairs and rehabilitation	10,000	2,153	7,847
Other operations center	1,500	274	1,226
Total operations center expense	185,616	158,767	26,849
Storm water quality management expense:			
Consulting services	10,000	10,540	(540)
NPDES permit application	-	-	-
Municipal NPDES development	88,500	55,523	32,977
Industrial NPDES development	9,000	463	8,537
SWQM operations/maintenance	372,800	261,181	111,619
Municipal NPDES implementation	312,395	262,440	49,955
Industrial NPDES implementation	16,000	7,500	8,500
Total storm water quality management expense	808,695	597,647	211,048
Capital outlay:			
Operations center	20,000	13,870	6,130
Field equipment	232,555	165,352	67,203
Total capital outlay	252,555	179,222	73,333
Total expenditures	13,531,653	12,287,771	1,243,882
Other uses:			
Transfers out	9,461,694	8,479,555	(982,139)
Total expenditures and other uses	22,993,347	20,767,326	261,743
Net change in fund balance	(4,031,759)	2,823	2,070,304
Fund balance, beginning of year	12,037,733	13,267,889	1,230,156
Fund balance, end of year	\$ 8,005,974	\$ 13,270,712	\$ 3,300,460



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT**  
**SCHEDULE OF COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS**  
**(DEVELOPER PAYABLE AND CONSTRUCTION CONTRACTS INCLUDED AS A LIABILITY)**  
**JUNE 30, 2013**

	General	Capital Project	Debt Service	Special Revenue	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 12,440,928	\$ 9,047,828	\$ -	\$ -	\$ 21,488,756
Receivables:					
Taxes	-	-	-	-	-
Developer	-	-	-	32,008	32,008
Fees and charges	-	-	-	320,195	320,195
Other	16,413	-	-	-	16,413
Due from other funds	1,843,900	-	-	-	1,843,900
Restricted cash	-	309,080	1,698,915	12,904,621	14,912,616
<b>Total assets</b>	<b>\$ 14,301,241</b>	<b>\$ 9,356,908</b>	<b>\$ 1,698,915</b>	<b>\$ 13,256,824</b>	<b>\$ 38,613,888</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 593,563	\$ 36,952	\$ -	\$ -	\$ 630,515
Contracts payable	61,350	1,549,043	-	-	1,610,393
Salaries payable	176,112	-	-	-	176,112
Due to other funds	-	228	-	1,843,672	1,843,900
Developers payable	-	-	-	9,205,864	9,205,864
Deferred revenue	138,135	-	-	-	138,135
Liability for compensated absences	98,162	-	-	-	98,162
<b>Total liabilities</b>	<b>1,067,322</b>	<b>1,586,223</b>	<b>-</b>	<b>11,049,536</b>	<b>13,703,081</b>
Fund balances:					
Restricted:					
Debt service	-	-	1,698,915	-	1,698,915
Drainage assessments	-	-	-	2,207,288	2,207,288
Committed:					
Construction	36,793	7,770,685	-	-	7,807,478
Assigned:					
General obligations	6,940,135	-	-	-	6,940,135
Unassigned:	6,256,991	-	-	-	6,256,991
<b>Total fund balances</b>	<b>13,233,919</b>	<b>7,770,685</b>	<b>1,698,915</b>	<b>2,207,288</b>	<b>24,910,807</b>
<b>Total liabilities and fund balances</b>	<b>\$ 14,301,241</b>	<b>\$ 9,356,908</b>	<b>\$ 1,698,915</b>	<b>\$ 13,256,824</b>	<b>\$ 38,613,888</b>



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
SCHEDULE OF COMBINED REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
(DEVELOPER PAYABLE AND CONSTRUCTION CONTRACTS  
INCLUDED AS A LIABILITY)  
FOR THE YEAR ENDED JUNE 30, 2013**

	General	Capital Project	Debt Service	Special Revenue	Total Governmental Funds
Revenues:					
Taxes and subventions	\$ 9,561,134	\$ -	\$ -	\$ -	\$ 9,561,134
Assessment tax revenue	8,157,270	-	-	-	8,157,270
Drainage fees - cash	-	-	-	3,436,834	3,436,834
Drainage fees - noncash	-	-	-	1,264,143	1,264,143
Fees and charges for services	533,910	-	-	-	533,910
Interest and rental revenue	260,250	91,747	11,753	145,650	509,400
Grants loans and contributions	799,426	-	-	82,803	882,229
Miscellaneous	17,092	23	-	-	17,115
Total revenues	<u>19,329,082</u>	<u>91,770</u>	<u>11,753</u>	<u>4,929,430</u>	<u>24,362,035</u>
Expenditures:					
Personnel expense	8,116,294	-	-	-	8,116,294
Office administration	192,296	-	-	-	192,296
Management support	69,659	-	-	-	69,659
Insurance	243,395	-	-	-	243,395
Professional services	338,746	-	-	-	338,746
Other administrative expense	231,284	-	-	72,899	304,183
System operations and maintenance	2,160,461	-	-	-	2,160,461
Operations center expense	158,767	-	-	-	158,767
Storm water quality management expense	597,647	-	-	-	597,647
Capital outlay	174,474	5,094,368	-	2,316,203	7,585,045
Debt service	-	-	1,948,451	-	1,948,451
Total expenditures	<u>12,283,023</u>	<u>5,094,368</u>	<u>1,948,451</u>	<u>2,389,102</u>	<u>21,714,944</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,046,059</u>	<u>(5,002,598)</u>	<u>(1,936,698)</u>	<u>2,540,328</u>	<u>2,647,091</u>
Other financing sources (uses):					
Transfers in	1,435,011	6,504,164	1,948,451	30,236	9,917,862
Transfers out	(8,479,555)	(2,849)	(1,734)	(1,433,724)	(9,917,862)
Revenue from the sale of assets	6,056	-	-	-	6,056
Net other financing sources (uses)	<u>(7,038,488)</u>	<u>6,501,315</u>	<u>1,946,717</u>	<u>(1,403,488)</u>	<u>6,056</u>
Net change in fund balances	7,571	1,498,717	10,019	1,136,840	2,653,147
Fund balances, June 30, 2012	<u>13,226,348</u>	<u>6,271,968</u>	<u>1,688,896</u>	<u>1,070,448</u>	<u>22,257,660</u>
Fund balances, June 30, 2013	<u>\$ 13,233,919</u>	<u>\$ 7,770,685</u>	<u>\$ 1,698,915</u>	<u>\$ 2,207,288</u>	<u>\$ 24,910,807</u>



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – CURRENT YEAR VS. PRIOR YEAR – GENERAL FUND  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	General Fund		
	June 30, 2013	June 30, 2012	Variance
Revenues:			
Taxes and subventions	\$ 9,561,134	\$ 8,501,365	\$ 1,059,769
Assessment tax revenue	8,157,270	8,108,080	49,190
Fees and charges for services	533,910	418,817	115,093
Interest and rental revenue	260,250	213,599	46,651
Grants revenue	729,112	148,612	580,500
Miscellaneous	17,092	23,988	(6,896)
Construction contributions	70,314	20,395	49,919
Total revenues	19,329,082	17,434,856	1,894,226
Other financing sources:			
Operating transfers in	1,435,011	2,261,261	(826,250)
Revenue from sale of assets	6,056	4,008	2,048
Total revenues and other financing sources	20,770,149	19,700,125	1,070,024
Expenditures:			
Personnel expense	8,116,294	7,980,065	136,229
Office administration	192,296	244,012	(51,716)
Management support	69,659	88,566	(18,907)
Insurance	243,395	309,678	(66,283)
Professional services	338,746	457,404	(118,658)
Other administrative expense	231,284	250,117	(18,833)
System operations and maintenance	2,160,461	2,292,500	(132,039)
Operations center expense	158,767	166,042	(7,275)
Storm water quality management expense	597,647	683,382	(85,735)
Capital outlay	179,222	98,916	80,306
Total expenditures	12,287,771	12,570,682	(282,911)
Other uses:			
Transfers out	8,479,555	5,921,343	2,558,212
Total expenditures and other uses	20,767,326	18,492,025	2,275,301
Net change in fund balance	2,823	1,208,100	(1,205,277)
Fund balance, beginning of year	13,267,889	12,059,789	1,208,100
Fund balance, end of year	\$ 13,270,712	\$ 13,267,889	\$ 2,823



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – CURRENT YEAR VS. PRIOR YEAR – GENERAL FUND  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	General Fund		
	June 30, 2013	June 30, 2012	Variance
Revenues:			
Taxes:			
Property taxes - current	\$ 8,822,349	\$ 8,165,922	\$ 656,427
Property taxes - prior year levies	15,983	25,106	(9,123)
General subventions	178,241	164,068	14,173
Other	544,561	146,269	398,292
Assessment tax revenue	8,157,270	8,108,080	49,190
Interest revenue	189,343	147,638	41,705
Grant revenue	729,112	148,612	580,500
Construction contributions	70,314	20,395	49,919
Fees and charges for services:			
Non-conforming facilities fees	70,998	84,939	(13,941)
Master plan engineering fees	235,049	133,740	101,309
Excavation permit fees	98,838	57,908	40,930
Recharge maintenance	73,938	76,280	(2,342)
PPDA administration fees	12,323	5,896	6,427
Other fees and charges	42,764	60,054	(17,290)
Rental income	70,907	65,961	4,946
Miscellaneous	17,092	23,988	(6,896)
Other financing sources:			
Transfers in	1,435,011	2,261,261	(826,250)
Proceeds from sale of assets	6,056	4,008	2,048
Total revenues and other sources	<u>20,770,149</u>	<u>19,700,125</u>	<u>1,070,024</u>
Expenditures:			
Personnel expense:			
Salaries, regular and part-time	5,477,217	5,517,049	(39,832)
Payroll related taxes	400,995	402,028	(1,033)
Employee insurance	993,504	1,243,350	(249,846)
Workers' compensation	89,419	114,851	(25,432)
Retirement	573,686	562,022	11,664
Annual leave	161,629	140,297	21,332
OPEB Contribution	402,839	-	402,839
Unemployment insurance	9,450	468	8,982
Temporary help	7,555	-	7,555
Total personnel expense	<u>8,116,294</u>	<u>7,980,065</u>	<u>136,229</u>
Office administration:			
General office supplies	43,961	55,045	(11,084)
Records and maps	37,211	57,396	(20,185)
Reproduction	9,225	11,943	(2,718)
Office equipment maintenance	55,205	68,656	(13,451)
Communications	37,329	36,379	950
Postage	5,541	7,173	(1,632)
Printing	3,767	7,246	(3,479)
Courier service	57	174	(117)
Total office administration	<u>192,296</u>	<u>244,012</u>	<u>(51,716)</u>



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – CURRENT YEAR VS. PRIOR YEAR – GENERAL FUND (Continued)  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	General Fund		
	June 30, 2013	June 30, 2012	Variance
Expenditures, continued:			
Management support:			
Conferences and meetings	10,601	8,059	2,542
General management	36,532	61,165	(24,633)
Professional education	22,526	19,342	3,184
Total management support	69,659	88,566	(18,907)
Insurance:			
Employee bonding	1,738	1,724	14
Notary, trustee, and fiduciary	6,366	6,230	136
Directors' liability	6,706	10,321	(3,615)
Fire, theft, and office content	20,895	20,081	814
Automobile	19,130	25,813	(6,683)
General liability	114,003	175,459	(61,456)
Dam failure	74,557	70,050	4,507
Total insurance	243,395	309,678	(66,283)
Professional services:			
Legal services	166,274	360,280	(194,006)
Accounting services	43,500	40,000	3,500
Consulting engineers	28,475	471	28,004
Computer support	27,278	19,256	8,022
Other professional services	60,504	18,464	42,040
Personnel services	3,196	2,622	574
Benefit administration	9,519	16,311	(6,792)
Total professional services	338,746	457,404	(118,658)
Other administrative expense:			
Records storage	865	885	(20)
Revenue collection expense	173,608	182,008	(8,400)
Directors' expense	36,935	45,836	(8,901)
Public information	14,214	15,769	(1,555)
Advertising	-	2,987	(2,987)
Service charges	4,137	2,574	1,563
Assessment refunds	1,192	58	1,134
San Joaquin Conservancy expense	332	-	332
Miscellaneous expense	1	-	1
Total other administrative expense	231,284	250,117	(18,833)



**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – CURRENT YEAR VS. PRIOR YEAR – GENERAL FUND (Continued)  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	General Fund		
	June 30, 2013	June 30, 2012	Variance
Expenditures, continued:			
System operations and maintenance:			
Basin maintenance:			
Developed basin maintenance	515,225	528,174	(12,949)
Undeveloped basin maintenance	265,619	305,871	(40,252)
Recharge maintenance	151,352	170,736	(19,384)
Parks and recreation maintenance	29,170	58,628	(29,458)
Winter operations	6,691	9,095	(2,404)
Fence repair	72,995	66,764	6,231
Pump operations/maintenance	220,335	210,874	9,461
Drainline operations	110,604	201,274	(90,670)
Flood control maintenance:			
Dam operations/maintenance	239,632	237,201	2,431
Channel operations	187,717	203,708	(15,991)
Detention basin operations	77,852	68,035	9,817
Vehicle operations	112,487	117,090	(4,603)
Vehicle repairs	12,712	11,006	1,706
Vehicle supplies	3,387	255	3,132
Operation expense	20,608	21,983	(1,375)
Field equipment maintenance	52,860	34,237	18,623
Warehouse expense	2,469	(333)	2,802
Other operations expense	13,404	11,783	1,621
Uniform expense	7,004	5,569	1,435
Telemetry maintenance	5,550	9,149	(3,599)
Environmental management:			
Environmental analysis	35,131	3,022	32,109
Water resources planning	17,000	17,000	-
Other environmental management	657	1,379	(722)
Total system operations and maintenance	2,160,461	2,292,500	(132,039)
Operations center expense:			
Utilities	81,199	84,076	(2,877)
Building maintenance	57,438	50,562	6,876
Landscape maintenance	17,703	31,009	(13,306)
Repairs and rehabilitation	2,153	395	1,758
Other operations center	274	-	274
Total operations center expense	158,767	166,042	(7,275)



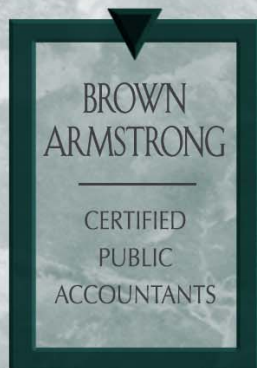
**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – CURRENT YEAR VS. PRIOR YEAR – GENERAL FUND (Continued)  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	General Fund		
	June 30, 2013	June 30, 2012	Variance
Expenditures, continued:			
Storm water quality management expense:			
Consulting services	10,540	10,621	(81)
Municipal NPDES development	55,523	20,676	34,847
Industrial NPDES development	463	9,104	(8,641)
SWQM operations/maintenance	261,181	271,460	(10,279)
Municipal NPDES implementation	262,440	356,396	(93,956)
Industrial NPDES implementation	7,500	15,125	(7,625)
Total storm water quality management expense	597,647	683,382	(85,735)
Capital outlay:			
Operations center	13,870	4,584	9,286
Field equipment	165,352	94,332	71,020
Total capital outlay	179,222	98,916	80,306
Total expenditures	12,287,771	12,570,682	(282,911)
Other uses:			
Transfers out	8,479,555	5,921,343	2,558,212
Total expenditures and other uses	20,767,326	18,492,025	2,275,301
Net change in fund balance	2,823	1,208,100	(1,205,277)
Fund balance, beginning of year	13,267,889	12,059,789	1,208,100
Fund balance, end of year	<u>\$ 13,270,712</u>	<u>\$ 13,267,889</u>	<u>\$ 2,823</u>



## **OTHER REPORT**





# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT AUDITORS 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

Fresno Metropolitan Flood Control District  
Fresno, California

### MAIN OFFICE

#### 4200 TRUXTUN AVENUE

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We have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund of the Fresno Metropolitan Flood Control District (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 15, 2014.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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. 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*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California  
January 15, 2014