



**COUNTY OF FRESNO  
STATE OF CALIFORNIA**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended  
June 30, 2014**

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

**County of Fresno**  
**Comprehensive Annual Financial Report**  
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## INTRODUCTORY SECTION

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



## County of Fresno

**Vicki Crow, C.P.A.**

Auditor-Controller/Treasurer-Tax Collector

June 19, 2015

The Honorable Board of Supervisors and  
Citizens of the County of Fresno, California

Members of the Board and Citizens of the County of Fresno:

The Comprehensive Annual Financial Report (CAFR) of the County of Fresno (County) for the fiscal year ended June 30, 2014 is hereby submitted in accordance with the provisions of Sections 25250 and 25253 of the Government Code of the State of California.

The report contains financial statements that have been prepared in conformity with generally accepted accounting principles (GAAP) prescribed for governmental entities. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the County's management. An established comprehensive framework of internal controls has been designed to provide reasonable assurance that the enclosed data is accurate in all material respects and that its presentation fairly depicts the financial position and changes in financial position of County funds. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls is designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements.

The County's financial statements have been audited by the certified public accounting firm of Brown Armstrong Accountancy Corporation. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2014, are free of material misstatement. The independent certified public accounting firm has issued an unmodified ("clean") opinion on the County's financial statements as of and for the year ended June 30, 2014. The auditor's report is located at the front of the financial section of this report.

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

### **PROFILE OF THE GOVERNMENT**

The County was created from parts of Merced, Tulare and Mariposa counties in 1856 and is a political subdivision chartered by the State. It is the sixth largest county in the State in terms of

area, occupying over 6,000 square miles in the heart of the San Joaquin Valley and has a population of 964,040 as of June 30, 2014. There are 15 incorporated cities within the County: Fresno, Clovis, Reedley, Sanger, Kerman, Fowler, Selma, Kingsburg, Parlier, Orange Cove, Huron, San Joaquin, Coalinga, Mendota and Firebaugh. The largest employment categories include public administration, trade, transportation, utilities, education, health, other services, agriculture, and manufacturing.

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

#### Board of Supervisors

Phil Larson District 1	Andreas Borgeas District 2	Henry R. Perea District 3	Judy Case McNairy District 4	Deborah Poochigian District 5
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John A. Navarrette  
County Administrative Officer

Daniel C. Cederborg  
County Counsel

Public Protection	Health & Public Assistance	Public Ways & Facilities	Education	Culture & Recreation	General Government
Margaret Mims Sheriff	Judy Lemos Interim Director Social Services	Alan Weaver Director/Public Works & Planning	Laurel Prysiazny County Librarian	Alan Weaver Director/Public Works & Planning	Paul Dictos, C.P.A. Assessor-Recorder
Elizabeth A. Egan District Attorney	David Pomaville Director Public Health	Les Wright Agricultural Commissioner/Sealer of Weights & Measures	Shannon Mueller Cooperative Extension		Vicki Crow, C.P.A. Auditor-Controller/ Treasurer-Tax Collector
Rick Chavez Chief Probation Officer	Dawan Utecht, Director Behavioral Health Public Guardian				Beth Bandy Director Personnel Services
Elizabeth Diaz Public Defender	Kari Gilbert Director Child Support Services				Robert W. Bash Director of Internal Services-Chief Information Officer
David M. Hadden, MD Coroner-Public Administrator					Brandi L. Orth County Clerk/Registrar of Voters



The County, with an average of 6,892 full-time equivalent employees, provides a full range of services to its residents as the above organization chart depicts. Included in reported operations are various component units which provide specific services county-wide or to distinct geographic areas within the County. They include, among others, multiple County Service Areas (CSA's), the Fresno County Financing Authority (FCFA), the Fresno County Tobacco Funding Corporation, and the Children and Families Commission. While these entities are legally separate from the County, the County has some financial accountability for them, their governing bodies are substantially the same as the County's Board, and in most cases they provide services exclusively to the County.

For financial planning and control, the Board adopts an annual appropriated budget for the County. Activities of the General Fund, Special Revenue Funds, Capital Projects Fund and the Debt Service Fund are included in the annual budget. Budgetary control is exercised at the department level in both the General and Special Revenue Funds. The legal level of control is at the object level except for capital assets which are controlled at the sub-object level. Project-length financial plans are adopted for capital improvements. The County also maintains an encumbrance accounting system to assist with budgetary control. Encumbered appropriations supported by a written commitment do not lapse at year-end; encumbrances outstanding at that time are reported as reservation of fund balance for the following year's budget. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted.

The County of Fresno internet site at <http://www.co.fresno.ca.us> provides extensive information about the County government and its services to the citizens of Fresno County and to those who visit. The County's website includes information about the Board, including how to contact the Board, and provides Board Agendas, County job listings, bid solicitations, County directories, information on how to appeal assessments, voter information, County permits and forms, and financial information such as the County tax rate book, the annual budget, and recent CAFRs. The site also provides several online services, including the ability to view both live and archived Board meetings, look up election results and polling places, and pay property taxes.

## **ECONOMIC OVERVIEW**

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

The economic state of both the County of Fresno and the State of California have seen a slow but steady recovery across sectors since the recession of 2007-2009. California has the largest labor market in the United States with a labor force of 18,619,300 persons as of June 30, 2014. The employed labor force at June 30, 2014 was 17,240,000 persons on a seasonally adjusted basis. This number demonstrates a steady improvement in the California labor market from the December 2009 recessionary employment number of 15,953,600. During this same time period, the unemployment rate has declined from 12.3% (2,228,100 persons) to 7.4% (1,379,300 persons). The County of Fresno has experienced a similar growth in labor force and employment with a corresponding decline in unemployment. The County of Fresno labor force has increased by 28,900 persons to 455,400 persons as of June 30, 2014 from a low of 426,500 persons in November 2009. Employment has increased by 49,700 persons during this period from 356,200 persons to 407,900 persons. Unemployment declined by 6.3% (20,800 persons) from 16.7% (71,300 persons) to 10.4% (47,500 persons) during the same time period.

The County's economy continues to have moderate growth in property tax and sales tax revenues. The assessed value of the Property Tax Secured Roll increased by 5.51% to \$60,771,593,318 in the 2013-14 fiscal year. This marked the first time since the 2008-09 fiscal year that the secured roll assessed value exceeded \$60 billion. Property tax revenues increased by 3.17% from fiscal year 2012-13 to fiscal year 2013-14, while sales tax revenues increased by 3.95% over the same time period. The property tax and sales tax revenues are now only 1.97% and 9.17% lower than the fiscal year 2007-08 revenue amounts, respectively. This movement indicated a significant recovery in the County's economy.

The housing market in the County continues to rebound from the effect of the 2007-09 recession. The median home price in June 2014 was \$201,800, a price level not seen since July 2008 when the median home price was \$200,719. The current Unsold Inventory Index that indicates the number of months needed to sell the supply of homes on the market at the current sales rate increased from 3.7 months in August 2013 to 5.2 months in August 2014. A six to seven-month supply is considered typical in a normal market.

The County remained one of the leading agricultural counties in the State and nation. Total gross agricultural production in 2013 decreased by 2.28% from 2012 but exceeded the six billion dollar mark for the third consecutive year. For the first time in history, the County had two crops in 2013 that exceeded \$1 billion in value. The number one crop in value was Almonds (\$1,109,848,000) followed by Grapes (\$1,037,456,000). Fruit and nut crops provide 49.8% (\$3,204,954,000) of the gross agricultural production value followed by Livestock at 23% (\$1,483,331,000).

While agriculture currently accounts for 15.52% of wage and salary employment, other important sources of employment include: government 17.88%; trade, transportation and utilities 16.79%; education and health services 15.62%; leisure and hospitality services 7.98%; professional and business services 8.75%; manufacturing 6.07%; and construction 3.85% .

## **MAJOR INITIATIVES, SERVICE EFFORTS AND ACCOMPLISHMENTS**

### **Current Financial Planning**

The County maintains the largest road system in California covering over 3,516 miles of roads, including 570 bridges. The 2014-2015 Road Fund adopted budget totals \$59.3 million, which reflects an increase of 8.9% (FS-3.21) from the prior year's adopted budget. Major projects anticipated include the Measure "C" Cedar Avenue bike lane and Americans with Disabilities Act compliance projects, federally funded Bridge Re-vegetation project Annadale and Byrd Slough Bridge sites, Congestion Mitigation and Air Quality shoulder improvements, one federally funded Highway Safety Project Striping at various locations, one State funded Alternative Program Project traffic signal on Belmont and Helms, and a Federal Railroad Crossing Improvement Project at Conejo and BN&SFRR. The 2014-2015 road maintenance program includes \$30.21 million dedicated to pavement seals and maintenance overlays, contracted preventative maintenance, routine maintenance, traffic signs and striping. Approximately 30 miles of chip seal projects, and 18 miles of asphalt concrete overlay projects are programmed to begin soon.

In April 2006, the County issued subordinate Tobacco Settlement Asset-Backed Bonds in the amount of \$39,015,131 to fund future capital projects. As of June 30, 2014, \$5,696,085 in bond proceeds remained available for future capital expenditures. The County committed \$7,968,000 in

bond proceeds to the West Annex Jail project that will house 300 inmate beds and will provide space for treatment programs.

The County, in September 2012, issued \$22,425,000 in Series 2012A Refunding Lease Revenue Bonds, maturing between 2013 and 2022. The Refunding Lease Revenue Bonds generated present value savings (net of all costs) of \$2,790,000, or 10.66% of the refunded bond par amount. This financing refunded, on a current basis, all outstanding maturities of the County's Series 2004 and 2004B Lease Revenue bonds.

### **Long-term Financial Planning**

The County's budget is strongly influenced by the State's fiscal budget. The State of California passed the fiscal year 2015 State budget of \$152.3 billion on June 20, 2014. For the second straight fiscal year, operations of the State did not result in a deficit; as such, the State was able to increase spending in some areas while paying down several key liabilities. The budget includes an approximately \$12 billion increase in expenditures from the prior year's adopted budget, achieved with substantial increases in Education and Health and Human Services program spending. The budget includes spending increases from the prior year; however, the State is continuing its policy of conservative reserve planning.

The County's fiscal year 2014-2015 adopted budget is \$106.6 million greater than the prior year and continues the use of 2% salary savings to balance departmental budgets. The increase is due to increases in County revenues including sales and property tax revenues, Realignment Funds, and Federal Aid. Significant budget increases were made in Human (5.0%) and Justice Services (5.7%) programs.

## **RELEVANT FINANCIAL POLICIES**

### **Investment**

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

Investments authorized under this policy include U.S. Treasury and agency obligations, bankers' acceptances, commercial paper, certificates of deposit, repurchase agreements, medium-term notes, the State's Local Agency Investment Fund (LAIF), mutual funds, and mortgage-backed securities. The policy further restricts investments such that the average weighted maturity of the Pool cannot exceed 1,278 days or 3½ years unless economic trends or market timing indicate such investments are beneficial.

### **Reserves**

During budget preparations, the County establishes a Contingencies, General Reserves, and Designations budget to provide for unforeseen or emergency expenditures during the course of the fiscal year, and to accumulate funds in the General Fund for a designated use. General Fund Contingencies and Designations differ from General Reserves in that the Board can transfer Contingencies and Designations during the fiscal year to finance unanticipated expenditures. The

General Reserves, however, is a portion of the fund balance that is not available to finance current year expenditures except in cases where the Board declares an emergency as defined by Government Code 29127. The Board can approve increases to Contingencies, General Reserves and Designations during the fiscal year.

As part of the County's debt policy, a "pay-as-you-go" financing policy has been deemed an acceptable use of unreserved fund balance to provide a cushion in the event of unanticipated revenue downturns and emergency situations. The County continues to develop fiscal policies for departmental reserves minimums and constraints that will guard against future deficits created by a dependency on fund balance and reserves during times of economic uncertainty.

## **Budget**

Under State law, the County is required to approve an adopted budget by resolution for the County and dependent Special Districts, no later than October 2 of each year. The budget includes the operations of the County and other agencies whose affairs and finances are under the supervision and control of the Board of Supervisors. Before adopting by resolution, the Board of Supervisors holds a public hearing at which anyone may appear and testify on any item in the proposed budget.

Appropriations within the adopted budget will be controlled by the Board of Supervisors at the object level, except for capital assets. Transfers of appropriations between expenditure objects, e.g., Salaries and Employee Benefits, Services and Supplies, Other Charges, and Capital Assets, require the approval of the Board of Supervisors.

The County Administrative Officer supervises and directs the preparation of the annual budget of the County for the Board of Supervisors and is responsible for its administration after adoption.

## **Debt Limitations**

The County of Fresno abides by California Constitution Article XVI, section 18, which limits the amount of debt that the County may lawfully incur without approval of 2/3 of the qualified electorate: "(a) No county... shall incur any indebtedness or liability in any manner or for any purpose exceeding in any year the income and revenue provided for such year, without the assent of two-thirds of the voters of the public entity voting at an election to be held for that purpose."

The County will evaluate legal limitations and affordability of debt prior to any new financing or refinancing. It is important for the County to consider its current debt levels as well as legal restrictions imposed by statute or by existing bond covenants. The County will employ specialized legal and financial advisors, as necessary, to assist in the evaluation of additional debt.

## **AWARDS AND ACKNOWLEDGEMENTS**


### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2013. The County has received this prestigious award for over thirty years. In order to be awarded a Certificate of Achievement, the County is required to publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements.

### **Acknowledgments**

I wish to express my appreciation to the staff of the Auditor-Controller/Treasurer-Tax Collector's Office, whose hard work, professionalism and dedication are responsible for the timely preparation of this report, and to Brown Armstrong Accountancy Corporation for their professional assistance. Finally, I would like to thank the Board and members of the Audit Committee for their continued efforts in planning and conducting the County's financial operations in a responsible and progressive manner.

Respectfully submitted,



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



Government Finance Officers Association

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

Presented to

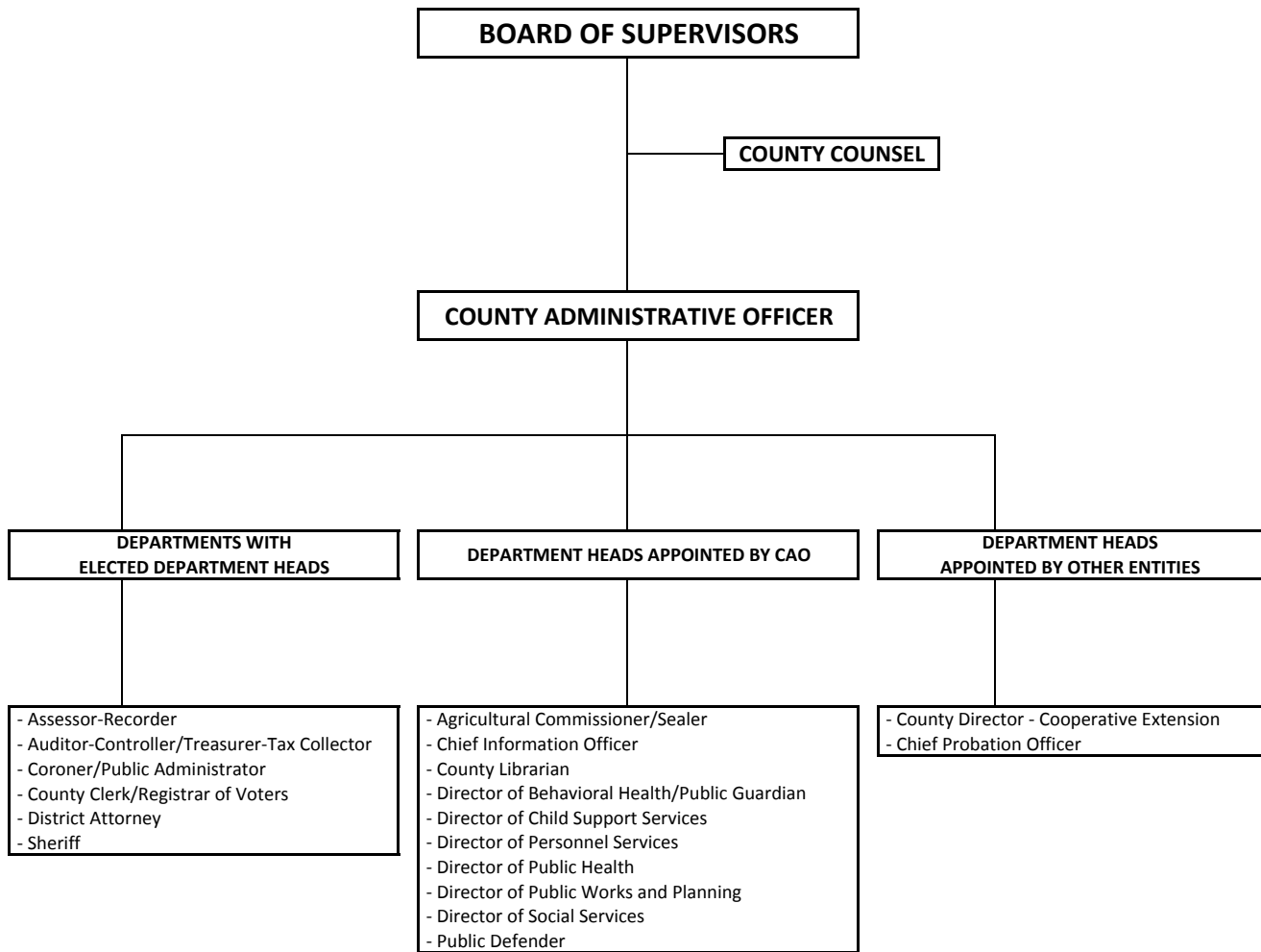
**County of Fresno  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# COUNTY OF FRESNO ORGANIZATIONAL CHART



**County of Fresno  
List of Principal Officials  
June 30, 2014**

**ELECTED OFFICIALS**

Board of Supervisors:

Supervisor, District 1.....	Phil Larson
Chairperson, Supervisor, District 2.....	Andreas Borgeas
Supervisor, District 3.....	Henry R. Perea
Supervisor, District 4.....	Judy Case McNairy
Supervisor, District 5.....	Deborah Poochigian
Assessor-Recorder.....	Paul Dictos, C.P.A.
Auditor-Controller/Treasurer-Tax Collector.....	Vicki Crow, C.P.A.
County Clerk/Registrar of Voters.....	Brandi L. Orth
Coroner-Public Administrator.....	David M. Hadden, M.D.
District Attorney.....	Elizabeth A. Egan
Sheriff.....	Margaret Mims

**APPOINTED OFFICIALS**

County Administrative Officer.....	John A. Navarrette
County Counsel.....	Daniel Cederborg

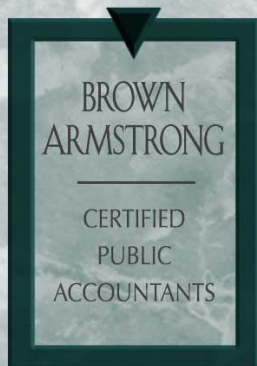


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#### **FINANCIAL SECTION**

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



# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Fresno, California (the County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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. We did not audit the financial statements of the following component units:

- Children and Families Commission of Fresno County, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit.

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

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

#### BAKERSFIELD OFFICE (MAIN OFFICE)

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SUITE 300  
BAKERSFIELD, CA 93309  
TEL 661.324.4971  
FAX 661.324.4997  
EMAIL info@bacpas.com

#### FRESNO OFFICE

7673 N. INGRAM AVENUE  
SUITE 101  
FRESNO, CALIFORNIA 93711  
TEL 559.476.3592  
FAX 559.476.3593

#### PASEDNA OFFICE

260 S. LOS ROBLES AVENUE  
SUITE 310  
PASADENA, CALIFORNIA 91101  
TEL 626.204.6542  
FAX 626.204.6547

#### STOCKTON OFFICE

5250 CLAREMONT AVENUE  
SUITE 237  
STOCKTON, CA 95207  
TEL 209.451.4833

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matters

As discussed in Note 2 to the financial statements, during the year ended June 30, 2014, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which modified the current financial reporting of those elements. Our opinion is not modified with respect to that matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the General Fund, Road Fund, Behavioral Health – MH, Social Services, Local Health and Welfare Fund, 2011 Realignment, and the analysis of funding progress for the Fresno County Employees' Retirement Association, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2015, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Bakersfield, California  
June 19, 2015

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*

2 *Accountancy Corporation*

**County of Fresno**  
**Management's Discussion and Analysis**  
**June 30, 2014**  
**(amounts expressed in thousands)**

The County of Fresno's (County) management's discussion and analysis is designed to present a narrative overview of the financial activities of the County and an analysis of the County's financial performance during the fiscal year ended June 30, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section. All dollar amounts are expressed in thousands unless otherwise indicated.

**FINANCIAL HIGHLIGHTS**

- At the close of the 2013-2014 fiscal year, the assets and deferred outflows of the County exceeded liabilities and deferred inflows by \$1,259,835. The residual of this difference is referred to as "net position". The County has an unrestricted net position of \$180,741. The County's net position also includes a restricted net position of \$483,734 representing assets which can only be used for specific purposes, and \$595,360 representing the County's net investment in capital assets.
- The County's long-term debt decreased by \$3,441. Long-term debt totals \$919,123 at June 30, 2014.
- The primary government's total net position increased by \$82,681. The governmental activities gain is \$76,488 and business-type activities gain is \$6,193.
- As of June 30, 2014, the County's governmental funds reported combined ending fund balances of \$578,919, which is an increase of \$113,948 in comparison to the prior year. Approximately 87.5% of combined fund balances, or \$506,581, is either non-spendable or restricted for specific uses; 12.5%, or \$72,338, is unrestricted to meet the County's current and future uses.
- The total fund balance in the County's primary operating fund, the General Fund, at year-end was \$149,415. Approximately \$77,077 is either non-spendable or restricted for specific uses. The remaining \$72,338, which approximates to 6.4% of the General Fund's total expenditures for the year, is unrestricted.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

The *Statement of Net Position* presents information on all County assets and liabilities, deferred inflows and outflows, with the residual of these elements being reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

Both of these government-wide financial statements distinguish functions of the County that are principally supported by intergovernmental revenues and property and sales taxes (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government; public protection; public ways and facilities; health, sanitation, and public assistance; education; and culture and recreation. The business-type activities of the County include the Fresno County Solid Waste Enterprise (Landfill) and the County Service Areas (CSAs).

Component units are included in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same governing board as the County or provide services entirely to the County. The County's blended component units include the County Service Areas, the Fresno County Tobacco Funding Corporation, and the Fresno County Financing Authority. The Children and Families Commission (the Commission) is reported as a discretely presented component unit. This is because while there is some financial accountability by the Commission to the Board, the Board of the Commission is substantially different from the County Board of Supervisors.

**The government-wide financial statements can be found on pages 14-15 of this report.**

**Fund Financial Statements** present the County's financial activities in a traditional fund format. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. The fund financial statements are reported using the modified accrual basis of accounting. See *Note 2, section (B)* on page 30, which explains the modified accrual basis of accounting. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains twenty-nine individual governmental funds. Information for the General Fund, Debt Service, Road Fund, Behavioral Health-MH, Social Services, Local Health and Welfare, and 2011 Realignment Fund is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances. Data for the

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other governmental funds are combined into a single, aggregated presentation. Summary fund data by fund type and individual fund data for these nonmajor governmental funds is provided as other supplementary information in the form of *combining statements* found on pages 80-89 of this report.

The County adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement is provided for the General Fund and other governmental funds to demonstrate compliance with this budget. The County's General Fund, Road Fund, Behavioral Health-MH, Social Services, Local Health and Welfare, and 2011 Realignment Fund budgetary comparison schedules are presented as Required Supplementary Information.

**The governmental funds financial statements can be found on pages 16-19 of this report**

***Proprietary funds*** are generally used to account for services provided by the County where fees are charged for these services. The County maintains two different types of proprietary funds – enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Landfill and CSAs' operations whose revenues are collected from external user fees. Internal service funds are used to report activities that provide supplies and services for certain County programs and activities. The County uses internal service funds to account for its fleet, information technology, central printing, risk management, PeopleSoft software operations, facility services, security services, and communications functions. Substantially all of the revenues for the County's internal service funds come from other internal County departments. Because these services predominantly benefit governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements; however, information is provided in more detail and includes cash flow statements. The Landfill and CSAs' operations are considered to be major funds of the County. The County's eight internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided as supplementary information in the form of combining statements which can be found on pages 94-101 of this report.

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

***Fiduciary funds*** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. The accounting used for fiduciary funds, except for the agency funds, is much like that used for proprietary funds. Individual fund data for agency funds is provided as supplementary information in the form of combining statements. These statements can be found on pages 105 of this report.

**The fiduciary fund financial statements can be found on pages 24-25 of this report.**

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the financial statements and should be read in conjunction with them. The notes can be found on pages 27-61 of this report.

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**Required Supplementary Information** includes the General Fund, Road Fund, Behavioral Health-MH, Social Services, Local Health and Welfare, and 2011 Realignment Fund Budgetary Comparison Schedules, along with the Fresno County Employees' Retirement Association (FCERA) Analysis of Funding Progress which provides information for the progress in funding of its obligation to provide pension benefits to County employees. Required supplementary information can be found on pages 64-72 of this report.

**The combining and individual fund statements and schedules** referred to earlier provide information for nonmajor governmental funds, internal service funds, and fiduciary funds, and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 80-105 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$1,259,835 at June 30, 2014.

Summary of Net Position  
June 30, 2014 and 2013

	Governmental Activities		Business-type Activities		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>Assets:</b>						
Current and other assets	\$ 1,414,494	\$ 1,329,396	\$ 83,846	\$ 74,178	\$ 1,498,340	\$ 1,403,574
Capital assets	733,936	737,849	61,831	61,746	795,767	799,595
Total assets	<u>2,148,430</u>	<u>2,067,245</u>	<u>145,677</u>	<u>135,924</u>	<u>2,294,107</u>	<u>2,203,169</u>
<b>Liabilities:</b>						
Other liabilities	113,010	101,956	2,139	1,495	115,149	103,451
Long-term liabilities	873,336	879,693	45,787	42,871	919,123	922,564
Total liabilities	<u>986,346</u>	<u>981,649</u>	<u>47,926</u>	<u>44,366</u>	<u>1,034,272</u>	<u>1,026,015</u>
<b>Net Position:</b>						
Net investment in capital assets	537,359	560,544	58,001	57,836	595,360	618,380
Restricted	482,088	301,425	1,646	1,690	483,734	303,115
Unrestricted	142,637	223,627	38,104	32,032	180,741	255,659
Total net position	<u>\$ 1,162,084</u>	<u>\$ 1,085,596</u>	<u>\$ 97,751</u>	<u>\$ 91,558</u>	<u>\$ 1,259,835</u>	<u>\$ 1,177,154</u>

The largest portion of the County's net position, \$595,360, represents its investment in capital assets (e.g. land, land improvements, buildings, equipment, infrastructure, intangible assets, construction in progress), less any outstanding debt used to acquire those assets. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the County uses these capital assets to provide services to citizens.

The restricted net position balance of \$483,734 represents resources that are subject to external restrictions on how they may be used. The remaining balance for unrestricted net position, \$180,741, may be used to meet the County's ongoing obligation to citizens and creditors.



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Current and other assets increased by \$94,766 from \$1,403,574 to \$1,498,340 or 6.8%. This increase over prior year was due primarily to an increase in the cash and restricted cash balance of approximately \$113,178 and a decrease in the pension asset of \$13,282.

Capital assets decreased by \$3,828 from \$799,595 to \$795,767, or 0.5% from the prior year. The decrease was primarily due to the decrease in non-depreciable assets, with a corresponding increase in depreciable assets. The corresponding depreciation to those previously non-depreciable assets (completed construction in progress) slightly reduced the net book value of the assets.

Long-term liabilities decreased by \$3,441, from \$922,564 to \$919,123, or 0.4% from the prior year. This was primarily due to decreases in the contingent liabilities of \$3,794.

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

**Summary of Changes in Net Position**  
**For the Years Ended June 30, 2014 and 2013**

	Governmental Activities		Business-type Activities		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 80,837	\$ 88,047	\$ 17,292	\$ 13,317	\$ 98,129	\$ 101,364
Operating grants and contributions	770,108	690,028	625	-	770,733	690,028
Capital grants and contributions	-	187	-	-	-	187
General Revenues						
Property taxes	216,038	209,419	671	635	216,709	210,054
Sales taxes	161,119	154,998	-	-	161,119	154,998
Motor vehicle in lieu taxes	37,713	34,077	-	-	37,713	34,077
Franchise taxes	14,070	4,784	-	-	14,070	4,784
Tobacco settlement proceeds	6,657	13,213	-	-	6,657	13,213
Investment earnings	14,776	14,159	1,732	974	16,508	15,133
Miscellaneous	18,110	5,170	1,446	2,307	19,556	7,477
Total revenues	<u>1,319,428</u>	<u>1,214,082</u>	<u>21,766</u>	<u>17,233</u>	<u>1,341,194</u>	<u>1,231,315</u>
<b>Expenses:</b>						
General government	45,280	52,919	-	-	45,280	52,919
Public protection	319,197	304,365	-	-	319,197	304,365
Public ways and facilities	43,145	41,895	-	-	43,145	41,895
Health, sanit. & public assist.	787,234	686,767	-	-	787,234	686,767
Education	25,073	24,191	-	-	25,073	24,191
Culture and recreation	2,933	2,712	-	-	2,933	2,712
Interest on long-term debt	40,030	42,519	-	-	40,030	42,519
County Service Areas, other	-	-	6,162	6,139	6,162	6,139
Landfill	-	-	17,783	14,063	17,783	14,063
Total expenses	<u>1,262,892</u>	<u>1,155,368</u>	<u>23,945</u>	<u>20,202</u>	<u>1,286,837</u>	<u>1,175,570</u>
Increase (decrease) in net position before transfers	<u>56,536</u>	<u>58,714</u>	<u>(2,179)</u>	<u>(2,969)</u>	<u>54,357</u>	<u>55,745</u>
Transfers	(2,724)	302	2,724	(302)	-	-
Extraordinary item	-	-	-	-	-	-
Increase (decrease) in net position	<u>53,812</u>	<u>59,016</u>	<u>545</u>	<u>(3,271)</u>	<u>54,357</u>	<u>55,745</u>
Net position beginning of year	1,085,596	1,022,756	91,558	88,818	1,177,154	1,111,574
Prior period adjustment	22,676	3,824	5,648	6,011	28,324	9,835
Net position end of year	<u>\$ 1,162,084</u>	<u>\$ 1,085,596</u>	<u>\$ 97,751</u>	<u>\$ 91,558</u>	<u>\$ 1,259,835</u>	<u>\$ 1,177,154</u>

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**Governmental activities.** Governmental activities increased the County's net position by \$76,488. This accounts for the majority of the total increase in net position of the County. This represents a \$13,648 increase in net position growth from fiscal year 2012-2013. This increase in net position growth occurred primarily as the result of a \$22,676 prior period adjustment. Revenue related to charges for services decreased by \$7,210 due to a reduction in service levels. Operating grant revenue increased by \$80,080 primarily due to the addition of particular federal programs, as well as increases in funding for realigned programs. Property taxes increased by \$6,619. This increase in property taxes is due to a slight increase in assessed values and a slightly decreased property tax delinquency rate. Sales taxes increased by \$6,121 as consumer confidence continues its upward trend.

Expenses for general government decreased by \$7,639; this was due to a slight decrease in the cost of salaries and benefits countywide. Expenses for health, sanitation and public assistance increased by \$100,467 due to the addition of particular federal programs and the increase in other realigned programs. Expenses for public ways and facilities increased by \$1,250, due to increased expenditures for road building and repairing activities.

One point to keep in mind when analyzing the increases/decreases noted above, is the application of the accrual basis of accounting for the County's governmental activities. Governmental activities budget and subsequently issue fund financial statements that reflect their budget and accounting practices under the modified accrual basis of accounting. Under this approach, capital asset purchases and debt principal payments are expensed. Further, revenues are accrued if measurable and available within the County's availability period (established at 60 days for general revenue or 180 days for grant revenue). In contrast, the Statement of Activities (summarized here as "Summary of Changes in Net Position") is reported under the full accrual basis of accounting, which capitalizes capital asset purchases, reduces liabilities by principal payments and recognizes revenues regardless of if they are available within the 60 to 180 day period. See the reconciliation on page 17 which further explains the difference between changes in the County's fund balance under the modified accrual basis and changes in net position under the accrual basis of accounting.

**Business-type activities.** Business-type activities increased the County's net position by \$6,193. The increase in net position from business-type activities is attributable to an increase in charges for services and prior period adjustments reflecting reclassified funds that are now included in the business-type activities.

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

As noted earlier, the County uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The general government functions are reported in the General, Special Revenue, Debt Service, and Capital Projects Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2014, the County's governmental funds reported combined ending fund balances of \$578,919, an increase of \$113,948 in comparison with the prior fiscal year. Approximately 12.5% of this

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total amount, or \$72,338, constitutes fund balance that is available for appropriation in the upcoming year. The remainder of the fund balance, totaling \$506,581, is restricted; this includes \$4,885 "not in spendable form" for items that are not expected to be converted into cash, such as inventories and imprest cash balances, that are long-term in nature and thus do not represent available spendable resources. The remainder of the fund balance also includes \$501,696 restricted for programs at various levels.

**General Fund.** The General Fund is the chief operating fund of the County. At June 30, 2014, unrestricted fund balance of the General Fund was \$72,338, while total fund balance was \$149,415. As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents 6.4% of total fund expenditures less transfers, while total fund balance represents 13.2% of that same amount.

The fund balance of the County's General Fund decreased \$158,123 during the current fiscal year due to the restructuring of special revenue funds for financial reporting purposes.

Revenues for the General Fund without transfers totaled \$490,629, which represents a 44.4% decrease from fiscal year 2012-2013. Tax revenue increased by \$8,139, while aid from other governmental agencies decreased by \$404,143. This occurred primarily due to the reclassification of numerous funds to special revenue funds that were previously reported in the General Fund. Use of money and property revenue decreased by \$7,073, similarly due to the fund reclassifications.

Expenditures without transfers for the General Fund totaled \$1,135,388 in fiscal year 2013-2014, which represents an increase of 11.7% from fiscal year 2012-2013. The primary cause for the increase is an overall increase in salaries paid to employees, along with a decrease in contract expenditures.

**Debt Service Fund.** The Debt Service Fund is a major governmental fund. Fund balance increased by \$3,298 from \$56,789 to \$60,087. The increase is mostly due to a decrease in refunding bond costs.

**Road Fund.** The Road Fund is used to finance operations to provide maintenance, rehabilitation, and reconstruction of County roads, bridges, and attendant facilities as authorized by California Streets and Highways Code and to provide for traffic safety. The Road Fund ended fiscal year 2013-2014 with a \$44,236 fund balance, an increase of \$8,909 or 25.2%. The fund balance increase was primarily due to an increase in revenues in the Road Fund.

Revenues increased by \$4,359 or 9.1% from fiscal year 2012-2013. This increase was primarily attributable to a \$9,232 increase in intergovernmental revenues.

Expenditures decreased by \$3,404 or 7.4% from fiscal year 2012-2013. The decrease was attributable to a \$2,312 decrease in charges for salaries, benefits, services and supplies.

**Behavioral Health-MH Fund.** The Behavioral Health-MH Fund was newly created in this fiscal year, as these funds were previously reported in the General Fund. This fund was created pursuant to the Mental Health Services Act. This fund received \$31,644 in revenues and distributed \$18,516 to the General Fund which, when combined with the prior period adjustment of \$65,224 in restricted fund balance from the prior year, resulted in \$78,352 in restricted fund balance for fiscal year 2013-2014.

**Social Services Fund.** The Social Services Fund was newly created in this fiscal year, as these funds were previously reported in the General Fund. This fund was created primarily to house welfare assistance and administration revenues. This fund received \$391,693 in revenues and distributed \$346,665 to the General Fund which, when combined with the prior period adjustment of \$12,652 in

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restricted fund balance from the prior year, resulted in \$57,680 in restricted fund balance for fiscal year 2013-2014.

**Local Health and Welfare Fund.** The Local Health and Welfare Fund existed as a nonmajor special revenue fund in previous fiscal years. This fund was created pursuant to Assembly Bill 1288 of 1991. This fund received \$132,101 in revenues and distributed \$119,983 to the General Fund which, when combined with the \$4,202 in restricted fund balance from the prior year, resulted in \$16,320 in restricted fund balance for fiscal year 2013-2014.

**2011 Realignment Fund.** The 2011 Realignment Fund was newly created in fiscal year 2011-2012. This fund was created pursuant to Assembly Bill 118, which realigned particular Public Safety and Health programs. This fund received \$130,501 in revenues and distributed \$129,687 to the General Fund which, when combined with the \$34,942 in restricted fund balance from the prior year, resulted in \$35,756 in restricted fund balance for fiscal year 2013-2014.

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

Landfills have \$72,647 in net position at June 30, 2014, and the CSAs have \$25,104. The Landfills' and CSAs' unrestricted net positions are \$33,794 and \$4,310, respectively; this comprises 46.5% and 17.2 %, respectively, of their total net positions. Overall net position increased \$6,193 for the combined Landfill and CSA funds.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The total change between the original budget and the final amended budget was an increase of \$20,356. Some of the significant differences between the original budget and the final amended budget are briefly summarized as follows:

- The Sheriff Department's appropriations increased by \$13,828 as a result of additional funding being realized; this was facilitated as a means to fund the opening of an additional jail floor in the North Annex Jail.
- The Department of Behavioral Health's Services and Supplies appropriations increased by \$14,639 due to expanded program costs and increased utilization of Drug Medi-Cal services.
- The Department of Social Services' Salaries and Benefits appropriations increased by \$9,492, which is primarily due to increased staffing for implementation of the Affordable Care Act.
- The Department of Social Services' State Revenues increased by \$11,027 as a result of increased funding for CalWIN, Medi-Cal, CalFresno, and CalWORKs allocations.

The Actual General Fund revenue balance of \$490,629 was \$551,843, or 52.9%, less than expected. The primary reason for the revenue shortfalls is a reclassification of accounts which moved the majority of State and Federal revenue out of the General Fund.

Actual General Fund expenditures fell below the total budget estimates by \$165,767, or 12.7%. The savings were achieved by an array of continuous efforts to effectively manage the County's budget.

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- \$66,125 decrease in salaries and benefits primarily due to the elimination of vacant positions across all functions.
- \$73,810 decrease in services and supplies and \$5,030 decrease in other charges primarily due to a reduction in contract and miscellaneous expenditures and savings from prudent spending.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets**

As of June 30, 2014, the County's investment in capital assets for its governmental and business-type activities was \$795,767. This investment in capital assets includes infrastructure, infrastructure in progress, land, right-of-way, buildings and improvements, equipment, intangible assets, intangible in progress, and construction in progress. The total decrease in the County's investment in capital assets for the current period was \$3,828.

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

- Construction of road projects.
- Various improvement projects.

For government-wide financial statement presentation, all depreciable capital assets except land, right-of-way, infrastructure in progress and construction in progress, were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures.

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

County of Fresno's Capital Assets  
(Net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>Assets:</b>						
Infrastructure	\$ 254,827	\$ 291,798	\$ -	\$ -	\$ 254,827	\$ 291,798
Infrastructure in progress	61,355	61,006	-	-	61,355	61,006
Land	16,673	16,673	7,488	7,488	24,161	24,161
Land easements	40,322	-	-	-	40,322	-
Buildings and Improvements	330,460	341,013	33,186	33,061	363,646	374,074
Equipment	26,248	22,286	4,153	6,420	30,401	28,706
Construction in progress	248	338	17,004	14,777	17,252	15,115
Intangible assets	3,803	4,735	-	-	3,803	4,735
	<u>\$ 733,936</u>	<u>\$ 737,849</u>	<u>\$ 61,831</u>	<u>\$ 61,746</u>	<u>\$ 795,767</u>	<u>\$ 799,595</u>

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For more detailed information on capital asset activity refer to the relevant disclosures (Note 7) in the notes to the basic financial statements.

**Infrastructure Assets**

The County capitalizes and depreciates the value of bridges, streets and traffic lights using the straight-line depreciation method. Right-of-way is treated as a non-depreciable asset, labeled as land easements. During fiscal year 2013-2014, the County added infrastructure totaling \$14,274. However, \$39,734 previously recorded as infrastructure was reclassified as land easements. Accumulated depreciation for infrastructure increased by \$11,511.

**Long-term debt**

At June 30, 2014, the County had total long-term debt outstanding of \$919,123, compared to \$922,564 for the prior fiscal year. This amount was comprised of \$41,297 in compensated absences, \$4,521 in capital leases, \$87,620 in liability for self-insurance, \$730,796 in bonds payable, \$9,102 from an adverse judgment, and \$41,715 in closure and post-closure care, as well as \$3,750 in bonds payable, \$80 in loans payable and \$242 in compensated absences from business activities. Please refer to Note 11 on page 48 for further information on the County's long-term debt.

**Economic Factors and Next Year's Budget and Rates**

- The national, state and local economies have seen solid gains in their recovery from the recession. Fresno County has seen upward trends in both property and sales taxes, as well as in its investment earnings. However, high unemployment and overall uncertainty about the economic policies of government continue to persist, although nonfarm unemployment has decreased. Also, while new construction activity in the housing market has occurred, housing inventory remains low, leading to higher median home prices.
- Due to the County being heavily dependent on agriculture, it experiences chronically high unemployment, which places continual pressure on the County to provide adequate social and medical services. In addition, certain types of crime are considered high and public protection is a high priority to citizens.
- Due to the stabilizing economy, the County's general revenue, sometimes referred to as discretionary revenue, has increased. Both property and sales tax revenues have seen solid increases. At the same time, the portion of the County's budget that relies on this revenue continues to experience increased costs due to general inflation, medical insurance, workers' compensation, retirement increases and increases in service demands. Medical insurance, in particular, has been affected, most notably by the passage of the Affordable Care Act; the full effects of the legislation have yet to be realized.
- Realignment funds support the County's public safety, social services, health and mental health programs. These are comprised of vehicle license fees and sales taxes. Realignment funds increased significantly pursuant to Assembly Bill 118, which realigned additional programs and reassigned responsibility of overseeing and providing core services to local governments. While Realignment funds continue to increase, specific program-related revenue continues to fall to compensate.

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To the extent these factors were known, or could be estimated, they were considered in preparing the County's budget for fiscal year 2014-15. The County will make adjustments to its budget as necessary to deal with further expected State budget actions.

**Request for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Auditor-Controller/Treasurer-Tax Collector, 2281 Tulare Street, Fresno, CA 93721.

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

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**Statement of Net Position**  
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	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Children and Families Commission
<b>ASSETS</b>				
Cash and investments	\$ 629,522	\$ 46,946	\$ 676,468	\$ 24,840
Restricted cash and investments	14,057	34,900	48,957	-
Receivables				
Accounts (net of allowances for uncollectibles)	139,157	2,187	141,344	22
Taxes	33,074	-	33,074	-
Interest	1,977	256	2,233	-
Loans	38,695	-	38,695	10,956
Internal balances	447	(447)	-	-
Due from other governmental units	6,644	-	6,644	2,047
Inventories of supplies	5,594	4	5,598	-
Prepaid items and other assets	56	-	56	-
Pension asset	545,271	-	545,271	-
Capital assets (net of accumulated depreciation):				
Land	16,673	7,488	24,161	6,596
Land easements	40,322	-	40,322	-
Buildings and improvements	330,460	33,186	363,646	661
Equipment	26,248	4,153	30,401	-
Construction in progress	248	17,004	17,252	-
Infrastructure	254,827	-	254,827	-
Infrastructure in progress	61,355	-	61,355	-
Intangible	3,803	-	3,803	-
Total assets	<u>2,148,430</u>	<u>145,677</u>	<u>2,294,107</u>	<u>45,121</u>
<b>LIABILITIES</b>				
Accounts payable	29,994	1,133	31,127	3,166
Salaries and benefits payable	37,234	357	37,591	-
Interest payable	6,104	84	6,188	-
Due to other governmental units	26,855	511	27,366	-
Deposits and other liabilities	226	54	280	-
Unearned revenue	12,597	-	12,597	-
Noncurrent liabilities:				
Due within one year	71,819	479	72,298	-
Due beyond one year	801,517	45,308	846,825	15,785
Total liabilities	<u>986,346</u>	<u>47,926</u>	<u>1,034,272</u>	<u>18,951</u>
<b>NET POSITION</b>				
Net investment in capital assets	537,359	58,001	595,360	689
Restricted for:				
General government	126,067	-	126,067	-
Public protection	35,893	-	35,893	-
Public ways and facilities	77,408	-	77,408	-
Health, sanitation and public assistance	183,397	-	183,397	-
Education	2,767	-	2,767	-
Capital projects	4,079	-	4,079	-
Debt service	52,477	1,646	54,123	-
Unrestricted	142,637	38,104	180,741	25,482
Total net position	<u>\$ 1,162,084</u>	<u>\$ 97,751</u>	<u>\$ 1,259,835</u>	<u>\$ 26,170</u>

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



**County of Fresno**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

Function/Program	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	Children and Families Commission
<b>Primary government:</b>								
Governmental activities								
General government	\$ 45,280	\$ 15,712	\$ 1,158	\$ -	\$ (28,410)	\$ -	\$ (28,410)	\$ -
Public protection	319,197	31,486	102,304	-	(185,407)	-	(185,407)	-
Public ways and facilities	43,145	8,121	35,854	-	830	-	830	-
Health, sanitation and public assistance	787,234	22,045	630,552	-	(134,637)	-	(134,637)	-
Education	25,073	2,574	240	-	(22,259)	-	(22,259)	-
Culture and recreation	2,933	899	-	-	(2,034)	-	(2,034)	-
Interest and fiscal charges	40,030	-	-	-	(40,030)	-	(40,030)	-
Total governmental activities	<u>1,262,892</u>	<u>80,837</u>	<u>770,108</u>	<u>-</u>	<u>(411,947)</u>	<u>-</u>	<u>(411,947)</u>	
Business activities								
Water and sewer	6,162	3,478	116	-	-	(2,568)	(2,568)	-
Landfill	17,783	13,814	509	-	-	(3,460)	(3,460)	-
Total business-type activities	<u>23,945</u>	<u>17,292</u>	<u>625</u>	<u>-</u>	<u>-</u>	<u>(6,028)</u>	<u>(6,028)</u>	
Total primary government	<u>\$ 1,286,837</u>	<u>\$ 98,129</u>	<u>\$ 770,733</u>	<u>\$ -</u>	<u>(411,947)</u>	<u>(6,028)</u>	<u>(417,975)</u>	
<b>Component Unit:</b>								
Children and Families Commission	\$ 11,622	\$ -	\$ 12,397	\$ -	-	-	-	775
Total component units	<u>\$ 11,622</u>	<u>\$ -</u>	<u>\$ 12,397</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>775</u>
General revenues:								
Property tax					216,038	671	216,709	-
Sales tax					161,119	-	161,119	-
Franchise tax					14,070	-	14,070	-
Unrestricted motor vehicle in-lieu taxes					37,713	-	37,713	-
Tobacco settlement proceeds					6,657	-	6,657	-
Other					18,110	1,446	19,556	293
Unrestricted investment earnings					14,776	1,732	16,508	332
Transfers in (out)					(2,724)	2,724	-	-
Total general revenues and transfers					<u>465,759</u>	<u>6,573</u>	<u>472,332</u>	<u>625</u>
Change in net position					53,812	545	54,357	1,400
Net position - beginning					1,085,596	91,558	1,177,154	24,771
Prior period adjustment					22,676	5,648	28,324	-
Net position - ending					<u>\$ 1,162,084</u>	<u>\$ 97,751</u>	<u>\$ 1,259,835</u>	<u>\$ 26,170</u>

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

**County of Fresno**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**  
(amounts expressed in thousands)

	General Fund	Debt Service	Road Fund	Behavioral Health -MH	Social Services	Local Health and Welfare	2011 Realignment	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>									
Cash and investments	\$ 153,337	\$ 46,386	\$ 44,723	\$ 78,100	\$ 28,312	\$ 1,092	\$ 34,779	\$ 134,186	\$ 520,915
Restricted cash and investments	-	13,567	-	-	-	-	-	-	13,567
Receivables, net:									
Accounts	43,128	-	5,718	-	39,266	28,422	17,965	3,687	138,186
Taxes	30,524	-	-	-	-	-	-	2,550	33,074
Interest	753	134	129	252	44	-	-	350	1,662
Loans	38,695	-	-	-	-	-	-	-	38,695
Due from other funds	36,686	-	590	-	-	3,743	-	4	41,023
Due from other governmental units	2,831	-	4	-	-	-	-	76	2,911
Advances to other funds	79	-	-	-	-	-	-	-	79
Inventory of supplies	3,855	-	746	-	-	-	-	21	4,622
Total assets	<u>\$ 309,888</u>	<u>\$ 60,087</u>	<u>\$ 51,910</u>	<u>\$ 78,352</u>	<u>\$ 67,622</u>	<u>\$ 33,257</u>	<u>\$ 52,744</u>	<u>\$ 140,874</u>	<u>\$ 794,734</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, &amp; FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 24,876	\$ -	\$ 806	\$ -	\$ 39	\$ -	\$ -	\$ 572	\$ 26,293
Salaries and benefits payable	33,416	-	1,094	-	-	-	-	983	35,493
Due to other governmental units	15,418	-	5,059	-	-	-	-	173	20,650
Due to other funds	10,713	-	628	-	-	16,937	16,988	369	45,635
Deposits and other liabilities	42	-	-	-	-	-	-	-	42
Unearned revenue	441	-	87	-	9,903	-	-	1,704	12,135
Total liabilities	<u>84,906</u>	<u>-</u>	<u>7,674</u>	<u>-</u>	<u>9,942</u>	<u>16,937</u>	<u>16,988</u>	<u>3,801</u>	<u>140,248</u>
<b>Deferred inflows of resources:</b>									
Unavailable HARP Loan	38,695	-	-	-	-	-	-	-	38,695
Unavailable property taxes	30,259	-	-	-	-	-	-	-	30,259
Other unavailable	6,613	-	-	-	-	-	-	-	6,613
Total deferred inflows of resources	<u>75,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,567</u>
<b>Fund balances:</b>									
Nonspendable	4,110	-	746	-	-	-	-	29	4,885
Restricted	49,932	60,087	18,434	78,352	57,680	16,320	35,756	124,709	441,270
Assigned	23,035	-	25,056	-	-	-	-	12,335	60,426
Unassigned	72,338	-	-	-	-	-	-	-	72,338
Total fund balances	<u>149,415</u>	<u>60,087</u>	<u>44,236</u>	<u>78,352</u>	<u>57,680</u>	<u>16,320</u>	<u>35,756</u>	<u>137,073</u>	<u>578,919</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 309,888</u>	<u>\$ 60,087</u>	<u>\$ 51,910</u>	<u>\$ 78,352</u>	<u>\$ 67,622</u>	<u>\$ 33,257</u>	<u>\$ 52,744</u>	<u>\$ 140,874</u>	<u>\$ 794,734</u>

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

**County of Fresno**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2014**  
**(amounts expressed in thousands)**

Fund balances - total governmental funds	\$ 578,919
Amounts reported for net position of governmental activities are different because:	
Capital assets are not recorded in governmental fund types but recorded in government-wide statements to conform with generally accepted accounting principles.	708,574
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. This amount is net of internal service fund activity.	(778,994)
Unmatured interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. This amount is net of internal service fund activity.	(6,104)
The pension assets resulting from contributions in excess of the annual required contributions are not financial resources and, therefore, not reported in the governmental funds.	545,271
Because the focus of governmental funds is not short-term financing, some assets will not be available to pay current period expenditures. Those assets are offset by deferred revenues in the governmental funds. This amount is net of internal service fund activity.	75,567
Internal service funds are used by management to charge the cost of fleet services, information systems, printing and mailing services, facility services, security, risk management and communications to individual funds. The assets and liabilities of the internal service funds are included in the statement of net position.	38,851
Net position of governmental activities	<u><u>\$ 1,162,084</u></u>

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

**County of Fresno**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

	General Fund	Debt Service	Road Fund	Behavioral Health -MH	Social Services	Local Health and Welfare	2011 Realignment	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>									
Taxes	\$ 229,611	\$ -	\$ 9,414	\$ -	\$ -	\$ -	\$ 130,187	\$ 25,158	\$ 394,370
Licenses and permits	12,429	-	458	-	303	-	-	880	14,070
Fines, forfeitures and penalties	7,085	-	-	-	-	-	-	7,572	14,657
Use of money and property	5,443	1,160	863	1,653	450	10	314	2,669	12,562
Aid from other governmental agencies:									
State	115,824	-	29,742	29,991	168,187	132,091	-	13,573	489,408
Federal	48,555	-	7,533	-	222,191	-	-	42,178	320,457
Other	2,052	-	-	-	-	-	-	-	2,052
Charges for current services	59,818	-	4,153	-	-	-	-	4,303	68,274
Other revenues	9,812	11,530	73	-	562	-	-	7,577	29,554
Total revenues	<u>490,629</u>	<u>12,690</u>	<u>52,236</u>	<u>31,644</u>	<u>391,693</u>	<u>132,101</u>	<u>130,501</u>	<u>103,910</u>	<u>1,345,404</u>
<b>Expenditures</b>									
General government	38,660	-	-	-	-	-	-	55	38,715
Public ways and facilities	1,858	41	27,583	-	-	-	-	1,624	31,106
Public protection	310,223	-	-	-	-	-	-	2,381	312,604
Health, sanitation and public assistance	778,492	-	-	-	265	-	-	1,133	779,890
Education	200	-	-	-	-	-	-	23,508	23,708
Culture and recreation	2,900	-	-	-	-	-	-	-	2,900
Capital outlay	3,055	-	14,630	-	-	-	-	693	18,378
Debt service:									
Principal	-	30,295	-	-	-	-	-	-	30,295
Interest and fiscal charges	-	22,677	-	-	-	-	-	-	22,677
Total expenditures	<u>1,135,388</u>	<u>53,013</u>	<u>42,213</u>	<u>-</u>	<u>265</u>	<u>-</u>	<u>-</u>	<u>29,394</u>	<u>1,260,273</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(644,759)</u>	<u>(40,323)</u>	<u>10,023</u>	<u>31,644</u>	<u>391,428</u>	<u>132,101</u>	<u>130,501</u>	<u>74,516</u>	<u>85,131</u>
<b>Other Financing Sources (Uses)</b>									
Transfers in	727,126	45,669	-	-	-	51,182	-	24,239	848,216
Transfers out	<u>(97,269)</u>	<u>(2,048)</u>	<u>(1,114)</u>	<u>(18,516)</u>	<u>(346,400)</u>	<u>(171,165)</u>	<u>(129,687)</u>	<u>(83,097)</u>	<u>(849,296)</u>
Total other financing sources (uses)	<u>629,857</u>	<u>43,621</u>	<u>(1,114)</u>	<u>(18,516)</u>	<u>(346,400)</u>	<u>(119,983)</u>	<u>(129,687)</u>	<u>(58,858)</u>	<u>(1,080)</u>
Net change in fund balances	(14,902)	3,298	8,909	13,128	45,028	12,118	814	15,658	84,051
Fund balances - beginning	307,538	56,789	35,327	-	-	4,202	34,942	26,173	464,971
Prior period adjustment	<u>(143,221)</u>	<u>-</u>	<u>-</u>	<u>65,224</u>	<u>12,652</u>	<u>-</u>	<u>-</u>	<u>95,242</u>	<u>29,897</u>
Fund balances - ending	<u>\$ 149,415</u>	<u>\$ 60,087</u>	<u>\$ 44,236</u>	<u>\$ 78,352</u>	<u>\$ 57,680</u>	<u>\$ 16,320</u>	<u>\$ 35,756</u>	<u>\$ 137,073</u>	<u>\$ 578,919</u>

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

**County of Fresno**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2014**  
**(amounts expressed in thousands)**

Net change in fund balances - total governmental funds	\$	84,051
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for general capital assets, infrastructure and other related capital asset adjustments	18,378	
Less - current year depreciation expense	<u>(24,460)</u>	(6,082)
Interest is expended in the governmental funds when paid, while interest on long-term debt is accrued in the Statement of Net Position. This is the amount by which the current year accrued interest decreased from the prior year's reported total.		
		1,332
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. This amount is net of internal service fund activity.		
		15,789
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This amount is net of internal service fund activity.		
		(13,282)
Certain revenues are deferred because they are not available within the County's 90 day availability period. However, they are recognized in the government-wide financial statements. Amounts at the beginning of the fiscal year are netted with those at the end of the fiscal year. This amount is net of internal service fund activity.		
		(31,809)
Internal service funds are used by management to charge the cost of fleet services, information systems, printing and mailing services, facility services, security, risk management and communications to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities.		
		3,813
Change in net position of governmental activities	<u>\$</u>	<u>53,812</u>

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

**County of Fresno**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**  
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Enterprise	County Service Areas, Other	Total	Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 42,175	\$ 4,771	\$ 46,946	\$ 108,607
Restricted cash and cash equivalents	33,254	1,646	34,900	490
Accounts receivable (net of allowance)	1,728	459	2,187	325
Interest receivable	238	18	256	315
Due from other funds	153	546	699	7,930
Due from other governmental units	-	-	-	3,733
Inventory of supplies	4	-	4	972
Other assets	-	-	-	56
Total current assets	<u>77,552</u>	<u>7,440</u>	<u>84,992</u>	<u>122,428</u>
Noncurrent assets:				
Accounts receivable	-	-	-	646
Nondepreciable:				
Land	6,260	1,228	7,488	-
Construction in progress	15,564	1,440	17,004	-
Depreciable:				
Buildings and improvements	44,381	38,661	83,042	4,025
Equipment	14,663	690	15,353	59,390
Less accumulated depreciation	(42,015)	(19,041)	(61,056)	(38,473)
Intangible	-	-	-	20,563
Less accumulated amortization	-	-	-	(20,143)
Total noncurrent assets	<u>38,853</u>	<u>22,978</u>	<u>61,831</u>	<u>26,008</u>
Total assets	<u>116,405</u>	<u>30,418</u>	<u>146,823</u>	<u>148,436</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	779	354	1,133	3,701
Salaries and benefits payable	267	90	357	1,741
Due to other funds	369	698	1,067	2,950
Due to other governmental units	511	-	511	6,205
Advances from other funds	-	79	79	-
Liability for self-insurance	-	-	-	87,620
Interest payable	-	84	84	-
Unearned revenue	-	-	-	462
Deposits and other liabilities	-	54	54	184
General obligation bonds payable	-	170	170	-
Compensated leave and absences	20	39	59	875
Accrued closure/post-closure liability	250	-	250	-
Capital lease obligations	-	-	-	1,690
Total current liabilities	<u>2,196</u>	<u>1,568</u>	<u>3,764</u>	<u>105,428</u>
Noncurrent liabilities				
Compensated leave and absences	97	86	183	1,452
General obligation bonds payable	-	3,580	3,580	-
Loans payable	-	80	80	-
Accrued closure/post-closure liability	41,465	-	41,465	-
Capital lease obligations	-	-	-	2,705
Total noncurrent liabilities	<u>41,562</u>	<u>3,746</u>	<u>45,308</u>	<u>4,157</u>
Total liabilities	<u>43,758</u>	<u>5,314</u>	<u>49,072</u>	<u>109,585</u>
<b>NET POSITION</b>				
Net investment in capital assets	38,853	19,148	58,001	20,967
Restricted				
Debt service	-	1,646	1,646	-
Unrestricted	33,794	4,310	38,104	17,884
Total net position	<u>\$ 72,647</u>	<u>\$ 25,104</u>	<u>\$ 97,751</u>	<u>\$ 38,851</u>

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

**County of Fresno**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Enterprise	County Service Areas, Other	Total	Internal Service Funds
<b>Operating revenues:</b>				
Charges for services	\$ 13,814	\$ 3,478	\$ 17,292	\$ 173,051
Other operating revenues	131	1,653	1,784	1,056
Total operating revenues	13,945	5,131	19,076	174,107
<b>Operating expenses:</b>				
Salaries and benefits	4,249	1,488	5,737	27,842
Insurance	91	88	179	91,318
Professional services	3,917	495	4,412	10,576
Special departmental	2,149	396	2,545	9,167
General and administrative	1,184	565	1,749	5,462
Repairs and maintenance	905	1,533	2,438	4,684
Rents and leases	237	4	241	4,073
Parts and supplies	-	-	-	1,903
Accrued closure/post-closure	3,163	-	3,163	-
Utilities	104	681	785	10,229
Depreciation	1,754	912	2,666	5,234
Total operating expenses	17,753	6,162	23,915	170,488
<b>Operating income (loss)</b>	(3,808)	(1,031)	(4,839)	3,619
<b>Non-operating revenues (expenses):</b>				
Gain (loss) on sale of equipment	(30)	-	(30)	(376)
Use of money and property	680	54	734	971
Interest income	925	73	998	1,243
Interest expense	-	(251)	(251)	-
Tax revenues	-	671	671	-
Closure/post-closure expense/fees	(87)	-	(87)	-
Grants and other revenues	509	116	625	-
Total non-operating revenues (expenses)	1,997	663	2,660	1,838
Net income (loss) before transfers	(1,811)	(368)	(2,179)	5,457
<b>Transfers in (out):</b>				
Transfers in	3,011	20	3,031	1,415
Transfers out	(213)	(94)	(307)	(3,059)
Total transfers in (out)	2,798	(74)	2,724	(1,644)
<b>Change in net position</b>	987	(442)	545	3,813
Net position - beginning	65,958	25,600	91,558	34,759
Prior period adjustment	5,702	(54)	5,648	279
Net position - ending	\$ 72,647	\$ 25,104	\$ 97,751	\$ 38,851

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

**County of Fresno**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**(amounts expressed in thousands)**

Page 1 of 2

	Business-type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Enterprise	County Service Areas, Other	Total	Internal Service Funds
<b>Cash flows from operating activities:</b>				
Cash received from users	\$ 14,200	\$ 3,161	\$ 17,361	\$ 174,305
Cash paid to suppliers	(8,075)	(3,278)	(11,353)	(120,596)
Cash paid to employees	(4,398)	(1,480)	(5,878)	(27,594)
Cash paid for claims	-	-	-	(10,387)
Cash received from other operating revenues	-	1,633	1,633	-
Net cash provided by operating activities	1,727	36	1,763	15,728
<b>Cash flows from non-capital financing activities:</b>				
Tax revenues	-	671	671	-
Grant revenues	227	116	343	-
Cash received from haulers and incorporated cities	356	-	356	-
Transfers from other funds	3,011	20	3,031	1,192
Transfers to other funds	(213)	(94)	(307)	(2,836)
Advances received from other funds	-	-	-	489
Advances paid to/returned to other funds	-	(489)	(489)	-
Cash paid to closure/post-closure liability	(118)	-	(118)	-
Net cash provided by (used in) non-capital financing activities	3,263	224	3,487	(1,155)
<b>Cash flows from capital and related financing activities:</b>				
Proceeds from sale of equipment	1	-	1	-
Acquisition of capital assets	(2,006)	(170)	(2,176)	(7,078)
Principal paid on long-term liabilities	-	(160)	(160)	-
Interest paid on long-term liabilities	-	(254)	(254)	-
Net cash (used in) capital and related financing activities	(2,005)	(584)	(2,589)	(7,078)
<b>Cash flows from investing activities:</b>				
Use of money and property received	1,650	121	1,771	2,193
Net cash provided by investing activities	1,650	121	1,771	2,193
<b>Net increase (decrease) in cash and cash equivalents</b>	4,635	(203)	4,432	9,688
<b>Cash and cash equivalents - beginning</b>	65,913	6,620	72,533	99,409
Prior period adjustment	4,881	-	4,881	-
<b>Cash and cash equivalents - ending</b>	<u>\$ 75,429</u>	<u>\$ 6,417</u>	<u>\$ 81,846</u>	<u>\$ 109,097</u>
<b>Reconciliation of cash and cash equivalents to the statement of net position:</b>				
Cash and cash equivalents in cash and investments	\$ 42,175	\$ 4,771	\$ 46,946	\$ 108,607
Cash and cash equivalents in restricted cash and investments	33,254	1,646	34,900	490
<b>Total</b>	<u>\$ 75,429</u>	<u>\$ 6,417</u>	<u>\$ 81,846</u>	<u>\$ 109,097</u>

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



**County of Fresno**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

Page 2 of 2

	Solid Waste Enterprise	County Service Areas, Other	Total	Governmental Activities Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
<b>Operating income (loss)</b>	\$ (3,808)	\$ (1,031)	\$ (4,839)	\$ 3,619
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>				
Depreciation expense	1,754	912	2,666	5,234
Accrued closure/postclosure expense	3,163	-	3,163	-
Decrease (increase) in accounts receivable	262	(23)	239	1,344
Decrease (increase) in due from other funds	(11)	(294)	(305)	(538)
Decrease (increase) in due from other governmental units	-	-	-	(408)
Decrease (increase) in inventory	4	-	4	(9)
Decrease (increase) in deposits and other assets	-	-	-	12
(Decrease) increase in accounts payable	383	202	585	(281)
(Decrease) increase in salaries and benefits payable	(17)	8	(9)	258
(Decrease) increase in unearned revenue	-	-	-	(254)
(Decrease) increase in due to other funds	(45)	282	237	(1,563)
(Decrease) increase in due to developer deposits	-	(20)	(20)	-
(Decrease) increase in due to other government units	42	-	42	(609)
(Decrease) increase in liability for self-insurance	-	-	-	8,923
Total adjustments	<u>5,535</u>	<u>1,067</u>	<u>6,602</u>	<u>12,109</u>
Net cash provided by (used in) operating activities	<u>\$ 1,727</u>	<u>\$ 36</u>	<u>\$ 1,763</u>	<u>\$ 15,728</u>
Noncash investing, capital, and financing activities:				
Borrowing under capital lease				<u>\$ 2,423</u>

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

**County of Fresno**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2014**  
(amounts expressed in thousands)

	Investment Trust	Agency
<b>ASSETS</b>		
Cash and investments	\$ 1,421,192	\$ 120,882
Taxes receivable	-	1,935
Accounts receivable	-	38,182
Due from other governmental units	-	3,539
Property held by public administrator	-	5,937
Total assets	<u>1,421,192</u>	<u>\$ 170,475</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	5,619
Due to other taxing units	-	77,324
Due to other governmental units	4,483	28,908
Fiduciary liabilities	-	58,624
Total liabilities	<u>4,483</u>	<u>\$ 170,475</u>
<b>NET POSITION</b>		
Net position held in trust	<u>\$ 1,416,709</u>	

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

**County of Fresno**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

	Investment Trust
<b>ADDITIONS:</b>	
Contributions:	
Contributions to pooled investments	\$ 10,294,437
Total contributions	<u>10,294,437</u>
Interest and investment revenue:	
Use of money and property	<u>42,640</u>
Total interest and investment revenue	<u>42,640</u>
Total additions	<u>10,337,077</u>
<b>DEDUCTIONS:</b>	
Disbursements from pooled investments	<u>10,325,961</u>
Total deductions	<u>10,325,961</u>
Change in net position	11,116
Net position - beginning	1,378,044
Prior period adjustment	<u>27,549</u>
Net position - ending	<u>\$ 1,416,709</u>

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

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**County of Fresno**  
**Notes to the Basic Financial Statements**  
**June 30, 2014**  
**(amounts expressed in thousands)**

**NOTE 1 - The Financial Reporting Entity**

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

The governmental reporting entity consists of the County (primary government) and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The following circumstances set forth a primary government's financial accountability for a legally separate organization (from Government Accounting Standards Board (GASB) Statement No. 61):

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

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

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

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

County Service Areas, Other (CSAs) which include Lighting and Maintenance Districts and Waterworks Districts, are blended as Special Revenue funds and Enterprise funds because they are an integral part of the County, their governing bodies are comprised of the Board, and there is potential that the organization can provide specific financial benefits or impose financial burdens on the County.

The Fresno County Financing Authority (FCFA) was formed to finance the construction, installation and equipping of the County facilities. The bonds issued by the FCFA are recorded in

**County of Fresno**  
**Notes to the Basic Financial Statements**  
**June 30, 2014**  
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the County financial statements. The FCFA and the County have a financial and operational relationship (FCFA is financially accountable to the County), which requires that the FCFA's financial statements be blended into the County's financial statements. The FCFA's policies are determined by a five-member board appointed by the Board.

The Fresno County Tobacco Funding Corporation is reported as a Debt Service fund in the financial statements because it is an integral part of the County. The Fresno County Tobacco Funding Corporation Board consists of members of the Board or members appointed by the Board. Also, the financial benefit/burden relationship exists between the two entities. A separate financial report can be reviewed at the Auditor-Controller/Treasurer-Tax Collector's office.

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

**Discretely Presented Component Unit:** The Children and Families Commission (Commission) is governed by a nine-member board whose members are appointed by the Board which can also remove members at will. The Commission was created under the California Children and Families First Act of 1998. Revenue is derived from a state surtax on cigarettes and tobacco products. The revenue is used to create and implement a comprehensive and integrated system of information and services to promote, support, and optimize early childhood development. The Commission is a discretely presented component unit because the Commission's governing body is not substantially the same as that of the County and the Commission doesn't provide services entirely to the County. In addition, while the Commission does not meet the specific financial accountability criteria of a component unit, management has determined that the Commission's relationship to the County is of such a significant nature that exclusion of the Commission's financial information would cause the County's financial statements to be misleading. A separate financial report can be reviewed at the Children and Families Commission office located at 550 E. Shaw Avenue, Suite 215, Fresno, CA 93710.

**NOTE 2 - Summary of Significant Accounting Policies**

**(A) Basis of Presentation**

*Government-wide Financial Statements*

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

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore are clearly identifiable to a particular function. Program revenues include 1) charges paid by the

**County of Fresno**  
**Notes to the Basic Financial Statements**  
**June 30, 2014**  
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recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues. When both restricted and unrestricted net position is available for use, restricted resources are used prior to depleting unrestricted resources.

*Fund Financial Statements*

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category: *governmental, proprietary, and fiduciary*, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds. These funds are each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and combined in one column for reporting as non-major funds in the fund financial statements.

Proprietary funds distinguish *operating* revenues, such as charges for services, which result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Non-operating* revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports seven major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out the basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes the following services: public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation.
- The *Debt Service Fund* accounts for all activities involving the issuance and payment of debt. This includes receipt of bond issuance proceeds, the distribution of those proceeds, along with the payment of principal and interest to extinguish the debt.
- The *Road Fund* provides for planning, design, construction, maintenance and administration of County transportation planning activities. Revenues consist primarily of the County's share of State Highway Use Taxes, Federal Grants, and Vehicle Code Fines and Fees.
- The *Behavioral Health – Mental Health (MH) Fund* is used to account for health services mandated under the California Mental Health Act. Revenue is derived primarily from state grants.
- The *Social Services Fund* accounts for a variety of public assistance and social service programs that are funded primarily from federal and state grants.

**County of Fresno**  
**Notes to the Basic Financial Statements**  
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- The *Local Health and Welfare Fund* is used to account for proceeds of sales tax designated for State/Local Program Realignment. In addition, the fund is used to deposit Vehicle License Fees received in the General Fund from the Local Revenue Fund of the State for Realignment.
- The *2011 Realignment Fund* is utilized to account for funds provided by the State pursuant to Assembly Bill 118, which required counties to use moneys with the County Local Revenue Fund 2011 exclusively for specific public safety services related to appropriate rehabilitative, housing, and supervision services to youth offenders.

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

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

The County reports the following additional fund types:

*Internal Service Funds* account for the financing of goods or services provided by one County department to another County department on a cost reimbursement basis. Internal service funds account for the activities of fleet maintenance, centralized printing and mailing, centralized telecommunications, information services, the County's financial software, and centralized facility services and security. In addition, the County's Risk Management Fund accounts for the County's self-insurance programs - worker's compensation, long-term disability, employee benefits, and personal injury and property damage, on a cost-reimbursement basis.

*Fiduciary Funds* are utilized to account for funds held by the County for other entities. The **Investment Trust Fund** accounts for the investments of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, and regional boards and authorities. The Investment Trust Fund also accounts for tax collections passed through to cities within the County. This fund reports the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand. This fund uses the economic resources measurement focus and the accrual basis of accounting. The **Agency Funds** account for assets held by the County as an agent for various local governments. These funds do not have a measurement focus and use the accrual basis of accounting. Refer to note 12 for more information on FCERA.

**(B) Basis of Accounting**

The government-wide, proprietary, and investment trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. Other agency funds do not use a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County



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**Notes to the Basic Financial Statements**  
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gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations. Using the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property taxes are accrued when their receipt is within sixty days after the end of the accounting period, so as to be both measurable and available. Sales taxes, interest, certain state and federal grants, and charges for services are accrued when their receipt occurs within one hundred eighty days after the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and the various other funds of the government.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating*. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**(C) Budgeting**

In accordance with the provisions of Sections 29000 through 29144 and Section 30200 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget on or before October 2 for each fiscal year. Until the adoption of this final balanced budget, the appropriations are based on the budget of the preceding year as allowed per California Government Code 29124. The final adopted budget (County Budget) is available for review in the Auditor-Controller/Treasurer-Tax Collector's office.

A balanced operating budget is adopted each fiscal year for the General and Special Revenue funds and the Debt Service Fund on the modified accrual basis of accounting with some exceptions. The Tobacco Tax Funding Corporation is an exception, because it has no adopted budget. A budget is not adopted for the Capital Projects Fund. Public hearings are conducted on the proposed budget to review all appropriations and the source of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

**County of Fresno**  
**Notes to the Basic Financial Statements**  
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Budgetary control is exercised at the department level in both the General and Special Revenue funds. Some Special Revenue funds benefit multiple departments, while most operate under a single department. The legal level of control is at the object level except for capital assets, which are controlled at the sub-object level. All amendments, expenditures that exceed appropriations and transfers of appropriations between levels within the same department or between departments within any fund are authorized by the County Administrative Office and must be approved by the Board. One exception in fiscal year 2014 was the Social Services Fund, which had expenditures with no budgeted appropriations. The Board must also approve supplemental appropriations financed by unanticipated revenues.

The General Fund, Road Fund, Behavioral Health-MH, Social Services, Local Health and Welfare, and 2011 Realignment Budgetary Comparison Schedules are part of Required Supplementary Information on pages 64-69. Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in the General, Special Revenue, and Capital Project funds. Encumbrance accounting is utilized to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Unencumbered appropriations lapse at year-end and encumbrances outstanding at that time are reported as reservations of fund balance for subsequent year expenditures.

**(D) Cash and Cash Equivalents**

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

**(E) Restricted Cash and Investments**

The County reports restricted cash and investments in the Debt Service Fund and the enterprise funds. Amounts reported in the Debt Service Fund and CSA, Other enterprise fund are restricted for debt service payments. The amount reported in the Solid Waste enterprise fund is money set aside based on estimate to cover closure costs and thirty years of post-closure maintenance costs to provide financial assurance once the landfills are closed.

**(F) Investments**

Statutes authorize the County to invest its surplus cash (excluding cash belonging to the FCERA) in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds rated P-1 by Standard & Poor's Corporation or A-1 by Moody's Investor Service, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund. Gains and losses are recognized based upon the specific identification method. All pooled investments are reported at fair value. The fair values of equity and fixed income securities are derived from quoted market prices. The fair values of private market investments are estimated from fair values provided by the real estate investment funds, futures investment managers, and alternative investment managers.

**(G) Receivables**

The County accrues revenues at fiscal year-end in both the governmental and government-wide statements. Certain receivables have an element of uncertainty in their ability to be collected; as such, County receivables are reported net of uncollectible accounts. See Note 5 for the uncollectible amounts.

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

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the school and special districts within the County. The Board levies property taxes as of September 1, on property values certified on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and delinquent with penalties after December 10 and the second is generally due on February 1 and delinquent with penalties after April 10. Secured property taxes become a lien on the property on January 1. Property taxes on the unsecured roll are due upon receipt of the tax bill and become delinquent if unpaid on August 31. Property taxes are accounted for in the Property Tax Collection fund, an Agency fund, until apportionment and disbursement to taxing jurisdictions.

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the State Government Codes and Revenue and Taxation Codes. Pursuant to Article XIII A (known as Proposition 13) of the State of California Constitution, the County is permitted to levy a maximum tax of 1 percent of full cash value. For fiscal year 2013-14, the County recorded \$216,709 in property taxes that were used to finance general governmental services.

*Teeter Plan* - The County elected the alternative property tax treatment (Teeter Plan) effective July 1, 1993, whereby the County, through the Property Tax Collection fund, purchases the current secured unpaid taxes remaining at year-end from participating agencies. In return, the Property Tax Collection fund records tax receivable and receives the delinquent penalties and redemption interest accruing to delinquent collections related to participating agencies. The participating agencies, including the County, special districts, and school districts, in turn, receive their full tax distribution with no liability for uncollected taxes to the Property Tax Collection fund. Therefore, for participating agencies, revenue is measurable and available and is recorded in the period the payment of current secured unpaid taxes is received.

**(H) Inventories and Prepaid Items**

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

**(I) Prepaid Pension Asset**

A prepaid pension asset is created when an employer pays into a retirement plan amounts in excess of its annual required contribution (ARC). The ARC is an actuarially calculated amount that is sufficient to fund future costs and extinguish any existing unfunded actuarial accrued liability (UAAL).

On March 19, 1998, the County made a payment of \$183,632 to FCERA from the proceeds of the issuance of pension obligation bonds to reduce the County's UAAL as calculated at that time. On March 23, 2004 the County made another payment of \$398,010 to FCERA from the proceeds of an additional issuance of pension obligation bonds to reduce the County's UAAL as recalculated, due primarily to the effect of the enhanced pension graded in 2002. For more information, refer to Note 12.

**(J) Capital Assets**

Capital assets, including infrastructure, are recorded at historical cost, or at estimated historical cost, if the actual cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. The County defines capital assets as assets with an initial, individual, cost of more than \$5

**County of Fresno**  
**Notes to the Basic Financial Statements**  
**June 30, 2014**  
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for equipment, \$100 for buildings, infrastructure and intangible assets. Capital assets also have an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (applicable to assets procured under capital leases) using the straight-line method over the lesser of the asset's estimated life (or capital lease period) in the government-wide financial statements and proprietary fund financial statements. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Depreciation on capital assets is taken over the following estimated lives:

<u>Type of Asset</u>	<u>Estimated Useful Life in Years</u>
Land	0
Buildings and improvements	20-50
Equipment	3-15
Infrastructure	40
Intangible	5-15

**(K) Deferred Outflows and Inflows of Resources**

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the County recognizes deferred outflows and inflows of resources on the face of its financial statements.

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period.

**(L) Liability for Earned Compensated Absences**

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

**(M) Bond Issuance Costs and Discounts**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable

**County of Fresno**  
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government activities, business-type activities, or proprietary fund statement of net position. Bond discounts, as well as issuance costs, as a result of GASB Statement No. 65, are expensed in the period in which they are incurred. Bonds payable are reported net of the applicable bond discount or premium.

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

**(N) Fund Balance**

In the fund financial statements, in accordance with GASB Statement No. 54, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the County is bound to honor constraints on how specific amounts can be spent. The Board, the County's highest decision-making authority, establishes, modifies, or rescinds fund balance commitments by passage of an ordinance or resolution (ordinances and resolutions are considered of equal authority with respect to fund balance). This is done through adoption of the budget and subsequent budget amendments that occur throughout the year. In addition, per County policy, the County's Administrative Officer and Auditor-Controller/Treasurer-Tax Collector can establish, modify, or rescind fund balance assignments through the encumbrance process. Please refer to Note 14 for more information on fund balance.

**(O) Special Assessments**

The total amount of special assessments for special districts paid at June 30, 2014 was \$41,806. Special assessments include both debt collection activity and fees for services provided by the special district. The County is not liable for this; rather, it acts solely as an agent for the special district, which is liable for the debt or providing the services. Accordingly, this liability is not reflected in these financial statements. The assessments are added to the tax bill in accordance with Proposition 218.

**(P) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period.

**(Q) Recently Issued Accounting Pronouncements**

During the year ended June 30, 2014, the County implemented the following GASB Statements:

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

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

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

The GASB has issued Statement No. 70, "Accounting and Financial Reporting for Non-exchange Financial Guarantees." This Statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions (i.e. nonexchange financial guarantees). The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. Guidance is provided for situations where a state or local government extends or receives a nonexchange financial guarantee. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2013.

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

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

The GASB has issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date; an amendment of GASB Statement No. 68." This Statement amends paragraph 137 of GASB Statement No. 68. The requirements of this Statement apply to all state and local governments that are required to apply the provisions of GASB Statement No. 68 for defined benefit pensions. The provisions of this Statement should be applied simultaneously with the provisions of GASB Statement No. 68.

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

The GASB has issued Statement No. 69, "Government Combinations and Disposals of Government Operations." This Statement establishes accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e. government combinations). The Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This Statement applies to all state and local governmental entities. The requirements of this Statement should be applied prospectively and are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. However, earlier application of the Statement is encouraged.

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**NOTE 3 - Cash and Investments**

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 701,308
Restricted cash and investments	48,957
Fiduciary Funds:	
Cash and investments	1,542,074
Total cash and investments	<u>\$ 2,292,339</u>

Cash and investments as of June 30, 2014 consist of the following:

Cash on hand	\$ 3,690
Deposits with financial institutions	77,645
Investments (pooled)	2,144,161
Total pooled cash and investments	<u>2,225,496</u>
Investments (fiscal agents)	13,991
Total County cash and investments	<u>2,239,487</u>
External Investments	52,852
Total cash and investments	<u>\$ 2,292,339</u>

The following represents a condensed statement of net position and changes in net position for the Treasury Investment Pool as of June 30, 2014.

**Statement of Net Position**

Cash and investments	\$ 2,265,143
Less: transitory items/warrants payable	<u>(39,647)</u>
Net position held in trust for pool participants	<u>\$ 2,225,496</u>

Equity of internal pool participants	\$ 849,557
Equity of external pool participants (voluntary and involuntary)	<u>1,375,939</u>
	<u>\$ 2,225,496</u>

**Statement of Changes in Net Position**

Net position at July 1, 2013	\$ 1,914,876
Net change in investments by pool participants	<u>310,620</u>
Net position held in trust for pool participants at June 30, 2014	<u>\$ 2,225,496</u>

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**Negative Internal Service Fund Cash**

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

<u>Internal Service Fund</u>	<u>Negative Cash Amount</u>
Facility Services	\$ (1,736)
Total	<u>\$ (1,736)</u>

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

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

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

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

**Investment Authorized by Debt Agreements**

The County and its component units have \$13,991 in investments held by bond trustees pledged to the payment or security of certain debt issues. These funds are invested in accordance with bond covenants and are pledged for payment of principal, interest, and specified capital improvements.



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**Interest Rate Risk**

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

**Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations**

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

		Remaining Maturity (in months)						
		Totals	12 months or less	13 to 24 months	25 to 36 months	37 to 60 months	61 to 120 months	More than 120 months
U.S. Government Agency Obligation	\$ 1,693,650	\$ 224,652	\$ 359,470	\$ 570,547	\$ 538,981	\$ -	\$ -	
Medium-Term Corporate Notes	386,437	64,984	28,845	34,926	257,682	-	-	
U.S. Treasury Notes	16,614	-	2,639	6,610	7,365	-	-	
Asset Backed Securities	12,583	-	2,035	3,252	7,296	-	-	
Municipal Bonds	10,859	800	-	-	10,059	-	-	
Mutual Fund	65,700	65,700	-	-	-	-	-	
Bank Account	75,559	75,559	-	-	-	-	-	
Vault	3,741	3,741	-	-	-	-	-	
Total	\$ 2,265,143	\$ 435,437	\$ 392,989	\$ 615,335	\$ 821,382	\$ -	\$ -	

**Investments with Fiscal Agents:**

	Remaining Maturity (in months)						
	Totals	12 months or less	13 to 24 months	25 to 36 months	37 to 60 months	61 to 120 months	More than 120 months
Federal Home Loan Banks	\$ 2,310	\$ 2,310		\$ -	\$ -	\$ -	\$ -
Federal Home Loan Mortgage Association	6,972	6,972	-	-	-	-	-
Federated Government Obligation Fund	4,650	4,650	-	-	-	-	-
Money Market Mutual Funds	59	59	-	-	-	-	-
Total	\$ 13,991	\$ 13,991	\$ -	\$ -	\$ -	\$ -	\$ -

Except as inherent by their nature as disclosed above, the County's investments (including those held by a bond trustee) are not highly sensitive to interest rate fluctuations.

**Credit Risk**

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

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

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure	Ratings as of the Year End 6/30/2014			
				A1/P1 A-AAA	B-BBB	C-CCC	Not Rated
U.S. Government Agency Obligation	\$ 1,693,650	N/A	\$ -	\$ 1,693,650	\$ -	\$ -	\$ -
Medium-Term Corporate Notes	386,437	A3	-	386,437	-	-	-
U.S. Treasury Notes	16,614	N/A	16,614	-	-	-	-
Asset Backed Securities	12,583	AA	-	12,583	-	-	-
Municipal Bonds	10,859	N/A	-	10,859	-	-	-
Mutual Fund	65,700	N/A	-	10,622	-	-	55,078
Bank Account	75,559	N/A	-	-	-	-	75,559
Vault	3,741	N/A	-	-	-	-	3,741
Total	<u>\$ 2,265,143</u>		<u>\$ 16,614</u>	<u>\$ 2,114,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,378</u>

**Investments with Fiscal Agents:**

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure	Ratings as of the Year End 6/30/2014			
				A1/P1 A-AAA	B-BBB	C-CCC	Not Rated
Federal Home Loan Banks	\$ 2,310	N/A	\$ -	\$ 2,310	\$ -	\$ -	\$ -
Federal Home Loan Mortgage Corporation	6,972	N/A	-	6,972	-	-	-
Federated Government Obligation Fund	4,650	N/A	-	4,650	-	-	-
Money Market Mutual Funds	59	N/A	-	59	-	-	-
Total	<u>\$ 13,991</u>		<u>\$ -</u>	<u>\$ 13,991</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Concentration of Credit Risk**

The IP does not limit the amount that can be invested in any one issuer beyond the limitations stipulated by the CGC. Investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represent 5% or more of the total County's total investments are as follows.

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal Agency Securities	615,408
Federal Home Loan Mortgage Corporation	Federal Agency Securities	572,595
Federal National Mortgage Association	Federal Agency Securities	468,660

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that the County will not be able to recover its deposits or will not be able to recover collateral securities in the possession of an outside party if a depository institution fails. The custodial credit risk for *investments* is the risk that the County will not be able to recover the value of its investment or collateral securities held by another party if the counterparty (e.g., broker-dealer) to a transaction fails. The CGC and IP do not contain legal or policy requirements that would

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limit exposure to custodial credit risk for deposits or investments, other than the following provision applicable to *deposits*: The CGC requires any deposits of more than \$250 must be collateralized at 110% to 150% of the value of the deposit to guarantee the safety of the public funds. The first \$250 of the County's deposits is insured by the Federal Deposit Insurance Corporation (FDIC). Deposits more than the \$250 insured amount are fully collateralized by the banks by pledging identifiable U.S. Government securities at 110% or more.

As of June 30, 2014, all of the County's deposits with financial institutions in excess of federal depository insurance limits were held in fully collateralized accounts, as permitted by the CGC. As of June 30, 2014, all of the County's investments were held by the County itself or by a broker-dealer (counterparty) other than the broker-dealer used by the County to purchase the securities.

**Investment in State Investment Pool**

The County is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the CGC under the oversight of the Treasurer of the State. The fair value of the County's investments in this pool is reported in the accompanying financial statements at amounts based upon the County's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawals is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the County's position in the LAIF pool.

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**NOTE 4 - Restricted Cash and Investments**

Cash and investments are restricted for various purposes in the funds that comprise governmental and business-type activities. Restricted cash and investments consist of the following:

Governmental activities:

Debt Service

Bond repayment	\$ 13,567
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Internal Service funds

Information technology services	490
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Total	\$ 14,057
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Business-type activities:

Enterprise funds:

Solid Waste Enterprise

American Avenue post-closure care - other	\$ 28,049
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Corrective action	533
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Coalinga post-closure	4,672
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Subtotal	33,254
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County Service Areas, Other:

Bond repayment/construction	1,646
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Subtotal	1,646
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Total	\$ 34,900
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**NOTE 5 - Receivables**

Taxes and accounts receivable balances for the General, Debt Service, Road Fund, and non-major governmental funds, Internal Service, and Proprietary funds are stated net of allowances for uncollectible accounts.

At June 30, 2014, the General Fund had an allowance of \$878, while the Internal Service Funds had an allowance of \$74. The total for uncollectible accounts was \$952.

GASB Statement No. 38, "Certain Financial Statement Note Disclosures," requires disclosure of significant receivable balances not expected to be collected within one year of the date of the financial statements. The detail of receivable balances not expected to be collected within the next fiscal year is as follows:

*Loans Receivable*

The County engages in programs designed to encourage construction or improvement of housing for persons with low to moderate incomes. Under these programs, loans are provided under favorable terms

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to homeowners or developers who agree to spend these funds in accordance with County terms. Since the County does not expect to collect these loans in the near term, they have been offset by deferred revenue in the fund financial statements. The amount not expected to be collected within the next fiscal year is \$38,695.

**NOTE 6 - Interfund Transactions and Balances**

Loans reported as receivables and payables are referred to as either “due to/from other funds” (the current portion of interfund loans) or “advances to/from other funds” (the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statement presentation.

The composition of interfund balances as of June 30, 2014 was as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 36,686	\$ 10,713
Road Fund	590	628
Local Health and Welfare	3,743	16,937
2011 Realignment Fund	-	16,988
Non-major governmental funds	4	369
Solid Waste Enterprise	153	369
County Service Areas, Other	546	698
Internal Service Funds	<u>7,930</u>	<u>2,950</u>
	<u>\$ 49,652</u>	<u>\$ 49,652</u>

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The following schedule briefly summarizes the County's transfer activity for the fiscal year ended June 30, 2014:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 727,126	\$ 97,269
Debt Service	45,669	2,048
Road Fund	-	1,114
Behavioral Health - MH	-	18,516
Social Services	-	346,400
Local Health and Welfare	51,182	171,165
2011 Realignment Fund	-	129,687
Non-major governmental funds	24,239	83,097
Solid Waste Enterprise	3,011	213
County Service Areas, Other	20	94
Internal Service Funds	1,415	3,059
	<u>\$ 852,662</u>	<u>\$ 852,662</u>

Transfers are comprised principally of transfers between the General and Special Revenue funds and are related to State/Local Program Realignment (Assembly Bill 1288), Vehicle License Fees, and to debt service transfers to pay principal and interest payments on pension obligation bonds.

The following schedule briefly summarizes the County's advances between funds for the fiscal year ended June 30, 2014:

	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
General fund	\$ 79	\$ -
County Service Areas, Other	-	79
	<u>\$ 79</u>	<u>\$ 79</u>

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**NOTE 7 - Capital Assets**

Capital asset activity for the year ended June 30, 2014 was as follows:

	<b>Balance July 1, 2013</b>	<b>Additions</b>	<b>Retirements</b>	<b>Adjustments</b>	<b>Balance June 30, 2014</b>
<b>Government activities</b>					
Capital assets, not being depreciated					
Land	\$ 16,673	\$ -	\$ -	\$ -	\$ 16,673
Land easements	-	588	-	39,734	40,322
Construction in progress	338	1,027	(914)	(203)	248
Infrastructure in progress	61,006	14,622	(14,274)	1	61,355
Total capital assets, not being depreciated	<u>78,017</u>	<u>16,237</u>	<u>(15,188)</u>	<u>39,532</u>	<u>118,598</u>
Capital assets, being depreciated					
Buildings and improvements	507,995	894	-	-	508,889
Equipment	108,050	9,354	(20,725)	541	97,220
Infrastructure	531,894	14,274	-	(39,734)	506,434
Intangible	44,099	516	-	-	44,615
Total capital assets, being depreciated	<u>1,192,038</u>	<u>25,038</u>	<u>(20,725)</u>	<u>(39,193)</u>	<u>1,157,158</u>
Less accumulated depreciation for:					
Buildings and improvements	(166,982)	(11,447)	-	-	(178,429)
Equipment	(85,764)	(6,345)	20,152	985	(70,972)
Infrastructure	(240,096)	(11,511)	-	-	(251,607)
Intangible	(39,364)	(1,448)	-	-	(40,812)
Total accumulated depreciation	<u>(532,206)</u>	<u>(30,751)</u>	<u>20,152</u>	<u>985</u>	<u>(541,820)</u>
Total capital assets, being depreciated, net	<u>659,832</u>	<u>(5,713)</u>	<u>(573)</u>	<u>(38,208)</u>	<u>615,338</u>
Government activities capital assets, net	<u>\$ 737,849</u>	<u>\$ 10,524</u>	<u>\$ (15,761)</u>	<u>\$ 1,324</u>	<u>\$ 733,936</u>
<b>Business-type activities</b>					
Capital assets, not being depreciated					
Land	\$ 7,488	\$ -	\$ -	\$ -	\$ 7,488
Construction in progress	14,777	2,659	-	(432)	17,004
Total capital assets, not being depreciated	<u>22,265</u>	<u>2,659</u>	<u>-</u>	<u>(432)</u>	<u>24,492</u>
Capital assets, being depreciated					
Buildings and improvements	78,212	-	(58)	4,888	83,042
Equipment	21,743	95	-	(6,486)	15,352
Total capital assets, being depreciated	<u>99,955</u>	<u>95</u>	<u>(58)</u>	<u>(1,598)</u>	<u>98,394</u>
Less accumulated depreciation for:					
Buildings and improvements	(45,151)	(1,821)	28	(2,912)	(49,856)
Equipment	(15,323)	(845)	-	4,969	(11,199)
Total accumulated depreciation	<u>(60,474)</u>	<u>(2,666)</u>	<u>28</u>	<u>2,057</u>	<u>(61,055)</u>
Total capital assets being depreciated, net	<u>39,481</u>	<u>(2,571)</u>	<u>(30)</u>	<u>459</u>	<u>37,339</u>
Business-type activities capital assets, net	<u>\$ 61,746</u>	<u>\$ 88</u>	<u>\$ (30)</u>	<u>\$ 27</u>	<u>\$ 61,831</u>

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**Depreciation**

Depreciation expense was charged to governmental functions as follows:

General government	\$ 10,450
Public protection	1,273
Public ways and facilities	11,325
Health, sanitation, and public assistance	1,445
Education	1,024
Depreciation on capital assets held by the County's internal service fund is charged to the various functions based on their usage of the assets	<u>5,234</u>
Total depreciation expense - governmental functions	<u><u>\$ 30,751</u></u>

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

Solid waste enterprise	\$ 1,754
County service areas, other	<u>912</u>
Total depreciation expense - business-type functions	<u><u>\$ 2,666</u></u>

**NOTE 8 - Short-Term Borrowing**

Each fiscal year the County issues Tax and Revenue Anticipation Notes (TRANs) to provide financing of seasonal cash flow requirements for the General Fund's current year expenditures and to discharge its obligations and indebtedness during this period. The principal of the notes and the interest thereon are paid from pledged property taxes and revenues the County expects to receive during the fiscal year.

Short-term debt activity for the year ended June 30, 2014 was as follows:

	<b>Beginning Balance <u>July 1, 2013</u></b>	<b><u>Draws</u></b>	<b><u>Repayment</u></b>	<b>Ending Balance <u>June 30, 2014</u></b>
TRANs	<u>\$ -</u>	<u>\$ 63,000</u>	<u>\$ (63,000)</u>	<u>\$ -</u>

**NOTE 9 - Leases**

**Operating Leases**

The County conducts some of its operations from leased facilities. The total rental expense for the year ended June 30, 2014, for operating leases was \$9,237.



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The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2014:

<u>Fiscal year ended June 30</u>	<b>Governmental Activities</b>
2015	\$ 8,327
2016	7,852
2017	6,910
2018	3,729
2019	3,157
2020-2024	11,866
2025-2029	2,278
Total	<u>\$ 44,119</u>

**Capital Leases**

The County has entered into certain capital lease agreements under which the related equipment will become the property of the County when all terms of the lease agreements are met. The County has also entered into similar capital lease agreements for buildings. In addition, the County has entered into certain equipment and building lease agreements under which the assets, while not becoming property of the County when all terms of the agreement are met, still qualify as capital leases.

The following is a schedule of future minimum lease payments under capital leases together with the present value of future minimum lease payments as of June 30, 2014:

<b>Governmental activities</b>	<b><u>Total Payments</u></b>	<b><u>Imputed Interest</u></b>	<b><u>Net Present Value of Minimum Lease Payments</u></b>
<u>Fiscal year ended June 30</u>			
2015	\$ 1,919	\$ 170	\$ 1,749
2016	1,509	96	1,413
2017	1,055	38	1,017
2018	348	8	340
2019	10	8	2
Total	<u>\$ 4,841</u>	<u>\$ 320</u>	<u>\$ 4,521</u>

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The following is a schedule of property under capital leases segregated by major class at June 30, 2014:

	<b>Governmental Activities</b>
Equipment	\$ 20,332
Accumulated depreciation	(15,811)
Net	<u>\$ 4,521</u>

**NOTE 10 – Service Concession Arrangements (SCA)**

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

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

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

**NOTE 11 - Long-Term Debt**

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

The following is a schedule of long-term liabilities for governmental activities for the year ended June 30, 2014:

	<b>Balance July 1, 2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2014</b>	<b>Amounts due within one year</b>
Earned compensated absences	\$ 41,628	\$ 39,105	\$ (39,436)	\$ 41,297	17,750
Capital lease obligations (Note 9)	4,066	2,422	(1,967)	4,521	1,749
Liability for self-insurance (Note 13)	78,697	21,562	(12,639)	87,620	19,212
Adverse Judgment	12,896	1,683	(5,477)	9,102	1,033
Bonds payable	742,406	18,685	(30,295)	730,796	32,075
General long-term debt payable	<u>\$ 879,693</u>	<u>\$ 83,457</u>	<u>\$ (89,814)</u>	<u>\$ 873,336</u>	<u>\$ 71,819</u>

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

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

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2015	\$ 32,075	\$ 20,968	\$ 53,043
2016	33,830	19,272	53,102
2017	37,205	17,437	54,642
2018	40,855	15,381	56,236
2019	43,890	13,166	57,056
2020-2024	132,242	51,375	183,617
2025-2029	132,955	42,489	175,444
2030-2034	156,372	34,475	190,847
2035-2039	53,765	6,649	60,414
2040-2044	-	-	-
2045-2049	32,867	-	32,867
2050-2054	-	-	-
2055-2056	35,203	-	35,203
Sub-total	731,259	221,212	952,471
Less: Original issue premium	1,176	-	1,176
Original issue discount	(1,639)	-	(1,639)
Total	<u>\$ 730,796</u>	<u>\$ 221,212</u>	<u>\$ 952,008</u>

**Pension Obligation Bonds**

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

The portion of the County's taxable Pension Obligation Bonds, Series 1998 that were not refunded have various maturity dates between 2002 and 2008. The interest rates range from 6.01% to 6.26%. The County's taxable Pension Obligation Bonds, Refunding Series 2002 include both serial and term bonds. The serial bonds have various maturity dates between 2009 and 2014 with interest rates ranging between 6.06% and 6.45%. The term bonds mature in 2018 with an interest rate of 6.67% and a mandatory sinking fund redemption commencing in 2015. The 1998 Pension obligation bonds that were refunded in 2002 have matured.

In March 2004 the County issued Series 2004 A and B Pension Obligation Bonds for \$327,898 and \$75,000, respectively. These were issued to fund a portion of the County's unfunded accrued actuarial liability in the retirement system. The Series 2004 A Pension Obligation Bonds include current interest

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bonds, term bonds, and capital appreciation bonds. The Series 2004 B bonds were issued as auction rate bonds. The debt matures between 2005 and 2033. In September 2006, the Series 2004 B Pension Obligation Bonds were converted from auction rate to fixed rate securities.

The Debt Service fund is utilized to pay for pension obligation bonds. Payments for pension obligation bonds for the current year are shown as transfers out in the General, Special Revenue, Enterprise and Internal Service Funds and as transfers-in in the Debt Service Fund.

**Lease Revenue Bonds**

In February 2004 the FCFA, which was established to provide for the acquisition, disposition and/or financing of capital improvements and/or working capital for the County, issued \$26,000 in lease revenue bonds for the Juvenile Justice Campus. These bonds were refunded from the issuance of Series 2012 A Refunding Lease Revenue Bonds.

The FCFA issued \$14,375 of lease revenue bonds October 1, 2004 to fund the County's Energy Project. The majority of the debt issued was to fund a gas energy generating plant, which will produce energy for the County Jail and other facilities. The remaining portion was used to upgrade lighting and electrical fixtures. These bonds were refunded from the issuance of Series 2012 A Refunding Lease Revenue Bonds.

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

In September 2012, the County issued \$22,425 in Series 2012 A Refunding Lease Revenue Bonds, maturing between 2013 and 2022. The Refunding Lease Revenue Bonds generated present value savings (net of all costs) of \$2,790 or 10.66% of the refunded bond par amount. This financing refunded, on a current basis, all outstanding maturities of the County's Series 2004 and 2004B Lease Revenue Bonds.

**Tobacco Settlement Asset-Backed Bonds**

In July 2002, the California County Tobacco Securitization Agency (the Agency) issued \$9,925 in Series 2002 asset-backed serial maturities and \$83,030 in Series 2002 asset-backed term bonds. These bonds mature between 2005 and 2038. The interest rates for the asset-backed serial maturities range from 3% to 5%. The interest rates for the asset-backed term bonds range from 5.63% to 6.13%.

In April of 2006, the Agency issued the Tobacco Settlement Asset-Backed Bonds, Subordinate Series 2006 in the amount of \$39,015. The Fresno County Tobacco Funding Corporation entered into a loan agreement with the Agency to borrow the bond proceeds and to secure the loan with County Tobacco Assets consisting of seventy-five percent of its rights to future tobacco settlement revenues. The 2006 Tobacco Bonds are turbo capital appreciation bonds, issued in four series and maturing in 2046 through 2055. The interest rates on the bonds range from 6.50% to 7.75%.

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**Capital Appreciation and Series Bonds**

The County of Fresno has issued two series of capital appreciation bonds. The first series is the Series 2004 A Pension Obligation Bonds for \$327,898. The second is the Series 2006 Tobacco Settlement Asset-Backed Bonds. Capital appreciation bonds are debt securities on which the investment return on an initial principal amount is reinvested at a stated compounded rate until maturity, at which time the investor receives a single payment (the “maturity value”) representing both the initial principal amount and the total investment return. The following schedule represents the capital appreciation bonds issued by the County of Fresno and the California County Tobacco Securitization Agency:

**Pension Obligation Bonds**

<b>Series</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Initial Principal Amount</b>	<b>Accreted Value at 6/30/14</b>	<b>Accreted Value at Maturity</b>
2004A	August 15, 2033	1.3% to 5.67%	\$ 327,898	\$ 439,019	\$ 711,250

**Tobacco Securitization Tax Bonds**

<b>Series</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Initial Principal Amount</b>	<b>Accreted Value at 6/30/14</b>	<b>Accreted Value at Maturity</b>
2006A	June 1, 2046	6.50%	\$ 16,606	\$ 27,946	\$ 216,420
2006B	June 1, 2046	6.65%	2,890	4,921	39,920
2006C	June 1, 2055	7.00%	9,757	17,079	286,800
2006D	June 1, 2055	7.75%	9,762	18,124	409,500
Total			\$ 39,015	\$ 68,070	\$ 952,640

The following is a schedule of long-term liabilities for business-type activities for the year ended June 30, 2014:

	<b>Balance July 1, 2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2014</b>	<b>Due within one year</b>
Earned compensated absences	\$ 291	\$ 269	\$ (318)	242	59
Bonds	3,910	-	(160)	3,750	170
Loans	-	80	-	80	-
Closure and post-closure	38,670	3,163	(118)	41,715	250
Totals	\$ 42,871	\$ 3,512	\$ (596)	\$ 45,787	\$ 479

**Limited Obligation Improvement Bonds**

In September of 1997, the Fresno County Financing Authority issued \$5,392 limited obligation improvement bonds reported in the County Service Areas, Other fund with an average interest rate of 5.92% payable semi-annually to purchase infrastructure improvements for Quail Lakes, a planned community. The bonds are payable from assessments on the property owners within the special district and are not payable from any funds of the County.

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

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2015	\$ 170	\$ 246	\$ 416
2016	180	234	414
2017	195	221	416
2018	205	208	413
2019	220	194	414
2020-2024	1,345	718	2,063
2025-2029	1,435	200	1,635
Total	<u>\$ 3,750</u>	<u>\$ 2,021</u>	<u>\$ 5,771</u>

**Loans Payable**

As part of funding for a Surface Water Treatment Plant, CSA No. 49 received, along with grant funding, an \$80 loan from the State. While this amount is owed back to the State, there is no current timeline as to the payment of this liability from the special district.

**Landfill closure and post-closure costs**

The County accounts for all solid waste landfill closure and post-closure costs based on the provisions of GASB Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs". State and federal laws and regulations require the County to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure costs as an operating expense and liability in each period based on landfill capacity used as of each balance sheet date.

The County owns a solid waste landfill which is currently operating, the American Avenue Disposal Site, as well as two landfills which ceased accepting waste in fiscal years 1991 and 2010, the Southeast Regional Disposal Site and the Coalinga Disposal Site, respectively. Southeast Regional completed its closure activities during fiscal year 1999 and began post-closure activities which are still ongoing as of June 30, 2014.

The \$41,715 reported as landfill closure and post-closure care liability at June 30, 2014, represents the cumulative amount reported to date based on the landfill capacity used to date. The County will recognize the remaining estimated cost of closure and post-closure care of \$41,332 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all remaining closure and post-closure care as of June 30, 2014. The total current cost of landfill closure and post-closure care is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

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The percentage of landfill capacity used to date, the estimated remaining landfill life, the liability for closure and post-closure care at the balance sheet date, and the estimated remaining local closure and post-closure costs to be recognized for the three landfills are as follows:

<b>Landfill</b>	<b>Capacity used at June 30, 2014</b>	<b>Estimated Years Remaining</b>	<b>Total Estimated Liability June 30, 2014</b>	<b>Liability Recognized June 30, 2014</b>	<b>Remaining Liability to be Recognized</b>
American Avenue	41.02%	40	\$ 70,079	\$ 28,747	\$ 41,332
Coalinga	49.30%		8,155	8,155	-
Southeast Regional	100.00%		4,813	4,813	-
Total			<u>\$ 83,047</u>	<u>\$ 41,715</u>	<u>\$ 41,332</u>

The increase from 2012-2013 in the closure and post-closure care liability for American Avenue and the increase for Coalinga in closure and post-closure care liability is reported as an operating expense in 2013-2014. Closure and post-closure costs for Southeast Regional are reported as non-operating expenses. The County is required by state and federal laws to finance closure and post-closure care. Amounts collected from current users for these costs are reported in restricted cash and investments. Regarding the American Avenue Site, the County expects that future user fees and interest earnings over the remaining landfill lives will fund the closure and post-closure liabilities. Regarding the Southeast Regional and Coalinga Disposal Sites, the County expects any ongoing costs to be funded from interest earnings and from quarterly payments from waste haulers and cities by agreement.

Additionally, Title 22 of the California Code of Regulations (CFR) requires that counties finance certain closure and post-closure maintenance and monitoring activities for their hazardous waste disposal sites. Post-closure activities are required for a minimum of 30 years after closure. The County's Blue Hills Hazardous Waste Disposal Site closed in the fiscal year 1992-93.

The County is further required by 40 CFR 264.144 to establish a financial assurance for post-closure care in accordance with the approved post-closure plan for the facility 60 days prior to the initial receipts of hazardous waste or the effective date of the regulation, whichever was later. The County used the financial test under 40 CFR 264.145(f) for over twenty years to provide financial assurance before being informed in 2008 by the California Department of Toxic Substances Control that this financial test was unusable by local governments to provide financial assistance. The County changed financial assurance options in April 2012 changing to a Post-Closure letter of credit as allowed under 40 CFR 264.145(d). The Irrevocable Standby Letter of Credit was established in the amount of \$1,468 in favor of the Department of Toxic Substances Control.

### **Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the County performed calculations of excess investment earnings on various bonds, and at June 30, 2014 does not expect to incur a liability.

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**NOTE 12 - Fresno County Employees' Retirement Association (FCERA)**

*Plan Description* - The FCERA is governed by the Board of Retirement under the 1937 County Employees Retirement Law (1937 Act). Readers should refer to the 1937 Act for more complete information. The FCERA is a contributory defined benefit plan initially organized under the provisions of the 1937 Act on January 1, 1945. It provides benefits upon retirement, death, or disability of members. The FCERA is a cost-sharing, multiple-employer plan that includes substantially all full-time employees and permanent part-time employees who work 50% or more for the County of Fresno (County), including the Superior Court of California-County of Fresno, Clovis Veterans Memorial District, Fresno Mosquito and Vector Control District, and Fresno/Madera Area Agency on Aging. An employee becomes eligible for membership commencing with the pay period following the date of employment in a permanent position. The FCERA issues a stand-alone financial report that can be reviewed at the FCERA website: <http://www2.co.fresno.ca.us/9200/default.htm> or FCERA's office, located at 1111 H Street, Fresno, CA, 93721.

*Funding Policy* - Contributions are made by the members and the employers at rates recommended by FCERA's independent actuary and approved by the Board of Retirement and the County Board. Employee contribution rates vary according to age and classification (safety or general), and are designed to provide funding for approximately one-fourth of the regular retirement benefits and one-half of all cost of living benefits. Members are required to contribute between 4.43% and 13.50% of their annual covered salary. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer contribution rates are determined pursuant to Section 31453 of the 1937 Act and are designed to provide funding for the remaining regular retirement and cost of living benefits, as well as all regular disability and survivor's benefits.

*Benefit Provisions* - The Retirement Board under the provisions of the 1937 Act administers benefit provisions. Benefits are based upon a combination of age, years of service, average monthly salary for the highest paid year of employment, the benefit tier, membership classification (general or safety) and the option selected by the participant. Disability and death benefits are additionally based upon whether the disability was service connected or not and whether the death occurred before or after retirement. Retirement benefit payments consist of regular retirement benefits, cost of living benefits, supplemental cost of living benefits, supplemental benefits or supplemental annuity benefits and health benefits. The supplemental cost of living and health benefits (non-vested) are subject to annual approval by the Board.

On June 18, 2007, the current Safety Tier II offered under Government Code section 32664.2 became mandatory for any new employee in a Safety job classification covered by a collective bargaining agreement negotiated by Service Employees International Union (SEIU). Mandatory Tier II extended to senior management and unrepresented employees with membership date on or after August 27, 2007.

The County adopted a new retirement tier for General members (General Tier III) under Government Code Section 31676.15, effective December 31, 2007. General Tier II members represented by SEIU were automatically transferred to General Tier III effective December 31, 2007. General Tier III membership is mandatory for some bargaining units within the County. General Tier II membership is mandatory for elected officials, department head, senior management, management and unrepresented effective with a membership date on or after August 27, 2007.

The County Board adopted Retirement Tier IV on March 6, 2012, effective for all new hires as of June 11, 2012. New hires referred to any County employees who were hired and any County elective officers who commenced in their elective offices, respectively, on or after June 11, 2012, and who thereafter were



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new members of the County's retirement system. The Retirement Board adopted Government Code Sections 31676.1, 31621, and 31462 for General Member Tier IV, and Government Code Sections 31664, 31639.25, and 31462 and retiree health benefit for Safety Member Tier IV.

The State of California Governor Jerry Brown signed the California Public Employees' Pension Reform Act (PEPRA) into law on September 12, 2012. This new law established a new tier for both General and Safety employees entering FCERA membership on or after January 1, 2013. In addition to establishing new benefit formulas, PEPRA also placed a limit on the amount of compensation FCERA can use to calculate a retirement benefit. The 2014 compensation limits are \$115,064 for members covered by Social Security and \$138,077 for members not covered by Social Security and will be adjusted for future years based upon changes in the Consumer Price Index.

The County's annual pension cost and prepaid pension asset, computed in accordance with GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers", for the year ended June 30, 2014 were as follows:

Annual required contribution	\$ 181,459
Interest on beginning pension asset	(41,386)
Adjustment to annual required contribution	54,668
Annual pension cost	<u>194,741</u>
Contributions made	<u>181,459</u>
Increase (decrease) in pension asset	(13,282)
Net pension asset, beginning of year	<u>558,553</u>
Net pension asset, end of year	<u><u>\$ 545,271</u></u>

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

<u>Fiscal Year</u>	<u>APC</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
6/30/2010	\$ 128,576	98.10%	\$ 589,699
6/30/2011	134,957	96.54%	585,032
6/30/2012	166,979	90.31%	568,860
6/30/2013	156,799	93.43%	558,553
6/30/2014	194,741	93.18%	545,271

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

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FCERA funded status based on the most recent actuarial valuation performed by the Segal Company as of June 30, 2013 is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded AAL Percentage of Covered Payroll</u>
June 30, 2013	\$3,518,982	\$4,694,780	\$1,175,798	75.0%	\$370,079	317.7%

**NOTE 13 - Risk Management**

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

The Risk Management Fund provides coverage of the general liability, workers' compensation, medical malpractice, and property-other programs. Property-other consists of fire, bond, and miscellaneous insurance and damaged vehicle loss programs. General liability coverage is self-insured up to a maximum of \$750 per claim. Excess coverage up to \$25,000 per claim is provided through a risk pool agreement with the California State Association of Counties (CSAC) Excess Insurance Authority.

Crime bond coverage is self-insured up to a maximum of \$2.50 per occurrence and excess coverage of \$15,000 per occurrence is provided through a risk pool agreement with CSAC Excess Insurance Authority.

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

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

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

Property-other is self-insured up to a deductible of \$25 per claim with a maximum of \$600,000 in excess coverage per claim. Flood and earthquake coverage each have maximums in excess insurance of \$25,000 in Towers VI. Excess insurance is provided through a risk pool agreement with CSAC.

Aircraft coverage has a maximum limit in excess insurance of \$25,000 provided through a risk pool agreement with CSAC Excess Insurance Authority.

County departmental contributions to the workers' compensation, general liability, and medical malpractice programs are based on actuarial recommendations. The reported actuarial liabilities for workers compensation and general liability assume a long-term annual rate of return of 1.21 percent. The undiscounted actuarial liability for these programs is \$87,620. Reserves for self-insurance for these programs include estimated liability amounts for claims filed against the County for their programs, as

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well as the estimated amount of claims incurred but not reported, as computed by the actuary. Contributions to the property damage, unemployment, and vehicle damage programs are based on actual historical claim loss experience.

The claims liability of \$87,620 reported in the Risk Management Fund at June 30, 2014 is based on the requirement that claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The claims liability includes all allocated loss adjustment expenses. While the ultimate amount of claims is dependent on future developments, management is of the opinion that the claims liability at June 30, 2014 is adequate to cover such claims. Changes in the Risk Management fund's claims liability amount during the last two fiscal years were as follows:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Beginning of fiscal year liability	\$ 78,697	\$ 71,584
Current year claims provision and changes in estimates	21,562	25,429
Claim payments	<u>(12,639)</u>	<u>(18,316)</u>
Balance at fiscal year-end	<u>\$ 87,620</u>	<u>\$ 78,697</u>

**NOTE 14 - Fund Balance**

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2014, fund balance for government funds are made up of the following:

- Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the County’s highest level of decision-making authority, the County’s Board. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally.
- Assigned Fund Balance – comprises amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the County’s Board or (b) a body (for example: a budget or finance committee) or official to which the County’s Board has delegated the authority to assign amounts to be used for specific purposes. Per County

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policy, the County's Administrative Officer and Auditor-Controller/Treasurer-Tax Collector can establish, modify, or rescind fund balance assignments through the encumbrance process.

- **Unassigned Fund Balance** – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned and unassigned.

Fund balances for all the major and non-major governmental funds as of June 30, 2014, were distributed as follows:

	General Fund	Debt Service	Road Fund	Behavioral Health - MH	Social Services	Local Health and Welfare	2011 Realignment Fund	Other Governmental Funds	Total
<b>Nonspendable:</b>									
Inventory	\$ 3,855	\$ -	\$ 746	\$ -	\$ -	\$ -	\$ -	\$ 13	\$ 4,614
Prepaid items/postage/imprest cash	255	-	-	-	-	-	-	16	271
Subtotal	4,110	-	746	-	-	-	-	29	4,885
<b>Restricted for:</b>									
General government:									
Low-income housing	48,224	-	-	-	-	-	-	-	48,224
Equipment purchase/other purpose	-	-	-	-	-	-	-	45,404	45,404
Public protection	393	-	-	-	-	-	33,439	15,978	49,810
Public ways and facilities	-	-	18,434	-	-	-	-	13,231	31,665
Health, sanitation and public assistance	1,315	-	-	78,352	57,680	16,320	2,317	30,353	186,337
Education	-	-	-	-	-	-	-	3,823	3,823
Capital projects	-	-	-	-	-	-	-	15,920	15,920
Debt service	-	60,087	-	-	-	-	-	-	60,087
Subtotal	49,932	60,087	18,434	78,352	57,680	16,320	35,756	124,709	441,270
<b>Assigned to:</b>									
General government	21,279	-	-	-	-	-	-	-	21,279
Public protection	1,653	-	-	-	-	-	-	-	1,653
Public ways and facilities	103	-	25,056	-	-	-	-	-	25,159
Education	-	-	-	-	-	-	-	12,335	12,335
Subtotal	23,035	-	25,056	-	-	-	-	12,335	60,426
<b>Unassigned</b>	72,338	-	-	-	-	-	-	-	72,338
<b>Total</b>	<u>\$ 149,415</u>	<u>\$ 60,087</u>	<u>\$ 44,236</u>	<u>\$ 78,352</u>	<u>\$ 57,680</u>	<u>\$ 16,320</u>	<u>\$ 35,756</u>	<u>\$ 137,073</u>	<u>\$ 578,919</u>

**NOTE 15 – Net Position**

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

- **Net Investment in Capital Assets** groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- **Restricted Net Position** reflects net position that is subject to constraints either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources and

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includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel a government to honor.

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

**NOTE 16 - Contingent Liabilities and Commitments**

The County is subject to various lawsuits and claims involving public liability and other actions incidental to the ordinary course of County operations. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable financial loss to the County, a liability for litigation of \$9,102, representing the County's best estimate of the ultimate loss, has been accrued in the government-wide Statement of Net Position. Refer to Note 11 for more information on these and other long-term liabilities.

A number of lawsuits and claims are pending against the County for which the financial loss to the County has been determined to be reasonably possible. The County intends to vigorously defend itself against these lawsuits. The County has recorded actuarially determined reserves in the internal service funds to adequately cover estimated potential material adverse losses at June 30, 2014.

The County participates in many state and federal assisted grant programs, which are subject to program compliance audits by the grantors or their representatives. The amounts, if any, of current or previous expenditures which may be disallowed upon future audits by the grantors cannot be determined until such an audit occurs. The County expects such amounts, if any, will not be material to its financial statements. Amounts have been accrued for disallowed expenditures resulting from completed audits.

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

	<b>Encumbrances</b>
General Fund for capital assets	\$ 14,834
General Fund for other purposes	6,071
Road Fund for capital assets	1,741
Non-major funds for capital assets	2,395
Non-major funds for other purposes	14,533
	<u>\$ 39,574</u>

**Note 17 – Deficit Fund Equity**

As of June 30, 2014, the Facility Services and Risk Management Services internal service fund reported a net position deficit of \$568 and \$1,660 respectively.

*Facility Services:* The Facility Services fund incurred greater than anticipated expenditures, which was necessitated by the routine maintenance of buildings and the repairing of occupied and unoccupied buildings. The County has taken steps to correct the financial imbalance by changing billing

**County of Fresno**  
**Notes to the Basic Financial Statements**  
**June 30, 2014**  
(amounts expressed in thousands)

methodology, evaluating the rate development process, liquidating unoccupied facilities the County deems are no longer needed, and seeking tenants for unoccupied facilities that will be retained by the County. The fund reduced its net position deficit by \$2,118 from \$2,686 at June 30, 2013 to \$568 at June 30, 2014.

*Risk Management Services:* The Risk Management fund incurred greater than anticipated increase to self-assurance and general liabilities. This increase is mostly attributable to an actuarial reassessment that adversely affected the medical malpractice liability.

**NOTE 18 – Prior Period Adjustment**

A fund classification review by the County identified several fund misclassifications that warranted the creation of multiple new Special Revenue Funds while concurrently reducing matching amounts in the General Fund and Agency Funds. Corrective action resulted in prior period adjustments to the following funds:

Behavioral Health - Mental Health	\$ 65,224
Assessor	28,150
Behavioral Health	16,940
Social Services	12,652
Capital Projects	11,309
Auditor Controller Treasurer Tax Collector	8,107
Sheriff Coroner	7,164
Community Facilities Districts	6,298
Public Facilities	3,507
Inmate Welfare	3,299
District Attorney	2,729
Public Works CDBG	2,677
Public Health	2,484
Child Support Services	1,221
Public Works	896
County Administrative Office	471
Probation	178
County Clerk Elections	79
General Fund	(143,221)
Total fund reclassification	\$ 30,164

Prior period adjustments also pertained to the CSA – Special Revenue Fund for \$(267) to capitalize purchased equipment and the Information Technology Services Fund for \$279 to record additional expenditures.

**County of Fresno**  
**Notes to the Basic Financial Statements**  
**June 30, 2014**  
**(amounts expressed in thousands)**

Multiple adjustments relating to the prior period were identified in the County Service Areas Enterprise Funds. The most notable adjustment involved the addition of new funds - formerly classified as either Agency or General Fund Fiduciary Fund - totaling \$4,895. In all, the adjustments made to the County Service Areas Enterprise Fund resulted in an aggregate prior period adjustment of \$5,648.

The total of prior period adjustments for governmental activities was \$22,676, whereas the total of prior period adjustments for business-type activities was \$5,648. In the governmental activities, the prior period adjustments were caused by fund reclassifications of \$30,164 (from the table on page 60) and \$(267) for the County Service Areas – Special Revenue Fund. In addition, the governmental activities had a prior period adjustment due to the implementation of GASB Statement No. 65, which required the remaining balance of \$7,500 in unamortized bond issuance costs be written off. This equates to a prior period adjustment of \$(7,500) in the governmental activities portion of the Government-Wide statements. The \$279 adjustment relating to prior period for the Information Technology Services Fund results in an aggregate prior period adjustment of \$22,676.

**NOTE 19 - Subsequent Events**

In accordance with accounting standards generally accepted in the United States, subsequent events have been evaluated through June 19, 2015, the date in which the financial statements have been issued. On July 1, 2014, the County issued TRANs totaling \$65,000 due on June 30, 2015 at a coupon interest rate of 1.25% and a reoffering rate of 0.18%. The proceeds of the TRANs are intended to provide financing of seasonal cash flow requirements for the County's General Fund expenditures during the fiscal year ending June 30, 2015. The TRANs are general obligations of the County, but are payable only out of the taxes, income, revenues, cash receipts and other moneys received by the County for the General Fund during fiscal year 2014-15 that are lawfully available for payment of the notes and interest.

On October 22, 2013, the County Board adopted Resolution No. 13-393, which authorized the County's submittal of its application to the California Board of State and Community Corrections (BSCC) for State SB 1022 Financing (Adult Local Criminal Justice Facilities Construction Financing Program) in the amount of \$79,194 for construction of the proposed 300-bed West Annex Jail project in downtown Fresno. On March 18, 2014, the BSCC granted the County a conditional award of up to \$79,194 for the project. The County will construct the jail on a reimbursement basis except for the portion of the Jail constructed with County matching funds. The Jail will be constructed on land owned by the County and leased to the State. The estimated cost of the project is \$87,993, with approximately \$8,799 provided by the County. Construction is tentatively scheduled to begin in 2017.

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

**County of Fresno**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Resources (inflows):</b>				
Taxes	\$ 206,162	\$ 206,162	\$ 229,611	\$ 23,449
Licenses and permits	10,452	10,877	12,429	1,552
Fines, forfeitures and penalties	8,326	8,389	7,085	(1,304)
Use of money and property	3,139	3,139	5,443	2,304
Aid from other governmental agencies:				
State	333,872	339,972	115,824	(224,148)
Federal	343,836	354,332	48,555	(305,777)
Other	3,270	3,451	2,052	(1,399)
Charges for current services	65,235	68,035	59,818	(8,217)
Other revenues	47,824	48,115	9,812	(38,303)
<b>Total resources</b>	<b>1,022,116</b>	<b>1,042,472</b>	<b>490,629</b>	<b>(551,843)</b>
<b>Charges to appropriations (outflows):</b>				
<b>General government</b>				
Salaries and benefits	30,305	30,275	26,580	3,695
Services and supplies	13,059	16,602	5,317	11,285
Other charges	6,368	7,185	6,173	1,012
Capital assets	5,825	21,156	590	20,566
Total general government	55,557	75,218	38,660	36,558
<b>Public protection</b>				
Salaries and benefits	258,200	260,900	234,096	26,804
Services and supplies	64,380	71,362	56,597	14,765
Other charges	17,799	18,064	16,417	1,647
Capital assets	84	3,965	3,113	852
Total public protection	340,463	354,291	310,223	44,068
<b>Public ways and facilities</b>				
Salaries and benefits	2,568	2,633	1,858	775
Total public ways and facilities	2,568	2,633	1,858	775
<b>Health, sanitation, and public assistance</b>				
Salaries and benefits	293,362	298,128	263,438	34,690
Services and supplies	232,412	237,774	190,289	47,485
Other charges	319,090	328,286	324,902	3,384
Capital assets	112	1,262	2,918	(1,656)
Total health, sanitation, and public assistance	844,976	865,450	781,547	83,903
<b>Education</b>				
Salaries and benefits	206	210	197	13
Services and supplies	1	14	3	11
Total education	207	224	200	24
<b>Culture and recreation</b>				
Salaries and benefits	1,621	1,577	1,429	148
Services and supplies	1,447	1,596	1,332	264
Other charges	1	1	2	(1)
Capital assets	50	165	137	28
Total culture and recreation	3,119	3,339	2,900	439
<b>Total charges to appropriations</b>	<b>1,246,890</b>	<b>1,301,155</b>	<b>1,135,388</b>	<b>165,767</b>
Excess (deficiency) of resources over (under) appropriations	(224,774)	(258,683)	(644,759)	(386,076)
<b>Other financing sources (uses)</b>				
Transfers in	267,997	290,060	727,126	437,066
Transfers out	(56,067)	(62,704)	(97,269)	(34,565)
<b>Total other financing sources (uses)</b>	<b>211,930</b>	<b>227,356</b>	<b>629,857</b>	<b>402,501</b>
Net change in fund balances		(31,327)	(14,902)	16,425
Fund balances - beginning		307,538	307,538	-
Prior period adjustment		-	(143,221)	(143,221)
<b>Fund balances - ending</b>	<b>\$ -</b>	<b>\$ 276,211</b>	<b>\$ 149,415</b>	<b>\$ (126,796)</b>

**County of Fresno**  
**Budgetary Comparison Schedule**  
**Road Fund**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Taxes	\$ 8,857	\$ 8,857	\$ 9,414	\$ 557
Licenses and permits	450	450	458	8
Use of money and property	350	350	863	513
Intergovernmental revenues	43,950	43,950	37,275	(6,675)
Charges for current services	3,534	3,534	4,153	619
Other revenues	102	102	73	(29)
Total revenues	<u>57,243</u>	<u>57,243</u>	<u>52,236</u>	<u>(5,007)</u>
<b>Expenditures</b>				
Public ways and facilities:				
Salaries and benefits	19,389	19,389	17,589	1,800
Services and supplies	34,694	38,849	24,515	14,334
Other charges	350	350	103	247
Capital assets	9	9,000	6	8,994
Total expenditures	<u>54,442</u>	<u>67,588</u>	<u>42,213</u>	<u>25,375</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,801</u>	<u>(10,345)</u>	<u>10,023</u>	<u>20,368</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	(1,114)	(1,114)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,114)</u>	<u>(1,114)</u>
Net change in fund balances	2,801	(10,345)	8,909	19,254
Fund balances - beginning	35,327	35,327	35,327	-
Fund balances - ending	<u>\$ 38,128</u>	<u>\$ 24,982</u>	<u>\$ 44,236</u>	<u>\$ 19,254</u>

**County of Fresno**  
**Budgetary Comparison Schedule**  
**Behavioral Health - MH**  
**For the Fiscal Year Ended June 30, 2014**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 1,653	\$ 1,653
Intergovernmental revenues	<u>-</u>	<u>-</u>	<u>29,991</u>	<u>29,991</u>
Total revenues	<u>-</u>	<u>-</u>	<u>31,644</u>	<u>31,644</u>
<b>Expenditures</b>				
Health, sanitation and public assistance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	31,644	31,644
Other Financing Sources (Uses)				
Transfers out	<u>-</u>	<u>-</u>	<u>(18,516)</u>	<u>(18,516)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(18,516)</u>	<u>(18,516)</u>
Net change in fund balances	-	-	13,128	13,128
<b>Fund balances - beginning</b>	-	-	-	-
<b>Prior period adjustment</b>	<u>-</u>	<u>-</u>	<u>65,224</u>	<u>65,224</u>
<b>Fund balances - ending</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 78,352</u></u>	<u><u>\$ 78,352</u></u>

**County of Fresno**  
**Budgetary Comparison Schedule**  
**Social Services**  
**For the Fiscal Year Ended June 30, 2014**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Licenses and Permits	\$ -	\$ -	\$ 303	\$ 303
Use of money and property	-	-	450	450
Intergovernmental revenues	-	-	390,378	390,378
Other revenues	-	-	562	562
Total revenues	<u>-</u>	<u>-</u>	<u>391,693</u>	<u>391,693</u>
<b>Expenditures</b>				
Health, sanitation, and public assistance	-	-	265	265
Total expenditures	<u>-</u>	<u>-</u>	<u>265</u>	<u>265</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	391,428	391,428
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	(346,400)	(346,400)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(346,400)</u>	<u>(346,400)</u>
Net change in fund balances	-	-	45,028	45,028
<b>Fund balances - beginning</b>	-	-	-	-
<b>Prior period adjustment</b>	-	-	12,652	12,652
<b>Fund balances - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,680</u>	<u>\$ 57,680</u>

**County of Fresno**  
**Budgetary Comparison Schedule**  
**Local Health and Welfare Fund**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 10	\$ 10
Intergovernmental revenues	<u>113,646</u>	<u>119,687</u>	<u>132,091</u>	<u>12,404</u>
Total revenues	<u>113,646</u>	<u>119,687</u>	<u>132,101</u>	<u>12,414</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>113,646</u>	 <u>119,687</u>	 <u>132,101</u>	 <u>12,414</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	45,625	48,563	51,182	2,619
Transfers out	<u>(159,271)</u>	<u>(170,626)</u>	<u>(171,165)</u>	<u>(539)</u>
Total other financing sources (uses)	<u>(113,646)</u>	<u>(122,063)</u>	<u>(119,983)</u>	<u>2,080</u>
 Net change in fund balances	 -	 (2,376)	 12,118	 14,494
<b>Fund balances - beginning</b>	<u>4,202</u>	<u>4,202</u>	<u>4,202</u>	<u>-</u>
<b>Fund balances - ending</b>	<u><u>\$ 4,202</u></u>	<u><u>\$ 1,826</u></u>	<u><u>\$ 16,320</u></u>	<u><u>\$ 14,494</u></u>

**County of Fresno**  
**Budgetary Comparison Schedule**  
**2011 Realignment**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Taxes	\$ 126,493	\$ 126,493	\$ 130,187	\$ 3,694
Use of money and property	-	-	314	314
Total resources	<u>126,493</u>	<u>126,493</u>	<u>130,501</u>	<u>4,008</u>
Excess (deficiency) of revenues over (under) expenditures	<u>126,493</u>	<u>126,493</u>	<u>130,501</u>	<u>4,008</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(126,493)</u>	<u>(126,493)</u>	<u>(129,687)</u>	<u>(3,194)</u>
Total other financing sources (uses)	<u>(126,493)</u>	<u>(126,493)</u>	<u>(129,687)</u>	<u>(3,194)</u>
Net change in fund balances	-	-	814	814
Fund balances - beginning	<u>14,967</u>	<u>14,967</u>	<u>34,942</u>	<u>-</u>
Fund balances - ending	<u>\$ 14,967</u>	<u>\$ 14,967</u>	<u>\$ 35,756</u>	<u>\$ 814</u>

**County of Fresno**  
**Note to the Budgetary Comparison Schedules**  
**For the Fiscal Year Ended June 30, 2014**  
**(amounts in thousands)**

**BUDGETARY BASIS OF ACCOUNTING**

In accordance with the provisions of Sections 29000 through 29144 and Section 30200 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County is required to prepare a balanced budget for each fiscal year on or before October 2. Budgeted expenditures are enacted into law through the passage of a resolution of adoption. The resolution of adoption specifies the maximum authorized expenditures for each budget unit for that fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County Board of Supervisors (County Board).

In May of each year, the County Administrative Officer prepares and submits the recommended budget document to the County Board. In June, public hearings are held to provide the general public with an opportunity to speak on any budget items before the County Board. The recommended budget, once adopted, is uploaded to the County's financial system in early July so that budget monitoring for the new fiscal year can begin. After fiscal year-end closing activities are completed and the State Budget is approved, the County Administrative Officer presents quarterly budget updates to the County Board for adjustments to the recommended budget, as necessary, as a result of State Budget adjustments or other unforeseen changes.

An operating budget is adopted each fiscal year for all governmental and proprietary funds. Governmental funds that are budgeted include the General Fund, special revenue funds, and debt service fund, but do not include the capital projects fund. Proprietary funds include enterprise funds and internal service funds. Expenditures are controlled at the object level within each budget unit of the County except for capital assets, which are controlled at the sub-object level. The object level (sub-object level for capital assets) within a budget unit is the legal level of budgetary control at which the County's management may not reallocate resources without special approval. Any amendments or transfers of appropriations between object levels (sub-object level for capital assets) within the same budget unit, or between budget units or funds, must be authorized by the County Administrative Officer and approved by the County Board of Supervisors. Supplemental appropriations, normally financed by unanticipated revenues during the year, require the County Board's approval as well. Pursuant to Government Code Section 29092, the County Administrative Officer is authorized to approve transfers of appropriations within a single budget unit as deemed necessary and appropriate as long as the transfers are not between object levels or sub-object levels for capital assets. Budgeted amounts in the budgetary comparison schedules are reported as originally adopted and as amended during the fiscal year.

The County uses an encumbrance system as an extension of normal budgetary accounting for all governmental funds and proprietary funds to control expenditures. Under the encumbrance system, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered in order to reserve that portion of applicable appropriations. Encumbrances are combined with expenditures for budgetary comparison purposes. Unencumbered appropriations lapse at year-end; encumbered appropriations at year-end are carried forward in the ensuing new fiscal year's budget but are kept separate from the new fiscal year's budget. The encumbrances are reported as prior budget year appropriations on all financial reports but are available for expenditure in the new fiscal year.

The budget approved by the County Board of Supervisors for the General Fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other governmental funds. In the accompanying budgetary comparison schedules, actual reimbursements for these items have been eliminated from the resources and related expenditures have been eliminated from the charges to appropriations to provide a meaningful comparison of actual and budgeted results of operations.



**County of Fresno**  
**Note to the Budgetary Comparison Schedules**  
**For the Fiscal Year Ended June 30, 2014**  
**(amounts in thousands)**

The budgets for governmental funds may include an account known as "Intrafund Revenue". This account is used by the County to show reimbursements between operations within the same fund (an example would be charges by one budget unit to another budget unit within the General Fund).

The amounts reported on the budgetary basis differ from the basis used to present the basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Annual budgets are prepared using the modified accrual basis of accounting except that current year encumbrances are budgeted as expenditures; reimbursements for amounts disbursed on behalf of other governmental funds are reported as resources and related expenditures as charges to the appropriation; certain transactions are accounted for in different periods between budgetary and GAAP reporting basis; and securities lending activities and transactions from sub-funds reclassified from County Agency funds are reported in GAAP reporting basis.

**County of Fresno  
Required Supplementary Information  
For the Year Ended June 30, 2014**

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

<b>Actuarial Valuation Date</b>	<b>(1) Actuarial Value of Assets (AVA)</b>	<b>(2) Actuarial Accrued Liability (AAL)</b>	<b>(3) Unfunded AAL (UAAL) (2) - (1)</b>	<b>(4) Funded Ratio (1) / (2)</b>	<b>(5) Covered Payroll</b>	<b>(6) UAAL as a Percentage of Covered Payroll (3) / (5)</b>
6/30/05 <sup>2</sup>	\$ 2,044,389 <sup>1</sup>	\$ 2,233,594 <sup>1,2</sup>	\$ 189,205 <sup>1,2</sup>	91.5% <sup>1</sup>	\$ 351,049	53.9% <sup>2</sup>
6/30/06	2,398,454	2,803,990	405,536	85.5%	376,270	107.8%
6/30/07	2,610,269 <sup>3</sup>	3,149,570	539,301	82.9%	404,277	133.4%
6/30/08	2,812,423	3,429,990	617,567	82.0%	424,083	145.6%
6/30/09	2,864,956	3,644,743	779,787	78.6%	422,519	184.6%
6/30/10	2,983,044	4,092,464	1,109,420	72.9%	408,861	271.3%
6/30/11	3,114,483	4,237,961	1,123,478	73.5%	398,976	281.6%
6/30/12	3,305,045	4,345,402	1,040,357	76.1%	365,596	284.6%
6/30/13	3,518,982	4,694,780	1,175,798	75.0%	370,079	317.7%

<sup>1</sup> Results were prepared by the Fresno County Employees' Retirement Association's prior actuary and disclosed in the June 30, 2006 CAFR.

<sup>2</sup> Before the County Board amended its funding policy to eliminate the requirement that one-half of the Cost of Living Adjustments UAAL be paid by members. After the amendment, the AAL was \$2,545,620, the AVA was \$2,270,141, the funded percentage was 89.2% and the UAAL was \$275,479.

<sup>3</sup> Assets decreased by \$3,169 for a net overpayment of member contributions discounted to June 30, 2007.

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

Source: Schedule prepared by The Segal Company.

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**Combining and Individual  
Fund Financial Statements and Schedules**

### **Capital Projects Fund**

The Capital Projects Fund is used to account for the acquisition and construction of major facilities other than those financed by Proprietary and certain Trust Funds. Budgets are adopted in the General Fund at the beginning of projects and are periodically modified by the Board of Supervisors during the course of construction as circumstances require. Transfers are made from the General Fund to the Capital Projects Fund to finance capital expenditures. There are no combining statements because the County uses one Capital Projects Fund which is reported on the nonmajor combining financial statements.

### **Special Revenue Funds**

Special Revenue Funds are established to finance particular governmental activities and are funded by receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory or charter provisions to pay for certain activities of a continuing nature.

### **County Administrative Office**

The County Administrative Office fund, established pursuant to Government Code 12710-12718, is used to account for funding and administrative costs for Indian Gaming activities.

### **Auditor Controller Treasurer Tax Collector**

The Auditor Controller Treasurer Tax Collector fund was established to account for the collection and retention of fees used specifically for the preparation of delinquent tax records and giving notice of delinquency.

### **Assessor Recorder**

California Revenue and Taxation Code 95.35 allowed for the establishment of the Assessor Recorder fund to account for resources that support, maintain, improve, and/or provide for the full operation of modernized computer systems.

### **Behavioral Health**

The Behavioral Health fund accounts for revenues generated by various code section fines and fees, to be used in specified mental health and substance abuse categories.

### **County Clerk Elections**

Pursuant to Health and Safety Code 103625(i)(f), the County Clerk Elections fund was established to provide enhanced services to the public through improvements of the record systems.

**Child Support Services**

The Child Support Services fund was established to account for mandated accountability pursuant to FSD Letter 00-03 in order to receive deposits from the State for administering child support programs and related costs.

**District Attorney**

The District Attorney fund was established to account for revenues and assets seized as authorized by the Health and Safety Code. Funds are later transferred to other divisions to cover costs in District Attorney operations.

**Probation**

The Probation fund receives its funds from the State Victim Compensation Program and uses it specifically for the purpose of emergency needs of crime victims in Fresno County.

**Public Health**

The Public Health fund was established to account for revenues received from fees and grants. Monies received provide for such activities as health preparedness, emergency medical system administrative costs, and other various health programs for the County.

**Public Works**

The Public Works fund was established to account for a variety of specified fines and fees, which are subsequently utilized for an assortment of public way and facility projects.

**Community Facilities Districts**

The Community Facilities Districts fund was created to segregate amounts to be utilized in improvements to the various Community Facilities Districts within the County.

**Public Facilities Fees**

Traffic mitigation fees are collected by Board action from property owners, developers, and builders to be used for road infrastructure improvements.

**Public Works CDBG**

The Public Works CDBG fund was established to house revenues related to the Community Development Block Grant (CDBG) program.

**Sheriff Coroner**

The Sheriff Coroner Fund was established to account for state-authorized fees as well as asset forfeiture. These funds are subsequently used in the Sheriff's Civil Division for specific projects.

**Inmate Welfare**

California Penal Code requires the Sheriff's Office to maintain an Inmate Welfare Fund. These funds are solely for the benefit of inmates, and cannot be used to supplant required levels of service by the Sheriff's Office.

**County Free Library**

The Fresno County Free Library is a Special District, under the governance of the Board of Supervisors, which provides informational, cultural, and recreational services to the public through 35 library outlets.

**Fish and Game**

This fund was established to receive the County's share of fines levied for violations of fish and game laws within its boundaries. Expenditures are made from time to time for purposes of improving the habitat for wildlife propagation and for incidental administrative matters.

**Off-Highway License**

The Off-Highway Vehicle Law of 1971 requires users of trail bikes, dune buggies, and similar vehicles designed for off-highway use to purchase an identification certificate. This fund can only be used to account for acquisition and development of off-road recreation areas. Allowable expenditures include feasibility studies, planning studies, environmental impact reports and other expenses necessary to implement acquisition or development.

**Emergency Medical Services (EMS)**

The EMS fund was established in 1989-90 to receive deposits associated with Senate Bill (SB) 12 and Proposition 99 monies. Disbursements from this fund must be in accordance with Health & Safety Code Section 1797.98a and Assembly Bill (AB) 75. The monies in this fund are used to reimburse physicians and hospitals for emergency treatment performed on individuals who are unable to pay.

**Community Corrections Performance Incentive**

This fund was established as a result of California SB 678. These funds are utilized to reduce recidivism of felony probationers by improving probation services.

**County Service Areas, Other**

These special districts, governed by the Fresno County Board of Supervisors, include County Service Areas, and Lighting and Maintenance Districts. These districts were established to provide services such as road, park, and lighting maintenance to specific areas in the County. They are financed by ad valorem property taxes in the area benefited, or by special assessments levied on specific properties.



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**County of Fresno**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2014**  
(amounts expressed in thousands)

	Special Revenue Funds	Capital Projects Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 118,256	\$ 15,930	\$ 134,186
Receivables, net:			
Accounts	3,687	-	3,687
Taxes	2,550	-	2,550
Interest	333	17	350
Due from other funds	4	-	4
Due from other governmental units	76	-	76
Inventory of supplies	21	-	21
Total assets	<u>\$ 124,927</u>	<u>\$ 15,947</u>	<u>\$ 140,874</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 572	\$ -	\$ 572
Salaries and benefits payable	983	-	983
Due to other funds	342	27	369
Due to other governmental units	173	-	173
Unearned revenue	1,704	-	1,704
Total liabilities	<u>3,774</u>	<u>27</u>	<u>3,801</u>
<b>Fund balances:</b>			
Nonspendable	29	-	29
Restricted	108,789	15,920	124,709
Assigned	12,335	-	12,335
Total fund balances	<u>121,153</u>	<u>15,920</u>	<u>137,073</u>
Total liabilities and fund balances	<u>\$ 124,927</u>	<u>\$ 15,947</u>	<u>\$ 140,874</u>

**County of Fresno**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

	Special Revenue Funds	Capital Projects Fund	Total
<b>Revenues:</b>			
Taxes	\$ 25,158	\$ -	\$ 25,158
Licenses and permits	880	-	880
Fines, forfeitures and penalties	7,572	-	7,572
Use of money and property	2,466	203	2,669
Aid from other governmental agencies:			
State	13,573	-	13,573
Federal	42,178	-	42,178
Other	-	-	-
Charges for current services	4,303	-	4,303
Other revenues	7,319	258	7,577
Total revenues	<u>103,449</u>	<u>461</u>	<u>103,910</u>
<b>Expenditures:</b>			
Public ways and facilities	1,624	-	1,624
Health, sanitation, and public assistance	1,133	-	1,133
Public protection	2,381	-	2,381
General government	55	-	55
Education	23,508	-	23,508
Capital outlay	-	693	693
Total expenditures	<u>28,701</u>	<u>693</u>	<u>29,394</u>
Excess (deficiency) of revenues over (under) expenditures	<u>74,748</u>	<u>(232)</u>	<u>74,516</u>
<b>Other financing sources (uses):</b>			
Transfers in	22,875	1,364	24,239
Transfers out	(83,097)	-	(83,097)
Total other financing sources (uses)	<u>(60,222)</u>	<u>1,364</u>	<u>(58,858)</u>
Net change in fund balances	<u>14,526</u>	<u>1,132</u>	<u>15,658</u>
Fund balances - beginning	22,694	3,479	26,173
Prior period adjustment	83,933	11,309	95,242
Fund balances - ending	<u><u>\$ 121,153</u></u>	<u><u>\$ 15,920</u></u>	<u><u>\$ 137,073</u></u>

**County of Fresno**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2014**  
(amounts expressed in thousands)

	County Administrative Office	Auditor Controller Treasurer Tax Collector	Assessor Recorder	Behavioral Health	County Clerk Elections
<b>ASSETS</b>					
Cash and investments	\$ 341	\$ 8,589	\$ 28,381	\$ 21,217	\$ 111
Receivables, net:					
Accounts	272	-	-	-	-
Taxes	-	-	-	-	-
Interest	2	-	89	85	-
Due from other funds	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Inventory of supplies	-	-	-	-	-
Total assets	<u>\$ 615</u>	<u>\$ 8,589</u>	<u>\$ 28,470</u>	<u>\$ 21,302</u>	<u>\$ 111</u>
<b>LIABILITIES &amp; FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governmental units	-	-	-	-	55
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55</u>
<b>Fund balances</b>					
Nonspendable	-	-	-	-	-
Restricted	615	8,589	28,470	21,302	56
Assigned	-	-	-	-	-
Total fund balances	<u>615</u>	<u>8,589</u>	<u>28,470</u>	<u>21,302</u>	<u>56</u>
Total liabilities and fund balances	<u>\$ 615</u>	<u>\$ 8,589</u>	<u>\$ 28,470</u>	<u>\$ 21,302</u>	<u>\$ 111</u>

**County of Fresno**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2014**  
(amounts expressed in thousands)

Child Support Services	District Attorney	Probation	Public Health	Public Works	Community Facilities Districts	
\$ 1,042	\$ 4,003	\$ 160	\$ 4,129	\$ 740	\$ 6,548	<b>ASSETS</b>
-	1,354	-	584	-	-	Cash and investments
-	-	-	-	-	-	Receivables, net:
-	12	-	6	2	21	Accounts
-	-	-	-	-	-	Taxes
-	-	-	-	-	-	Interest
-	-	-	-	-	-	Due from other funds
-	-	-	-	-	-	Due from other governmental units
-	-	-	-	-	-	Inventory of supplies
<u>\$ 1,042</u>	<u>\$ 5,369</u>	<u>\$ 160</u>	<u>\$ 4,719</u>	<u>\$ 742</u>	<u>\$ 6,569</u>	Total assets
						<b>LIABILITIES &amp; FUND BALANCES</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	<b>Liabilities</b>
-	-	-	-	-	-	Accounts payable
-	-	17	-	-	-	Salaries and benefits payable
-	115	-	-	-	-	Due to other funds
-	1,655	-	12	-	-	Due to other governmental units
-	1,770	17	12	-	-	Unearned revenue
-	-	-	-	-	-	Total liabilities
-	-	-	-	-	-	<b>Fund balances</b>
1,042	3,599	143	4,707	742	6,569	Nonspendable
-	-	-	-	-	-	Restricted
1,042	3,599	143	4,707	742	6,569	Assigned
<u>\$ 1,042</u>	<u>\$ 5,369</u>	<u>\$ 160</u>	<u>\$ 4,719</u>	<u>\$ 742</u>	<u>\$ 6,569</u>	Total fund balances
						Total liabilities and fund balances

**County of Fresno**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2014**  
(amounts expressed in thousands)

	Public Facilities Fees	Public Works CDBG	Sheriff Coroner	Inmate Welfare	County Free Library	Fish and Game
<b>ASSETS</b>						
Cash and investments	\$ 3,648	\$ 2,052	\$ 7,585	\$ 4,119	\$ 16,102	\$ 21
Receivables, net:						
Accounts	19	129	278	211	50	-
Taxes	-	-	-	-	2,550	-
Interest	12	4	19	13	40	-
Due from other funds	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	76	-
Inventory of supplies	-	-	-	-	21	-
Total assets	<u>\$ 3,679</u>	<u>\$ 2,185</u>	<u>\$ 7,882</u>	<u>\$ 4,343</u>	<u>\$ 18,839</u>	<u>\$ 21</u>
<b>LIABILITIES &amp; FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 9	\$ 76	\$ 378	\$ 1
Salaries and benefits payable	-	-	-	-	983	-
Due to other funds	-	-	-	-	101	-
Due to other governmental units	-	-	-	-	-	-
Unearned revenue	-	-	37	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>46</u>	<u>76</u>	<u>1,462</u>	<u>1</u>
<b>Fund balances</b>						
Nonspendable	-	-	-	-	29	-
Restricted	3,679	2,185	7,836	4,267	5,013	20
Assigned	-	-	-	-	12,335	-
Total fund balances	<u>3,679</u>	<u>2,185</u>	<u>7,836</u>	<u>4,267</u>	<u>17,377</u>	<u>20</u>
Total liabilities and fund balances	<u>\$ 3,679</u>	<u>\$ 2,185</u>	<u>\$ 7,882</u>	<u>\$ 4,343</u>	<u>\$ 18,839</u>	<u>\$ 21</u>

**County of Fresno**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2014**  
(amounts expressed in thousands)

Off- Highway License	Emergency Medical Services	Community Corrections Performance Incentive	County Service Areas, Other	Total
\$ 43	\$ 2,229	\$ 998	\$ 6,198	\$ 118,256
5	75	710	-	3,687
-	-	-	-	2,550
1	7	2	18	333
-	-	-	4	4
-	-	-	-	76
-	-	-	-	21
<u>\$ 49</u>	<u>\$ 2,311</u>	<u>\$ 1,710</u>	<u>\$ 6,220</u>	<u>\$ 124,927</u>
\$ -	\$ 49	\$ -	\$ 59	\$ 572
-	-	-	-	983
-	26	158	40	342
-	-	-	3	173
-	-	-	-	1,704
<u>-</u>	<u>75</u>	<u>158</u>	<u>102</u>	<u>3,774</u>
-	-	-	-	29
49	2,236	1,552	6,118	108,789
-	-	-	-	12,335
<u>49</u>	<u>2,236</u>	<u>1,552</u>	<u>6,118</u>	<u>121,153</u>
<u>\$ 49</u>	<u>\$ 2,311</u>	<u>\$ 1,710</u>	<u>\$ 6,220</u>	<u>\$ 124,927</u>

**ASSETS**

Cash and investments  
Receivables, net:  
    Accounts  
    Taxes  
    Interest  
Due from other funds  
Due from other governmental units  
Inventory of supplies  
Total assets

**LIABILITIES & FUND BALANCES**

**Liabilities**

Accounts payable  
Salaries and benefits payable  
Due to other funds  
Due to other governmental units  
Unearned revenue  
Total liabilities

**Fund balances**

Nonspendable  
Restricted  
Assigned  
Total fund balances  
Total liabilities and fund balances

**County of Fresno**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**(amounts expressed in thousands)**

	County Administrative Office	Auditor Controller Treasurer Tax Collector	Assessor Recorder	Behavioral Health	County Clerk Elections
<b>Revenues:</b>					
Taxes	\$ -	\$ 312	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Fines, forfeitures and penalties	2,406	-	-	551	-
Use of money and property	14	170	488	547	1
Aid from other governmental agencies:					
State	-	-	-	2,080	-
Federal	-	-	-	24,527	-
Charges for current services	-	-	829	-	63
Other revenues	-	-	-	798	-
Total revenues	<u>2,420</u>	<u>482</u>	<u>1,317</u>	<u>28,503</u>	<u>64</u>
<b>Expenditures:</b>					
Public ways and facilities	-	-	-	-	-
Health, sanitation, and public assistance	-	-	-	-	-
Public protection	-	-	-	-	-
General government	-	-	-	-	55
Education	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,420</u>	<u>482</u>	<u>1,317</u>	<u>28,503</u>	<u>9</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	22,771	-
Transfers out	(2,276)	-	(997)	(46,912)	(32)
Total other financing sources (uses)	<u>(2,276)</u>	<u>-</u>	<u>(997)</u>	<u>(24,141)</u>	<u>(32)</u>
Net change in fund balances	144	482	320	4,362	(23)
Fund balances - beginning	-	-	-	-	-
Prior period adjustment	471	8,107	28,150	16,940	79
Fund balances - ending	<u>\$ 615</u>	<u>\$ 8,589</u>	<u>\$ 28,470</u>	<u>\$ 21,302</u>	<u>\$ 56</u>



**County of Fresno**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

Child Support Services	District Attorney	Probation	Public Health	Public Works	Community Facilities Districts	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	<b>Revenues:</b>
-	-	-	206	113	126	Taxes
-	1,831	3	1,349	-	-	Licenses and permits
9	83	3	86	19	158	Fines, forfeitures and penalties
						Use of money and property
7,393	2,068	-	176	-	-	Aid from other governmental agencies:
14,351	-	-	2,185	-	-	State
-	-	-	-	-	-	Federal
-	859	100	-	39	-	Charges for current services
-	-	-	-	-	-	Other revenues
21,753	4,841	106	4,002	171	284	Total revenues
-	-	-	-	-	6	<b>Expenditures:</b>
-	-	-	221	-	-	Public ways and facilities
-	22	134	-	-	-	Health, sanitation, and public assistance
-	-	-	-	-	-	Public protection
-	-	-	-	-	-	General government
-	-	-	-	-	-	Education
-	22	134	221	-	6	Total expenditures
21,753	4,819	(28)	3,781	171	278	Excess (deficiency) of revenues over (under) expenditures
-	-	-	-	-	-	<b>Other financing sources (uses):</b>
(21,932)	(3,949)	(7)	(1,558)	(325)	(7)	Transfers in
(21,932)	(3,949)	(7)	(1,558)	(325)	(7)	Transfers out
(179)	870	(35)	2,223	(154)	271	Total other financing sources (uses)
-	-	-	-	-	-	Net change in fund balances
1,221	2,729	178	2,484	896	6,298	Fund balances - beginning
\$ 1,042	\$ 3,599	\$ 143	\$ 4,707	\$ 742	\$ 6,569	Prior period adjustment
						Fund balances - ending

**County of Fresno**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

	Public Facilities Fees	Public Works CDBG	Sheriff Coroner	Inmate Welfare	County Free Library	Fish and Game
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ 56	\$ -	\$ 24,448	\$ -
Licenses and permits	435	-	-	-	-	-
Fines, forfeitures and penalties	-	-	406	-	-	4
Use of money and property	89	45	171	90	310	-
Aid from other governmental agencies:						
State	-	-	-	-	146	-
Federal	-	-	1,021	-	94	-
Charges for current services	-	-	732	-	1,550	-
Other revenues	-	2,309	14	2,856	330	-
Total revenues	<u>524</u>	<u>2,354</u>	<u>2,400</u>	<u>2,946</u>	<u>26,878</u>	<u>4</u>
<b>Expenditures:</b>						
Public ways and facilities	73	726	-	-	-	3
Health, sanitation, and public assistance	-	-	-	-	-	-
Public protection	-	-	247	1,978	-	-
General government	-	-	-	-	-	-
Education	-	-	-	-	23,508	-
Total expenditures	<u>73</u>	<u>726</u>	<u>247</u>	<u>1,978</u>	<u>23,508</u>	<u>3</u>
Excess (deficiency) of revenues over (under) expenditures	<u>451</u>	<u>1,628</u>	<u>2,153</u>	<u>968</u>	<u>3,370</u>	<u>1</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	104	-
Transfers out	(279)	(2,120)	(1,481)	-	(1,064)	-
Total other financing sources (uses)	<u>(279)</u>	<u>(2,120)</u>	<u>(1,481)</u>	<u>-</u>	<u>(960)</u>	<u>-</u>
Net change in fund balances	172	(492)	672	968	2,410	1
Fund balances - beginning	-	-	-	-	14,967	19
Prior period adjustment	3,507	2,677	7,164	3,299	-	-
Fund balances - ending	<u>\$ 3,679</u>	<u>\$ 2,185</u>	<u>\$ 7,836</u>	<u>\$ 4,267</u>	<u>\$ 17,377</u>	<u>\$ 20</u>

**County of Fresno**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

Off- Highway License	Emergency Medical Services	Community Corrections Performance Incentive	County Service Areas, Other	Total	
\$ -	\$ -	\$ -	\$ 342	\$ 25,158	<b>Revenues:</b>
-	-	-	-	880	Taxes
-	1,022	-	-	7,572	Licenses and permits
-	50	11	122	2,466	Fines, forfeitures and penalties
					Use of money and property
					Aid from other governmental agencies:
11	-	1,699	-	13,573	State
-	-	-	-	42,178	Federal
-	-	-	1,129	4,303	Charges for current services
-	-	-	14	7,319	Other revenues
11	1,072	1,710	1,607	103,449	Total revenues
					<b>Expenditures:</b>
4	-	-	812	1,624	Public ways and facilities
-	912	-	-	1,133	Health, sanitation, and public assistance
-	-	-	-	2,381	Public protection
-	-	-	-	55	General government
-	-	-	-	23,508	Education
4	912	-	812	28,701	Total expenditures
					Excess (deficiency) of revenues
7	160	1,710	795	74,748	over (under) expenditures
					<b>Other financing sources (uses):</b>
-	-	-	-	22,875	Transfers in
-	-	(158)	-	(83,097)	Transfers out
-	-	(158)	-	(60,222)	Total other financing sources (uses)
7	160	1,552	795	14,526	Net change in fund balances
42	2,076	-	5,590	22,694	Fund balances - beginning
-	-	-	(267)	83,933	Prior period adjustment
\$ 49	\$ 2,236	\$ 1,552	\$ 6,118	\$ 121,153	Fund balances - ending

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## **Internal Service Funds**

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

### **Fleet Services**

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

### **Information Technology Services**

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

### **Graphic Communications Services**

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

### **Risk Management**

Risk Management provides the mechanism to finance all County insurance and self-insurance programs. Financing for the health and dental plans covering County employees and retirees is also maintained by Risk Management, including the cost of administering these benefits. Other activities include coordination of the County safety program, and the recovery of damages to County employees and property from responsible third parties.

### **Communications**

Communications finances the administration, design, installation, and maintenance of the County's telephone system. Other services provided include County telephone operators and the toll free County number. Communications also provides consultant services to ensure cost-effective utilization of telecommunication systems by user departments as needs are identified.

### **PeopleSoft Operations**

PeopleSoft Operations provides services and support for the financial accounting system software used by the County. The components financed through this internal service fund include the financial accounting system and the payroll system. Charges for this internal service fund support both the purchasing of software and the provision of technical support for the software.

**Facility Services**

Facility Services provides mechanical, electrical, structural and janitorial services to County departments. This includes routine and preventive maintenance, remodeling and modifications, computer cabling and furniture moves.

**Security Services**

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

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**County of Fresno**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2014**  
**(amounts expressed in thousands)**

	Fleet Services	Information Technology Services	Graphic Communications Services	Facility Services
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 5,817	\$ 7,892	\$ 260	\$ -
Restricted cash and cash equivalents	-	490	-	-
Accounts receivable (net of allowance)	80	24	12	11
Interest receivable	17	4	1	-
Due from other funds	1,223	1,748	276	3,156
Due from other governmental units	-	-	-	-
Inventory of supplies	744	2	9	213
Other assets	-	-	43	-
Total current assets	<u>7,881</u>	<u>10,160</u>	<u>601</u>	<u>3,380</u>
Noncurrent assets:				
Accounts receivable	-	-	-	-
Depreciable:				
Buildings and improvements	569	2,537	257	662
Equipment	39,972	10,734	127	23
Less accumulated depreciation	(25,275)	(8,072)	(177)	(86)
Intangible	110	10,877	-	-
Less accumulated amortization	(110)	(10,592)	-	-
Total noncurrent assets	<u>15,266</u>	<u>5,484</u>	<u>207</u>	<u>599</u>
Total assets	<u>23,147</u>	<u>15,644</u>	<u>808</u>	<u>3,979</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	518	298	314	1,523
Salaries and benefits payable	150	742	51	384
Due to other funds	229	314	23	1,899
Due to other governmental units	-	-	-	-
Liability for self-insurance	-	-	-	-
Unearned revenue	94	-	-	368
Deposits and other liabilities	-	-	-	-
Compensated leave and absences	72	420	38	149
Capital lease obligations	-	1,420	-	-
Total current liabilities	<u>1,063</u>	<u>3,194</u>	<u>426</u>	<u>4,323</u>
Noncurrent liabilities:				
Compensated leave and absences	142	738	11	224
Capital lease obligations	61	2,246	-	-
Total noncurrent liabilities	<u>203</u>	<u>2,984</u>	<u>11</u>	<u>224</u>
Total liabilities	<u>1,266</u>	<u>6,178</u>	<u>437</u>	<u>4,547</u>
<b>NET POSITION</b>				
Net investment in capital assets	15,205	1,818	207	599
Unrestricted	6,676	7,648	164	(1,167)
Total net position	<u>\$ 21,881</u>	<u>\$ 9,466</u>	<u>\$ 371</u>	<u>\$ (568)</u>



**County of Fresno**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2014**  
**(amounts expressed in thousands)**

Security Services	Risk Management	Communications	PeopleSoft Operations	Total
\$ 2,234	\$ 88,137	\$ 3,479	\$ 788	\$ 108,607
-	-	-	-	490
27	145	16	10	325
6	285	2	-	315
379	490	417	241	7,930
20	3,713	-	-	3,733
-	4	-	-	972
-	13	-	-	56
<u>2,666</u>	<u>92,787</u>	<u>3,914</u>	<u>1,039</u>	<u>122,428</u>
-	646	-	-	646
-	-	-	-	4,025
70	11	8,453	-	59,390
(5)	(6)	(4,852)	-	(38,473)
-	-	-	9,576	20,563
-	-	-	(9,441)	(20,143)
<u>65</u>	<u>651</u>	<u>3,601</u>	<u>135</u>	<u>26,008</u>
<u>2,731</u>	<u>93,438</u>	<u>7,515</u>	<u>1,174</u>	<u>148,436</u>
47	484	293	224	3,701
212	148	45	9	1,741
70	258	65	92	2,950
-	6,205	-	-	6,205
-	87,620	-	-	87,620
-	-	-	-	462
-	184	-	-	184
84	88	19	5	875
-	2	268	-	1,690
<u>413</u>	<u>94,989</u>	<u>690</u>	<u>330</u>	<u>105,428</u>
191	106	21	19	1,452
-	3	395	-	2,705
<u>191</u>	<u>109</u>	<u>416</u>	<u>19</u>	<u>4,157</u>
<u>604</u>	<u>95,098</u>	<u>1,106</u>	<u>349</u>	<u>109,585</u>
65	-	2,938	135	20,967
2,062	(1,660)	3,471	690	17,884
<u>\$ 2,127</u>	<u>\$ (1,660)</u>	<u>\$ 6,409</u>	<u>\$ 825</u>	<u>\$ 38,851</u>

**ASSETS**

Current assets:

Cash and cash equivalents  
Restricted cash and cash equivalents  
Accounts receivable (net of allowance)  
Interest receivable  
Due from other funds  
Due from other governmental units  
Inventory of supplies  
Other assets

Total current assets

Noncurrent assets:

Accounts receivables  
Depreciable  
Buildings and improvements  
Equipment  
Less accumulated depreciation  
Intangible  
Less accumulated amortization

Total noncurrent assets

Total assets

**LIABILITIES**

Current liabilities:

Accounts payable  
Salaries and benefits payable  
Due to other funds  
Due to other governmental units  
Liability for self-insurance  
Unearned revenue  
Deposits and other liabilities  
Compensated leave and absences  
Capital lease obligations

Total current liabilities

Noncurrent liabilities:

Compensated leave and absences  
Capital lease obligations

Total noncurrent liabilities

Total liabilities

**NET POSITION**

Net investment in capital assets

Unrestricted

Total net position

**County of Fresno**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**(amounts expressed in thousands)**

	<u>Fleet Services</u>	<u>Information Technology Services</u>	<u>Graphic Communications Services</u>	<u>Facility Services</u>
<b>Operating revenues:</b>				
Charges for services	\$ 13,893	\$ 22,005	\$ 2,860	\$ 29,389
Other operating revenues	112	12	640	5
Total operating revenues	<u>14,005</u>	<u>22,017</u>	<u>3,500</u>	<u>29,394</u>
<b>Operating expenses:</b>				
Salaries and benefits	2,413	11,475	970	6,595
Insurance	7	71	9	491
Professional services	128	980	662	4,836
Special departmental	5,042	2,887	-	109
General and administrative	742	987	119	1,187
Repairs and maintenance	1,029	423	30	2,530
Rents and leases	78	2,150	102	3
Parts and supplies	446	113	1,278	13
Utilities	75	309	26	9,733
Depreciation	2,605	1,742	9	14
Total operating expenses	<u>12,565</u>	<u>21,137</u>	<u>3,205</u>	<u>25,511</u>
Operating income (loss)	<u>1,440</u>	<u>880</u>	<u>295</u>	<u>3,883</u>
<b>Non-operating revenues (expenses):</b>				
Gain (loss) on sale of equipment	(370)	(6)	-	-
Use of money and property	52	76	2	-
Interest income	70	72	1	(41)
Total non-operating revenues (expenses)	<u>(248)</u>	<u>142</u>	<u>3</u>	<u>(41)</u>
Net income (loss) before transfers	<u>1,192</u>	<u>1,022</u>	<u>298</u>	<u>3,842</u>
<b>Transfers in (out):</b>				
Transfers in	952	100	-	-
Transfers out	(151)	(721)	(62)	(1,724)
Total transfers in (out)	<u>801</u>	<u>(621)</u>	<u>(62)</u>	<u>(1,724)</u>
<b>Change in net position</b>	<u>1,993</u>	<u>401</u>	<u>236</u>	<u>2,118</u>
Net position - beginning	19,888	8,786	135	(2,686)
Prior year adjustment	-	279	-	-
Net position - ending	<u>\$ 21,881</u>	<u>\$ 9,466</u>	<u>\$ 371</u>	<u>\$ (568)</u>

**County of Fresno**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

Security Services	Risk Management	Communications	PeopleSoft Operations	Total	
\$ 5,274	\$ 92,278	\$ 4,558	\$ 2,794	\$ 173,051	<b>Operating revenues:</b>
281	6	-	-	1,056	Charges for services
5,555	92,284	4,558	2,794	174,107	Other operating revenues
					Total operating revenues
					<b>Operating expenses:</b>
3,268	2,257	715	149	27,842	Salaries and benefits
31	90,701	6	2	91,318	Insurance
256	2,027	169	1,518	10,576	Professional services
8	23	16	1,082	9,167	Special departmental
402	365	1,563	97	5,462	General and administrative
339	75	258	-	4,684	Repairs and maintenance
255	-	1,485	-	4,073	Rents and leases
23	-	29	1	1,903	Parts and supplies
17	35	34	-	10,229	Utilities
5	1	638	220	5,234	Depreciation
4,604	95,484	4,913	3,069	170,488	Total operating expenses
					3
951	(3,200)	(355)	(275)	3,619	Operating income (loss)
					<b>Non-operating revenues (expenses):</b>
-	-	-	-	(376)	Gain (loss) on sale of equipment
20	783	31	7	971	Use of money and property
20	1,079	35	7	1,243	Interest income
40	1,862	66	14	1,838	Total non-operating revenues (expenses)
991	(1,338)	(289)	(261)	5,457	Net income (loss) before transfers
					<b>Transfers in (out):</b>
123	-	-	240	1,415	Transfers in
(205)	(142)	(45)	(9)	(3,059)	Transfers out
(82)	(142)	(45)	231	(1,644)	Total transfers in (out)
909	(1,480)	(334)	(30)	3,813	<b>Change in net position</b>
1,218	(180)	6,743	855	34,759	Net position - beginning
-	-	-	-	279	Prior year adjustment
\$ 2,127	\$ (1,660)	\$ 6,409	\$ 825	\$ 38,851	Net position - ending

**County of Fresno**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**(amounts expressed in thousands)**

Page 1 of 4

	Fleet Services	Information Technology Services	Graphic Communications Services	Facility Services
<b>Cash flows from operating activities:</b>				
Cash received from users	\$ 13,600	\$ 21,948	\$ 3,492	\$ 29,127
Cash paid to suppliers	(7,642)	(8,080)	(2,190)	(20,719)
Cash paid to employees	(2,367)	(11,306)	(983)	(6,640)
Cash paid for claims	-	-	-	-
Net cash provided by (used in) operating activities	3,591	2,562	319	1,768
<b>Cash flows from non-capital financing activities:</b>				
Transfers from other funds	952	-	-	-
Transfers to other funds	(151)	(621)	(62)	(1,724)
Advances received from other funds	-	-	-	-
Net cash provided by (used in) non-capital financing activities	801	(621)	(62)	(1,724)
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	(4,722)	(1,996)	-	(3)
Net cash used in capital and related financing activities	(4,722)	(1,996)	-	(3)
<b>Cash flows from investing activities:</b>				
Use of money and property received	123	165	3	(41)
Net cash provided by (used in) investing activities	123	165	3	(41)
<b>Net increase (decrease) in cash and cash equivalents</b>	(207)	110	260	-
<b>Cash and cash equivalents, beginning of year</b>	6,024	8,272	-	-
<b>Cash and cash equivalents, end of year</b>	<u>\$ 5,817</u>	<u>\$ 8,382</u>	<u>\$ 260</u>	<u>\$ -</u>
<b>Reconciliation of cash and cash equivalents to the statement of net position:</b>				
Cash and cash equivalents	\$ 5,817	\$ 7,892	\$ 260	\$ -
Restricted cash and investments	-	490	-	-
<b>Total</b>	<u>\$ 5,817</u>	<u>\$ 8,382</u>	<u>\$ 260</u>	<u>\$ -</u>

**County of Fresno**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

Page 2 of 4

Security Services	Risk Management	Communications	PeopleSoft Operations	Total
\$ 5,573	\$ 93,207	\$ 4,553	\$ 2,805	\$ 174,305
(1,298)	(74,501)	(3,479)	(2,687)	(120,596)
(3,205)	(2,233)	(712)	(148)	(27,594)
-	(10,387)	-	-	(10,387)
1,070	6,086	362	(30)	15,728
-	-	-	240	1,192
(82)	(142)	(45)	(9)	(2,836)
-	489	-	-	489
(82)	347	(45)	231	(1,155)
(70)	-	(287)	-	(7,078)
(70)	-	(287)	-	(7,078)
37	1,818	73	15	2,193
37	1,818	73	15	2,193
955	8,251	103	216	9,688
1,279	79,886	3,376	572	99,409
\$ 2,234	\$ 88,137	\$ 3,479	\$ 788	\$ 109,097
\$ 2,234	\$ 88,137	\$ 3,479	\$ 788	\$ 108,607
-	-	-	-	490
\$ 2,234	\$ 88,137	\$ 3,479	\$ 788	\$ 109,097

**Cash flows from operating activities:**

Cash received from users  
Cash paid to suppliers  
Cash paid to employees  
Cash paid for claims  
Net cash provided by (used in)  
operating activities

**Cash flows from non-capital  
financing activities:**

Transfers from other funds  
Transfers to other funds  
Advances received from other funds  
Net cash provided by (used in) non-capital  
financing activities

**Cash flows from capital and related  
financing activities:**

Acquisition of capital assets  
Net cash used in capital and related  
financing activities

**Cash flows from investing activities:**

Use of money and property received  
Net cash provided by (used in)  
investing activities

**Net increase (decrease) in cash  
and cash equivalents**

**Cash and cash equivalents, beginning of year**  
**Cash and cash equivalents, end of year**

**Reconciliation of cash and cash equivalents  
to the statement of net position:**

Cash and cash equivalents  
Restricted cash and investments  
Total

**County of Fresno**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

Page 3 of 4

	<u>Fleet Services</u>	<u>Information Technology Services</u>	<u>Graphic Communications Services</u>	<u>Facility Services</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
<b>Operating income (loss)</b>	\$ 1,440	\$ 880	\$ 295	\$ 3,883
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b>				
Depreciation expense	2,605	1,742	9	14
Decrease (increase) in accounts receivable	(14)	7	13	(9)
Decrease (increase) in due from other funds	(214)	(42)	(22)	(258)
Decrease (increase) in due from other governmental units	-	-	-	-
Decrease (increase) in inventory of supplies	(21)	-	6	6
Decrease (increase) in deposits and other assets	-	-	-	-
(Decrease) increase in accounts payable	(42)	(148)	73	(480)
(Decrease) increase in salaries and benefits payable	43	180	(13)	(45)
(Decrease) increase in unearned revenue	(177)	-	-	297
(Decrease) increase in due to other funds	(29)	(57)	(42)	(1,640)
(Decrease) increase in due to other governmental units	-	-	-	-
(Decrease) increase in liability for self-insurance	-	-	-	-
Total adjustments	<u>2,151</u>	<u>1,682</u>	<u>24</u>	<u>(2,115)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 3,591</u>	<u>\$ 2,562</u>	<u>\$ 319</u>	<u>\$ 1,768</u>
Noncash investing, capital, and financing activities:				
Borrowing under capital lease	<u>\$ -</u>	<u>\$ 2,364</u>	<u>\$ -</u>	<u>\$ -</u>

**County of Fresno**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

Page 4 of 4

<u>Security Services</u>	<u>Risk Management</u>	<u>Communications</u>	<u>PeopleSoft Operations</u>	<u>Total</u>	
					<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>
\$ 951	\$ (3,200)	\$ (355)	\$ (275)	\$ 3,619	<b>Operating income (loss)</b>
					<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b>
5	1	638	220	5,234	Depreciation expense
-	1,320	13	14	1,344	Decrease (increase) in accounts receivable
16	5	(19)	(4)	(538)	Decrease (increase) in due from other funds
2	(410)	-	-	(408)	Decrease (increase) in due from other governmental units
-	-	-	-	(9)	Decrease (increase) in inventory of supplies
-	12	-	-	12	Decrease (increase) in deposits and other assets
13	232	70	1	(281)	(Decrease) increase in accounts payable
63	24	4	2	258	(Decrease) increase in salaries and benefits payable
-	(374)	-	-	(254)	(Decrease) increase in unearned revenue
20	162	11	12	(1,563)	(Decrease) increase in due to other funds
-	(609)	-	-	(609)	(Decrease) increase in due to other governmental units
-	8,923	-	-	8,923	(Decrease) increase in liability for self-insurance
<u>119</u>	<u>9,286</u>	<u>717</u>	<u>245</u>	<u>12,109</u>	Total adjustments
<u>\$ 1,070</u>	<u>\$ 6,086</u>	<u>\$ 362</u>	<u>\$ (30)</u>	<u>\$ 15,728</u>	<b>Net cash provided by (used in) operating activities</b>
					Noncash investing, capital, and financing activities:
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59</u>	<u>\$ -</u>	<u>\$ 2,423</u>	Borrowing under capital lease

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## **Fiduciary Funds**

The County maintains an Investment Trust Fund that is used to account for the investments made by the County. The County, in a fiduciary capacity, also maintains various Agency Funds that are used to account for assets held for others by the County. These funds include County funds which are segregated from other County funds for purposes of control, property taxes collected on behalf of other governmental units and monies held by the Public Administrator-Guardian. It should be noted that the Investment Trust fund is discretely presented in the basic financial statements.

### **Trust Funds:**

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

### **Agency Funds:**

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

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

San Joaquin Valley Insurance Authority – The San Joaquin Valley Insurance Authority was established as a multi-entity authority with the express goal of negotiating, purchasing, or otherwise providing funding for health, vision, dental and life insurance for the employees of the various entities in the authority (including the County of Fresno). This fund is used for the accounting and recording of all San Joaquin Valley Insurance Authority monies held by the County in a fiduciary capacity.

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

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**County of Fresno**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**(amounts expressed in thousands)**

	July 01, 2013	Additions	Deductions	Adjustments	June 30, 2014
<b>Property Tax Collection</b>					
Assets:					
Cash	\$ 68,871	\$ 762,773	\$ 757,839	\$ -	\$ 73,805
Taxes receivable	1,573	362	-	-	1,935
Due from other governmental agencies	11	1,573	-	-	1,584
Total assets	<u>\$ 70,455</u>	<u>\$ 764,708</u>	<u>\$ 757,839</u>	<u>\$ -</u>	<u>\$ 77,324</u>
Liabilities:					
Due to other taxing units	\$ 70,455	\$ 764,708	\$ 757,839	\$ -	\$ 77,324
Total liabilities	<u>\$ 70,455</u>	<u>\$ 764,708</u>	<u>\$ 757,839</u>	<u>\$ -</u>	<u>\$ 77,324</u>
<b>Public Administrator-Guardian</b>					
Assets:					
Cash	\$ 12,912	\$ 1,739	\$ -	\$ -	\$ 14,651
Property held by public administrator	6,561	-	624	-	5,937
Total assets	<u>\$ 19,473</u>	<u>\$ 1,739</u>	<u>\$ 624</u>	<u>\$ -</u>	<u>\$ 20,588</u>
Liabilities:					
Fiduciary liability	\$ 19,473	\$ 1,739	\$ 624	\$ -	\$ 20,588
Total liabilities	<u>\$ 19,473</u>	<u>\$ 1,739</u>	<u>\$ 624</u>	<u>\$ -</u>	<u>\$ 20,588</u>
<b>San Joaquin Valley Insurance Authority</b>					
Assets:					
Cash and investments	\$ 9,673	\$ 148,803	\$ 151,792	\$ -	\$ 6,684
Accounts receivable	710	1,533	419	-	1,824
Total assets	<u>\$ 10,383</u>	<u>\$ 150,336</u>	<u>\$ 152,211</u>	<u>\$ -</u>	<u>\$ 8,508</u>
Liabilities:					
Due to other governmental units	\$ 10,383	\$ 92,075	\$ 93,950	\$ -	\$ 8,508
Total liabilities	<u>\$ 10,383</u>	<u>\$ 92,075</u>	<u>\$ 93,950</u>	<u>\$ -</u>	<u>\$ 8,508</u>
<b>Other Agency Funds</b>					
Assets:					
Cash	\$ 84,442	\$ 69,649	\$ 70,853	\$ (57,496)	\$ 25,742
Accounts receivable	6,786	29,198	-	374	36,358
Due from other governmental units	2,969	-	901	(113)	1,955
Total assets	<u>\$ 94,197</u>	<u>\$ 98,847</u>	<u>\$ 71,754</u>	<u>\$ (57,235)</u>	<u>\$ 64,055</u>
Liabilities:					
Accounts payable	\$ 6,355	\$ -	\$ 691	\$ (45)	\$ 5,619
Due to other governmental units	15,303	6,528	-	(1,431)	20,400
Fiduciary liability	72,539	29,636	8,380	(55,759)	38,036
Total liabilities	<u>\$ 94,197</u>	<u>\$ 36,164</u>	<u>\$ 9,071</u>	<u>\$ (57,235)</u>	<u>\$ 64,055</u>
<b>Total - All Agency Funds</b>					
Assets:					
Cash and investments	\$ 175,898	\$ 982,964	\$ 980,484	\$ (57,496)	\$ 120,882
Taxes receivable	1,573	362	-	-	1,935
Accounts receivable	7,496	30,731	419	374	38,182
Due from other governmental agencies	2,980	1,573	901	(113)	3,539
Property held by public administrator	6,561	-	624	-	5,937
Total assets	<u>\$ 194,508</u>	<u>\$ 1,015,630</u>	<u>\$ 982,428</u>	<u>\$ (57,235)</u>	<u>\$ 170,475</u>
Liabilities:					
Accounts payable	\$ 6,355	\$ -	\$ 691	\$ (45)	\$ 5,619
Due to other taxing units	70,455	764,708	757,839	-	77,324
Due to other governmental units	25,686	98,603	93,950	(1,431)	28,908
Fiduciary liability	92,012	31,375	9,004	(55,759)	58,624
Total liabilities	<u>\$ 194,508</u>	<u>\$ 894,686</u>	<u>\$ 861,484</u>	<u>\$ (57,235)</u>	<u>\$ 170,475</u>

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STATISTICAL SECTION

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## **Statistical Section**

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

#### **Sources:**

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

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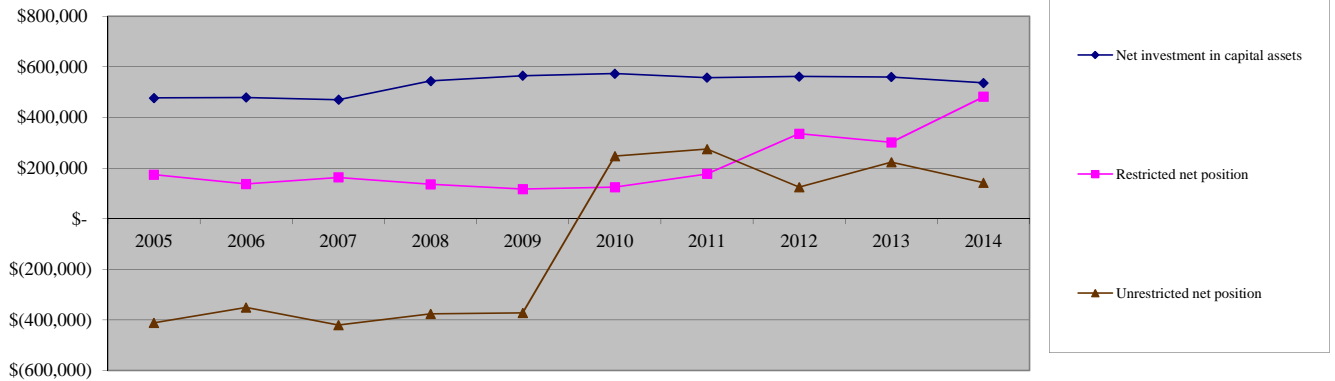


**County of Fresno**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

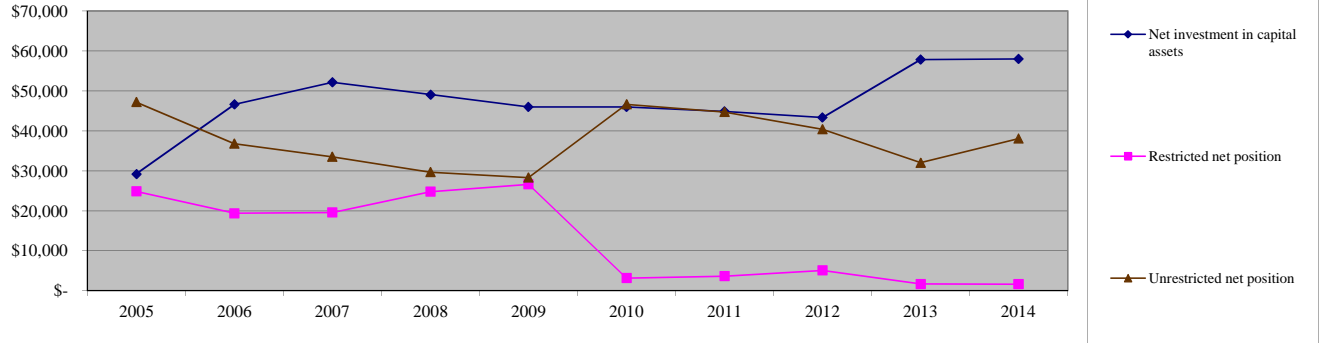
	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities</b>										
Net investment in capital assets	\$ 477,894	\$ 479,254	\$ 470,668	\$ 544,635	\$ 565,196	\$ 573,855	\$ 557,748	\$ 562,279	\$ 560,544	\$ 537,359
Restricted net position	173,695	137,451	163,426	135,904	117,491	124,661	177,153	335,573	301,425	482,088
Unrestricted net position	(411,976)	(350,589)	(420,615)	(376,525)	(371,904)	247,181	275,332	124,904	223,627	142,637
Total governmental activities net position	239,613	266,116	213,479	304,014	310,783	945,697	1,010,233	1,022,756	1,085,596	1,162,084
<b>Business-type activities</b>										
Net investment in capital assets	29,230	46,630	52,174	49,087	45,982	46,012	44,875	43,336	57,836	58,001
Restricted net position	24,877	19,373	19,564	24,762	26,634	3,189	3,654	5,090	1,690	1,646
Unrestricted net position	47,181	36,769	33,500	29,643	28,297	46,659	44,735	40,392	32,032	38,104
Total business-type activities net position	101,288	102,772	105,238	103,492	100,913	95,860	93,264	88,818	91,558	97,751
<b>Primary government</b>										
Net investment in capital assets	507,124	525,884	522,842	593,722	611,178	619,867	602,623	605,615	618,380	595,360
Restricted net position	198,572	156,824	182,990	160,666	144,125	127,850	180,807	340,663	303,115	483,734
Unrestricted net position	(364,795)	(313,820)	(387,115)	(346,882)	(343,607)	293,840	320,067	165,296	255,659	180,741
Total primary government net position	\$ 340,901	\$ 368,888	\$ 318,717	\$ 407,506	\$ 411,696	\$ 1,041,557	\$ 1,103,497	\$ 1,111,574	\$ 1,177,154	\$ 1,259,835

*Note 1: Accrual basis of accounting*

**Governmental Activities**



**Business-type Activities**



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

Page 1 of 2

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 27,237	\$ 30,156	\$ 37,867	\$ 35,320	\$ 23,634	\$ 24,092	\$ 21,579	\$ 22,628	\$ 18,258	\$ 15,712
Public protection	66,011	63,932	86,430	86,146	70,834	62,780	65,412	40,711	38,244	31,486
Public ways and facilities	2,135	4,779	5,812	8,392	15,662	11,928	14,216	12,822	10,782	8,121
Health, sanitation and public assistance	56,626	39,869	68,672	59,210	47,055	27,269	28,350	33,090	16,032	22,045
Education	1,402	2,033	2,003	2,549	3,311	3,369	3,318	3,388	3,378	2,574
Culture and recreation	581	737	984	978	1,094	1,281	1,421	1,496	1,353	899
Operating grants and contributions	521,988	595,209	507,032	573,377	566,158	1,085,032	786,733	715,246	690,028	770,108
Capital grants and contributions	18,694	8,618	7,412	14,485	4,560	13,536	10,353	3,069	187	-
Subtotal governmental activities										
program revenues	694,674	745,333	716,212	780,457	732,308	1,229,287	931,382	832,450	778,262	850,945
Business-type activities:										
Charges for services										
Water and sewer	2,253	2,071	2,092	2,792	2,506	2,483	3,033	2,695	3,456	3,478
Landfill	14,516	13,700	11,701	11,371	8,230	8,592	10,097	9,054	9,861	13,814
Operating grants and contributions	-	-	-	-	-	-	-	-	-	625
Subtotal business-type activities										
program revenues	16,769	15,771	13,793	14,163	10,736	11,075	13,130	11,749	13,317	17,917
Total primary government										
program revenues	711,443	761,104	730,005	794,620	743,044	1,240,362	944,512	844,199	791,579	868,862
<b>General Revenues</b>										
Governmental activities:										
Taxes										
Property taxes	142,791	180,656	199,715	220,356	213,721	187,682	203,317	196,145	209,419	216,038
Sales taxes	175,675	180,671	187,397	177,384	158,943	96,956	103,174	140,232	154,998	161,119
Franchise taxes	4,290	4,572	4,786	4,880	5,157	4,266	4,735	4,849	4,784	14,070
Motor vehicle in-lieu taxes	43,297	62,677	45,666	45,891	41,195	40,879	36,063	35,491	34,077	37,713
Road use tax	13,930	18,285	19,727	23,839	20,683	-	-	-	-	-
Tobacco settlement proceeds	7,362	12,759	27,567	23,575	13,054	10,205	12,089	8,352	13,213	6,657
Other	-	3,619	1,682	3,891	2,914	857	4,816	4,708	4,832	18,110
Gain/(loss) on bond refunding and sale										
of capital assets	-	-	-	-	-	-	-	-	338	-
Unrestricted investment earnings	7,020	11,947	13,263	12,495	8,441	6,666	5,450	5,945	14,159	14,776
Miscellaneous	56,857	-	180	-	-	-	1,072	-	-	-
Subtotal governmental activities										
general revenues	451,222	475,186	499,983	512,311	464,108	347,511	370,716	395,722	435,820	468,483
Business-type activities:										
Property tax	-	-	-	-	-	-	-	-	635	671
Other	(7,648)	1,549	2,354	2,476	5,192	3,167	2,421	2,355	2,326	1,446
Gain/(loss) on sale of capital assets	-	-	-	-	-	-	-	-	(19)	-
Unrestricted investment earnings	2,814	1,058	3,519	3,808	2,398	1,707	1,507	1,257	974	1,732
Subtotal business-type activities										
general revenues	(4,834)	2,607	5,873	6,284	7,590	4,874	3,928	3,612	3,916	3,849
Total primary government revenues	<u>\$1,157,831</u>	<u>\$1,238,897</u>	<u>\$1,235,861</u>	<u>\$1,313,215</u>	<u>\$1,214,742</u>	<u>\$1,592,747</u>	<u>\$1,319,156</u>	<u>\$1,243,533</u>	<u>\$1,231,315</u>	<u>\$1,341,194</u>

*Note 1: Accrual basis of accounting*

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

Page 2 of 2

	Fiscal Year									
Expenses	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
General government	\$ 52,323	\$ 104,079	\$ 52,001	\$ 70,697	\$ 28,685	\$ 38,727	\$ 41,685	\$ 51,348	\$ 52,919	\$ 45,280
Public protection	171,303	227,521	332,088	264,592	307,301	304,096	298,354	293,106	304,365	319,197
Public ways and facilities	109,572	110,613	54,286	117,737	58,062	43,782	54,711	48,529	41,895	43,145
Health, sanitation, and public assistance	704,190	679,435	725,012	718,201	724,604	1,088,733	770,169	751,998	686,767	787,234
Education	20,934	23,250	25,971	10,691	22,606	25,322	26,013	24,897	24,191	25,073
Culture and recreation	1,881	2,307	3,476	2,491	3,475	2,832	2,419	2,331	2,712	2,933
Interest on long-term debt	23,624	33,761	43,136	47,909	45,794	44,854	44,243	44,232	42,519	40,030
Subtotal governmental activities expenses	<u>1,083,827</u>	<u>1,180,966</u>	<u>1,235,970</u>	<u>1,232,318</u>	<u>1,190,527</u>	<u>1,548,346</u>	<u>1,237,594</u>	<u>1,216,441</u>	<u>1,155,368</u>	<u>1,262,892</u>
Business-type activities:										
Solid waste enterprise	8,598	12,735	13,181	16,533	15,063	15,718	14,068	14,024	14,063	6,162
County service areas, other	3,173	4,161	4,325	5,347	5,626	5,621	5,554	5,607	6,139	17,783
Subtotal business-type activities expenses	<u>11,771</u>	<u>16,896</u>	<u>17,506</u>	<u>21,880</u>	<u>20,689</u>	<u>21,339</u>	<u>19,622</u>	<u>19,631</u>	<u>20,202</u>	<u>23,945</u>
Total primary government expenses	<u>1,095,598</u>	<u>1,197,862</u>	<u>1,253,476</u>	<u>1,254,198</u>	<u>1,211,216</u>	<u>1,569,685</u>	<u>1,257,216</u>	<u>1,236,072</u>	<u>1,175,570</u>	<u>1,286,837</u>
Extraordinary item - RDA dissolution transaction	-	-	-	-	-	-	-	(274)	-	-
Excess (deficiency) before transfers										
- governmental activities	62,069	39,553	(19,775)	60,450	5,889	28,452	64,504	11,731	58,714	56,536
Transfers	(34)	90	15	35	203	96	32	271	302	(2,724)
Excess (deficiency) before transfers										
- business-type activities	164	1,482	2,160	(1,433)	(2,363)	(5,390)	(2,564)	(4,270)	(2,969)	(2,179)
Transfers	34	(90)	(15)	(35)	(203)	(96)	(32)	(271)	(302)	2,724
Special Items	-	-	-	(289)	-	-	-	-	-	-
Change in net position										
Governmental activities	62,035	39,643	(19,760)	60,485	6,092	28,548	64,536	11,728	59,016	53,812
Business-type activities	198	1,392	2,145	(1,757)	(2,566)	(5,486)	(2,596)	(4,541)	(3,271)	545
Total primary government	<u>\$ 62,233</u>	<u>\$ 41,035</u>	<u>\$ (17,615)</u>	<u>\$ 58,728</u>	<u>\$ 3,526</u>	<u>\$ 23,062</u>	<u>\$ 61,940</u>	<u>\$ 7,187</u>	<u>\$ 55,745</u>	<u>\$ 54,357</u>

*Note 1: Accrual basis of accounting*

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

	Fiscal Year					
	2005	2006	2007	2008	2009	2010
General Fund						
Reserved for:						
Encumbrances	\$ 45,611	\$ 26,730	\$ 30,164	\$ 12,998	\$ 9,534	\$ 5,558
Imprest and postage funds	268	198	157	203	178	207
Inventory	2,016	2,760	3,734	3,440	3,288	3,663
Loans	29,640	32,370	34,534	35,331	37,284	41,605
Unreserved	88,932	152,361	145,580	136,892	151,243	179,090
Total General Fund	<u>\$166,467</u>	<u>\$214,419</u>	<u>\$214,169</u>	<u>\$188,864</u>	<u>\$201,527</u>	<u>\$230,123</u>
Other Governmental Funds						
Reserved for:						
Encumbrances	\$ 35,064	\$ 32,684	\$ 97,942	\$ 61,706	\$ 48,692	\$ 76,876
Imprest and postage funds	9	9	4	5	8	10
Inventory	2,511	1,657	1,741	1,064	716	1,314
Debt service	109,485	76,370	93,419	72,689	49,450	49,125
Unreserved, reported in:						
Special revenue funds	49,488	30,629	18,523	15,461	15,805	14,169
Capital projects fund	(22,783)	(336)	(50,203)	(15,028)	2,820	(16,833)
Total other governmental funds	<u>\$173,774</u>	<u>\$141,013</u>	<u>\$161,426</u>	<u>\$135,897</u>	<u>\$117,491</u>	<u>\$124,661</u>
	Fiscal Year					
	2011	2012	2013	2014		
General Fund						
Nonspendable	\$ 3,200	\$ 3,585	\$ 3,939	\$ 4,110		
Restricted	83,356	195,072	199,306	49,932		
Assigned	39,138	33,896	57,176	23,035		
Unassigned	133,154	66,022	47,117	72,338		
Total General Fund	<u>\$258,848</u>	<u>\$298,575</u>	<u>\$307,538</u>	<u>\$149,415</u>		
All Other Governmental Funds						
Nonspendable	\$ 1,889	\$ 854	\$ 683	\$ 775		
Restricted	93,797	97,561	123,153	391,338		
Assigned	24,407	29,357	33,597	37,391		
Total other governmental funds	<u>\$120,093</u>	<u>\$127,772</u>	<u>\$157,433</u>	<u>\$429,504</u>		

**Note 1:** Modified accrual basis of accounting

**Note 2:** The County implemented GASB Statement No. 54 in 2011, under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved and unreserved.

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

	<b>Fiscal Year</b>									
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Revenues</b>										
Taxes	\$ 167,778	\$ 171,485	\$ 223,356	\$ 238,127	\$ 254,452	\$ 222,538	\$ 230,422	\$ 334,763	\$ 380,541	\$ 394,370
Licenses and permits	9,161	9,696	9,919	9,267	9,319	7,543	7,987	8,600	8,872	14,070
Fines, forfeitures and penalties	10,400	10,376	10,340	11,946	13,181	12,045	10,268	9,577	9,529	14,657
Use of money and property	10,578	14,767	16,110	15,359	10,453	8,900	5,745	6,278	14,315	12,562
Aid from other governmental agencies	753,012	823,101	763,753	811,527	783,553	1,212,496	880,190	788,758	714,785	811,917
Charges for current services	112,008	99,423	114,196	106,456	134,064	92,648	98,139	83,947	66,491	68,274
Other revenues	29,096	32,112	76,560	76,277	17,149	22,137	39,383	25,724	24,358	29,554
Total revenues	<u>1,092,033</u>	<u>1,160,960</u>	<u>1,214,234</u>	<u>1,268,959</u>	<u>1,222,171</u>	<u>1,578,307</u>	<u>1,272,134</u>	<u>1,257,647</u>	<u>1,218,891</u>	<u>1,345,404</u>
<b>Expenditures</b>										
General government	53,859	52,165	55,840	87,131	33,400	36,903	40,359	35,648	32,976	38,715
Public ways and facilities	45,492	85,306	54,890	61,429	58,998	48,087	63,448	55,691	32,807	31,106
Public protection	240,825	257,927	287,883	321,020	312,496	295,553	293,043	289,991	298,179	312,604
Health, sanitation, and public assistance	668,743	670,268	716,377	739,835	724,372	1,085,639	769,639	750,154	682,001	779,890
Education	20,969	23,071	25,667	30,567	29,285	25,864	26,275	23,898	23,891	23,708
Culture and recreation	2,657	2,873	3,374	3,551	3,403	2,494	2,191	2,342	2,684	2,900
Capital outlay	77,209	23,164	8,258	31,864	16,866	968	7,577	2,783	16,594	18,378
Debt service:										
Transfers from trust bank	-	41,096	-	-	-	-	-	-	-	-
Principal	2,465	4,755	11,345	16,020	20,870	19,790	25,042	24,080	30,785	30,295
Bond issuance costs	-	1,151	-	-	-	-	-	-	-	-
Interest	21,584	24,203	29,640	31,933	31,037	29,093	24,515	27,465	25,509	22,677
Total expenditures	<u>1,133,803</u>	<u>1,185,979</u>	<u>1,193,274</u>	<u>1,323,350</u>	<u>1,230,727</u>	<u>1,544,391</u>	<u>1,252,089</u>	<u>1,212,052</u>	<u>1,145,426</u>	<u>1,260,273</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(41,770)</u>	<u>(25,019)</u>	<u>20,960</u>	<u>(54,391)</u>	<u>(8,556)</u>	<u>33,916</u>	<u>20,045</u>	<u>45,595</u>	<u>73,465</u>	<u>85,131</u>
Other financing sources (uses):										
Bond proceed transfers	68,961	-	(317)	-	-	-	-	-	-	-
Bond proceeds	-	39,015	55,060	-	-	-	-	-	23,587	-
Payment to refund debt	-	-	-	-	-	-	-	-	(26,160)	-
Proceeds from sale of capital assets	-	-	-	-	-	-	1,072	-	-	-
Transfers in	244,662	266,409	233,976	322,208	268,539	209,458	230,110	316,612	353,820	848,216
Transfers out	(243,781)	(265,214)	(233,111)	(321,743)	(265,726)	(207,548)	(227,070)	(314,520)	(350,907)	(849,296)
Refunding bond issue proceeds	-	-	(475)	-	-	-	-	-	(820)	-
Total other financing sources (uses)	<u>69,842</u>	<u>40,210</u>	<u>55,133</u>	<u>465</u>	<u>2,813</u>	<u>1,910</u>	<u>4,112</u>	<u>2,092</u>	<u>(480)</u>	<u>(1,080)</u>
Net change in fund balances before extraordinary items	<u>28,072</u>	<u>15,191</u>	<u>76,093</u>	<u>(53,926)</u>	<u>(5,743)</u>	<u>35,826</u>	<u>24,157</u>	<u>47,687</u>	<u>72,985</u>	<u>84,051</u>
Extraordinary item										
Redevelopment Agency dissolution transaction	-	-	-	-	-	-	-	(274)	-	-
Net change in fund balances	<u>\$ 28,072</u>	<u>\$ 15,191</u>	<u>\$ 76,093</u>	<u>\$ (53,926)</u>	<u>\$ (5,743)</u>	<u>\$ 35,826</u>	<u>\$ 24,157</u>	<u>\$ 47,413</u>	<u>\$ 72,985</u>	<u>\$ 84,051</u>
Debt service as a percentage of non capital expenditures	2.28%	2.49%	3.46%	3.71%	4.28%	3.17%	3.98%	4.26%	4.99%	4.27%

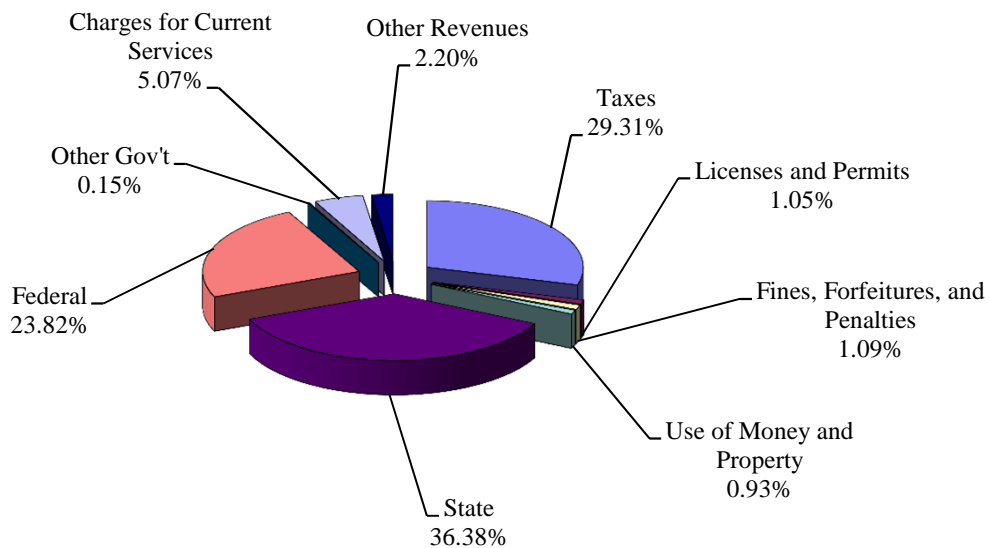
*Note 1: Modified accrual basis of accounting*

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

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Fiscal Year	Total Revenues	Taxes	Licenses and Permits	Fines, Forfeitures, and Penalties	Use of Money and Property	Aid From Other Governmental Agencies			Charges for Current Services	Other Revenues
						State	Federal	Other Gov't		
2005	\$ 1,092,033	\$ 167,778	\$ 9,161	\$ 10,400	\$ 10,578	\$ 501,214	\$ 248,338	\$ 3,460	\$ 112,008	\$ 29,096
2006	1,160,960	171,485	9,696	10,376	14,767	580,131	239,464	3,506	99,423	32,112
2007	1,214,234	223,356	9,919	10,340	16,110	506,506	253,756	3,491	114,196	76,560
2008	1,268,959	238,127	9,267	11,946	15,359	517,137	291,760	2,630	106,456	76,277
2009	1,222,171	254,452	9,319	13,181	10,453	504,632	278,074	847	134,064	17,149
2010	1,578,307	222,538	7,543	12,045	8,900	531,645	677,923	2,928	92,648	22,137
2011	1,272,134	230,422	7,987	10,268	5,745	544,195	333,427	2,568	98,139	39,383
2012	1,257,647	334,763	8,600	9,577	6,278	465,232	322,815	711	83,947	25,724
2013	1,218,891	380,541	8,872	9,529	14,315	388,767	322,745	3,273	66,491	24,358
2014	1,345,404	394,370	14,070	14,657	12,562	489,408	320,457	2,052	68,274	29,554

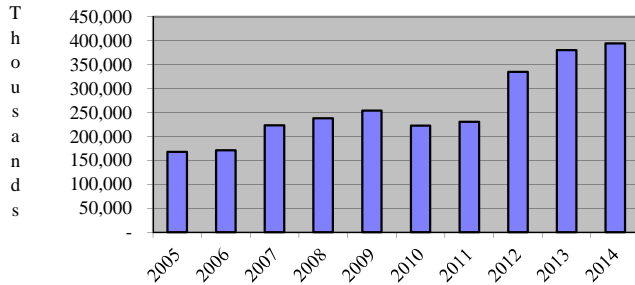
**For Fiscal Year 2014**



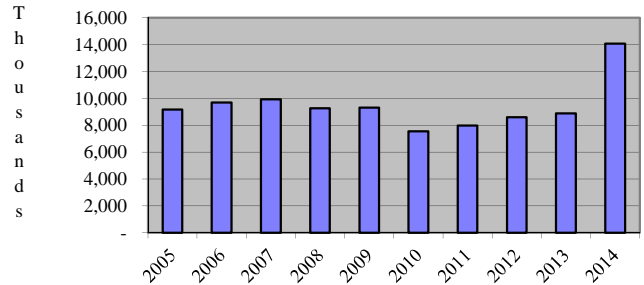
**County of Fresno**  
**Governmental Funds Revenues By Source**  
**Last Ten Fiscal Years**  
(amount expressed in thousands)

Page 2 of 2

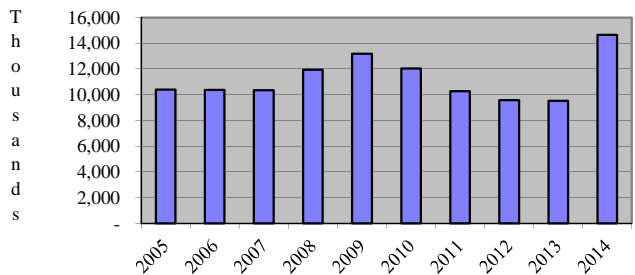
**Taxes**



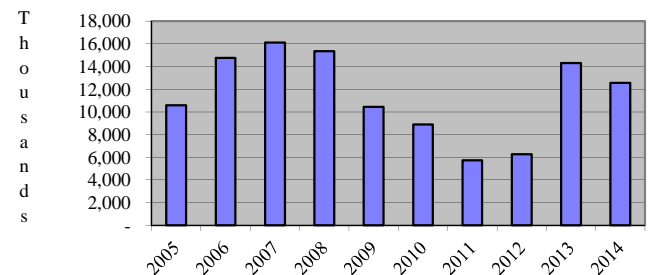
**Licenses and Permits**



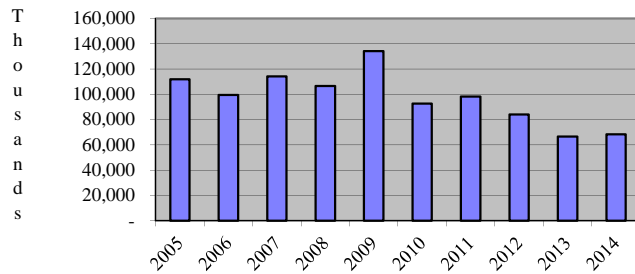
**Fines, Forfeitures, and Penalties**



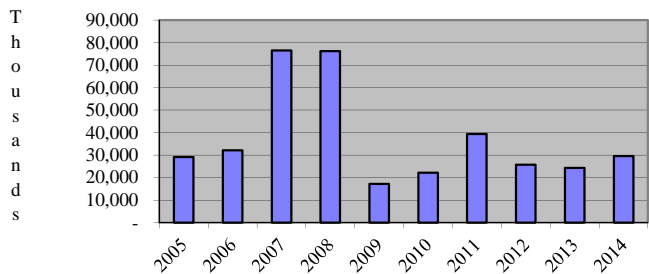
**Use of Money and Property**



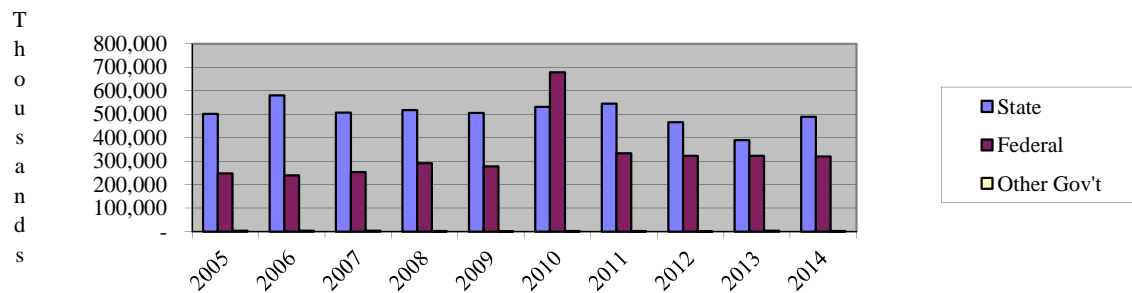
**Charges for Current Services**



**Other Revenues**

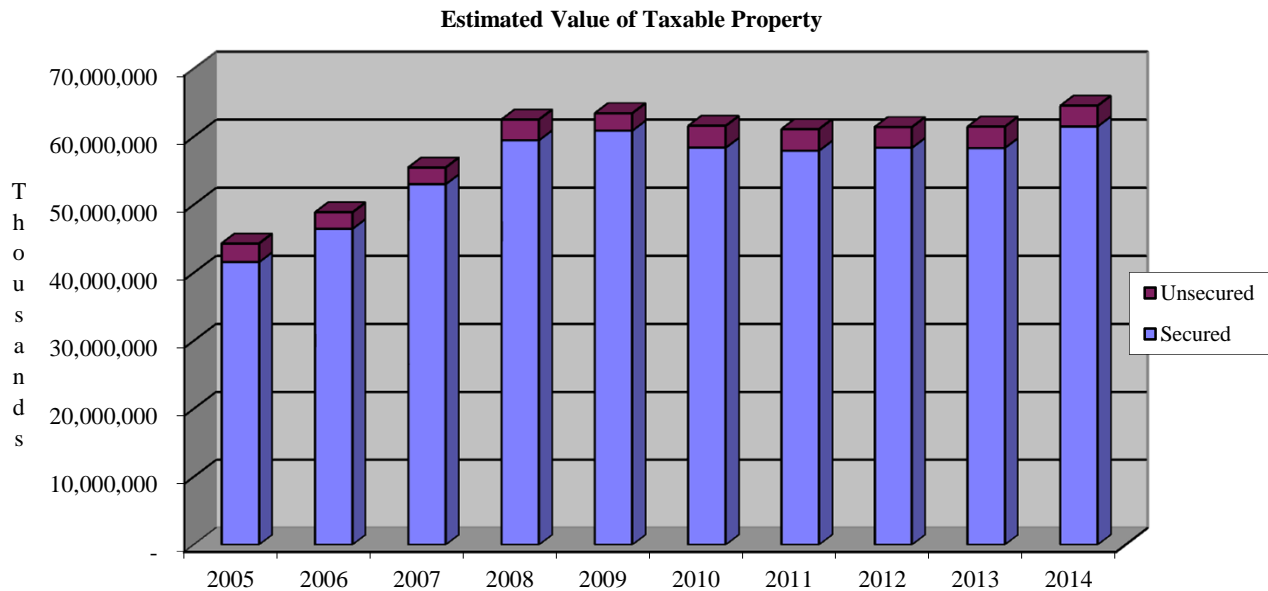


**Aid From Other Governmental Agencies**



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

<b>Fiscal Year</b>	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>	<b>Ratio of Assessed to Estimated Actual</b>	<b>Total Direct Tax Rate</b>
	<b>Estimated Actual</b>	<b>Estimated Actual</b>	<b>Estimated Actual</b>		
2005	\$ 41,564,509	\$ 2,736,253	\$ 44,300,762	100	1.00%
2006	46,449,263	2,415,695	48,864,958	100	1.00%
2007	53,028,982	2,442,692	55,471,674	100	1.00%
2008	59,498,590	3,037,430	62,536,020	100	1.00%
2009	60,909,391	2,555,829	63,465,220	100	1.00%
20010	58,391,376	3,209,653	61,601,029	100	1.00%
2011	57,958,443	3,171,629	61,130,072	100	1.00%
2012	58,378,659	3,040,714	61,419,373	100	1.00%
2013	58,343,171	3,124,705	61,467,876	100	1.00%
2014	61,518,986	3,032,881	64,551,867	100	1.00%



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

**Note:** The estimated actual value of taxable property is the same as the gross assessed value.



**County of Fresno**  
**Property Tax Rates - Direct and Overlapping Governments**  
**(% Per \$100 of Assessed Value)**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>County Direct Rates</u>	<u>Overlapping Rates</u>		<u>Total Rates</u>
	<u>Fresno County General</u>	<u>City of Fresno</u>	<u>School Districts</u>	
2004 - 2005	1.00000	0.032438	0.210800	1.243238
2005 - 2006	1.00000	0.032438	0.145454	1.177892
2006 - 2007	1.00000	0.032438	0.186664	1.219102
2007 - 2008	1.00000	0.032438	0.176204	1.208642
2008 - 2009	1.00000	0.032438	0.105860	1.138298
2009 - 2010	1.00000	0.032438	0.199188	1.231626
2010 - 2011	1.00000	0.032438	0.198914	1.231352
2011 - 2012	1.00000	0.032438	0.195870	1.228308
2012 - 2013	1.00000	0.032438	0.198218	1.230656
2013 - 2014	1.00000	0.032438	0.198436	1.230874

**Notes:**

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

(2) California voters, on June 6, 1978, approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, which limits the taxing power of California public agencies. Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy any property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each County will levy the maximum tax permitted by Article XIII A of \$1 per \$100 of full cash value. Assessed value is equal to full cash value, pursuant to Senate Bill 1656, Statutes of 1978.

**Source:**

*Auditor-Controller/Treasurer-Tax Collector-Tax Collector Division, County of Fresno*

**County of Fresno**  
**Principal Taxpayers**  
**June 30, 2014 and June 30, 2005**  
(amounts expressed in thousands)

<b>Taxpayer</b>	<b>2014</b>			<b>2005</b>		
	<b>Assessed Value</b>	<b>Rank</b>	<b>% of Total County Assessed Value</b>	<b>Assessed Value</b>	<b>Rank</b>	<b>% of Total County Assessed Value</b>
Pacific Gas & Electric Co.	\$ 1,908,995	1	2.957	\$ 1,133,795	1	2.559
Chevron USA Inc.	704,178	2	1.091	142,599	4	0.322
Southern California Edison Co.	515,165	3	0.798	342,657	2	0.773
Panoche Energy Center, LLC	287,200	4	0.445	-		
AERA Energy, LLC	259,348	5	0.402	61,297	8	0.138
Pacific Bell Telephone Co.	189,596	6	0.294	176,596	3	0.399
Gallo E & J Winery	162,353	7	0.252	75,866	9	0.171
Macerich Fresno Limited Partnership	134,824	8	0.209	97,272	5	0.220
Gap Inc.	111,779	9	0.173	87,525	7	0.198
Del Rey Juice Company LLC	111,036	10	0.172	68,179		0.154
Total	<u>\$ 4,384,474</u>		<u>6.793</u>	<u>\$ 2,185,786</u>		<u>4.934</u>

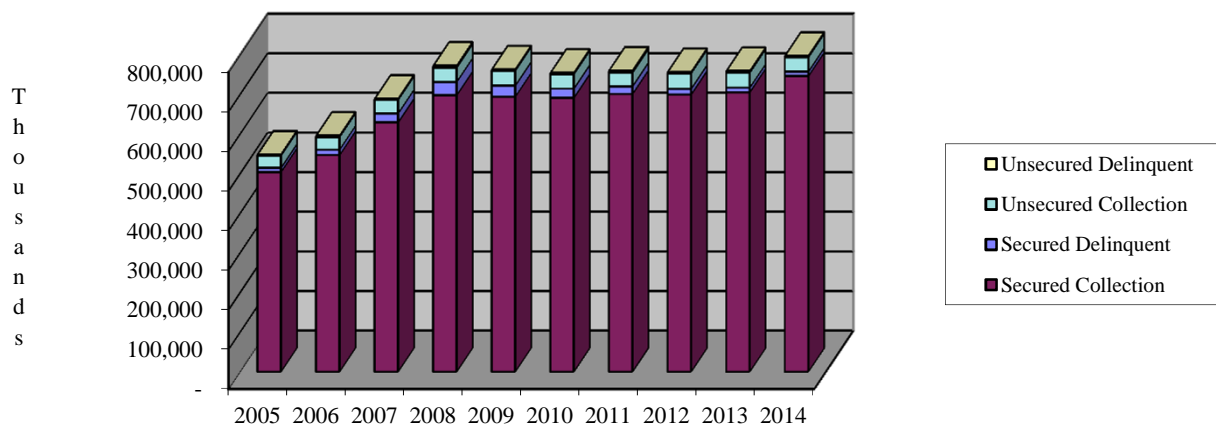
**Source:** Auditor-Controller/Treasurer-Tax Collector, County of Fresno

**Note:** Percentages based on estimated property values of \$64,551,867 in 2014 and \$44,300,762 in 2005.

**County of Fresno**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

Fiscal Year	Secured					Unsecured				
	Tax Levies	Delinquency		Collections		Tax Levies	Delinquency		Collections	
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
2005	\$ 514,720	\$ 10,612	2.0617	\$ 504,108	\$ 98	\$ 32,672	\$ 1,677	5.13284	\$ 30,995	\$ 95
2006	560,471	13,415	2.394	547,056	97.606	34,365	2,520	7.333	31,845	92.667
2007	652,147	22,853	3.504	629,294	96.496	36,082	2,155	5.973	33,927	94.027
2008	731,524	33,429	4.570	698,095	95.430	40,052	4,583	11.443	35,469	88.557
2009	722,290	28,076	3.887	694,214	96.113	39,986	2,481	6.205	37,505	93.795
2010	714,619	23,072	3.229	691,547	96.771	39,039	3,083	7.897	35,956	92.103
2011	720,195	19,157	2.660	701,038	97.340	39,345	4,990	12.683	34,355	87.317
2012	714,008	14,405	2.017	699,603	97.983	41,579	2,551	6.135	39,028	93.865
2013	717,057	11,701	1.632	705,356	98.368	41,027	3,545	8.641	37,482	91.359
2014	757,605	11,314	1.493	746,292	98.507	38,947	3,003	7.710	35,944	92.290

**Property Tax Levies**



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

**Source:** County of Fresno Tax Rate Book

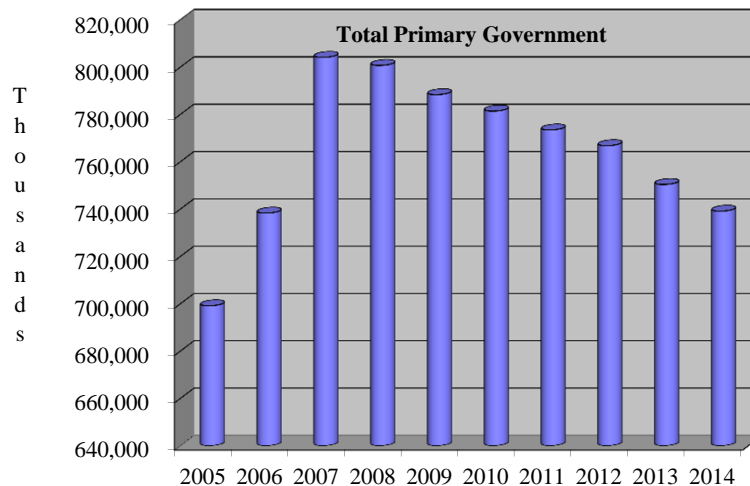
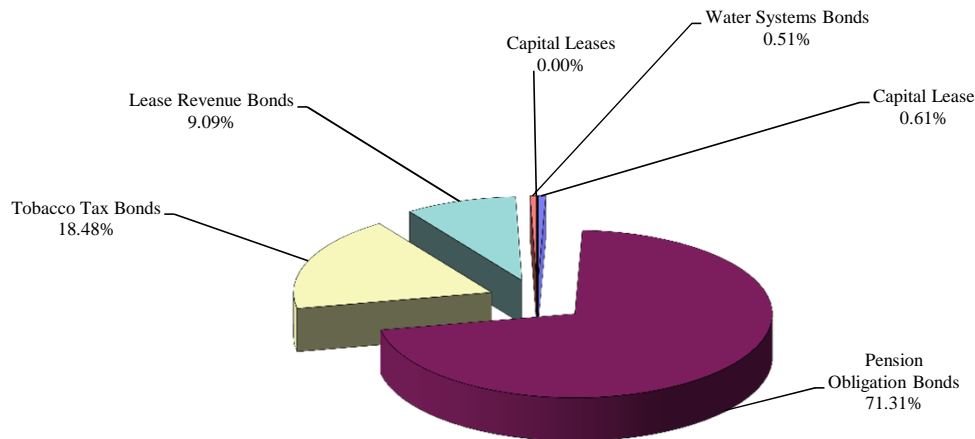
**County of Fresno**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands, except per capita)

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	Capital Lease	Pension Obligation Bonds	Tobacco Tax Bonds	Lease Revenue Bonds	Water Systems Bonds	Capital Leases			
2005	\$ 4,719.00	\$ 549,320.00	\$ 88,752.00	\$ 40,399.00	\$ 15,954.00	-	\$ 699,144.00	2.90%	\$ 806.00
2006	4,837	561,523	126,583	40,396	4,955	-	738,294	2.87%	841
2007	13,803	563,232	128,069	94,196	4,800	-	804,100	2.96%	904
2008	13,209	561,477	129,120	92,238	4,640	-	800,684	2.85%	887
2009	6,026	556,015	131,601	90,238	4,460	-	788,340	2.81%	861
2010	5,830	553,132	131,601	86,516	4,335	-	781,414	2.71%	837
2011	3,817	548,951	133,789	82,667	4,200	-	773,424	2.60%	820
2012	4,601	543,387	136,041	78,704	4,060	-	766,793	2.34%	809
2013	4,066	536,085	134,397	71,924	3,910	-	750,382	2.20%	786
2014	4,521	527,056	136,575	67,214	3,750	-	739,116	NA	NA

**Note 1:** Accrual basis of accounting

<sup>a</sup> See Demographic and Economic Statistics schedule for personal income and population data. These ratios are calculated using personal income for the prior year.

### Outstanding Debt by Type for Fiscal Year 2014



**County of Fresno**  
**Estimated Direct and Overlapping Bonded Debt**  
**June 30, 2014**  
(amounts expressed in thousands)

2013-14 Assessed Valuation: \$ 64,551,867 (includes unitary utility valuation)

<b>Overlapping Tax and Assessment Debt:</b>	<b>% Applicable (1)</b>	<b>Debt 6/30/14</b>
Merced Community College District School Facilities Improvement District No. 2	2.955%	\$ 292
State Center Community College District	82.879%	84,740
West Hills Community College District and School Facilities Improvement Districts	24.174-99.656%	35,413
Central Unified School District	100%	115,332
Clovis Unified School District	100%	282,760
Fresno Unified School District	100%	410,529
Kings Canyon Joint Unified School District	91.050%	52,303
Sanger Unified School District	100%	54,499
Other Unified School Districts	Various	125,900
High School and School Districts	Various	21,104
City of Mendota	100%	15
Hospital Districts	99.958-100%	25,574
Other Special Districts	100%	234
California Statewide Community Development Authority Community Facilities District No. 2012-01	100%	4,200
City Community Facilities Districts	100%	4,035
1915 Act Bonds (Estimated)	100%	13,035
Total Overlapping Tax and Assessment Debt		<u>1,229,965</u>

<b>Overlapping Tax Increment Debt:</b>		
Successor Agencies	100%	82,267

<b>Overlapping General Fund Obligation Debt:</b>		
Community College District General Fund Obligations	Various	44,936
Central Unified School District Certificates of Participation	100%	26,460
Clovis Unified School District General Fund Obligations	100%	18,950
Fresno Unified School District General Fund Obligations	100%	18,775
Sanger Unified School District Certificates of Participation	100%	22,523
Other School District General Fund Obligations	Various	44,486
City of Clovis General Fund Obligations	100%	13,594
City of Fresno General Fund and Judgment Obligations	100%	254,013
City of Fresno Pension Obligations	100%	151,970
Other City General Fund Obligations	100%	12,696
Coalinga Regional Medical Center General Fund Obligations	99.958-100%	4,928
Total Gross Overlapping General Fund Obligation Debt		<u>613,331</u>
Less: City of Kingsburg's Self-Supporting Obligations		<u>(2,765)</u>
Total Net Overlapping General Fund Obligation Debt		<u>610,566</u>
Total Net Overlapping Tax and Assessment and General Fund Obligation Debt		<u>1,922,798</u>
Total Gross Overlapping Tax and Assessment and General Fund Obligation Debt		<u>1,925,563</u>

<b>Direct General Fund Obligation Debt:</b>		
Fresno County General Fund Obligation	100%	65,985
Fresno County Pension Obligations	100%	416,623
Total Direct General Fund Obligation Debt		<u>482,608</u>
Total Net Combined Overlapping and Direct Debt		<u>\$ 2,405,406</u>
Total Gross Combined Overlapping and Direct Debt		<u>\$ 2,408,171</u> <sup>(2)</sup>

<b>Ratios to 2013-14 Assessed Valuation:</b>	
Total Overlapping Tax and Assessment Debt	1.91%
Total Direct Debt (\$482,608)	0.75%
Gross Combined Total Debt	3.73%
Net Combined Total Debt	3.73%

<b>Ratios to Redevelopment Incremental Valuation (\$4,009,124)</b>	
Total Overlapping Tax Increment Debt	2.05%

(1) The percentage of overlapping debt applicable to the county is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the county divided by the district's total taxable assessed value.

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

**Source:** California Municipal Statistics, Inc.

**County of Fresno**  
**Computation of Legal Debt Margin**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

<b>Fiscal Year</b>	<b>Assessed Value</b>	<b>Debt Limit Percentage</b>	<b>Debt Limit</b>	<b>Amount of Debt Applicable to Limit</b>			<b>Legal Debt Margin</b>
				<b>General Obligation Bond</b>	<b>Less Resources Restricted to Paying Principal</b>	<b>Total Net Debt Applicable to Limit</b>	
<b>2005</b>	\$ 44,300,762	1.25%	\$ 553,760	\$ -	\$ -	\$ -	\$ 553,760
<b>2006</b>	48,864,958	1.25%	610,812	-	-	-	610,812
<b>2007</b>	55,471,674	1.25%	693,396	-	-	-	693,396
<b>2008</b>	62,536,020	1.25%	781,700	-	-	-	781,700
<b>2009</b>	63,465,220	1.25%	793,315	-	-	-	793,315
<b>2010</b>	61,601,029	1.25%	770,013	-	-	-	770,013
<b>2011</b>	61,130,072	1.25%	764,126	-	-	-	764,126
<b>2012</b>	61,419,373	1.25%	767,742	-	-	-	767,742
<b>2013</b>	61,467,876	1.25%	768,348	-	-	-	768,348
<b>2014</b>	64,551,867	1.25%	806,898	-	-	-	806,898

*Note:* California Government Code Section 29909 read in conjunction with Revenue and Taxation Code Section 135 imposes a legal debt limitation for General Obligation Bond indebtedness to 1.25 percent of total assessed value.

**County of Fresno**  
**General Bonded Debt Ratios**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Net General Bonded Debt per Capita ~</b>	<b>Net General Bonded Debt to Assessed Value</b>	<b>General Debt Service to General Expenditures</b>
<b>2005</b>	\$ 680.92	1.33%	2.00%
<b>2006</b>	684.68	1.23%	2.14%
<b>2007</b>	736.13	1.19%	2.53%
<b>2008</b>	721.13	1.05%	2.72%
<b>2009</b>	703.55	1.02%	3.37%
<b>2010</b>	687.97	1.04%	2.61%
<b>2011</b>	674.74	1.03%	3.31%
<b>2012</b>	657.80	1.01%	3.53%
<b>2013</b>	638.55	0.99%	4.15%
<b>2014</b>	624.12	0.92%	3.61%

~ Updated amounts based on the revised population estimates for 2013 from Department of Finance as released on May 1, 2014.

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

**CSA 47 Water/Sewer Revenue Bonds**

Fiscal Year	Revenues	Less: Operating	Net Available	Debt Service		Coverage
		Expenses	Revenue	Principal	Interest	
<b>2006</b>	\$ 452,694	\$ 592,104	\$ (139,410)	\$ 100,000	\$ 320,807	-33%
<b>2007</b>	920,612	683,973	236,639	105,000	314,676	56%
<b>2008</b>	969,569	712,128	257,441	110,000	307,958	62%
<b>2009</b>	1,004,754	717,278	287,476	120,000	300,770	68%
<b>2010</b>	946,516	748,795	197,721	125,000	293,114	47%
<b>2011</b>	1,160,367	678,852	481,515	135,000	284,989	115%
<b>2012</b>	1,211,528	796,012	415,516	140,000	276,395	100%
<b>2013</b>	1,235,362	816,663	418,699	150,000	266,995	100%
<b>2014</b>	1,285,578	866,263	419,315	160,000	256,610	101%

**WW 41 Water Revenue Bonds**

Fiscal Year	Charges	Less: Operating	Net Available	Debt Service		Coverage
		Expenses	Revenue	Principal	Interest	
<b>2006</b>	\$ 154,829	\$ 786,259	\$ (631,430)	\$ 25,000	\$ 8,190	-1902%
<b>2007</b>	163,725	464,618	(300,893)	25,000	6,240	-963%
<b>2008</b>	182,142	589,706	(407,564)	25,000	4,290	-1391%
<b>2009</b>	197,120	644,511	(447,391)	30,000	2,340	-1383%
<b>2010</b>	184,459	603,143	(418,684)	-	-	n/a
<b>2011</b>	-	-	-	-	-	n/a
<b>2012</b>	-	-	-	-	-	n/a
<b>2013</b>	-	-	-	-	-	n/a
<b>2014</b>	-	-	-	-	-	n/a

**WW 41 Sewer Revenue Bonds**

Fiscal Year	Charges	Less: Operating	Net Available	Debt Service		Coverage
		Expenses	Revenue	Principal	Interest	
<b>2006</b>	\$ 109,667	\$ 332,639	\$ (222,972)	\$ 25,000	\$ 8,505	-665%
<b>2007</b>	111,783	247,151	(135,368)	25,000	6,480	-430%
<b>2008</b>	132,108	317,753	(185,645)	25,000	4,455	-630%
<b>2009</b>	131,989	267,890	(135,901)	30,000	2,430	-419%
<b>2010</b>	130,847	371,305	(240,458)	-	-	n/a
<b>2011</b>	-	-	-	-	-	n/a
<b>2012</b>	-	-	-	-	-	n/a
<b>2013</b>	-	-	-	-	-	n/a
<b>2014</b>	-	-	-	-	-	n/a

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

<b>Year</b>	<b>Population~</b>	<b>Personal Income*</b>	<b>Per Capita Personal Income</b>	<b>Median Family Income</b>	<b>Unemployment Rate</b>
2005	866,058	24,078	27,758	45,450	8.40%
2006	879,128	25,730	29,304	47,000	8.03%
2007	893,088	27,173	30,536	48,900	8.15%
2008	906,521	28,097	31,111	49,900	9.91%
2009	918,560	28,050	30,646	53,100	14.98%
2010	929,758	28,839	30,905	52,200	15.95%
2011	936,089	29,741	31,542	54,700	16.77%
2012	943,493	32,729	34,539	55,500	15.27%
2013	952,166	34,041	35,635	54,600	14.87%
2014	964,040	N/A	N/A	N/A	10.40%

**Sources:** *Population data provided by the California Department of Finance. Personal and Per Capita Personal Income data provided by the Bureau of Economic Analysis. Unemployment data provided by the California Employment Development Department. Median Family Income data provided by Housing and Urban Development.*

\* *Amounts in millions*

~ *The Department of Finance population estimates for January 1, 2014*



**County of Fresno  
Principal Employers  
Comparison of 2005 and 2014**

<b>Employer</b>	<b>2014</b>			<b>2005</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Fresno Unified School District	11,031	1	2.42%	8,706	1	2.08%
Community Medical Centers	7,200	2	1.58%	6,200	4	1.48%
County of Fresno	6,892	3	1.51%	7,814	2	1.87%
Clovis Unified School District	5,000	5	1.10%	4,000	5	0.96%
City of Fresno	3,184	4	0.70%	4,581	6	1.10%
Saint Agnes Medical	2,618	6	0.57%	2,400	8	0.57%
State Center Community College	2,300	7	0.51%			0.00%
Kaiser Permanente Medical	2,300	8	0.51%	2,000	9	0.48%
Pelco by Schneider Electric	2,200	9	0.48%	1,500	10	0.36%
Claifornia State University Fresno	2,191	10	0.48%			0.00%
Internal Revenue Service				7,300	3	1.75%
Children's Hospital of Central CA				2,520	7	0.60%
<b>Total</b>	<b>44,916</b>		<b>9.86%</b>	<b>47,021</b>		<b>11.24%</b>

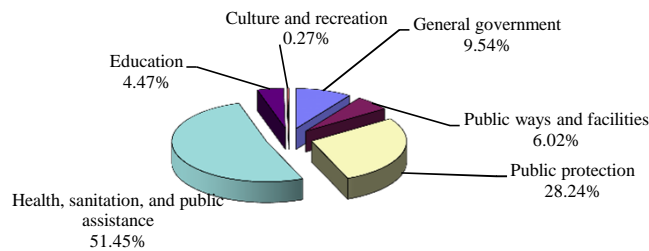
**Source:** The 2014 employee counts are obtained from various entity websites. The 2005 employee count was obtained from the 2005 Co. of Fresno Comprehensive Annual Financial Report.

**Note:** Percentages based on labor force of 455,300 in 2014 and 418,000 in 2005.

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

<b>Function/Program</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>General government</b>										
Administration	65	65	71	66	59	56	54	52	53	56
Planning	3	-	-	-	-	-	-	-	-	-
County Counsel	39	40	39	35	37	29	26	25	28	31
Finance	292	297	300	288	272	256	227	235	212	218
Internal Service	459	458	460	446	419	411	381	344	346	340
Other	56	54	40	40	38	35	23	23	24	25
<b>Total</b>	<b>914</b>	<b>914</b>	<b>910</b>	<b>875</b>	<b>825</b>	<b>787</b>	<b>711</b>	<b>679</b>	<b>663</b>	<b>670</b>
<b>Public ways and facilities</b>										
Planning	154	156	169	170	137	122	106	105	105	110
Roads	226	226	226	226	224	224	222	198	198	196
Community Development	23	23	22	19	19	19	19	14	14	13
Solid Waste	22	24	24	24	24	24	22	21	21	21
Other	98	98	97	97	86	81	81	83	82	83
<b>Total</b>	<b>523</b>	<b>527</b>	<b>538</b>	<b>536</b>	<b>490</b>	<b>470</b>	<b>450</b>	<b>421</b>	<b>420</b>	<b>423</b>
<b>Public protection</b>										
Sheriff	1,107	1,141	1,202	1,203	1,126	1,004	982	998	1,024	1,053
Probation	548	588	624	629	550	535	514	544	546	572
District Attorney	257	267	259	300	247	243	228	222	238	256
Public Defender	111	111	135	137	127	95	82	79	84	88
Coroner	42	40	40	40	35	16	14	13	14	14
<b>Total</b>	<b>2,065</b>	<b>2,147</b>	<b>2,260</b>	<b>2,309</b>	<b>2,085</b>	<b>1,893</b>	<b>1,820</b>	<b>1,856</b>	<b>1,906</b>	<b>1,983</b>
<b>Health, sanitation, and public assistance</b>										
Administration	90	90	90	85	70	3	3	3	2	-
Child & Family Services	1,078	1,066	1,073	978	923	274	232	232	231	239
Adult Services	704	469	465	452	337	511	484	514	514	542
Social Services	1,314	1,422	1,504	1,542	1,544	2,060	2,160	2,182	2,320	2,452
Community Health	700	714	701	658	457	432	438	467	481	368
In-Home Supportive Services	-	18	18	16	14	7	7	7	7	7
Veterans Services	-	4	4	4	4	5	5	5	5	5
<b>Total</b>	<b>3,886</b>	<b>3,783</b>	<b>3,855</b>	<b>3,735</b>	<b>3,349</b>	<b>3,292</b>	<b>3,329</b>	<b>3,410</b>	<b>3,560</b>	<b>3,613</b>
<b>Education</b>										
Library	377	321	331	338	330	330	291	293	292	314
<b>Culture and recreation</b>										
Parks and grounds	35	35	36	36	31	26	20	16	17	19
<b>Total</b>	<b>7,800</b>	<b>7,727</b>	<b>7,930</b>	<b>7,829</b>	<b>7,110</b>	<b>6,798</b>	<b>6,621</b>	<b>6,675</b>	<b>6,858</b>	<b>7,022</b>

**Fiscal Year Ending 2014**



*Source: Proposed Budget*

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b><u>Function/Program</u></b>										
Public protection										
<i>Child Support Services</i>										
Number of child support cases opened	74,475	70,292	69,155	69,538	70,343	65,032	62,175	60,115	58,444	56,755
Child support collected (in thousands)	\$ 85,633	\$ 82,328	\$ 82,043	\$ 83,450	\$ 86,387	\$ 83,562	\$ 82,918	\$ 83,681	\$ 82,529	\$ 82,525
<i>Sheriff</i>										
Zone offices	4	4	4	4	4	4	4	4	4	4
Patrol units	222	216	232	267	225	233	186	249	240	242
Dispatched calls	307,862	326,123	344,315	347,778	211,990	200,553	204,542	199,408	215,403	188,672
Physical arrests	6,029	6,219	5,930	7,675	5,523	7,943	7,789	9,299	7,954	7,171
Traffic citations	1,524	1,605	1,493	1,361	1,761	1,316	1,315	1,077	737	917
Stolen vehicles	1,019	1,090	1,020	952	933	763	1,020	899	997	770
Jail bookings	40,333	44,232	43,428	44,028	44,398	40,621	40,794	40,025	41,696	44,321
Avg. daily jail population	3,060	3,168	3,259	3,029	3,067	1,877	1,661	1,810	2,867	2,978
Public ways and facilities										
Street miles maintained	3,577	3,563	3,555	3,539	3,531	3,527	3,524	3,519	3,517	3,516
Health, sanitation, and public assistance										
<i>Emergency Medical Services (EMS)</i>										
Number of 9-1-1 medical calls	47,802	58,636	96,020	64,700	81,994	92,960	96,030	107,235	107,039	101,982
Department of Social Services										
Number of client months served	3,345,408	3,596,256	5,656,281	5,495,310	6,021,653	6,529,503	6,854,629	6,966,161	7,032,774	7,336,435
Education										
<i>Library</i>										
Number of branches	35	35	35	35	35	35	35	35	35	38
Number of volumes	3,651,499	3,668,488	3,837,345	3,865,700	3,970,156	4,013,193	3,104,381	3,698,458	3,656,593	2,188,608
Volumes borrowed	2,991,108	2,992,108	3,038,170	3,222,473	3,572,943	3,667,648	3,874,259	3,989,774	3,844,412	4,216,039
Culture and recreation										
<i>Parks &amp; Grounds</i>										
Acreage	2,120	2,120	2,120	2,120	2,120	2,120	2,120	2,120	2,120	2,000
Park passes issued	135	125	209	163	166	162	112	166	193	106

**Sources:** Various county departments

**Note 1:** The Fresno County Resource Division had revised the total acreage data during 2011 based on re-mapping of the parks for all periods presented above.

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

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## **Glossary**

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## County of Fresno

### Glossary for the Comprehensive Annual Financial Report

**ACCOUNTS PAYABLE.** A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government (but not including amounts due to other funds or other governments).

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

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

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

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

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

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

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

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

**AUDITOR'S REPORT.** In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial

information in conformity with GAAP or some other comprehensive basis of accounting.

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

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

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

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

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

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

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

## County of Fresno

### Glossary for the Comprehensive Annual Financial Report

**CAPITALIZATION POLICY.** The criteria used by a government to determine which outlays should be reported as capital assets.

**CAPITAL LEASE.** An agreement that conveys the right to use property, plant, or equipment, usually for a stated period of time. See **LEASE-PURCHASE AGREEMENTS**.

**CAPITAL PROJECTS FUND.** A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**CASH BASIS.** A basis of accounting under which transactions are recognized only when cash is received or disbursed.

**CASH WITH FISCAL AGENT.** An asset account reflecting deposits with fiscal agents, such as commercial banks, for the payment of bond principal and interest.

**CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM.** A voluntary program administered by the GFOA to encourage governments to publish efficiently organized and easily readable CAFR's and to provide technical assistance and peer recognition to the finance officers preparing them.

**CHANGE IN THE FAIR VALUE OF INVESTMENTS.** The difference between the fair value of investments at the beginning of the year and at the end of the year, taking into consideration investment purchases, sales, and redemptions.

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

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR).** A financial report that encompasses all funds and component units of the government. The CAFR should contain (a) the basic financial statements and required supplementary information, (b) combining statements to support columns in the basic financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. The CAFR is the governmental unit's official annual report and also should contain introductory information, schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, and statistical data.

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

**CREDIT RISK.** The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

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

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

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

**DEFERRED CHARGES.** Expenditures that are not chargeable to the fiscal period in which they were made that are carried as an asset on the balance sheet, pending amortization or other disposition (e.g., bond issuance costs). Deferred charges differ



## County of Fresno

### Glossary for the Comprehensive Annual Financial Report

from prepaid items in that they usually extend over a long period of time (more than five years) and are not regularly recurring costs of operation.

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

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

**DEFERRED REVENUE.** Resource inflows that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts also are reported as deferred revenue until they are available to liquidate liabilities of the current period.

**DEFICIT.** (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period.

**DEFINED BENEFIT PENSION PLAN.** A pension plan having terms that specify the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation.

**DEPRECIATION.** (1) Expiration in the service life of capital assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy and obsolescence. (2) The portion of the cost of a capital asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

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

**DUE TO OTHER FUNDS.** A liability account reflecting amounts owed by a particular fund to another fund for goods sold

or services rendered. These amounts include only short-term obligations on open account, not interfund loans.

**ECONOMIC RESOURCES MEASUREMENT FOCUS.** Measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net position. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting. It is also used by business enterprises in the private sector.

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

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

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

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

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

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

**EXTERNAL INVESTMENT POOL.** An arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio; one or more of the participants is not part of the sponsors reporting entity. An external investment pool can be sponsored by

## County of Fresno

### Glossary for the Comprehensive Annual Financial Report

an individual government, jointly by more than one government, or by a nongovernmental entity. An investment pool that is sponsored by an individual state or local government is an external investment pool if it includes participation by a legally separate entity that is not part of the same reporting entity as the sponsoring government. If a government-sponsored pool includes only the primary government and its component units, it is an internal investment pool and not an external investment pool.

**FAIR VALUE.** The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**FIDUCIARY FUNDS.** The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units and/or other funds.

**FINANCIAL RESOURCES.** Resources that are or will become available for spending. Financial resources include cash and resources ordinarily expected to be converted to cash (e.g., receivables, investments). Financial resources may also include inventories and pre-pays (because they obviate the need to expend current available resources).

**FISCAL AGENT.** A fiduciary agent, usually a bank or county treasurer, who performs the function of paying debt principal and interest when due.

**FUND.** A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

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

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

**FUND TYPE.** Any one of seven categories into which all funds are classified in governmental accounting. The seven fund types

are: general, special revenue, debt service, capital projects, enterprise, internal service, and trust and agency.

**GENERAL REVENUES.** All revenues that are not required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported by type of tax - for example, property tax, sales tax, transient occupancy tax. All other nontax revenues (including interest, grants and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues.

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

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

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

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

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS.** Financial statements that incorporate all of a government's governmental and business-type activities, as well as its nonfiduciary component units. There are two basic government-wide financial statements: the statement of net position and the statement of activities. Both basic governmental financial

## County of Fresno

### Glossary for the Comprehensive Annual Financial Report

statements are presented using the economic resources measurement focus and the accrual basis of accounting.

**INFRASTRUCTURE.** Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

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

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

**INTERNAL SERVICE FUND.** A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

**JOINT VENTURE.** A legal entity or other contractual arrangement in which a government participates as a separate and specific activity for the benefit of the public or service recipients and in which the government retains an ongoing financial interest.

**LAPSE.** As applied to appropriations, the automatic termination of an appropriation. Except for indeterminate appropriations and continuing appropriations, an appropriation is made for a certain period of time. At the end of this period, any unexpended or unencumbered balance thereof lapses, unless otherwise provided by law.

**LEASE-PURCHASE AGREEMENTS.** Contractual agreements that are termed leases, but that in substance are purchase contracts.

**LEGAL LEVEL OF BUDGETARY CONTROL.** The level at which spending in excess of budgeted amounts would be a violation of law.

**LEVEL OF BUDGETARY CONTROL.** The level at which a government's management may not reallocate resources without special approval from the legislative body.

**LIABILITIES.** Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

**LOANS RECEIVABLE.** An asset account reflecting amounts loaned to individuals or organizations external to a government, including notes taken as security for such loans. Loans to other funds and governments should be recorded and reported separately.

**MAJOR FUND.** A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The general fund is always a major fund. Otherwise, major funds are those whose revenues/expenditures, assets or liabilities, are at least 10 percent of corresponding totals for all government or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same items. Any other government or enterprise fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.

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

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

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

## County of Fresno

### Glossary for the Comprehensive Annual Financial Report

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

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

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

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

**OPERATING LEASE.** A lease does not transfer ownership rights, risks, and rewards from the lessor to the lessee; the lease is called an operational lease and is similar to a rental.

**OTHER FINANCING SOURCES.** An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the other financing sources category is limited to items classified by GAAP.

**OTHER FINANCING USES.** A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of the other financing uses category is limited to items so classified by GAAP.

**OVERLAPPING DEBT.** The proportionate share property within which each government must bear of the debts of all local governments located wholly or in part within the geographic boundaries of the reporting government. Except for special assessment debt, the amount of debt of each unit applicable to the

reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessment receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, to total assessments, which will be used wholly or in part for this purpose.

**PROGRAM REVENUES.** Term used in connection with the government-wide statement of activities. Revenues that derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues.

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

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

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

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

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

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

## County of Fresno

### Glossary for the Comprehensive Annual Financial Report

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

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

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

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

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

**SINGLE AUDIT.** An audit performed in accordance with the Single Audit Act of 1997 and the Office of Management and Budget's (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. The Single Audit Act allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to the meet the needs of all federal agencies.

**SPECIAL DISTRICT.** An independent unit of local government organized to perform a single government function or a restricted number of related functions. Special districts usually have the power to incur debt and levy taxes; however, certain types of special districts are entirely dependent upon enterprise earnings and cannot impose taxes. Examples of special districts are water districts, drainage districts, flood control districts, hospital districts, fire protection districts, transit authorities, port authorities, and electric power authorities.

**SPECIAL REVENUE FUND.** A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

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

**TAX AND REVENUE ANTICIPATION NOTES (TRANS).** Notes issued in anticipation of the collection of taxes and revenues, usually retired only from tax collections, and frequently only from the proceeds of the tax and revenues levy whose collection they anticipate.

**TRUST FUNDS.** Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments and/or other funds.

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

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

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

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