

**COUNTY SERVICE AREA NO. 1  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**COUNTY SERVICE AREA NO. 1**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets .....	2
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	3
Statement of Cash Flows.....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of County Service Area No. 1 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Service Area No. 1, as of June 30, 2009, and the respective changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 1 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**COUNTY SERVICE AREA NO. 1**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**June 30, 2009**

**ASSETS**

Current assets:

Cash and investments	\$ 45,275
Receivables:	
Interest	238
Total current assets	<u>45,513</u>

Non-current assets:

Capital assets:

Depreciable:

Buildings and improvements	32,922
Machinery and equipment	31,798
Less: accumulated depreciation	<u>(62,303)</u>
Total non-current assets	<u>2,417</u>

Total assets	<u>47,930</u>
--------------	---------------

**LIABILITIES**

Current liabilities:

Accounts payable	3,245
Due to primary government	<u>4,566</u>
Total liabilities	<u>7,811</u>

**NET ASSETS**

Invested in capital assets	2,417
Unrestricted	<u>37,702</u>

Total net assets	<u><u>\$ 40,119</u></u>
------------------	-------------------------

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

**COUNTY SERVICE AREA NO. 1**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**For the Year Ended June 30, 2009**

Operating revenues:	
Charges for services	\$ 79,122
Total operating revenues	<u>79,122</u>
Operating expenses:	
Insurance	396
Professional services	44,944
Specialized departmental expenses	5,497
General and administrative	3,504
Repairs and maintenance	44,782
Utilities	4,671
Depreciation	<u>382</u>
Total operating expenses	<u>104,176</u>
Operating income (loss)	<u>(25,054)</u>
Non-operating revenues (expenses):	
Investment earnings	882
Property taxes	29,611
Timber yield	2
Homeowners property tax relief	368
Federal in-lieu housing	<u>4</u>
Total non-operating revenues (expenses)	<u>30,867</u>
Change in net assets	5,813
Net assets - beginning	<u>34,306</u>
Net assets - ending	<u>\$ 40,119</u>

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

**COUNTY SERVICE AREA NO. 1**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2009**

Cash flows from operating activities:	
Cash received from users	\$ 79,122
Cash paid to suppliers	<u>(100,128)</u>
Net cash provided by (used in) operating activities	<u>(21,006)</u>
Cash flows from non-capital financing activities:	
Property taxes received	<u>29,985</u>
Net cash provided by (used in) non-capital financing activities	<u>29,985</u>
Cash flows from investing activities:	
Interest on investments	<u>1,044</u>
Net cash provided by (used in) investing activities	<u>1,044</u>
Net increase (decrease) in cash and cash equivalents	10,023
Cash and cash equivalents - beginning	<u>35,252</u>
Cash and cash equivalents - ending	<u><u>\$ 45,275</u></u>

**Reconciliation of Operating Income (Loss) to Net Cash  
Provided by (Used in) Operating Activities:**

Operating income (loss)	\$ (25,054)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	382
Increase (decrease) in accounts payable	(900)
Increase (decrease) in due to primary government	<u>4,566</u>
Total adjustments	<u>4,048</u>
Net cash provided by (used in) operating activities	<u><u>\$ (21,006)</u></u>

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

**COUNTY SERVICE AREA NO. 1**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

County Service Area No. 1, a special district (District), is an enterprise fund of the County of Fresno (County), which is a political subdivision of the State of California. The function of the District is to provide requested services for the subdivision known as Tamarack Estates, located nine miles south of Huntington Lake. The services provided consist of maintaining community water and sewage systems and providing snow removal. The subdivision contains 45 residential lots, 32 of which have been built upon, and three R-E zoned parcels, one of which contains a ten-unit motel.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District was formed in 1962 under the provisions of Government Code Section 25210.1 et. seq., and is governed by the County Board of Supervisors. The District is not subject to federal or state income taxes. The District is a component unit of the County of Fresno.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Basis of Accounting**

Pursuant to Governmental Accounting Standards Board (GASB) Standard No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary fund Accounting*, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989, are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government body is that the cost and expenses of providing goods or services to its customers be financed or recovered primarily through users charges; or where the governing body has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**COUNTY SERVICE AREA NO. 1**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**B. Basis of Accounting (Continued)**

Enterprise funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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

**C. Assets, Liabilities and Net Assets**

**1. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$3,245 and \$4,566, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**3. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received.



**COUNTY SERVICE AREA NO. 1**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**C. Assets, Liabilities and Net Assets (Continued)**

**3. Capital Assets (Continued)**

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

<u>Equipment Type</u>	<u>Useful Life</u>
Sewer treatment and disposal facility	20 Years
Well	20 Years
Equipment	10 Years

**4. Net Assets**

Net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**5. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

**COUNTY SERVICE AREA NO. 1**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**C. Assets, Liabilities and Net Assets (Continued)**

**5. Property Taxes (Continued)**

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**6. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

**Summary of Deposits**

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 45,275</u>
Total cash and cash equivalents	<u>\$ 45,275</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 45,275</u>
Total cash and cash equivalents	<u>\$ 45,275</u>

**COUNTY SERVICE AREA NO. 1**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**NOTE 3 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009, was as follows:

	July 1, 2008 Balance	Additions	Retirements	June 30, 2009 Balance
Capital assets being depreciated:				
Buildings and improvements	\$ 32,922	\$ -	\$ -	\$ 32,922
Machinery and equipment	31,798	-	-	31,798
Total capital assets being depreciated	<u>64,720</u>	<u>-</u>	<u>-</u>	<u>64,720</u>
Less accumulated depreciation:				
Buildings and improvements	(30,123)	(382)	-	(30,505)
Machinery and equipment	(31,798)	-	-	(31,798)
Total accumulated depreciation	<u>(61,921)</u>	<u>(382)</u>	<u>-</u>	<u>(62,303)</u>
Capital Assets, Net	<u>\$ 2,799</u>	<u>\$ (382)</u>	<u>\$ -</u>	<u>\$ 2,417</u>

**NOTE 4 – RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation, which is likely to have a material adverse affect on the financial position of the District.

**COUNTY SERVICE AREA NO. 2  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**COUNTY SERVICE AREA NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Government-Wide Financial Statements:	
Statement of Net Assets .....	2
Statement of Activities .....	3
Governmental Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	4
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets .....	5
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds .....	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities .....	7
Budgetary Comparison Schedule .....	8
Notes to the Basic Financial Statements .....	9



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of County Service Area No. 2 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Service Area No. 2, as of June 30, 2009, and the respective changes in financial position and the respective budgetary comparison for the Special Revenue Fund, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 2 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**COUNTY SERVICE AREA NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**June 30, 2009**

**ASSETS**

Current assets:

Cash and equivalents	\$ 10,017
Interest receivable	<u>36</u>
Total current assets	<u>10,053</u>

Noncurrent assets:

Capital assets, net of accumulated depreciation	
Buildings and improvements	<u>68,343</u>

Total noncurrent assets	<u>68,343</u>
-------------------------	---------------

Total assets	<u>78,396</u>
--------------	---------------

**LIABILITIES**

Current liabilities:

Accounts payable	11,328
Due to primary government	<u>506</u>
Total liabilities	<u>11,834</u>

**NET ASSETS**

Invested in capital assets	68,343
Unrestricted	<u>(1,781)</u>
Total net assets	<u>\$ 66,562</u>

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

**COUNTY SERVICE AREA NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2009**

Expenses:	
Public ways and facilities	\$ 43,170
Total program expenses	<u>43,170</u>
Program revenues:	
Charges for services	<u>29,482</u>
Net program revenue	<u>(13,688)</u>
General revenues:	
Property taxes	9,494
Unrestricted investment earnings	5
Miscellaneous	<u>171</u>
Total general revenues	<u>9,670</u>
Change in net assets	(4,018)
Net assets - beginning	<u>70,580</u>
Net assets - ending	<u><u>\$ 66,562</u></u>

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



**COUNTY SERVICE AREA NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2009**

**ASSETS**

Cash and cash equivalents	\$ 10,017
Interest receivable	<u>36</u>
Total assets	<u>\$ 10,053</u>

**LIABILITIES AND FUND BALANCE**

Liabilities:

Accounts payable	\$ 11,328
Due to primary government	<u>506</u>
Total liabilities	<u>11,834</u>

Fund balances:

Unreserved	<u>(1,781)</u>
Total fund balance	<u>(1,781)</u>

Total liabilities and fund balance	<u>\$ 10,053</u>
------------------------------------	------------------

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

**COUNTY SERVICE AREA NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**June 30, 2009**

Fund balance - governmental funds	\$ (1,781)
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets are not recorded in governmental fund types but recorded in government-wide statement to conform with GAAP accounting requirements.	<u>68,343</u>
Net assets of governmental activity	<u>\$ 66,562</u>

**COUNTY SERVICE AREA NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2009**

Revenues:

Property taxes - secured and unsecured	\$ 9,494
Service-type property assessments	29,482
Investment earnings	5
Aid from other government agencies:	
State	120
Federal	1
Other operating revenues	50
Total revenues	<u>39,152</u>

Expenditures:

Current:

Public ways and facilities:

Maintenance - building and grounds	24,713
Office expense	10
Professional services	6,349
PeopleSoft financials charges	900
Utilities	6,628
Total expenditures	<u>38,600</u>

Changes in fund balance 552

Fund balance - beginning (2,333)

Fund balance - ending \$ (1,781)

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

**COUNTY SERVICE AREA NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2009**

Net changes in fund balance - total governmental funds	\$ 552
--	--------

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 those assets is allocated over their  
estimated useful lives and reported as depreciation expense. The amount  
of current year depreciation expense is \$4,570. There were no capital asset  
additions in the current period.

(4,570)

Change in net assets of governmental activities

\$ (4,018)

**COUNTY SERVICE AREA NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2009**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Budgetary Fund Balance - July 1, 2008</b>	\$ 3,614	\$ 3,614	\$ (6,296)	\$ (9,910)
Resources (inflows):				
Property taxes - secured and unsecured	8,650	8,650	9,494	844
Interest	50	50	38	(12)
Aid from other government agencies:				
State	-	-	120	120
Federal	-	-	1	1
Service type property assessments	29,499	29,499	29,482	(17)
Other operating revenues	-	-	50	50
Amounts available from appropriations	<u>38,199</u>	<u>38,199</u>	<u>39,185</u>	<u>986</u>
Charges to Appropriations (outflows):				
Maintenance - building/grounds	19,950	19,950	19,902	48
Office expense	-	-	10	(10)
Professional services	7,001	7,001	6,307	694
Specialized departmental	899	899	900	(1)
Utilities	<u>5,900</u>	<u>5,900</u>	<u>6,322</u>	<u>(422)</u>
Total charges to appropriations	<u>33,750</u>	<u>33,750</u>	<u>33,441</u>	<u>309</u>
<b>Budgetary Fund Balance - June, 30 2009</b>	<u>\$ 8,063</u>	<u>\$ 8,063</u>	<u>\$ (552)</u>	<u>\$ (8,615)</u>

**Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:**

Sources/inflows of resources:

Actual amounts (budgetary basis) "available from appropriations" from the budgetary comparison schedule not including fund balance	\$ 39,185
Differences - budget to GAAP	
Modified accrual basis of accounting to budgetary basis of accounting	<u>(33)</u>
Total revenues as reported on the statement of revenues and expenditures and changes in fund balance	<u>\$ 39,152</u>

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 33,441
Differences - budget to GAAP	
Modified accrual basis of accounting to budgetary basis of accounting	<u>5,159</u>
Total expenditures as reported on the statement of revenues and expenditures and changes in fund balance	<u>\$ 38,600</u>

**COUNTY SERVICE AREA NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

County Service Area No. 2, a special district (District), is a special revenue fund of the County of Fresno (County), which is a political subdivision of the State of California. The function of the District is to maintain a two and one-half acre park, 1,500 linear feet of walkway areas, and park and walkway lighting. The community park is located in the subdivision of Tenaya Estates. Maintenance of the park and walkway areas is administered through the County of Fresno Special Districts Administration. Lighting is provided by contract with PG&E.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District was formed in 1962 under the provisions of Government Code Section 25210.1 et. seq., and is governed by the County Board of Supervisors. The District is not subject to federal or state income taxes. The District is a component unit of the County of Fresno.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the District's activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**COUNTY SERVICE AREA NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

*Governmental Fund Financial Statements*

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. A one-year availability period is used for all other revenues. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District reports the following major governmental funds:

The *special revenue fund* accounts for special revenue that is legally restricted to expenditures for a particular purpose. The special revenue fund is the primary operating fund of the District.

The District adopts annual appropriated budgets for its Special Revenue Fund which is a major fund. Budgetary comparison schedules have been provided for this fund to demonstrate compliance with the budgets.

**COUNTY SERVICE AREA NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Cash and Cash Equivalents**

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$11,328 and \$506, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**3. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

<u>Buildings and Improvements</u>	<u>Useful Life</u>
Playground equipment improvements	25 Years
Telephone pole and chain fence	15 Years



**COUNTY SERVICE AREA NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity (Continued)**

**4. Equity**

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use in special purposes. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

In the government-wide financial statements, net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**5. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

**COUNTY SERVICE AREA NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity (Continued)**

**5. Property Taxes (Continued)**

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

**6. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the provisions of Sections 29000 through 29143 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget on or before August 30 for each fiscal year. Until the adoption of this final balanced budget, appropriations are based on the budget of the preceding year as allowed per Government Code 29124. The final adopted budget is available for review in the Auditor-Controller/Treasurer-Tax Collector's Office.

An operating balanced budget is adopted for each fiscal year for the District on the same modified accrual basis, including encumbrances, to reflect estimated revenues and expenditures. Public hearings are conducted on the proposed budget to review all appropriations and the source of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

Budgetary control is exercised at the object level, except for fixed assets, which are controlled at the sub-object level. All amendments and any expenditures that exceed appropriations must be authorized and approved by the Board.

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in governmental funds. Encumbrance accounting is used 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 the time are reported as reservations of fund balance for subsequent year expenditures. The District did not have any outstanding encumbrances at June 30, 2009.

**COUNTY SERVICE AREA NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

**B. Excess in Expenditures Over Appropriations**

The District incurred expenditures in excess of appropriations in the following amounts for the fiscal year June 30, 2009:

Office expense	\$ 10
Specialized departmental	\$ 1
Utilities	\$ 422

**NOTE 3 – CASH AND CASH EQUIVALENTS**

**Summary of Deposits**

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 10,017</u>
Total cash and cash equivalents	<u>\$ 10,017</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 10,017</u>
Total cash and cash equivalents	<u>\$ 10,017</u>

**Investment in County Treasury**

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**COUNTY SERVICE AREA NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 4 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009
Capital assets, being depreciated:				
Buildings and improvements	\$ 107,031	\$ -	\$ -	\$ 107,031
Total capital assets, being depreciated	107,031	-	-	107,031
Less accumulated depreciation:				
Buildings and improvements	(34,118)	(4,570)	-	(38,688)
Total accumulated depreciation	(34,118)	(4,570)	-	(38,688)
Capital Assets, Net	<u>\$ 72,913</u>	<u>\$ (4,570)</u>	<u>\$ -</u>	<u>\$ 68,343</u>

Depreciation expense was charged to function/programs of the District as follows:

Public Ways and Facilities	<u>\$ 4,570</u>
----------------------------	-----------------

**NOTE 5 – RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation, which is likely to have a material adverse affect on the financial position of the District.

**COUNTY SERVICE AREA NO. 5  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**COUNTY SERVICE AREA NO. 5**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statement:	
Statement of Net Assets .....	2
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	3
Statement of Cash Flows.....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of County Service Area No. 5 (District), a component unit of the County of Fresno, as of and for the fiscal year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Service Area No. 5 as of June 30, 2009, and the respective changes in financial position and cash flows, thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 5 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**COUNTY SERVICE AREA NO. 5**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**June 30, 2009**

**ASSETS**

Current assets:

Cash and equivalents	\$ 917
Receivables:	
Interest	<u>4</u>
Total current assets	<u>921</u>

Noncurrent assets:

Capital assets:

Depreciable:

Machinery and equipment	82,793
Less: accumulated depreciation	<u>(82,793)</u>
Total noncurrent assets	<u>-</u>

Total assets	<u>921</u>
--------------	------------

**LIABILITIES**

Current liabilities:

Accounts payable	3,048
Due to primary government	<u>8,391</u>

Total liabilities	<u>11,439</u>
-------------------	---------------

**NET ASSETS**

Unrestricted	<u>(10,518)</u>
--------------	-----------------

Total net assets	<u><u>\$ (10,518)</u></u>
------------------	---------------------------

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



**COUNTY SERVICE AREA NO. 5**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**For the Year Ended June 30, 2009**

Operating revenues:	
Other operating revenues	\$ 31,839
Total operating revenues	<u>31,839</u>
Operating expenses:	
Insurance	1,254
Professional and specialized services	39,843
Specialized departmental expenses	1,409
General and administrative	683
Repairs and maintenance	10,818
Utilities	<u>18,253</u>
Total operating expenses	<u>72,260</u>
Operating income (loss)	<u>(40,421)</u>
Nonoperating revenues (expenses):	
Investment earnings	76
Property taxes	13,907
Homeowners property tax relief	168
Federal in-lieu housing	<u>2</u>
Total nonoperating revenues (expenses)	<u>14,153</u>
Change in net assets	(26,268)
Net assets - beginning	<u>15,750</u>
Net assets - ending	<u><u>\$ (10,518)</u></u>

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

**COUNTY SERVICE AREA NO. 5**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2009**

Cash flows from operating activities:	
Cash paid to suppliers	\$ (69,409)
Other operating receipts	<u>31,839</u>
Net cash provided by (used in) operating activities	<u>(37,570)</u>
Cash flows from non-capital financing activities:	
Property taxes received	<u>14,077</u>
Net cash provided by (used in) non-capital financing activities	<u>14,077</u>
Cash flows from investing activities:	
Interest on investments	<u>394</u>
Net cash provided by (used in) investing activities	<u>394</u>
Net increase (decrease) in cash and cash equivalents	(23,099)
Cash and cash equivalents - beginning	<u>24,016</u>
Cash and cash equivalents - ending	<u><u>\$ 917</u></u>

**Reconciliation of Operating Income (Loss) to Net Cash  
Provided by (Used in) Operating Activities:**

Operating income (loss)	\$ (40,421)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Increase (decrease) in accounts payable	(2,856)
Increase (decrease) in due to primary government	<u>5,707</u>
Total adjustments	<u>2,851</u>
Net cash provided by (used in) operating activities	<u><u>\$ (37,570)</u></u>

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

**COUNTY SERVICE AREA NO. 5**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

County Service Area No. 5, a special district (District), is an enterprise fund of the County of Fresno (County), which is a political subdivision of the State of California. The District was formed in 1963 under the provisions of Government Code Section 25210.1 et. seq., and is governed by the County Board of Supervisors. The function of the District is to provide community water, flood control facilities and maintenance of a recreational lake in Wildwood Island, Tract 1895. This subdivision is located on the east side of the Kings River, approximately two miles northeast of Centerville. In 1966, adjoining lands were subdivided as Wildwood Meadows, Tract 2053, and annexed to the District. The District is not subject to federal or state income taxes. The District is a component unit of the County of Fresno.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Basis of Accounting**

Pursuant to Governmental Accounting Standards Board (GASB) Standard No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary fund Accounting*, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989, are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major fund aggregated.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government body is that the cost and expenses of providing goods or services to its customers be financed or recovered primarily through users charges; or where the governing body has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**COUNTY SERVICE AREA NO. 5**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**B. Basis of Accounting (Continued)**

Enterprise funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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

**C. Assets, Liabilities and Net Assets**

**1. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$3,048 and \$8,391, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**3. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received.

**COUNTY SERVICE AREA NO. 5**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**C. Assets, Liabilities and Net Assets (Continued)**

**3. Capital Assets (Continued)**

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

<u>Equipment Type</u>	<u>Useful Life</u>
Water System	40 Years
Hydro-Pneumatic Tank	10 Years
Well	10 Years

**4. Net Assets**

Net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**5. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

The County of Fresno 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 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.

**COUNTY SERVICE AREA NO. 5**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**C. Assets, Liabilities and Net Assets (Continued)**

**5. Property Taxes (Continued)**

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**6. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

**Summary of Deposits**

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	\$ <u>917</u>
Total cash and cash equivalents	\$ <u>917</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	\$ <u>917</u>
Total cash and cash equivalents	\$ <u>917</u>

**COUNTY SERVICE AREA NO. 5**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**NOTE 3 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009, was as follows:

	July 1, 2008			June 30, 2009
	Balance	Additions	Retirements	Balance
Capital assets being depreciated:				
Machinery and equipment	\$ 82,793	\$ -	\$ -	\$ 82,793
Less: accumulated depreciation	(82,793)	-	-	(82,793)
Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 4 – RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

**COUNTY SERVICE AREA NO. 7**  
**COUNTY OF FRESNO, CALIFORNIA**  
(A Component Unit of the County of Fresno)

**FINANCIAL STATEMENTS WITH**  
**INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended**  
**June 30, 2009**



**COUNTY SERVICE AREA NO. 7**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets and Governmental Fund Balance Sheet.....	2
Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance .....	3
Budgetary Comparison Schedule .....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of County Service Area No. 7 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of County Service Area No. 7, as of June 30, 2009, and the respective changes in financial position and the respective budgetary comparison for the major Special Revenue Fund, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 7 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**COUNTY SERVICE AREA NO. 7**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS AND**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**June 30, 2009**

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 117,514	\$ -	\$ 117,514
Interest receivable	<u>660</u>	<u>-</u>	<u>660</u>
Total assets	<u>\$ 118,174</u>	<u>-</u>	<u>118,174</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 749	\$ -	\$ 749
Due to primary government	<u>236</u>	<u>-</u>	<u>236</u>
Total liabilities	<u>985</u>	<u>-</u>	<u>985</u>
<b>FUND BALANCE/NET ASSETS</b>			
Fund balance:			
Unreserved	<u>117,189</u>	<u>(117,189)</u>	<u>-</u>
Total fund balance	<u>117,189</u>	<u>(117,189)</u>	<u>-</u>
 Total liabilities and fund balance	 <u>\$ 118,174</u>		
 Net assets:			
Unrestricted		<u>117,189</u>	<u>117,189</u>
Total net assets		<u>\$ 117,189</u>	<u>\$ 117,189</u>

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

**COUNTY SERVICE AREA NO. 7**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2009**

	Governmental Fund	Adjustments	Statement of Activities
<b>Expenditures/Expenses:</b>			
Public ways and facilities	\$ 17,727	\$ -	\$ 17,727
Total expenditures/expenses	<u>17,727</u>	<u>-</u>	<u>17,727</u>
<b>Revenues</b>			
Program revenue:			
Charges for services	22,837	-	22,837
Total program revenue	<u>22,837</u>	<u>-</u>	<u>22,837</u>
Net program revenue	<u>5,110</u>	<u>-</u>	<u>5,110</u>
General revenues:			
Property taxes	6,277	-	6,277
Unrestricted investment earnings	3,165	-	3,165
Miscellaneous	81	-	81
Total general revenues	<u>9,523</u>	<u>-</u>	<u>9,523</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,633</u>	<u>(14,633)</u>	<u>-</u>
Change in net assets	-	14,633	14,633
Fund balance/net assets:			
Beginning of the year	<u>102,556</u>	<u>-</u>	<u>102,556</u>
End of the year	<u>\$ 117,189</u>	<u>\$ -</u>	<u>\$ 117,189</u>

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

**COUNTY SERVICE AREA NO. 7**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2009**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Budgetary Balance - July 1, 2008</b>	\$ 102,159	\$ 102,159	\$ 100,930	\$ (1,229)
Resources (inflows):				
Taxes	3,000	3,000	6,276	3,276
Use of money and property	3,000	3,000	3,583	583
Intergovernmental revenues	-	-	81	81
Charges for current services	22,499	22,499	22,837	338
Total revenues	<u>28,499</u>	<u>28,499</u>	<u>32,777</u>	<u>4,278</u>
Charges to Appropriations (outflows):				
Public ways and facilities:				
Original Zone:				
Services and supplies	17,580	17,580	12,312	5,268
Contingencies	1,758	1,758	-	1,758
Zone D:				
Services and supplies	22,019	22,019	6,078	15,941
Contingencies	2,202	2,202	-	2,202
Total charges to appropriations	<u>43,559</u>	<u>43,559</u>	<u>18,390</u>	<u>25,169</u>
<b>Budgetary Balance - June, 30 2009</b>	<u>\$ 87,099</u>	<u>\$ 87,099</u>	<u>\$ 115,317</u>	<u>\$ 28,218</u>

**Explanation of Differences Between Budgetary Inflows and Outflows and GAAP**  
**Revenues and Expenditures:**

Sources/inflows of resources:

Actual amounts (budgetary basis) "available from appropriations" from the budgetary comparison schedule

\$ 32,777

Differences - budget to GAAP

Budgetary basis to modified accrual basis adjustment

(417)

Total revenues as reported on the statement of revenues and expenditures and changes in fund balance

\$ 32,360

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule

\$ 18,390

Differences - budget to GAAP

Budgetary basis to modified accrual basis adjustment

(663)

Total expenditures as reported on the statement of revenues and expenditures and changes in fund balance

\$ 17,727

**COUNTY SERVICE AREA NO. 7**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

County Service Area No. 7, a special district (District) is a revenue fund of the County of Fresno (County), which is a political subdivision of the State of California. The District is comprised of two independent zones located throughout the County. The District was formed in 1963 under the provisions of the Government Code Section 25210.1 et. seq., and is governed by the County Board of Supervisors (Board).

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

County Service Area No. 7 (the original zone) provides street lighting for three noncontiguous subdivisions that are located 1) along the San Joaquin River Bluffs near Valentine Avenue, 2) south of Herndon Avenue and east of Palm Avenue, and 3) on Argyle Avenue north of Tulare Avenue. Zone "D" is located west of the City of Fresno. Zone "D" encompasses Tract 4503 and was formed to provide street lighting and street landscape maintenance for approximately 1/3 of a mile.

County Service Area No. 7 (the original zone) provides street lighting for noncontiguous subdivisions. The District is dynamic in that new zones are added and old zones are deleted as warranted and with approval of the Board of Supervisors. The function of the District is now to serve as the street lighting entity for the metropolitan area, outside the incorporated city. New subdivisions that require street lighting are, therefore, normally annexed to this service area rather than forming new entities. Street lighting is provided by contract with PG&E. The District is not subject to federal or state income taxes. The District is a component unit of the County of Fresno.

This District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the District's activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**COUNTY SERVICE AREA NO. 7**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

*Governmental Fund Financial Statements*

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. A one-year availability period is used for all other revenues. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District reports the following major governmental funds:

The *special revenue fund* accounts for special revenue that is legally restricted to expenditures for a particular purpose. The special revenue fund is the primary operating fund of the District.

The District adopts annual appropriated budget for Special Revenue Fund which is a major fund. Budgetary Comparison Schedules have been provided for this fund to demonstrate compliance with the budgets.

**COUNTY SERVICE AREA NO. 7**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Cash and Cash Equivalents**

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$749 and \$236, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**3. Equity**

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use in special purposes. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

In the government-wide financial statements, net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

**4. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.



**COUNTY SERVICE AREA NO. 7**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**4. Property Taxes (Continued)**

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**5. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the provisions of Sections 29000 through 29143 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget on or before August 30 for each fiscal year. Until the adoption of this final balanced budget, appropriations are based on the budget of the preceding year as allowed per Government Code 29124. The final adopted budget is available for review in the Auditor-Controller/Treasurer-Tax Collector's Office.

An operating balanced budget is adopted for each fiscal year for the District on the same modified accrual basis, including encumbrances, to reflect estimated revenues and expenditures. Public hearings are conducted on the proposed budget to review all appropriations and the source of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

Budgetary control is exercised at the object level, except for fixed assets, which are controlled at the sub-object level. All amendments and any expenditures that exceed appropriations must be authorized and approved by the Board.

**COUNTY SERVICE AREA NO. 7**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in governmental funds. Encumbrance accounting is used 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 the time are reported as reservations of fund balance for subsequent year expenditures. The District did not have any outstanding encumbrances at June 30, 2009.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

**Summary of Deposits**

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 117,514</u>
Total cash and cash equivalents	<u>\$ 117,514</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 117,514</u>
Total cash and cash equivalents	<u>\$ 117,514</u>

**Investment in County Treasury**

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**COUNTY SERVICE AREA NO. 7**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 4 – RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

**COUNTY SERVICE AREA NO. 10  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**COUNTY SERVICE AREA NO. 10**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets .....	2
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	3
Statement of Cash Flows.....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of County Service Area No. 10 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Service Area No. 10 as of June 30, 2009, and the respective changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 10 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**COUNTY SERVICE AREA NO. 10**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**June 30, 2009**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 251,492
Receivables:	
Accounts	18,218
Interest	<u>1,444</u>
Total current assets	<u>271,154</u>

Noncurrent assets:

Capital assets:

Depreciable:

Machinery and equipment	99,397
Less: accumulated depreciation	<u>(87,975)</u>
Total noncurrent assets	<u>11,422</u>

Total assets	<u>282,576</u>
--------------	----------------

**LIABILITIES**

Current liabilities:

Accounts payable	3,670
Due to primary government	<u>4,160</u>
Total liabilities	<u>7,830</u>

**NET ASSETS**

Invested in capital assets	11,422
Unrestricted	<u>263,324</u>
Total net assets	<u>\$ 274,746</u>

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

**COUNTY SERVICE AREA NO. 10**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**For the Year Ended June 30, 2009**

Operating revenues:	
Charges for services	\$ 83,881
Other operating revenues	31,989
Total operating revenues	<u>115,870</u>
Operating expenses:	
Insurance	807
Professional and specialized services	55,324
Specialized departmental expenses	938
General and administrative	3,122
Repairs and maintenance	16,814
Utilities	21,442
Depreciation	2,351
Total operating expenditures	<u>100,798</u>
Operating income (loss)	<u>15,072</u>
Nonoperating revenues (expenses):	
Investment earnings	7,011
Property taxes	1,901
Homeowners tax relief / in-lieu of taxes	24
Total nonoperating revenues (expenses)	<u>8,936</u>
Change in net assets	24,008
Total net assets - beginning	<u>250,738</u>
Total net assets - ending	<u>\$ 274,746</u>

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



**COUNTY SERVICE AREA NO. 10**  
**County of Fresno, California**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2009**

Cash flow from operating activities:	
Cash received from users	\$ 87,312
Cash paid to suppliers	(100,770)
Other operating receipts	<u>31,989</u>
Net cash provided by (used in) operating activities	<u>18,531</u>
Cash flows from non-capital financing activities:	
Property taxes received	<u>1,925</u>
Net cash provided by (used in) non-capital financing activities	<u>1,925</u>
Cash flows from investing activities:	
Interest on investments	<u>7,947</u>
Net cash provided by (used in) investing activities	<u>7,947</u>
Net increase (decrease) in cash and cash equivalents	28,403
Cash and cash equivalents - beginning	<u>223,089</u>
Cash and cash equivalents - ending	<u><u>\$ 251,492</u></u>

**Reconciliation of Operating Income (Loss) to Net Cash  
Provided by (Used in) Operating Activities:**

Operating income (loss)	\$ 15,072
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	2,351
(Increase) decrease in accounts receivable	3,431
Increase (decrease) in accounts payable	(6,483)
Increase (decrease) in due to primary government	<u>4,160</u>
Total adjustments	<u>3,459</u>
Net cash provided by (used in) operating activities	<u><u>\$ 18,531</u></u>

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

**COUNTY SERVICE AREA NO. 10**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

County Service Area No. 10, a special district (District), is an enterprise fund of the County of Fresno (County), which is a political subdivision of the State of California. The function of the District is to provide water and street lighting for the community and to maintain the roadway median, recreation building and bridle paths of Cumorah Knolls, Tract 1838. This subdivision is located northwest of Shaw and Academy Avenues.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District was formed in 1963 under the provisions of Government Code Section 25210.1 et. seq., and is governed by the County Board of Supervisors. The District is not subject to federal or state income taxes. The District is a component unit of the County of Fresno.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance, accounting, financial reporting, and auditing to the District on a reimbursement basis.

**B. Basis of Accounting**

Pursuant to Governmental Accounting Standards Board (GASB) Standard No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary fund Accounting*, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989, are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and nonmajor funds aggregated.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government body is that the cost and expenses of providing goods or services to its customers be financed or recovered primarily through users charges; or where the governing body has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**COUNTY SERVICE AREA NO. 10**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**B. Basis of Accounting (Continued)**

Enterprise funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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

**C. Assets, Liabilities and Net Assets**

**1. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Accounts Receivable**

The “direct write-off” method for accounts receivable was applied for accounts that had been established as uncollectible. As expense was recognized when an account was referred to the Revenue Reimbursement Division of the Auditor-Controller/Treasurer-Tax Collector and a Discharge of Accountability was received. The “direct write-off” method is not in compliance with generally accepted accounting principles, but the result was deemed immaterial to the financial statements as a whole. The District recorded a total of \$2,974 of allowance for uncollectible accounts during the period.

**3. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$3,670 and \$4,160, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**COUNTY SERVICE AREA NO. 10**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**C. Assets, Liabilities and Net Assets (Continued)**

**4. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

<b><u>Equipment Type</u></b>	<b><u>Useful Life</u></b>
AC Mains	70 Years
Pressure Tanks	50 Years
Master Meters, Fire Hydrants and Extensions, Gate Valves, and Wells	40 Years
Water Meters	15-40 Years
Computer Equipment	15 Years
Pump Assembly	10 Years

**5. Net Assets**

Net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**COUNTY SERVICE AREA NO. 10**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**C. Assets, Liabilities and Net Assets (Continued)**

**6. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**7. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**COUNTY SERVICE AREA NO. 10**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Summary of Deposits

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$251,492</u>
Total cash and cash equivalents	<u>\$251,492</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$251,492</u>
Total cash and cash equivalents	<u>\$251,492</u>

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**NOTE 3 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009, was as follows:

	July 1, 2008 <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	June 30, 2009 <u>Balance</u>
Capital assets being depreciated:				
Machinery and equipment	\$ 99,397	\$ -	\$ -	\$ 99,397
Total capital assets being depreciated	<u>99,397</u>	<u>-</u>	<u>-</u>	<u>99,397</u>
Less accumulated depreciation:				
Machinery and equipment	<u>(85,624)</u>	<u>(2,351)</u>	<u>-</u>	<u>(87,975)</u>
Total accumulated depreciation	<u>(85,624)</u>	<u>(2,351)</u>	<u>-</u>	<u>(87,975)</u>
Capital Assets, Net	<u>\$ 13,773</u>	<u>\$ (2,351)</u>	<u>\$ -</u>	<u>\$ 11,422</u>

**COUNTY SERVICE AREA NO. 10**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 4 – RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

**COUNTY SERVICE AREA NO. 14  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**



**COUNTY SERVICE AREA NO. 14**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets .....	2
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	3
Statement of Cash Flows.....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of County Service Area No. 14 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Service Area No. 14 of County of Fresno, California, as of June 30, 2009, and the respective changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 14 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**COUNTY SERVICE AREA NO. 14**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**June 30, 2009**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 49,446
Receivables:	
Interest	<u>287</u>
Total current assets	<u>49,733</u>

Capital assets:

Depreciable:	
Structure and improvements	18,390
Machinery and equipment	11,486
Less: accumulated depreciation	<u>(24,229)</u>
Total capital assets	<u>5,647</u>

Total assets	<u>55,380</u>
--------------	---------------

**LIABILITIES**

Current liabilities:

Accounts payable	855
Due to primary government	<u>1,575</u>
Total liabilities	<u>2,430</u>

**NET ASSETS**

Invested in capital assets	5,647
Unrestricted	<u>47,303</u>
Total net assets	<u>\$ 52,950</u>

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

**COUNTY SERVICE AREA NO. 14**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**For the Year Ended June 30, 2009**

Operating revenues:	
Other operating revenues	\$ 19,121
Total operating revenues	<u>19,121</u>
Operating expenses:	
Insurance	405
Repairs and maintenance	5,645
Memberships and publications	21
Office expense	105
Professional and specialized services	17,306
Specialized departmental expenses	963
Utilities	6,619
Depreciation	<u>2,107</u>
Total operating expenses	<u>33,171</u>
Operating income (loss)	<u>(14,050)</u>
Non-operating revenues (expenses):	
Investment earnings	1,430
Property taxes	8,865
Homeowner's tax relief	120
Federal in-lieu housing	<u>1</u>
Total non-operating revenues (expenses)	<u>10,416</u>
Change in net assets	(3,634)
Net assets - beginning	<u>56,584</u>
Net assets - ending	<u>\$ 52,950</u>

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

**COUNTY SERVICE AREA NO. 14**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2009**

Cash flows from operating activities:	
Cash paid to suppliers	\$ (32,262)
Other operating receipts	<u>19,121</u>
Net cash provided by (used in) operating activities	<u>(13,141)</u>
Cash flows from non-capital financing activities:	
Property taxes received	<u>8,986</u>
Net cash provided by (used in) non-capital financing activities	<u>8,986</u>
Cash flows from investing activities:	
Interest on investments	<u>1,722</u>
Net cash provided by (used in) investing activities	<u>1,722</u>
Net increase (decrease) in cash and cash equivalents	(2,433)
Cash and cash equivalents - beginning	<u>51,879</u>
Cash and cash equivalents - ending	<u>\$ 49,446</u>

**Reconciliation of Operating Income (Loss) to Net Cash  
Provided by (Used in) Operating Activities:**

Operating income (loss)	\$ (14,050)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) by operating activities:	
Depreciation	2,107
Increase (decrease) in accounts payable	(2,773)
Increase (decrease) in due to primary government	<u>1,575</u>
Total adjustments	<u>909</u>
Net cash provided by (used in) operating activities	<u><u>\$ (13,141)</u></u>

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

**COUNTY SERVICE AREA NO. 14**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

County Service Area No. 14, a special district (District), is an enterprise fund of the County of Fresno (County), which is a political subdivision of the State of California. The function of the District is to maintain the community water system, storm drainage and street lighting for the subdivision of Belmont Manor, Tract 2031. The subdivision is located at Belmont and Leonard Avenues. The District is not subject to federal or state income taxes.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District was formed in 1970 under the provisions of Government code Section 25210.1 et. seq., and is governed by the County Board of Supervisors. The District is a component unit of the County of Fresno.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Basis of Accounting**

Pursuant to Governmental Accounting Standards Board (GASB) Standard No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989, are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost and expenses of providing goods or services to its customers be financed or recovered primarily through users charges; or where the governing body has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**COUNTY SERVICE AREA NO. 14**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**B. Basis of Accounting (Continued)**

Enterprise funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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

**C. Assets, Liabilities and Net Assets**

**1. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on ending cash balances in the County of Fresno Treasury.

**2. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$855 and \$1,575, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**3. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received.

**COUNTY SERVICE AREA NO. 14**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**C. Assets, Liabilities and Net Assets (Continued)**

**3. Capital Assets (Continued)**

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

<u>Equipment Type</u>	<u>Useful Life</u>
Pump	10 Years
Water well	20 Years

**4. Net Assets**

Net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**5. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.



**COUNTY SERVICE AREA NO. 14**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**C. Assets, Liabilities and Net Assets (Continued)**

**5. Property Taxes (Continued)**

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 CIII A (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**6. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

**Summary of Deposits**

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 49,446</u>
Total cash and cash equivalents	<u>\$ 49,446</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 49,446</u>
Total cash and cash equivalents	<u>\$ 49,446</u>

**COUNTY SERVICE AREA NO. 14**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**NOTE 3 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009, was as follows:

	July 1, 2008			June 30, 2009
	Balance	Additions	Retirements	Balance
Capital assets being depreciated:				
Structure and improvements	\$ 18,390	\$ -	\$ -	\$ 18,390
Machinery and equipment	11,486	-	-	11,486
Total capital assets not being depreciated	29,876	-	-	29,876
Less accumulated depreciation:				
Structure and improvements	(16,858)	(1,533)	-	(18,391)
Machinery and equipment	(5,264)	(574)	-	(5,838)
Total accumulated depreciation	(22,122)	(2,107)	-	(24,229)
Capital Assets, Net	\$ 7,754	\$ (2,107)	\$ -	\$ 5,647

**NOTE 4 – RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

**COUNTY SERVICE AREA NO. 18  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**COUNTY SERVICE AREA NO. 18**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets and Governmental Fund Balance Sheet .....	2
Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance .....	3
Budgetary Comparison Schedule .....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of County Service Area No. 18 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Service Area No. 18, as of June 30, 2009, and the respective changes in financial position and the respective budgetary comparison for the major Special Revenue Fund, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 18 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**COUNTY SERVICE AREA NO. 18**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS AND**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**June 30, 2009**

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 34,475	\$ -	\$ 34,475
Interest receivable	204	-	204
Total assets	<u>\$ 34,679</u>	<u>-</u>	<u>34,679</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 364	-	364
Due to primary government	246	-	246
Total liabilities	<u>610</u>	<u>-</u>	<u>610</u>
<b>FUND BALANCE/NET ASSETS</b>			
Fund balance:			
Unreserved	34,069	(34,069)	-
Total fund balance	<u>34,069</u>	<u>(34,069)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 34,679</u>		
Net assets:			
Unrestricted		34,069	34,069
Total net assets		<u>\$ 34,069</u>	<u>\$ 34,069</u>

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

**COUNTY SERVICE AREA NO. 18**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2009**

	Governmental Fund	Adjustments	Statement of Activities
<b>Expenditures/Expenses</b>			
Public ways and facilities	\$ 7,181	\$ -	\$ 7,181
Total expenditures/expenses	<u>7,181</u>	<u>-</u>	<u>7,181</u>
<b>Revenues</b>			
Program revenue:			
Charges for services	<u>-</u>	<u>-</u>	<u>-</u>
Total program revenue	<u>-</u>	<u>-</u>	<u>-</u>
Net program expense			(7,181)
General revenue:			
Unrestricted investment earnings	<u>1,135</u>	<u>-</u>	<u>1,135</u>
Total general revenues	<u>1,135</u>	<u>-</u>	<u>1,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,046)</u>	<u>6,046</u>	<u>-</u>
Change in net assets	-	(6,046)	(6,046)
Fund balance/net assets:			
Beginning of the year	<u>40,115</u>	<u>-</u>	<u>40,115</u>
End of the year	<u>\$ 34,069</u>	<u>\$ -</u>	<u>\$ 34,069</u>

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

**COUNTY SERVICE AREA NO. 18**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2009**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Budgetary Fund Balance - July 1, 2008</b>	\$ 39,676	\$ 39,676	\$ 40,117	\$ 441
Resources (inflows):				
Property taxes	275	275	-	(275)
Interest	1,800	1,800	1,366	(434)
Amounts available for appropriations	2,075	2,075	1,366	(709)
Charges to Appropriations (outflows):				
Professional and specialized services	3,275	3,275	2,828	447
PeopleSoft financials charge	175	175	176	(1)
Utilities	6,000	6,000	4,310	1,690
Contingencies	945	945	-	945
Total charges to appropriations	10,395	10,395	7,314	3,081
<b>Budgetary Fund Balance - June 30, 2009</b>	<u>\$ 31,356</u>	<u>\$ 31,356</u>	<u>\$ 34,169</u>	<u>\$ 2,813</u>

**Explanation of Differences Between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures:**

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule not including fund balance	\$ 1,366
Differences - budget to GAAP	
Modified accrual basis of accounting to budgetary basis of accounting	(231)
Total revenues as reported on the statement of revenues and expenditures and changes in fund balance	<u>\$ 1,135</u>

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,314
Differences - budget to GAAP	
Modified accrual basis of accounting to budgetary basis of accounting	(133)
Total expenditures as reported on the statement of revenues and expenditures and changes in fund balance	<u>\$ 7,181</u>



**COUNTY SERVICE AREA NO. 18**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

County Service Area No. 18, a special district (District), is a special revenue fund of the County of Fresno (County), which is a political subdivision of the State of California. The District was formed in 1966 under the provisions of Government Code Section 25210.1 et. seq., and is governed by the County Board of Supervisors (Board). The District is a component unit of the County of Fresno. The function of the District is to provide street lighting in the unincorporated area near Calwa. Subsequent to its formation, much of the District's area was annexed to the City of Fresno. Therefore, services in the annexed area were no longer required of the District. The District continues to ensure the installation and maintenance of street lighting in the remaining area by contracting with PG&E. The District is not subject to federal or state income taxes.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the District's activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**COUNTY SERVICE AREA NO. 18**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

*Governmental Fund Financial Statements*

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. A one-year availability period is used for all other revenues. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District reports the following major governmental funds:

The *special revenue fund* accounts for special revenue that is legally restricted to expenditures for a particular purpose. The special revenue fund is the primary operating fund of County Service Area No. 18.

The District adopts annual appropriated budgets for its Special Revenue Fund which is a major fund. Budgetary comparison schedules have been provided for this fund to demonstrate compliance with the budgets.

**COUNTY SERVICE AREA NO. 18**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Cash and Cash Equivalents**

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$364 and \$246, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**3. Equity**

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use in special purposes. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

In the government-wide financial statements, net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

**4. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

**COUNTY SERVICE AREA NO. 18**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity (Continued)**

**4. Property Taxes (Continued)**

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**5. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the provisions of Sections 29000 through 29143 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget on or before August 30 for each fiscal year. Until the adoption of this final balanced budget, appropriations are based on the budget of the preceding year as allowed per Government Code 29124. The final adopted budget is available for review in the Auditor-Controller/Treasurer-Tax Collector's Office.

**COUNTY SERVICE AREA NO. 18**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

An operating balanced budget is adopted for each fiscal year for the District on the same modified accrual basis, including encumbrances, to reflect estimated revenues and expenditures. Public hearings are conducted on the proposed budget to review all appropriations and the source of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

Budgetary control is exercised at the object level, except for fixed assets, which are controlled at the sub-object level. All amendments and any expenditures that exceed appropriations must be authorized and approved by the Board.

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in governmental funds. Encumbrance accounting is used 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 the time are reported as reservations of fund balance for subsequent year expenditures. The District did not have any outstanding encumbrances at June 30, 2009.

**B. Excess in Expenditures Over Appropriations**

The District incurred expenditures in excess of appropriations in the following amounts for the fiscal year June 30, 2009:

PeopleSoft Financials Charge	\$ <u>1</u>
------------------------------	-------------

**NOTE 3 – CASH AND CASH EQUIVALENTS**

**Summary of Deposits**

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	\$ <u>34,475</u>
Total cash and cash equivalents	\$ <u>34,475</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	\$ <u>34,475</u>
Total cash and cash equivalents	\$ <u>34,475</u>

**COUNTY SERVICE AREA NO. 18**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)**

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**NOTE 4 – RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

**COUNTY SERVICE AREA NO. 19**  
**COUNTY OF FRESNO, CALIFORNIA**  
(A Component Unit of the County of Fresno)

**FINANCIAL STATEMENTS WITH**  
**INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended**  
**June 30, 2009**

**COUNTY SERVICE AREA NO. 19**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets and Governmental Fund Balance Sheet .....	2
Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance .....	3
Budgetary Comparison Schedule .....	4
Notes to the Basic Financial Statements .....	5





## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of County Service Area No. 19 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, which collectively comprise the District's financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Service Area No. 19, as of June 30, 2009, and the respective changes in financial position and the respective budgetary comparison for the major Special Revenue Fund, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 19 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**COUNTY SERVICE AREA NO. 19**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS AND**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**June 30, 2009**

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,015	\$ -	\$ 9,015
Interest receivable	51	-	51
Total assets	<u>\$ 9,066</u>	<u>-</u>	<u>9,066</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 61	-	61
Due to primary government	144	-	144
Total liabilities	<u>205</u>	<u>-</u>	<u>205</u>
<b>FUND BALANCE/NET ASSETS</b>			
Fund balance:			
Unreserved	8,861	(8,861)	-
Total fund balance	<u>8,861</u>	<u>(8,861)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 9,066</u>		
Net assets:			
Unrestricted		8,861	8,861
Total net assets		<u>\$ 8,861</u>	<u>\$ 8,861</u>

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

**COUNTY SERVICE AREA NO. 19**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2009**

	Governmental Fund	Adjustments	Statement of Activities
<b>Expenditures/Expenses</b>			
Public ways and facilities	\$ 1,786	\$ -	\$ 1,786
Total expenditures/expenses	<u>1,786</u>	<u>-</u>	<u>1,786</u>
<b>Revenues</b>			
Program revenue:			
Charges for services	<u>1,765</u>	<u>-</u>	<u>1,765</u>
Total program revenue	<u>1,765</u>	<u>-</u>	<u>1,765</u>
Net program expense			<u>(21)</u>
General revenues:			
Property taxes	615	-	615
Unrestricted investment earnings	245	-	245
Miscellaneous	<u>8</u>	<u>-</u>	<u>8</u>
Total general revenues	<u>868</u>	<u>-</u>	<u>868</u>
Excess (deficiency) of revenues over (under) expenditures	<u>847</u>	<u>(847)</u>	<u>-</u>
Change in net assets	-	847	847
Fund balance/net assets:			
Beginning of the year	<u>8,014</u>	<u>-</u>	<u>8,014</u>
End of the year	<u>\$ 8,861</u>	<u>\$ -</u>	<u>\$ 8,861</u>

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

**COUNTY SERVICE AREA NO. 19**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2009**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Budgetary Fund Balance - July 1, 2008</b>	\$ 7,602	\$ 7,602	\$ 8,138	\$ 536
Resources (inflows):				
Taxes	425	425	616	191
Use of money and property	225	225	278	53
Intergovernmental revenues	-	-	8	8
Charges for current services	<u>1,697</u>	<u>1,697</u>	<u>1,765</u>	<u>68</u>
Amounts available for appropriations	<u>2,347</u>	<u>2,347</u>	<u>2,667</u>	<u>320</u>
Charges to Appropriations (outflows):				
Services and supplies	2,339	2,339	1,786	553
Appropriations for contingencies	<u>234</u>	<u>234</u>	<u>-</u>	<u>234</u>
Total charges to appropriations	<u>2,573</u>	<u>2,573</u>	<u>1,786</u>	<u>787</u>
<b>Budgetary Fund Balance - June 30, 2009</b>	<u>\$ 7,376</u>	<u>\$ 7,376</u>	<u>\$ 9,019</u>	<u>\$ 1,643</u>

**Explanation of Differences Between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures:**

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule not including fund balance	\$ 2,667
Differences - budget to GAAP	
Modified accrual basis of accounting to budgetary basis of accounting	<u>(34)</u>
Total revenues as reported on the statement of revenues and expenditures and changes in fund balance	<u>\$ 2,633</u>

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,786
Differences - budget to GAAP	
Modified accrual basis of accounting to budgetary basis of accounting	<u>-</u>
Total expenditures as reported on the statement of revenues and expenditures and changes in fund balance	<u>\$ 1,786</u>

**COUNTY SERVICE AREA NO. 19**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

County Service Area No. 19, a special district (District) is a special revenue fund of the County of Fresno (County), which is a political subdivision of the State of California. The District is comprised of two independent zones located throughout the County. The District was formed in 1967 under the provisions of the Government Code Section 25210.1 et. seq., and is governed by the County Board of Supervisors (Board). The District is a component unit of the County of Fresno. The function of the District is to provide street lighting to the inhabitants along Hampton Avenue, east of Hayes Avenue. The District is not subject to federal or state income taxes.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the District's activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

**COUNTY SERVICE AREA NO. 19**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

*Governmental Fund Financial Statements*

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. A one-year availability period is used for all other revenues. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District reports the following major governmental funds:

The *special revenue fund* accounts for special revenue that is legally restricted to expenditures for a particular purpose. The special revenue fund is the primary operating fund of County Service Area No. 19.

The District adopts annual appropriated budgets for its Special Revenue Fund which is a major fund. Budgetary comparison schedules have been provided for this fund to demonstrate compliance with the budgets.

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Cash and Cash Equivalents**

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**COUNTY SERVICE AREA NO. 19**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity** (Continued)

**2. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$61 and \$144, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**3. Equity**

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use in special purposes. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

In the government-wide financial statements, net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

**4. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

**COUNTY SERVICE AREA NO. 19**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity** (Continued)

**4. Property Taxes** (Continued)

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**5. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the provisions of Sections 29000 through 29143 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget on or before August 30 for each fiscal year. Until the adoption of this final balanced budget, appropriations are based on the budget of the preceding year as allowed per Government Code 29124. The final adopted budget is available for review in the Auditor-Controller/Treasurer-Tax Collector's Office.

An operating balanced budget is adopted for each fiscal year for the District on the same modified accrual basis, including encumbrances, to reflect estimated revenues and expenditures. Public hearings are conducted on the proposed budget to review all appropriations and the source of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

Budgetary control is exercised at the object level, except for fixed assets, which are controlled at the sub-object level. All amendments and any expenditures that exceed appropriations must be authorized and approved by the Board.



**COUNTY SERVICE AREA NO. 19**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information (Continued)**

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in governmental funds. Encumbrance accounting is used 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 the time are reported as reservations of fund balance for subsequent year expenditures. The District did not have any outstanding encumbrances at June 30, 2009.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

**Summary of Deposits**

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 9,015</u>
Total cash and cash equivalents	<u>\$ 9,015</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 9,015</u>
Total cash and cash equivalents	<u>\$ 9,015</u>

**Investment in County Treasury**

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**COUNTY SERVICE AREA NO. 19**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 4 – RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

**COUNTY SERVICE AREA NO. 23  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**COUNTY SERVICE AREA NO. 23**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets .....	2
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	3
Statement of Cash Flows.....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of County Service Area No. 23 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Service Area No. 23 as of June 30, 2009, and the respective changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 23 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**COUNTY SERVICE AREA NO. 23**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**June 30, 2009**

**ASSETS**

Current assets:

Cash and cash equivalents \$ 402

Receivables:

Interest 7

Total assets 409

**LIABILITIES**

Current liabilities:

Accounts payable 107

Due to primary government 998

Total liabilities 1,105

**NET ASSETS**

Unrestricted (696)

Total net assets \$ (696)

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

**COUNTY SERVICE AREA NO. 23**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**For the Year Ended June 30, 2009**

Operating revenues:	
Other operating revenues	\$ 10,421
Total operating revenues	<u>10,421</u>
Operating expenses:	
Insurance	132
Professional and specialized services	8,737
Specialized departmental expenses	619
General and administrative	97
Repairs and maintenance	710
Utilities	<u>2,192</u>
Total operating expenses	<u>12,487</u>
Operating income (loss)	<u>(2,066)</u>
Non-operating revenues (expenses):	
Investment earnings	(7)
Property taxes	1,313
Homeowners property tax relief	<u>24</u>
Total non-operating revenues (expenses)	<u>1,330</u>
Change in net assets	(736)
Net assets - beginning	<u>40</u>
Net assets - ending	<u>\$ (696)</u>

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

**COUNTY SERVICE AREA NO. 23**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2009**

Cash flows from operating activities:	
Cash paid to suppliers	\$ (13,531)
Other operating receipts	<u>10,421</u>
Net cash provided by (used in) operating activities	<u>(3,110)</u>
Cash flows from non-capital financing activities:	
Property taxes received	<u>1,337</u>
Net cash provided by (used in) non-capital financing activities	<u>1,337</u>
Cash flows from investing activities:	
Interest on investments	<u>12</u>
Net cash provided by (used in) investing activities	<u>12</u>
Net increase (decrease) in cash and cash equivalents	(1,761)
Cash and cash equivalents - beginning	<u>2,163</u>
Cash and cash equivalents - ending	<u>\$ 402</u>

**Reconciliation of Operating Income (Loss) to Net Cash  
Provided by (Used in) Operating Activities:**

Operating income (loss)	\$ (2,066)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Increase (decrease) in accounts payable	(2,042)
Increase (decrease) in due to primary government	<u>998</u>
Total adjustments	<u>(1,044)</u>
Net cash provided by (used in) operating activities	<u>\$ (3,110)</u>

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



**COUNTY SERVICE AREA NO. 23**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

County Service Area No. 23, a special district (District), is an enterprise fund of the County of Fresno (County), which is a political subdivision of the State of California. The function of the District is to maintain the community water system in Exchenquer Heights, Tract 1994. The subdivision is located approximately three miles southwest of the Dinkey Creek area. Maintenance is provided by contract with the Exchenquer Heights Property Owners Association. The District is not subject to federal or state income taxes.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District was formed in 1970 under the provisions of Government code Section 25210.1 et. seq., and is governed by the County Board of Supervisors. The District is a component unit of the County of Fresno.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Basis of Accounting**

Pursuant to Governmental Accounting Standards Board (GASB) Standard No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989, are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government body is that the cost and expenses of providing goods or services to its customers be financed or recovered primarily through users charges; or where the governing body has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**COUNTY SERVICE AREA NO. 23**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Basis of Accounting** (Continued)

Enterprise funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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

**C. Assets, Liabilities and Net Assets**

**1. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The District's cash are considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$107 and \$998, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**COUNTY SERVICE AREA NO. 23**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**3. Net Assets**

Net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**4. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**COUNTY SERVICE AREA NO. 23**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**5. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 — CASH AND CASH EQUIVALENTS**

Summary of Deposits

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	\$ 402
Total cash and cash equivalents	<u>\$ 402</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	\$ 402
Total cash and cash equivalents	<u>\$ 402</u>

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's prorata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**NOTE 3 — RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 4 — COMMITMENTS AND CONTIGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

**COUNTY SERVICE AREA NO. 30  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**COUNTY SERVICE AREA NO. 30**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets .....	2
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	3
Statement of Cash Flows.....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of County Service Area No. 30 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Service Area No. 30, as of June 30, 2009, and the respective changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 30 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis California  
March 22, 2010

**COUNTY SERVICE AREA NO. 30**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**June 30, 2009**

**ASSETS**

Current assets:

Cash and cash equivalents	
Receivables:	\$ 12,884
Accounts	13,396
Interest	<u>108</u>
Total current assets	<u>26,388</u>

Non-current assets:

Capital assets:

Depreciable:

Machinery and equipment	483,690
Less: accumulated depreciation	<u>(254,260)</u>
Total noncurrent assets	<u>229,430</u>

Total assets	<u>255,818</u>
--------------	----------------

**LIABILITIES**

Current liabilities:

Accounts payable	6,260
Due to primary government	<u>17,112</u>

Total liabilities	<u>23,372</u>
-------------------	---------------

**NET ASSETS**

Invested in capital assets	229,430
Unrestricted	<u>3,016</u>

Total net assets	<u>\$ 232,446</u>
------------------	-------------------

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



**COUNTY SERVICE AREA NO. 30**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**For the Year Ended June 30, 2009**

Operating revenues:	
Charges for services	\$ 90,687
Total operating revenues	<u>90,687</u>
Operating expenses:	
Water expense	7,636
Insurance	437
Professional services	46,798
Specialized departmental expenses	6,582
General and administrative	18,238
Repairs and maintenance	1,225
Utilities	11,176
Depreciation	<u>12,888</u>
Total operating expenses	<u>104,980</u>
Operating income (loss)	<u>(14,293)</u>
Non-operating revenues (expenses):	
Investment earnings	414
Property taxes	1,283
Homeowners property tax relief	<u>16</u>
Total non-operating revenues (expenses)	<u>1,713</u>
Change in net assets	(12,580)
Net assets - beginning	<u>245,026</u>
Net assets - ending	<u><u>\$ 232,446</u></u>

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

**COUNTY SERVICE AREA NO. 30**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2009**

Cash flows from operating activities:	
Cash received from users	\$ 91,138
Cash paid to suppliers	<u>(92,649)</u>
Net cash provided by (used in) operating activities	<u>(1,511)</u>
Cash flows from non-capital financing activities:	
Property taxes received	<u>1,299</u>
Net cash provided (used in) non-capital financing activities	<u>1,299</u>
Cash flows from investing activities:	
Interest on investments	<u>405</u>
Net cash provided by (used in) investing activities	<u>405</u>
Net increase (decrease) in cash and cash equivalents	193
Cash and cash equivalents - beginning	<u>12,691</u>
Cash and cash equivalents - ending	<u><u>\$ 12,884</u></u>

**Reconciliation of Operating Income (Loss) to Net Cash  
Provided by (Used in) Operating Activities:**

Operating income (loss)	\$ (14,293)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation expense	12,888
(Increase) decrease in accounts receivable	451
Increase (decrease) in accounts payable	(1,330)
Increase (decrease) in due to primary government	<u>773</u>
Total adjustments	<u>12,782</u>
Net cash provided by (used in) operating activities	<u><u>\$ (1,511)</u></u>

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

**COUNTY SERVICE AREA NO. 30**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

County Service Area No. 30, a special district (District), is an enterprise fund of the County of Fresno (County), which is a political subdivision of the State of California. The function of the District is to provide maintenance of the water and sewer systems, street lighting, and refuse disposal in the subdivision known as El Porvenir, which is located on the west side of Derrick Avenue (Highway 33) near Clarkson Avenue. The District is not subject to federal or state income taxes.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District was formed in 1980 under the provisions of Government code Section 25210.1 et. seq., and is governed by the County Board of Supervisors. The District is a component unit of the County of Fresno.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Basis of Accounting**

Pursuant to Governmental Accounting Standards Board (GASB) Standard No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary fund Accounting*, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989, are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government body is that the cost and expenses of providing goods or services to its customers be financed or recovered primarily through users charges; or where the governing body has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**COUNTY SERVICE AREA NO. 30**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Basis of Accounting** (Continued)

Enterprise funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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

**C. Assets, Liabilities and Net Assets**

**1. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Accounts Receivable**

The “direct write-off” method for accounts receivable was applied for accounts that had been established as uncollectible. An expense was recognized when an account was referred to the Revenue Reimbursement Division of the Auditor-Controller/Treasurer-Tax Collector and a Discharge of Accountability was received. The “direct write-off” method is not in compliance with generally accepted accounting principles, but the result was deemed immaterial to the financial statements as a whole. The District recorded a total of \$3,712 of allowance for uncollectible accounts during the period.

**3. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$6,260 and \$17,112, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**COUNTY SERVICE AREA NO. 30**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**4. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

<b><u>Property Type</u></b>	<b><u>Useful Life</u></b>
Pump and well replacement	15 Years
Sewer system	24 Years
Water treatment plant	25 Years
Water storage tank	30 Years

**5. Net Assets**

Net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**COUNTY SERVICE AREA NO. 30**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**6. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**7. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**COUNTY SERVICE AREA NO. 30**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 2 — CASH AND CASH EQUIVALENTS**

Summary of Deposits

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with the County of Fresno Treasurer	<u>\$ 12,884</u>
Total cash and cash equivalents	<u>\$ 12,884</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of Net Assets:

Cash and cash equivalents	<u>\$ 12,884</u>
Total cash and cash equivalents	<u>\$ 12,884</u>

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**NOTE 3 — CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009, was as follows:

	July 1, 2008 Balance	Additions	Retirements	June 30, 2009 Balance
Capital assets being depreciated:				
Structures and improvements	\$ 483,690	\$ -	\$ -	\$ 483,690
Total capital assets being depreciated	<u>483,690</u>	<u>-</u>	<u>-</u>	<u>483,690</u>
Less accumulated depreciation:				
Structures and improvements	(241,372)	(12,888)	-	(254,260)
Total accumulated depreciation	<u>(241,372)</u>	<u>(12,888)</u>	<u>-</u>	<u>(254,260)</u>
Capital Assets, Net	<u>\$ 242,318</u>	<u>\$ (12,888)</u>	<u>\$ -</u>	<u>\$ 229,430</u>

**COUNTY SERVICE AREA NO. 30**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 4 — RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 — COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.



**COUNTY SERVICE AREA NO. 31  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**COUNTY SERVICE AREA NO. 31**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**  
**June 30, 2009**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	2
Statement of Activities.....	3
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	4
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	5
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds .....	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities .....	7
Budgetary Comparison Schedule – Special Revenue Fund .....	8
Statement of Net Assets – Enterprise Fund .....	9
Statement of Revenues, Expenses and Changes in Fund Net Assets – Enterprise Fund.....	10
Statement of Cash Flows – Enterprise Fund .....	11
Notes to the Basic Financial Statements .....	12



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of County Service Area No. 31 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities and each major fund of County Service Area No. 31, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows and the budgetary comparison for the major Special Revenue Fund, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 31 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**COUNTY SERVICE AREA NO. 31**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**June 30, 2009**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 697,354	\$ 202,159	\$ 899,513
Receivables:			
Interest	3,950	1,126	5,076
Due from primary government	-	1,995	1,995
Capital assets not being depreciated:			
Land	-	329,842	329,842
Capital assets, net of accumulated depreciation:			
Structures and improvements	160,766	4,197,024	4,357,790
Machinery and equipment	<u>395,550</u>	<u>22,931</u>	<u>418,481</u>
 Total assets	 <u>1,257,620</u>	 <u>4,755,077</u>	 <u>6,012,697</u>
 <b>LIABILITIES</b>			
Accounts payable	35,545	12,605	48,150
Due to primary government	<u>2,790</u>	<u>25,391</u>	<u>28,181</u>
 Total liabilities	 <u>38,335</u>	 <u>37,996</u>	 <u>76,331</u>
 <b>NET ASSETS</b>			
Invested in capital assets	556,316	4,549,797	5,106,113
Unrestricted	<u>662,969</u>	<u>167,284</u>	<u>830,253</u>
 Total net assets	 <u>\$ 1,219,285</u>	 <u>\$ 4,717,081</u>	 <u>\$ 5,936,366</u>

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

**COUNTY SERVICE AREA NO. 31**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2009**

	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Capital Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
<b>Functions/Programs</b>						
<u>Primary Government:</u>						
Governmental Activities:						
Public ways and facilities	\$ 250,280	\$ 303,222	\$ -	\$ 52,942	\$ -	\$ 52,942
Total governmental activities	250,280	303,222	-	52,942	-	52,942
Business Activities:						
Water and sewer	584,011	405,029	-	-	(178,982)	(178,982)
Total business-type activities	584,011	405,029	-	-	(178,982)	(178,982)
Total primary government	<u>\$ 834,291</u>	<u>\$ 708,251</u>	<u>\$ -</u>	<u>52,942</u>	<u>(178,982)</u>	<u>(126,040)</u>
General Revenues:						
Rent				5,448	-	5,448
Unrestricted investment earnings				17,700	5,482	23,182
Total general revenues				23,148	5,482	28,630
Change in net assets				76,090	(173,500)	(97,410)
Net assets - beginning				1,143,195	4,933,359	6,076,554
Prior period adjustments				-	(42,778)	(42,778)
Net assets - ending				<u>\$ 1,219,285</u>	<u>\$ 4,717,081</u>	<u>\$ 5,936,366</u>

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

**COUNTY SERVICE AREA NO. 31**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**June 30, 2009**

**ASSETS**

Cash and cash equivalents	\$ 697,354
Interest receivable	<u>3,950</u>
 Total assets	 <u><u>\$ 701,304</u></u>

**LIABILITIES AND FUND BALANCE**

Liabilities:	
Accounts payable	\$ 35,545
Due to primary government	<u>2,790</u>
Total liabilities	<u>38,335</u>
 Fund balance:	
Unrestricted	<u>662,969</u>
Total fund balance	<u>662,969</u>
 Total liabilities and fund balance	 <u><u>\$ 701,304</u></u>

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

**COUNTY SERVICE AREA NO. 31**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**June 30, 2009**

Fund balance - governmental funds	\$ 662,969
-----------------------------------	------------

Amounts reported for governmental activities in the  
statement of net assets are different because:

Capital assets are not recorded in governmental fund types,  
but recorded in government-wide statement to conform  
with GAAP accounting requirements.

<u>556,316</u>
----------------

Net assets of governmental activity	<u>\$ 1,219,285</u>
-------------------------------------	---------------------

**COUNTY SERVICE AREA NO. 31**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2009**

Revenues:		
Service-type property assessments	\$	303,222
Investment earnings		17,700
Rent		<u>5,448</u>
Total revenues		<u>326,370</u>
Expenditures:		
Current:		
Public ways and facilities:		
Maintenance - building and grounds		1,327
Miscellaneous		9,552
Office expense		2,459
Professional services		182,615
Special department expense		<u>2,022</u>
Total expenditures		<u>197,975</u>
Changes in fund balance		128,395
Fund balance - beginning		<u>534,574</u>
Fund balance - ending	\$	<u>662,969</u>

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



**COUNTY SERVICE AREA NO. 31**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2009**

Net changes in fund balance - total governmental funds	\$ 128,395
--	------------

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 those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount of current year depreciation expense is \$52,305. There were no capital asset additions in the current period.

(52,305)

Change in net assets of governmental activities	<u>\$ 76,090</u>
---	------------------

**COUNTY SERVICE AREA NO. 31**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**BUDGTARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**  
**For the Year Ended June 30, 2009**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Budgetary Fund Balance - July 1, 2008</b>	\$ 408,552	\$ 408,552	\$ 475,891	\$ 67,339
Resources (inflows):				
Use of money and property	21,875	21,875	25,090	3,215
Other miscellaneous	6,000	6,000	6,358	358
Charges for current services	277,791	277,791	303,222	25,431
Amounts available from appropriations	305,666	305,666	334,670	29,004
Charges to Appropriations (outflows):				
Public ways and facilities:				
Services and supplies:				
CSA 31	210,683	210,683	192,022	18,661
CSA 31 Zone C	6,758	16,310	11,379	4,931
CSA 31 Zone D	13,850	13,850	1,826	12,024
CSA 31 Zone E	5,900	5,900	1,045	4,855
CSA 31 Zone F	5,525	5,525	556	4,969
CSA 31 Zone G	5,300	5,300	546	4,754
Contingencies	3,734	3,734	-	3,734
Total charges to appropriations	251,750	261,302	207,374	53,928
<b>Budgetary Fund balance - June, 30 2009</b>	<b>\$ 462,468</b>	<b>\$ 452,916</b>	<b>\$ 603,187</b>	<b>\$ 150,271</b>

**Explanation of Differences Between Budgetary Inflows and Outflows and GAAP**  
**Revenues and Expenditures:**

Sources/inflows of resources:	
Actual amounts (budgetary basis) "available from appropriation"	
from the budgetary comparison schedule not including fund balance	\$ 334,670
Differences - budget to GAAP	
Modified accrual basis of accounting to budgetary basis of accounting	(8,300)
Total revenues as reported on the statement of revenues and expenditures and changes in fund balance	<u>\$ 326,370</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total charges to appropriations"	\$ 207,374
from the budgetary comparison schedule	
Differences - budget to GAAP	
Modified accrual basis of accounting to budgetary basis of accounting	(9,399)
Total expenditures as reported on the statement of revenues and expenditures and changes in fund balance	<u>\$ 197,975</u>

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

**COUNTY SERVICE AREA NO. 31**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**ENTERPRISE FUND**  
**June 30, 2009**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 202,159
Receivables:	
Interest	1,126
Due from primary government	1,995
Total current assets	<u>205,280</u>

Noncurrent assets:

Capital assets:

Nondepreciable:

Land	329,842
------	---------

Depreciable:

Structures and improvements	7,541,620
Machinery and equipment	78,118
Less: accumulated depreciation	<u>(3,399,783)</u>
Total noncurrent assets	<u>4,549,797</u>

Total assets	<u>4,755,077</u>
--------------	------------------

**LIABILITIES**

Current liabilities:

Accounts payable	12,605
Due to primary government	<u>25,391</u>

Total liabilities	<u>37,996</u>
-------------------	---------------

**NET ASSETS**

Invested in capital assets	4,549,797
Unrestricted	<u>167,284</u>
Total net assets	<u>\$ 4,717,081</u>

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

**COUNTY SERVICE AREA NO. 31**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**ENTERPRISE FUND**  
**For the Year Ended June 30, 2009**

Operating revenues:	
Charges for services	\$ 73,566
Other operating revenues	<u>331,463</u>
Total operating revenues	<u>405,029</u>
Operating expenses:	
Depreciation	167,098
Household expense	1,173
Insurance	8,796
Maintenance - equipment	21,255
Maintenance - structures and grounds	35,806
Membership	262
Office expense	1,257
PeopleSoft financials charges	8,228
Professional and specialized service	245,664
Publications and legal notices	76
Special department expenses	16,034
Telephone	1,456
Utilities	<u>76,906</u>
Total operating expenses	<u>584,011</u>
Operating income (loss)	<u>(178,982)</u>
Non-operating revenues (expenses):	
Investment earnings	<u>5,482</u>
Total non-operating revenues (expenses)	<u>5,482</u>
Change in net assets	(173,500)
Net assets - beginning	4,933,359
Prior period adjustments	<u>(42,778)</u>
Net assets - ending	<u>\$ 4,717,081</u>

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

**COUNTY SERVICE AREA NO. 31**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUND**  
**For the Year Ended June 30, 2009**

Cash flows from operating activities:	
Cash received from users	\$ 71,641
Payment to suppliers	(457,098)
Other operating receipts	<u>331,463</u>
Net cash provided by (used in) operating activities	<u>(53,994)</u>
Cash flows from investing activities:	
Interest on investments	<u>7,056</u>
Net cash provided by (used in) investing activities	<u>7,056</u>
Net increase (decrease) in cash and cash equivalents	(46,938)
Cash and cash equivalents - beginning	<u>249,097</u>
Cash and cash equivalents - ending	<u>\$ 202,159</u>

**Reconciliation of Operating Income (Loss) to Net Cash  
Provided by (Used in) Operating Activities:**

Operating income (loss)	\$ (178,982)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation expense	167,098
(Increase) decrease in accounts receivable	(1,925)
Increase (decrease) in accounts payable	(2,737)
Increase (decrease) in due to primary government	<u>(37,448)</u>
Total adjustments	<u>124,988</u>
Net cash provided by (used in) operating activities	<u>\$ (53,994)</u>

**COUNTY SERVICE AREA NO. 31**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

County Service Area No. 31 (CSA 31), including CSA 31 Zone C, CSA 31 Zone D, CSA 31 Zone E, CSA 31 Zone F, and CSA 31 Zone G, is a special revenue fund, and CSA 31 B is an enterprise fund of the County of Fresno (County), which is a political subdivision of the State of California. These funds are classified collectively as a special district (District).

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

CSA 31, CSA 31 Zone B, CSA 31 Zone C, CSA 31 Zone D, CSA 31 Zone E, CSA 31 Zone F, and CSA 31 Zone G were formed in 1978, 1984, 1995, 1997, 2004, 2004, and 2008, respectively. The District was formed under the provisions of Government Code Section 25210.1 et. seq., and is governed by the County Board of Supervisors. The District is not subject to federal or state income taxes. The District is a component unit of the County of Fresno.

The function of CSA 31 is to provide fire protection and recreation facilities for the Shaver Lake community. There are 2,218 parcels within the service area, which include cabins, homes, multi-living units, stores, offices, restaurants, garages, service stations, and vacant parcels. Of all these parcels, 1,642 are developed, 540 parcels are vacant, and 36 parcels are tax exempt or unable to be built on.

The function of CSA 31 Zone B is to provide a separate funding mechanism for the community sewer system which serves part of the properties in the Shaver Lake community. Only properties which benefit from the sewer system are included in Zone B, which include the Shaver Lake Village area and Camp Edison. The sewage collection and treatment facilities were constructed through the Clean Water Grant Program.

CSA 31 Zone C is located off Highway 168 in South Shaver Lake. Tracts 3959 and 4914 serve 77 lots. Tract 5024 was added on October 29, 2002, and serves an additional 35 lots. CSA 31 Zone C was formed to provide open lot maintenance to these tracts.

The function of CSA 31 Zone D is to provide maintenance of open space area in Tract 4746 located in the community of Shaver Lake. There are 44 parcels within Zone D that equally benefit from the services provided.

The function of CSA 31 Zone E, CSA 31 Zone F, and CSA 31 Zone G is to provide maintenance of additional areas of open space in the community of Shaver Lake.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**COUNTY SERVICE AREA NO. 31**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the District's activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Pursuant to Governmental Accounting Standards Board (GASB) Standard No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989, are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

*Governmental Fund Financial Statements*

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. A one-year availability period is used for all other revenues. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

**COUNTY SERVICE AREA NO. 31**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

*Proprietary Fund Financial Statements*

Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The District reports the following major governmental funds:

The *special revenue fund* accounts for special revenue that is legally restricted to expenditures for a particular purpose. The special revenue fund is the primary operating fund of CSA 31, CSA 31 Zone C, CSA 31 Zone D, CSA 31 Zone E, CSA 31 Zone F, and CSA 31 Zone G.

The District reports the following major proprietary funds:

The *enterprise funds* accounts for those operations that provide services to the public. This type of fund is used to account for the financial activities of CSA 31 Zone B.

The District adopts annual appropriated budgets for its Special Revenue Fund which is a major fund. Budgetary comparison schedules have been provided for this fund to demonstrate compliance with the budgets.



**COUNTY SERVICE AREA NO. 31**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity**

**1. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District's ending cash balances in the County of Fresno Treasury.

**2. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$48,150 and \$28,181, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**3. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

<u>Buildings and Improvements</u>	<u>Useful Life</u>
Buildings	25-50 Years
Water tank	30 Years
Center restroom	30 Years
Well	20-30 Years
<u>Equipment</u>	<u>Useful Life</u>
Fire apparatus and equipment	10-18 Years
Vehicles	5 Years
Radio tower	5 Years

**COUNTY SERVICE AREA NO. 31**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**4. Equity**

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for special purposes. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

In the government-wide financial statements, net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**5. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

**COUNTY SERVICE AREA NO. 31**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**5. Property Taxes (Continued)**

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

**6. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the provisions of Sections 29000 through 29143 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget on or before August 30 for each fiscal year. Until the adoption of this final balanced budget, appropriations are based on the budget of the preceding year as allowed per Government Code 29124. The final adopted budget is available for review in the Auditor-Controller/Treasurer-Tax Collector's Office.

An operating balanced budget is adopted for each fiscal year for the District on the same modified accrual basis, including encumbrances, to reflect estimated revenues and expenditures. Public hearings are conducted on the proposed budget to review all appropriations and the source of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

Budgetary control is exercised at the object level, except for fixed assets, which are controlled at the sub-object level. All amendments and any expenditures that exceed appropriations must be authorized and approved by the Board.

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in governmental funds. Encumbrance accounting is used 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 the time are reported as reservations of fund balance for subsequent year expenditures.

**COUNTY SERVICE AREA NO. 31**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 3 — CASH AND CASH EQUIVALENTS**

Summary of Deposits

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 899,513</u>
Total cash and cash equivalents	<u>\$ 899,513</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 899,513</u>
Total cash and cash equivalents	<u>\$ 899,513</u>

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**COUNTY SERVICE AREA NO. 31**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 4 — CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009, was as follows:

	July 1, 2008 Balance	Additions	Retirements	Adjustments	June 30, 2009 Balance
<b>GOVERNMENTAL ACTIVITIES</b>					
Capital assets being depreciated:					
Structure and improvements	\$ 207,635	\$ -	\$ -	\$ -	\$ 207,635
Machinery and equipment	637,437	-	-	-	637,437
Total capital assets being depreciated	845,072	-	-	-	845,072
Less accumulated depreciation:					
Structure and improvements	(39,948)	(6,921)	-	-	(46,869)
Machinery and equipment	(196,503)	(45,384)	-	-	(241,887)
Total accumulated depreciation	(236,451)	(52,305)	-	-	(288,756)
Governmental Activities Capital Assets, Net	<u>\$ 608,621</u>	<u>\$ (52,305)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 556,316</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Capital assets not being depreciated:					
Land	\$ 329,842	\$ -	\$ -	\$ -	\$ 329,842
Total capital assets not being depreciated	329,842	-	-	-	329,842
Capital assets being depreciated:					
Structures and improvements	7,247,212	-	-	294,408	7,541,620
Machinery and equipment	372,526	-	-	(294,408)	78,118
Total capital assets being depreciated	7,619,738	-	-	-	7,619,738
Less accumulated depreciation:					
Structures and improvements	(2,890,147)	(160,041)	-	(294,408)	(3,344,596)
Machinery and equipment	(342,538)	(7,057)	-	294,408	(55,187)
Total accumulated depreciation	(3,232,685)	(167,098)	-	-	(3,399,783)
Total capital assets being depreciated, net	<u>4,387,053</u>	<u>(167,098)</u>	<u>-</u>	<u>-</u>	<u>4,219,955</u>
Business-Type Activities Capital Assets, Net	<u>\$ 4,716,895</u>	<u>\$ (167,098)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,549,797</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental Activities:	\$ 52,305
Public Ways and Facilities	
Business-Type Activities:	167,098
Water and Sewer	<u>\$ 219,403</u>

**COUNTY SERVICE AREA NO. 31**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 5 — RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 6 — COMMITMENTS AND CONTIGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

**NOTE 7 — PRIOR PERIOD ADJUSTMENTS**

The District made the following adjustments to the Enterprise Fund at July 1, 2008:

Overstatement of accounts receivable	\$ 18,628
Understatement of accounts payable	<u>24,150</u>
Total	<u>\$ 42,778</u>

**COUNTY SERVICE AREA NO. 32  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**COUNTY SERVICE AREA NO. 32**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets .....	2
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	3
Statement of Cash Flows.....	4
Notes to the Basic Financial Statements .....	5





## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of County Service Area No. 32 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Service Area No. 32, as of June 30, 2009, and the respective changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 32 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined it is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**COUNTY SERVICE AREA NO. 32**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**June 30, 2009**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 74,417
Receivables:	
Accounts	19,273
Interest	<u>424</u>
Total current assets	<u>94,114</u>

Non-current assets:

Capital assets:

Nondepreciable:

Land	110,822
------	---------

Depreciable:

Machinery and equipment	1,404,884
Less: accumulated depreciation	<u>(993,621)</u>

Total non-current assets	<u>522,085</u>
--------------------------	----------------

Total assets	<u>616,199</u>
--------------	----------------

**LIABILITIES**

Current liabilities:

Accounts payable	2,186
Due to primary government	<u>65,805</u>

Total liabilities	<u>67,991</u>
-------------------	---------------

**NET ASSETS**

Invested in capital assets	522,085
Unrestricted	<u>26,123</u>

Total net assets	<u>\$ 548,208</u>
------------------	-------------------

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

**COUNTY SERVICE AREA NO. 32**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**For the Year Ended June 30, 2009**

Operating revenues:	
Charges for services	\$ 161,353
Other operating revenues	8,035
Total operating revenues	<u>169,388</u>
Operating expenses:	
Water expense	30,694
Disposal expense	20,215
Liability insurance	644
Maintenance - buildings and grounds	2,736
Office expense	73
Postage	731
Professional and specialized services	80,902
Special department expenses	13,494
Utilities	19,959
Depreciation	18,445
Total operating expenses	<u>187,893</u>
Operating income (loss)	<u>(18,505)</u>
Non-operating revenues (expenses):	
Investment earnings	<u>2,379</u>
Total non-operating revenues (expenses)	<u>2,379</u>
Change in net assets	(16,126)
Total net assets - beginning	<u>564,334</u>
Total net assets - ending	<u>\$ 548,208</u>

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

**COUNTY SERVICE AREA NO. 32**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2009**

Cash flows from operating activities:	
Cash received from users	\$ 163,063
Cash paid to suppliers	(188,540)
Other operating receipts	<u>8,035</u>
Net cash provided by (used in) operating activities	<u>(17,442)</u>
Cash flows from investing activities:	
Interest on investments	<u>2,778</u>
Net cash provided by (used in) investing activities	<u>2,778</u>
Net increase (decrease) in cash and cash equivalents	(14,664)
Cash and cash equivalents - beginning	<u>89,081</u>
Cash and cash equivalents - ending	<u><u>\$ 74,417</u></u>

**Reconciliation of Operating Income (Loss) to Net Cash  
Provided by (Used in) Operating Activities:**

Operating income (loss)	\$ (18,505)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	18,445
(Increase) decrease in accounts receivable	1,710
Increase (decrease) in accounts payable	(22,081)
Increase (decrease) in due to primary government	<u>2,989</u>
Total adjustments	<u>1,063</u>
Net cash provided by (used in) operating activities	<u><u>\$ (17,442)</u></u>

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

**COUNTY SERVICE AREA NO. 32**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

**A. Reporting Entity**

County Service Area No. 32, (District), is as a political subdivision of the State of California generally referred to as a “special district.” The function of the District is to provide water, sewer, garbage collection, street lighting and recreational facilities for the community of Cantua Creek, a farm labor housing development. The subdivision is located at Clarkson Avenue, west of San Mateo Avenue in Cantua Creek. Maintenance is provided by contract with the California Water Services. Lighting is provided by contract with PG&E. The District is not subject to federal or state income taxes.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District was formed in 1981 under the provision of the Government Code Section 25210.1 et. seq. and is governed by the County of Fresno Board of Supervisors. The District is a component unit of the County of Fresno (County).

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Basis of Accounting**

Pursuant to Governmental Accounting Standards Board (GASB) Standard No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary fund Accounting*, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989, are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government body is that the cost and expenses of providing goods or services to its customers be financed or recovered primarily through users charges; or where the governing body has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**COUNTY SERVICE AREA NO. 32**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

**B. Basis of Accounting (Continued)**

Enterprise funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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

**C. Assets, Liabilities and Net Assets**

**1. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District's ending cash balances in the County of Fresno Treasury.

**2. Accounts Receivable**

The “direct write-off” method for accounts receivable was applied for accounts that had been established as uncollectible. As expense was recognized when an account was referred to the Revenue Reimbursement Division of the Auditor-Controller/Treasurer-Tax Collector and a Discharge of Accountability was received. The “direct write-off” method is not in compliance with generally accepted accounting principles, but the result was deemed immaterial to the financial statements as a whole. The District recorded a total of \$1,397 of allowance for uncollectible accounts during the period.

**3. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$2,186 and \$65,805, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**COUNTY SERVICE AREA NO. 32**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

**C. Assets, Liabilities and Net Assets (Continued)**

**4. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

<b><u>Property Type</u></b>	<b><u>Useful Life</u></b>
Water System	25 Years
Sewer System	25 Years
Water Tank	30 Years
Water Treatment Plant	25 Years
Standby Well	30 Years

**5. Net Assets**

Net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**COUNTY SERVICE AREA NO. 32**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

**C. Assets, Liabilities and Net Assets (Continued)**

**6. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**7. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**COUNTY SERVICE AREA NO. 32**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Summary of Deposits

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposit with the County of Fresno Treasurer	<u>\$ 74,417</u>
Total cash and cash equivalents	<u>\$ 74,417</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of Net Assets:

Cash and cash equivalents	<u>\$ 74,417</u>
Total cash and cash equivalents	<u>\$ 74,417</u>

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**NOTE 3 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009, was as follows:

	July 1, 2008 Balance	Additions	Retirements	June 30, 2009 Balance
Capital assets not being depreciated:				
Land	\$ 110,822	\$ -	\$ -	\$ 110,822
Total capital assets not being depreciated	<u>110,822</u>	<u>-</u>	<u>-</u>	<u>110,822</u>
Capital assets being depreciated:				
Machinery and equipment	1,404,884	-	-	1,404,884
Total capital assets being depreciated	<u>1,404,884</u>	<u>-</u>	<u>-</u>	<u>1,404,884</u>
Less accumulated depreciation:				
Machinery and equipment	(975,176)	(18,445)	-	(993,621)
Total accumulated depreciation	<u>(975,176)</u>	<u>(18,445)</u>	<u>-</u>	<u>(993,621)</u>
Capital Assets, Net	<u>\$ 540,530</u>	<u>\$ (18,445)</u>	<u>\$ -</u>	<u>\$ 522,085</u>

**COUNTY SERVICE AREA NO. 32**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 4 – RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation, which is likely to have a material adverse affect on the financial position of the District.

**COUNTY SERVICE AREA NO. 33  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**COUNTY SERVICE AREA NO. 33**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets and Governmental Fund Balance Sheet .....	2
Statement of Activities and Governmental Revenues, Expenditures, and Changes in Fund Balance .....	3
Budgetary Comparison Schedule .....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of County Service Area No. 33 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Service Area No. 33, as of June 30, 2009, and the respective changes in financial position and the respective budgetary comparison for the major Special Revenue Fund, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 33 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**COUNTY SERVICE AREA NO. 33**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS AND**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**June 30, 2009**

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 69,294	\$ -	\$ 69,294
Interest receivable	395	-	395
Total assets	<u>\$ 69,689</u>	<u>-</u>	<u>69,689</u>
 <b>LIABILITIES</b>			
Accounts payable	\$ 1,105	-	1,105
Due to primary government	661	-	661
Total liabilities	<u>1,766</u>	<u>-</u>	<u>1,766</u>
 <b>FUND BALANCE/NET ASSETS</b>			
Fund balance:			
Unreserved	67,923	(67,923)	-
Total fund balance	<u>67,923</u>	<u>(67,923)</u>	<u>-</u>
 Total liabilities and fund balance	<u>\$ 69,689</u>		
 Net assets:			
Unrestricted		67,923	67,923
Total net assets		<u>\$ 67,923</u>	<u>\$ 67,923</u>

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

**COUNTY SERVICE AREA NO. 33**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2009**

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Expenditures/Expenses</b>			
Public ways and facilities	\$ 18,375	\$ -	\$ 18,375
Total expenditures/expenses	<u>18,375</u>	<u>-</u>	<u>18,375</u>
<b>Revenues</b>			
Program revenue:			
Charges for services	<u>6,666</u>	<u>-</u>	<u>6,666</u>
Total program revenue	<u>6,666</u>	<u>-</u>	<u>6,666</u>
Net program expense			<u>(11,709)</u>
General revenue:			
Property taxes	12,698	-	12,698
Unrestricted investment earnings	1,958	-	1,958
Miscellaneous	<u>170</u>	<u>-</u>	<u>170</u>
Total general revenues	<u>14,826</u>	<u>-</u>	<u>14,826</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,117</u>	<u>(3,117)</u>	<u>-</u>
Change in net assets	-	3,117	3,117
Fund balance/net assets:			
Beginning of the year	<u>64,806</u>	<u>-</u>	<u>64,806</u>
End of the year	<u>\$ 67,923</u>	<u>\$ -</u>	<u>\$ 67,923</u>

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

**COUNTY SERVICE AREA NO. 33**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2009**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Budgetary Fund Balance - July 1, 2008</b>	\$ 66,619	\$ 66,619	\$ 65,621	\$ (998)
Resources (inflows):				
Taxes	12,500	12,500	12,697	197
Use of money and property	2,750	2,750	2,264	(486)
Intergovernmental revenues	-	-	170	170
Charges for current services	6,688	6,688	6,666	(22)
Amounts available for appropriations	<u>21,938</u>	<u>21,938</u>	<u>21,797</u>	<u>(141)</u>
Charges to Appropriations (outflows):				
Public ways and facilities:				
Services and supplies	25,349	25,349	18,403	6,946
Contingencies	2,535	2,535	-	2,535
Total charges to appropriations	<u>27,884</u>	<u>27,884</u>	<u>18,403</u>	<u>9,481</u>
<b>Budgetary Fund Balance - June 30, 2009</b>	<u>\$ 60,673</u>	<u>\$ 60,673</u>	<u>\$ 69,015</u>	<u>\$ 8,342</u>

**Explanation of Differences Between Budgetary Inflows and Outflows  
and GAAP Revenues and Expenditures:**

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule not including fund balance	\$ 21,797
Differences - budget to GAAP	
Modified accrual basis of accounting to budgetary basis of accounting	<u>(305)</u>
Total revenues as reported on the statement of revenues and expenditures and changes in fund balance	<u>\$ 21,492</u>

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 18,403
Differences - budget to GAAP	
Modified accrual basis of accounting to budgetary basis of accounting	<u>(28)</u>
Total expenditures as reported on the statement of revenues and expenditures and changes in fund balance	<u>\$ 18,375</u>



**COUNTY SERVICE AREA NO. 33**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

County Service Area No. 33, a special district (District) is a special revenue fund of the County of Fresno (County), which is a political subdivision of the State of California. The District was formed in 1981 under the provisions of Government Code Section 25210.1 et. seq., and is governed by the County Board of Supervisors (Board). The District is a component unit of the County of Fresno. The District was originally formed to provide street lighting for the Malaga Community. Since then, the McNeill-Fresno Industrial Park and the adjacent area, referred to as the Shapazian-McNeill Annexation, were annexed into the District. Street lighting is provided throughout the District while the Shapazian-McNeill Annexation receives both street lighting and landscape maintenance. The District contains 176 single family residences, 4 industrial parcels, and 27 undeveloped parcels. The District is not subject to federal or state income taxes.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District itself does not employ any personnel. Street lighting is provided by Pacific Gas & Electric. Water service is provided by the Malaga County Water District. The District contracts with an outside vendor to furnish all the labor and materials required for the performance of landscape maintenance. The Department of Public Works and Planning staff provides the necessary accounting services to the District on a reimbursement basis.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the District's activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**COUNTY SERVICE AREA NO. 33**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

*Governmental Fund Financial Statements*

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. A one-year availability period is used for all other revenues. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District reports the following major governmental funds:

The *special revenue fund* accounts for special revenue that is legally restricted to expenditures for a particular purpose. The special revenue fund is the primary operating fund of County Service Area No. 33.

The District adopts annual appropriated budgets for its Special Revenue Fund which is a major fund. Budgetary comparison schedules have been provided for this fund to demonstrate compliance with the budgets.

**COUNTY SERVICE AREA NO. 33**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Cash and Cash Equivalents**

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$1,105 and \$661, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**3. Equity**

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use in special purposes. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

In the government-wide financial statements, net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

**4. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

**COUNTY SERVICE AREA NO. 33**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity** (Continued)

**4. Property Taxes** (Continued)

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**5. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the provisions of Sections 29000 through 29143 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget on or before August 30 for each fiscal year. Until the adoption of this final balanced budget, appropriations are based on the budget of the preceding year as allowed per Government Code 29124. The final adopted budget is available for review in the Auditor-Controller/Treasurer-Tax Collector's Office.

**COUNTY SERVICE AREA NO. 33**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (Continued)

**A. Budgetary Information** (Continued)

An operating balanced budget is adopted for each fiscal year for the District on the same modified accrual basis, including encumbrances, to reflect estimated revenues and expenditures. Public hearings are conducted on the proposed budget to review all appropriations and the source of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

Budgetary control is exercised at the object level, except for fixed assets, which are controlled at the sub-object level. All amendments and any expenditures that exceed appropriations must be authorized and approved by the Board.

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in governmental funds. Encumbrance accounting is used 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 the time are reported as reservations of fund balance for subsequent year expenditures. The District did not have any outstanding encumbrances at June 30, 2009.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

**Summary of Deposits**

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 69,294</u>
Total cash and cash equivalents	<u>\$ 69,294</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 69,294</u>
Total cash and cash equivalents	<u>\$ 69,294</u>

**Investment in County Treasury**

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**COUNTY SERVICE AREA NO. 33**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 4 – RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

**COUNTY SERVICE AREA NO. 34  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**COUNTY SERVICE AREA NO. 34**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets .....	2
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	3
Statement of Cash Flows.....	4
Notes to the Basic Financial Statements .....	5





## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of County Service Area No. 34 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Service Area No. 34 as of June 30, 2009, and the respective changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 34 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**COUNTY SERVICE AREA NO. 34**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**June 30, 2009**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 443,068
Receivables:	
Accounts	135,060
Interest	<u>2,571</u>
Total current assets	<u>580,699</u>

Non-current assets:

Capital assets:

Depreciable:	
Buildings and improvements	4,585,010
Machinery and equipment	44,128
Less: accumulated depreciation	<u>(1,293,648)</u>
Total non-current assets	<u>3,335,490</u>

Total assets	<u>3,916,189</u>
--------------	------------------

**LIABILITIES**

Current liabilities:

Accounts payable	65,936
Due to primary government	<u>21,005</u>

Total liabilities	<u>86,941</u>
-------------------	---------------

**NET ASSETS**

Invested in capital assets	3,335,490
Unrestricted	<u>493,758</u>

Total net assets	<u>\$ 3,829,248</u>
------------------	---------------------

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

**COUNTY SERVICE AREA NO. 34**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**For the Year Ended June 30, 2009**

Operating revenues:	
Other operating revenues	\$ 786,051
Total operating revenue	<u>786,051</u>
Operating expenses:	
Insurance	1,978
Professional services	273,114
Special department	49,592
General and administrative	232,745
Repairs and maintenance	73,369
Utilities	84,378
Depreciation	<u>113,648</u>
Total operating expenses	<u>828,824</u>
Operating income (loss)	<u>(42,773)</u>
Non-operating revenues (expenses):	
Investment earnings	<u>12,124</u>
Total non-operating revenues (expenses)	<u>12,124</u>
Change in net assets	(30,649)
Net assets - beginning	<u>3,859,897</u>
Net assets - ending	<u>\$ 3,829,248</u>

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

**COUNTY SERVICE AREA NO. 34**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2009**

Cash flows from operating activities:	
Cash received from users	\$ 642,612
Cash paid to suppliers	(722,129)
Other operating receipts	<u>28,790</u>
Net cash provided by (used in) operating activities	<u>(50,727)</u>
Cash flows from investing activities:	
Interest on investments	<u>14,803</u>
Net cash provided by (used in) investing activities	<u>14,803</u>
Net increase (decrease) in cash and cash equivalents	(35,924)
Cash and cash equivalents - beginning	<u>478,992</u>
Cash and cash equivalents - ending	<u><u>\$ 443,068</u></u>

**Reconciliation of Operating Income (Loss) to Net Cash  
Provided by Operating Activities:**

Operating income (loss)	\$ (42,773)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation expense	113,648
(Increase) decrease in accounts receivable	(114,649)
Increase (decrease) in accounts payable	(27,957)
Increase (decrease) in due to primary government	<u>21,004</u>
Total adjustments	<u>(7,954)</u>
Net cash provided by (used in) operating activities	<u><u>\$ (50,727)</u></u>

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

**COUNTY SERVICE AREA NO. 34**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

County Service Area No. 34, a special district (District), is an enterprise fund of the County of Fresno (County), which is a political subdivision of the State of California. The District was formed in 1986 under the provisions of Government Code Section 25210.1 et. seq., and is governed by the County Board of Supervisors. The function of the District is to provide a full range of extended governmental services for the community of Millerton New Town. The area contains 1,018 acres and is located one and one-half miles east of the Friant Community, along both sides of Millerton Road. The proposed community will eventually contain 3,500 residences plus associated commercial and public facilities. The District is currently being divided into two zones: County Service Area No. 34 (Original Zone) and County Service Area Zone "A" (Zone "A").

Water services in the Original Zone are currently being provided by water reservations entered into prior to the current reporting period. Upon future growth of the District and expiration of the water reservations, the District will provide community water to its members.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

In 1989, the District's Zone "A" was formed to provide community services for the developing property known as Brighton Crest. Zone "A", lying on the east side of Millerton Road, was formed to provide water, sewer, road maintenance and street lighting services to the residents of the community. Zone "A" consists of 442 acres, including a golf course, 151 single-family lots of which approximately 42 have constructed homes, and some undeveloped land.

The County Board of Supervisors formed Zone "B" of the District on October 26, 2004. Zone "B" was established for the maintenance and operation of infrastructure for municipal water services to the Ventana Hills Estates subdivision. The Zone benefits approximately 90 lots located on the north side of Auberry Road. All costs associated with the operation, maintenance, and County staff costs will be paid by the benefiting properties.

The County Board of Supervisors formed on September 14, 2004. Zone "C" was established to provide road maintenance, street light maintenance and water services to the south of Millerton Road, approximately two miles east of Friant Road. The Zone benefits approximately 161 lots. All costs associated with the operation, maintenance, and County staff costs will be paid by the benefiting properties.

The combined District is not subject to federal or state income taxes. The District is a component unit of the County of Fresno.

**COUNTY SERVICE AREA NO. 34**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**A. Reporting Entity** (Continued)

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Basis of Accounting**

Pursuant to Governmental Accounting Standards Board (GASB) Standard No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary fund Accounting*, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989, are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government body is that the cost and expenses of providing goods or services to its customers be financed or recovered primarily through users charges; or where the governing body has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Enterprise funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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

**COUNTY SERVICE AREA NO. 34**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets**

**1. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$65,936 and \$21,005, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**3. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

<u>Property Type</u>	<u>Useful Life</u>
Equipment	5 Years
Service vehicle	5 Years
Land improvements	15 Years
Generator	20 Years
Water treatment plant	40 Years

**COUNTY SERVICE AREA NO. 34**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**4. Net Assets**

Net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**5. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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



**COUNTY SERVICE AREA NO. 34**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**6. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 — CASH AND CASH EQUIVALENTS**

Summary of Deposits

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 443,068</u>
Total cash and cash equivalents	<u>\$ 443,068</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 443,068</u>
Total cash and cash equivalents	<u>\$ 443,068</u>

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**COUNTY SERVICE AREA NO. 34**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 3 — CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009, was as follows:

	July 1, 2008 Balance	Additions	Retirements	June 30, 2009 Balance
Capital assets being depreciated:				
Buildings and improvements	\$ 4,585,010	\$ -	\$ -	\$ 4,585,010
Machinery and equipment	44,128	-	-	44,128
Total capital assest being depreciated	<u>4,629,138</u>	<u>-</u>	<u>-</u>	<u>4,629,138</u>
Less accumulated depreciation:				
Buildings and improvements	(1,148,795)	(112,564)	-	(1,261,359)
Machinery and equipment	<u>(31,205)</u>	<u>(1,084)</u>	<u>-</u>	<u>(32,289)</u>
Total accumulated depreciation	<u>(1,180,000)</u>	<u>(113,648)</u>	<u>-</u>	<u>(1,293,648)</u>
Capital Assets, Net	<u>\$ 3,449,138</u>	<u>\$ (113,648)</u>	<u>\$ -</u>	<u>\$ 3,335,490</u>

**NOTE 4 — RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 — COMMITMENTS AND CONTIGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

**COUNTY SERVICE AREA NO. 35  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**COUNTY SERVICE AREA NO. 35  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets and Governmental Fund Balance Sheet .....	2
Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance .....	3
Budgetary Comparison Schedule .....	4
Notes to the Basic Financial Statements .....	7



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of County Service Area No. 35 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Service Area No. 35, as of June 30, 2009, and the respective changes in financial position and the respective budgetary comparison for the major Special Revenue Fund, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 35 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**COUNTY SERVICE AREA NO. 35**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS AND**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**June 30, 2009**

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,858,057	\$ -	\$ 2,858,057
Interest receivable	16,524	-	16,524
Total assets	<u>\$ 2,874,581</u>	<u>-</u>	<u>2,874,581</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 4,500	-	4,500
Deposits held for others	32	-	32
Due to primary government	17,415	-	17,415
Developer deposits	<u>70,000</u>	<u>-</u>	<u>70,000</u>
Total liabilities	<u>91,947</u>	<u>-</u>	<u>91,947</u>
<b>FUND BALANCE/NET ASSETS</b>			
Fund balance:			
Unreserved	<u>2,782,634</u>	<u>(2,782,634)</u>	<u>-</u>
Total fund balance	<u>2,782,634</u>	<u>(2,782,634)</u>	<u>-</u>
 Total liabilities and fund balance	 <u>\$ 2,874,581</u>		
 Net assets:			
Unrestricted		<u>2,782,634</u>	<u>2,782,634</u>
Total net assets		<u>\$ 2,782,634</u>	<u>\$ 2,782,634</u>

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

**COUNTY SERVICE AREA NO. 35**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2009**

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Expenditures/Expenses</b>			
Public ways and facilities	\$ 765,713	\$ -	\$ 765,713
Total expenditures/expenses	<u>765,713</u>	<u>-</u>	<u>765,713</u>
<b>Revenues</b>			
Program revenue:			
Charges for services	<u>922,046</u>	<u>-</u>	<u>922,046</u>
Total program revenue	<u>922,046</u>	<u>-</u>	<u>922,046</u>
Net program revenue			<u>156,333</u>
General revenue:			
Unrestricted investment earnings	<u>79,409</u>	<u>-</u>	<u>79,409</u>
Total general revenues	<u>79,409</u>	<u>-</u>	<u>79,409</u>
Excess (deficiency) of revenues over (under) expenditures	<u>235,742</u>	<u>(235,742)</u>	<u>-</u>
Change in net assets	-	235,742	235,742
Fund balance/net assets:			
Beginning of the year	<u>2,546,892</u>	<u>-</u>	<u>2,546,892</u>
End of the year	<u>\$ 2,782,634</u>	<u>\$ -</u>	<u>\$ 2,782,634</u>

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

**COUNTY SERVICE AREA NO. 35**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2009**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Budgetary Fund Balance - July 1, 2008</b>	\$ 2,495,903	\$ 2,495,903	\$ 2,587,941	\$ 92,038
Resources (inflows):				
Use of money and property	71,555	71,555	89,734	18,179
Charges for current services	829,264	947,280	922,046	(25,234)
Other Miscellaneous	6,412	6,412	70,000	63,588
Amounts available from appropriations	907,231	1,025,247	1,081,780	56,533
Charges to Appropriations (outflows):				
Road Maintenance - Service and Supplies:				
<u>Zone</u>				
A	57,034	57,034	22,428	34,606
B	84,981	84,981	14,868	70,113
C	34,300	34,300	2,857	31,443
D	20,607	20,607	1,677	18,930
E	12,195	12,195	1,295	10,900
F	43,486	43,486	5,402	38,084
G	57,683	57,683	19,694	37,989
H	5,569	5,569	442	5,127
I	52,545	52,545	4,063	48,482
J	13,048	13,048	1,089	11,959
K	15,001	15,001	1,414	13,587
M	13,223	13,223	994	12,229
N	8,867	8,867	721	8,146
O	88,199	169,035	169,035	-
P	6,100	6,100	504	5,596
S	60,524	60,524	9,766	50,758
T	7,451	7,451	785	6,666
U	45,739	45,739	3,714	42,025
V	63,012	63,012	24,227	38,785
X	9,658	9,658	718	8,940
Z	32,624	32,624	2,586	30,038
AA	27,709	27,709	2,185	25,524
AB	8,465	8,465	640	7,825
AC	43,608	43,608	3,416	40,192
AD	24,193	24,193	1,908	22,285
AE	22,202	22,202	1,794	20,408
AF	27,913	27,913	2,211	25,702
AG	177,800	334,377	236,618	97,759
AH	26,099	26,099	2,292	23,807
AI	9,726	9,726	759	8,967
AJ	13,618	13,618	1,017	12,601
AK	11,608	11,608	4,645	6,963

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



**COUNTY SERVICE AREA NO. 35**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2009**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Charges to Appropriations (outflows):				
Road Maintenance - Service and Supplies (continued):				
<b><u>Zone</u></b>				
AM	13,585	13,585	1,061	12,524
AN	14,293	14,293	1,109	13,184
AO	28,171	28,171	2,188	25,983
AP	9,134	9,134	705	8,429
AQ	16,905	16,905	1,334	15,571
AR	23,530	23,530	1,853	21,677
AS	-	118,016	43,898	74,118
AT	103,574	103,574	21,270	82,304
AU	36,879	36,879	2,864	34,015
AV	13,741	13,741	1,054	12,687
AX	8,697	8,697	694	8,003
AY	15,374	15,374	1,210	14,164
AZ	5,693	5,693	426	5,267
BA	31,924	31,924	2,461	29,463
BB	15,698	15,698	1,228	14,470
BC	6,040	6,040	469	5,571
BD	15,285	15,285	1,173	14,112
BG	26,336	26,336	11,585	14,751
BH	11,856	11,856	877	10,979
BI	34,423	34,423	2,696	31,727
BJ	27,115	27,115	3,224	23,891
BL	13,152	13,152	907	12,245
BM	9,451	9,451	742	8,709
BN	3,907	3,907	304	3,603
BO	10,144	10,144	719	9,425
BQ	16,579	16,579	1,445	15,134
BR	7,171	7,171	581	6,590
BS	6,121	6,121	577	5,544
BU	6,100	6,100	465	5,635
BW	6,321	6,321	471	5,850
BX	6,719	6,719	514	6,205
BY	4,781	4,781	358	4,423
CA	3,097	3,097	245	2,852
CB	2,416	2,416	200	2,216
CC	16,148	16,148	1,142	15,006
CD	28,237	28,237	14,450	13,787
CE	3,738	3,738	260	3,478
CF	3,604	3,604	257	3,347
CG	16,212	16,212	13,200	3,012
CI	79,203	79,203	5,315	73,888

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

**COUNTY SERVICE AREA NO. 35**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2009**

Charges to Appropriations (outflows):

Road Maintenance - Service and Supplies (continued):

<u>Zone</u>				
CL	4,123	4,123	333	3,790
CM	1,935	1,935	149	1,786
CN	11,549	11,549	1,874	9,675
CO	3,798	3,798	2,047	1,751
CP	2,747	2,747	1,939	808
CQ	8,243	8,243	893	7,350
CS	1,873	1,873	149	1,724
CU	13,589	13,589	-	13,589
CV	2,585	2,585	-	2,585
Total charges to appropriations	<u>1,876,583</u>	<u>2,232,012</u>	<u>698,679</u>	<u>1,533,333</u>
<b>Budgetary Fund Balance - June 30, 2009</b>	<b><u>\$ 1,526,551</u></b>	<b><u>\$ 1,289,138</u></b>	<b><u>\$ 2,971,042</u></b>	<b><u>\$ 1,681,904</u></b>

**Explanation of Differences Between Budgetary Inflows and Outflows and GAAP**  
**Revenues and Expenditures:**

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available from appropriations" from the budgetary comparison schedule	\$ 1,081,780
Differences - Budget to GAAP	
Budgetary basis to modified accrual basis adjustment	<u>(80,325)</u>
Total revenues as reported on the combining statement of revenues and expenditures, and changes in fund balance - nonmajor special revenue funds	<u>\$ 1,001,455</u>

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "available from appropriations" from the budgetary comparison schedule	\$ 698,679
Differences - Budget to GAAP	
Budgetary basis to modified accrual basis adjustment	<u>67,034</u>
Total expenditures as reported on the combining statement of revenues and expenditures, and changes in fund balance - nonmajor special revenue funds	<u>\$ 765,713</u>

**COUNTY SERVICE AREA NO. 35**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

County Service Area No. 35, a special district (District), is a special revenue fund of the County of Fresno (County), which is a political subdivision of the State of California. The District was formed under the provisions of Government Code Section 25210.1 et. seq., and is comprised of seventy active independent zones located throughout the County of Fresno. The District is governed by the County of Fresno Board of Supervisors (Board). The District is a component unit of the County of Fresno. The District is dynamic in that new zones are added and old zones deleted, as warranted and with approval of the Board. The function of the District is to provide road maintenance in each zone. The cost of road maintenance is generally only shared equally among the property owners on a per parcel basis of each of the District's independent zone. The District is not subject to federal or state income taxes.

During the current fiscal year, one other zone that was inactive as of last audit period, "AS", "CU", and "CV," became active during the current fiscal year period. As a result, the District reported a total of eighty-three active zones.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the District's activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**COUNTY SERVICE AREA NO. 35**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

*Governmental Fund Financial Statements*

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. A one-year availability period is used for all other revenues. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District reports the following major governmental funds:

The *special revenue fund* accounts for special revenue that is legally restricted to expenditures for a particular purpose. The special revenue fund is the primary operating fund of County Service Area No. 35.

The District adopts annual appropriated budgets for its Special Revenue Fund which is a major fund. Budgetary comparison schedules have been provided for this fund to demonstrate compliance with the budgets.

**COUNTY SERVICE AREA NO. 35**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Cash and Cash Equivalents**

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$74,500 and \$17,415, respectively, as of June 30, 2009, are related to certain contract services and maintenance expenses.

**3. Equity**

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use in special purposes. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

In the government-wide financial statements, net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

**COUNTY SERVICE AREA NO. 35**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity** (Continued)

**4. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**5. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**COUNTY SERVICE AREA NO. 35**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the provisions of Sections 29000 through 29143 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget on or before August 30 for each fiscal year. Until the adoption of this final balanced budget, appropriations are based on the budget of the preceding year as allowed per Government Code 29124. The final adopted budget is available for review in the Auditor-Controller/Treasurer-Tax Collector's Office.

An operating balanced budget is adopted for each fiscal year for the District on the same modified accrual basis, including encumbrances, to reflect estimated revenues and expenditures. Public hearings are conducted on the proposed budget to review all appropriations and the source of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

Budgetary control is exercised at the object level, except for fixed assets, which are controlled at the sub-object level. All amendments and any expenditures that exceed appropriations must be authorized and approved by the Board.

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in governmental funds. Encumbrance accounting is used 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 the time are reported as reservations of fund balance for subsequent year expenditures. The District did not have any outstanding encumbrances at June 30, 2009.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

**Summary of Deposits**

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 2,858,057</u>
Total cash and cash equivalents	<u>\$ 2,858,057</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 2,858,057</u>
Total cash and cash equivalents	<u>\$ 2,858,057</u>

**COUNTY SERVICE AREA NO. 35**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)**

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**NOTE 4 – RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.



**COUNTY SERVICE AREA NO. 39  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**COUNTY SERVICE AREA NO. 39  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets .....	2
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	3
Statement of Cash Flows.....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of County Service Area No. 39 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Service Area No. 39, as of June 30, 2009, and the respective changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 39 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**COUNTY SERVICE AREA NO. 39**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**June 30, 2009**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 56,589
Receivables:	
Accounts	16,179
Interest	<u>329</u>
Total current assets	<u>73,097</u>

Non-current assets:

Capital assets:

Depreciable:

Machinery and equipment	1,115,384
Less: accumulated depreciation	<u>(920,191)</u>
Total noncurrent assets	<u>195,193</u>

Total assets	<u>268,290</u>
--------------	----------------

**LIABILITIES**

Current liabilities:

Accounts payable	5,601
Due to primary government	<u>2,573</u>
Total liabilities	<u>8,174</u>

**NET ASSETS**

Invested in capital assets	195,193
Unrestricted	<u>64,923</u>
Total net assets	<u>\$ 260,116</u>

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

**COUNTY SERVICE AREA NO. 39**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**For the Year Ended June 30, 2009**

Operating revenues:	
Charges for services	\$ 68,628
Total operating revenues	<u>68,628</u>
Operating expenses:	
Insurance	1,269
General and administrative	1,439
Professional services	29,016
Repairs and maintenance	7,055
Special departmental expenses	2,239
Utilities	26,995
Depreciation	<u>55,769</u>
Total operating expenses	<u>123,782</u>
Operating income (loss)	<u>(55,154)</u>
Non-operating revenues (expenses):	
Investment earnings	<u>1,599</u>
Total non-operating revenues (expenses)	<u>1,599</u>
Change in net assets	(53,555)
Net assets - beginning	<u>313,671</u>
Net assets - ending	<u>\$ 260,116</u>

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

**COUNTY SERVICE AREA NO. 39**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2009**

Cash flows from operating activities:	
Cash received from users	\$ 69,281
Cash paid to suppliers	<u>(66,644)</u>
Net cash provided by (used in) operating activities	<u>2,637</u>
Cash flows from investing activities:	
Interest on investments	<u>1,797</u>
Net cash provided by (used in) investing activities	<u>1,797</u>
Net increase (decrease) in cash and cash equivalents	4,434
Cash and cash equivalents - beginning	<u>52,155</u>
Cash and cash equivalents - ending	<u><u>\$ 56,589</u></u>

**Reconciliation of Operating Income (Loss) to Net Cash  
Provided by (Used in) Operating Activities:**

Operating income (loss)	\$ (55,154)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	55,769
(Increase) decrease in accounts receivable	653
Increase (decrease) in accounts payable	(1,204)
Increase (decrease) in due to primary government	<u>2,573</u>
Total adjustments	<u>57,791</u>
Net cash provided by (used in) operating activities	<u><u>\$ 2,637</u></u>

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

**COUNTY SERVICE AREA NO. 39**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

County Service Area No. 39, a special district (District), is an enterprise fund of the County of Fresno (County), which is a political subdivision of the State of California. County Service Area was formed to provide domestic water service to two residential subdivisions west of the incorporated City of Fresno, near Valentine and Jensen Avenues. The District constructed a pipeline that continues to transfer water, purchased from the City of Fresno, to the residents of the District.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District was formed in 1990 under the provisions of Government Code Section 25210.1 et. seq., and is governed by the County Board of Supervisors. The District is a component unit of the County of Fresno.

The District itself does not employ any personnel. The Department Public Works and Planning staff provides the necessary services such as maintenance, accounting, financial reporting, and auditing to the District on a reimbursement basis.

**B. Basis of Accounting**

Pursuant to Governmental Accounting Standards Board (GASB) Standard No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary fund Accounting*, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989, are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government body is that the cost and expenses of providing goods or services to its customers be financed or recovered primarily through users charges; or where the governing body has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**COUNTY SERVICE AREA NO. 39**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Basis of Accounting** (Continued)

Enterprise funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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

**C. Assets, Liabilities and Net Assets**

**1. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Accounts Receivable**

The “direct write-off” method for accounts receivable was applied for accounts that had been established as uncollectible. As expense was recognized when an account was referred to the Revenue Reimbursement Division of the Auditor-Controller/Treasurer-Tax Collector and a Discharge of Accountability was received. The “direct write-off” method is not in compliance with generally accepted accounting principles, but the result was deemed immaterial to the financial statements as a whole. The District recorded a total of \$6,643 of allowance for uncollectible accounts during the period.

**3. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$5,601 and \$2,573, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.



**COUNTY SERVICE AREA NO. 39**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**4. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

<u>Equipment Type</u>	<u>Useful Life</u>
Machinery and equipment	20 Years

**5. Net Assets**

Net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**COUNTY SERVICE AREA NO. 39**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**6. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**7. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**COUNTY SERVICE AREA NO. 39**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 2 — CASH AND CASH EQUIVALENTS**

Summary of Deposits

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 56,589</u>
Total cash and cash equivalents	<u>\$ 56,589</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 56,589</u>
Total cash and cash equivalents	<u>\$ 56,589</u>

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**NOTE 3 — CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009, was as follows:

	June 30, 2008 Balance	Additions	Retirements	June 30, 2009 Balance
Capital assets being depreciated:				
Machinery and equipment	<u>\$ 1,115,384</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,115,384</u>
Total capital assets being depreciated	<u>1,115,384</u>	<u>-</u>	<u>-</u>	<u>1,115,384</u>
Less accumulated depreciation:				
Machinery and equipment	<u>(864,422)</u>	<u>(55,769)</u>	<u>-</u>	<u>(920,191)</u>
Total accumulated depreciation	<u>(864,422)</u>	<u>(55,769)</u>	<u>-</u>	<u>(920,191)</u>
Capital Assets, Net	<u>\$ 250,962</u>	<u>\$ (55,769)</u>	<u>\$ -</u>	<u>\$ 195,193</u>

**COUNTY SERVICE AREA NO. 39**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 4 — RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 — COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

**COUNTY SERVICE AREA NO. 43  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**COUNTY SERVICE AREA NO. 43**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	2
Statement of Activities .....	3
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	4
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	5
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds .....	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities .....	7
Budgetary Comparison Schedule .....	8
Notes to the Basic Financial Statements .....	9



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of County Service Area No. 43 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, which collectively comprise the District's financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Service Area No. 43, as of June 30, 2009, and the respective changes in financial position and the respective budgetary comparison for the major Special Revenue Fund, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 43 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**COUNTY SERVICE AREA NO. 43**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**June 30, 2009**

**ASSETS**

Cash	\$ 22,300
Interest receivable	122
Accounts receivable	7,150
Capital assets, net of accumulated depreciation	<u>982,458</u>

Total assets	<u><u>\$ 1,012,030</u></u>
--------------	----------------------------

**LIABILITIES**

Accounts payable	\$ 1,008
Due to primary government	<u>4,477</u>

Total liabilities	<u>5,485</u>
-------------------	--------------

**NET ASSETS**

Invested in capital assets	982,458
Unrestricted	<u>24,087</u>

Total net assets	<u><u>\$ 1,006,545</u></u>
------------------	----------------------------

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



**COUNTY SERVICE AREA NO. 43**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2009**

Expenses:	
Public ways and facilities	\$ 68,918
Total program expenses	<u>68,918</u>
Program revenues:	
Charges for services	<u>40,658</u>
Net program expense	<u>(28,260)</u>
General revenues:	
Property taxes	3,357
Unrestricted investment earnings	587
Miscellaneous	<u>40</u>
Total general revenues	<u>3,984</u>
Change in net assets	(24,276)
Net assets - beginning	<u>1,030,821</u>
Net assets - ending	<u>\$ 1,006,545</u>

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

**COUNTY SERVICE AREA NO. 43**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2009**

**ASSETS**

Cash and cash equivalents	\$ 22,300
Accounts receivable	7,150
Interest receivable	<u>122</u>
 Total assets	 <u><u>\$ 29,572</u></u>

**LIABILITIES AND FUND BALANCE**

Liabilities:

Accounts payable	\$ 1,008
Due to primary government	<u>4,477</u>
Total liabilities	<u>5,485</u>

Fund balance:

Unreserved	<u>24,087</u>
Total fund balance	<u>24,087</u>

Total liabilities and fund balance	<u><u>\$ 29,572</u></u>
------------------------------------	-------------------------

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

**SERVICE AREA NO. 43**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
June 30, 2009**

Fund balance - governmental funds	\$ 24,087
-----------------------------------	-----------

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets are not recorded in governmental fund types, but recorded in government-wide state statement to conform with GAAP accounting requirements.

<u>982,458</u>
----------------

Net assets for governmental activities	<u>\$ 1,006,545</u>
--	---------------------

**COUNTY SERVICE AREA NO. 43**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2009**

Revenues:	
Property taxes - secured and unsecured	\$ 3,357
Aid from other governmental agencies:	
State	40
Service-type property assessments	40,658
Investment earnings	587
Total revenues	<u>44,642</u>
Expenditures:	
Current:	
Public ways and facilities:	
Liability insurance	569
Maintenance - building/grounds	8,157
Office expense	320
Professional services	29,084
Utilities	326
Special departmental	7,172
Total expenditures	<u>45,628</u>
Changes in fund balance	(986)
Fund balance - beginning	<u>25,073</u>
Fund balance - ending	<u>\$ 24,087</u>

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

**COUNTY SERVICE AREA NO. 43**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2009**

Net changes in fund balance - governmental funds	\$ (986)
--	----------

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 those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount of current year depreciation expense is \$23,290. There were no capital asset additions in the current period.

<u>(23,290)</u>
-----------------

Change in net assets of governmental activities	<u>\$ (24,276)</u>
---	--------------------

**COUNTY SERVICE AREA NO. 43**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2009**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Budgetary Fund Balance - July 1, 2008</b>	\$ 19,471	\$ 19,471	\$ 23,157	\$ 3,686
Resources (inflows):				
Taxes	3,400	3,400	3,358	(42)
Use of money and property	350	350	680	330
Charges for current services	9,080	9,080	39,595	30,515
Other revenues	28,867	28,867	41	(28,826)
Amounts available for appropriations	<u>41,697</u>	<u>41,697</u>	<u>43,674</u>	<u>1,977</u>
Charges to Appropriations (outflows):				
Public ways and facilities:				
Service and supplies	46,889	46,889	43,975	2,914
Contingencies	1,894	1,894	-	1,894
Total charges to appropriations	<u>48,783</u>	<u>48,783</u>	<u>43,975</u>	<u>4,808</u>
<b>Budgetary Fund Balance - June 30, 2009</b>	<u>\$ 12,385</u>	<u>\$ 12,385</u>	<u>\$ 22,856</u>	<u>\$ 10,471</u>

**Explanation of Differences Between Budgetary Inflows and Outflows and GAAP  
Revenues and Expenditures:**

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriations" from the  
budgetary comparison schedule not including fund balance

\$ 43,674

Differences - budget to GAAP

968

Total revenues as reported on the statement of revenues and expenditures  
and changes in fund balance

\$ 44,642

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the  
budgetary comparison schedule

\$ 43,975

Differences - budget to GAAP

1,653

Total expenditures as reported on the statement of revenues and  
expenditures and changes in fund balance

\$ 45,628

**COUNTY SERVICE AREA NO. 43**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

County Service Area No. 43, a special district (District) is a special revenue fund of the County of Fresno (County), which is a political subdivision of the State of California. The District was formed in 1970 under the provisions of Government Code Section 25210.1 et. seq., and is governed by the County Board of Supervisors (Board). The District is a component unit of the County of Fresno. The District was formed to provide street lighting and community park maintenance in the unincorporated community of Raisin City. Park maintenance prior to 1989 was provided by the Raisin City Park and Recreation District. In 1993, a request was made by community residents to sell the park. Property owners were to have been petitioned concerning disposition of the park, but this was not completed due to staff reductions. Later, a petition to sell was presented to the Local Area Formation Commission, but was rejected. The State of California Department of Parks and Recreation has indicated that the District is obligated to provide minimal maintenance at the park in order to maintain a safe and secure environment. The District is not subject to federal or state income taxes.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the District's activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**COUNTY SERVICE AREA NO. 43**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

*Governmental Fund Financial Statements*

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. A one-year availability period is used for all other revenues. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District reports the following major governmental fund:

The *special revenue fund* accounts for special revenue that is legally restricted to expenditures for a particular purpose. The special revenue fund is the primary operating fund of County Service Area No. 43.

The District adopts annual appropriated budgets for its Special Revenue Fund which is a major fund. Budgetary comparison schedules have been provided for this fund to demonstrate compliance with the budgets.



**COUNTY SERVICE AREA NO. 43**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Cash and Cash Equivalents**

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

<u>Type of Asset</u>	<u>Estimated Useful Lives in Years</u>
Land improvements	25
Buildings and improvements	40-50
Equipment	3-15
Water System	50

**3. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$1,008 and \$4,477, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**COUNTY SERVICE AREA NO. 43**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity** (Continued)

**4. Equity**

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use in special purposes. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

In the government-wide financial statements, net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**5. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

**COUNTY SERVICE AREA NO. 43**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity** (Continued)

**4. Property Taxes** (Continued)

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

**5. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the provisions of Sections 29000 through 29143 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget on or before August 30 for each fiscal year. Until the adoption of this final balanced budget, appropriations are based on the budget of the preceding year as allowed per Government Code 29124. The final adopted budget is available for review in the Auditor-Controller/ Treasurer-Tax Collector's Office.

An operating balanced budget is adopted for each fiscal year for the District on the same modified accrual basis, including encumbrances, to reflect estimated revenues and expenditures. Public hearings are conducted on the proposed budget to review all appropriations and the source of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

Budgetary control is exercised at the object level, except for fixed assets, which are controlled at the sub-object level. All amendments and any expenditures that exceed appropriations must be authorized and approved by the Board.

**COUNTY SERVICE AREA NO. 43**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (Continued)

**A. Budgetary Information** (Continued)

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in governmental funds. Encumbrance accounting is used 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 the time are reported as reservations of fund balance for subsequent year expenditures. The District did not have any outstanding encumbrances at June 30, 2009.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Summary of Deposits

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 22,300</u>
Total cash and cash equivalents	<u>\$ 22,300</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 22,300</u>
Total cash and cash equivalents	<u>\$ 22,300</u>

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**COUNTY SERVICE AREA NO. 43**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 4 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009, was as follows:

	Balance 07/01/08	Additions	Retirements	Balance 06/30/09
Capital assets, being depreciated				
Land improvements	\$ 107,134	\$ -	\$ -	\$ 107,134
Water system	964,797	-	-	964,797
Total capital assets, being depreciated	<u>1,071,931</u>	<u>-</u>	<u>-</u>	<u>1,071,931</u>
Less accumulated depreciation				
Land improvements	(66,183)	(23,290)	-	(89,473)
Total accumulated depreciation	<u>(66,183)</u>	<u>(23,290)</u>	<u>-</u>	<u>(89,473)</u>
Capital assets, net	<u>\$ 1,005,748</u>	<u>\$ (23,290)</u>	<u>\$ -</u>	<u>\$ 982,458</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Public Ways and Facilities	<u>\$ 23,290</u>
----------------------------	------------------

**NOTE 5 – RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

**COUNTY SERVICE AREA NO. 44  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**COUNTY SERVICE AREA NO. 44**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	2
Statement of Activities.....	3
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	4
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	5
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds .....	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	7
Budgetary Comparison Schedule – Special Revenue Fund .....	8
Statement of Net Assets – Enterprise Fund .....	9
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Enterprise Fund.....	10
Statement of Cash Flows – Enterprise Fund .....	11
Notes to the Basic Financial Statements .....	12



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of County Service Area No. 44 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities and each major fund of County Service Area No. 44, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows and the budgetary comparison for the major Special Revenue Fund, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 44 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010



**COUNTY SERVICE AREA NO. 44**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**June 30, 2009**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 84,510	\$ 93,439	\$ 177,949
Receivables:			
Accounts	-	45,436	45,436
Interest	462	600	1,062
Capital assets, net of accumulated depreciation	<u>-</u>	<u>142,592</u>	<u>142,592</u>
 Total assets	 <u>84,972</u>	 <u>282,067</u>	 <u>367,039</u>
 <b>LIABILITIES</b>			
Accounts payable	243	11,600	11,843
Due to primary government	<u>37</u>	<u>27,549</u>	<u>27,586</u>
 Total liabilities	 <u>280</u>	 <u>39,149</u>	 <u>39,429</u>
 <b>NET ASSETS</b>			
Unrestricted	<u>84,692</u>	<u>242,918</u>	<u>327,610</u>
 Total net assets	 <u>\$ 84,692</u>	 <u>\$ 242,918</u>	 <u>\$ 327,610</u>

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

**COUNTY SERVICE AREA NO. 44**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2009**

	Expenses	Program Revenues Charges for Services	Net (Expenses) Revenues and Changes in Net Assets		
			Primary Government		Total
			Governmental Activities	Business-Type Activities	
<b>Functions/Programs</b>					
<u>Primary Government</u>					
Governmental Activities:					
Public ways and facilities	\$ 5,137	\$ 330	\$ (4,807)	\$ -	\$ (4,807)
Total governmental activities	<u>5,137</u>	<u>330</u>	<u>(4,807)</u>	<u>-</u>	<u>(4,807)</u>
Business Activities:					
Water and sewer	<u>342,923</u>	<u>326,061</u>	<u>-</u>	<u>(16,862)</u>	<u>(16,862)</u>
Total business-type activities	<u>342,923</u>	<u>326,061</u>	<u>-</u>	<u>(16,862)</u>	<u>(16,862)</u>
Total primary government	<u>\$ 348,060</u>	<u>\$ 326,391</u>	<u>(4,807)</u>	<u>(16,862)</u>	<u>(21,669)</u>
General Revenues:					
Property taxes			12,362	-	12,362
Unrestricted investment earnings			2,288	2,612	4,900
Miscellaneous			<u>162</u>	<u>-</u>	<u>162</u>
Total general revenues			<u>14,812</u>	<u>2,612</u>	<u>17,424</u>
Change in net assets			10,005	(14,250)	(4,245)
Net assets - beginning			<u>74,687</u>	<u>257,168</u>	<u>331,855</u>
Net assets - ending			<u>\$ 84,692</u>	<u>\$ 242,918</u>	<u>\$ 327,610</u>

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

**COUNTY SERVICE AREA NO. 44**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**June 30, 2009**

**ASSETS**

Cash and cash equivalents	\$ 84,510
Interest receivable	<u>462</u>
Total assets	<u><u>\$ 84,972</u></u>

**LIABILITIES AND FUND BALANCE**

Liabilities:	
Accounts payable	\$ 243
Due to primary government	<u>37</u>
Total liabilities	<u>280</u>

Fund balance:	
Unreserved	<u>84,692</u>
Total fund balance	<u>84,692</u>

Total liabilities and fund balance	<u><u>\$ 84,972</u></u>
------------------------------------	-------------------------

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

**COUNTY SERVICE AREA NO. 44  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
June 30, 2009**

**Reconciliation of the Balance Sheet to the Statement of Net Assets:**

Fund balance - governmental funds	\$ 84,692
Amounts reported for governmental activities in the statement of net assets are different because:	
Adjustments - modified accrual to full accrual	<u>-</u>
Net assets of governmental activities	<u>\$ 84,692</u>

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

**COUNTY SERVICE AREA NO. 44**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2009**

Revenues:	
Taxes	\$ 12,362
Investment earnings	2,288
Aid from other governmental agencies:	
State	160
Federal	2
Charges for services	<u>330</u>
Total revenues	<u>15,142</u>
Expenditures:	
Current:	
Public ways and facilities:	
PeopleSoft financials charge	148
Professional and specialized services	2,240
Utilities	<u>2,749</u>
Total expenditures	<u>5,137</u>
Changes in fund balance	10,005
Fund balance - beginning	<u>74,687</u>
Fund balance - ending	<u>\$ 84,692</u>

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

**COUNTY SERVICE AREA NO. 44**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2009**

Net changes in fund balance - total governmental funds	\$ 10,005
Amounts reported for governmental activities in the statement of activities are different because:	
Adjustments - modified accrual to full accrual	<u>-</u>
Change in net assets of governmental activities	<u>\$ 10,005</u>

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

**COUNTY SERVICE AREA NO. 44**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**  
**For the Year Ended June 30, 2009**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Budgetary Fund Balance - July 1, 2008</b>	<b>\$ 71,410</b>	<b>\$ 71,410</b>	<b>\$ 74,371</b>	<b>\$ 2,961</b>
Resources (inflows):				
Taxes	8,500	8,500	12,363	3,863
Use of money and property	2,500	2,500	2,592	92
Intergovernmental revenues	-	-	161	161
Charges for current services	338	338	330	(8)
Amounts available for appropriations	<u>11,338</u>	<u>11,338</u>	<u>15,446</u>	<u>4,108</u>
Charges to Appropriations (outflows):				
Public Ways and Facilities:				
Services and supplies	6,802	6,802	5,558	1,244
Contingencies	680	680	-	680
Total charges to appropriations	<u>7,482</u>	<u>7,482</u>	<u>5,558</u>	<u>1,924</u>
<b>Budgetary Fund Balance - June 30, 2009</b>	<b>\$ 75,266</b>	<b>\$ 75,266</b>	<b>\$ 84,259</b>	<b>\$ 8,993</b>

**Explanation of Differences Between Budgetary Inflows and Outflows and GAAP  
Revenues and Expenditures:**

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 15,446
Differences - budget to GAAP	
Modified accrual basis accounting to budgetary basis of accounting	<u>(304)</u>
Total revenues as reported on the statement of revenues and expenditures and changes in fund balance	<u>\$ 15,142</u>

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,558
Differences - budget to GAAP	
Modified accrual basis accounting to budgetary basis of accounting	<u>(421)</u>
Total expenditures as reported on the statement of revenues and expenditures and changes in fund balance	<u>\$ 5,137</u>

**COUNTY SERVICE AREA NO. 44**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**ENTERPRISE FUND**  
**June 30, 2009**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 93,439
Receivables:	
Accounts	45,436
Interest	600
Total current assets	<u>139,475</u>

Noncurrent assets:

Capital assets:

Structures and improvements	236,180
Less: accumulated depreciation	<u>(93,588)</u>
Total noncurrent assets	<u>142,592</u>

Total assets	<u>282,067</u>
--------------	----------------

**LIABILITIES**

Current liabilities:

Accounts payable	11,600
Due to primary government	<u>27,549</u>

Total liabilities	<u>39,149</u>
-------------------	---------------

**NET ASSETS**

Invested in capital assets	142,592
Unrestricted	<u>100,326</u>
Total net assets	<u>\$ 242,918</u>

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



**COUNTY SERVICE AREA NO. 44**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**ENTERPRISE FUND**  
**For the Year Ended June 30, 2009**

Operating revenues:	
Charges for services	\$ 268,080
Other operating revenues	<u>57,981</u>
Total operating revenues	<u>326,061</u>
Operating expenses:	
Insurance	2,585
Professional services	196,688
Special departmental	8,958
General and administrative	10,393
Repairs and maintenance	62,214
Utilities	56,526
Depreciation	<u>5,559</u>
Total operating expenses	<u>342,923</u>
Operating income (loss)	<u>(16,862)</u>
Non-operating revenues (expenses):	
Investment earnings	<u>2,612</u>
Total non-operating revenues (expenses)	<u>2,612</u>
Change in net assets	(14,250)
Net assets - beginning	<u>257,168</u>
Net assets - ending	<u>\$ 242,918</u>

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

**COUNTY SERVICE AREA NO. 44**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUND**  
**For the Year Ended June 30, 2009**

Cash flows from operating activities:	
Cash received from users	\$ 270,795
Cash paid to suppliers	(341,814)
Other operating receipts	<u>57,981</u>
Net cash provided by (used in) operating activities	<u>(13,038)</u>
Cash flows from investing activities:	
Interest on investments	<u>3,174</u>
Net cash provided by (used in) investing activities	<u>3,174</u>
Net increase (decrease) in cash and cash equivalents	(9,864)
Cash and cash equivalents - beginning	<u>103,303</u>
Cash and cash equivalents - ending	<u><u>\$ 93,439</u></u>

**Reconciliation of Operating Income (Loss) to Net Cash  
Provided by (Used in) Operating Activities:**

Operating income (loss)	\$ (16,862)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	5,559
Decrease (increase) in accounts receivable	2,715
Increase (decrease) in accounts payable	(8,211)
Increase (decrease) in due to primary government	<u>3,761</u>
Total adjustments	<u>3,824</u>
Net cash provided by (used in) operating activities	<u><u>\$ (13,038)</u></u>

**COUNTY SERVICE AREA NO. 44**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

County Service Area No. 44 is a special revenue fund, and County Service Area No. 44 Zone A, Zone C and Zone D are enterprise funds of the County of Fresno (County), which are political subdivisions of the State of California. These funds are classified collectively as a special district (District).

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

County Service Area No. 44 was formed in 1992 to provide street lighting to the community of Friant. County Service Area No. 44 Zone A was formed in 1992 to take over operations of the sewer treatment facility at the Millerton Lake Home Village. County Service Area No. 44 Zone C was formed in 1999 to provide water service to the River View Subdivision in the Friant area. County Service Area No. 44 Zone D was formed in 1999 to provide water and sewer services to the Monte Verdi Subdivision in the Friant area. All four funds were formed under the provision of the Government Code Section 25210.1 et. seq. The District is governed by the County of Fresno Board of Supervisors (Board). The District is not subject to federal or state income taxes. The District is a component unit of the County of Fresno.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the District's activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Pursuant to Governmental Accounting Standards Board (GASB) Standard No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary fund Accounting*, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989, are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

**COUNTY SERVICE AREA NO. 44**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Government-Wide and Fund Financial Statements** (Continued)

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

Separate financial statements are provided for governmental funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

*Governmental Fund Financial Statements*

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. A one-year availability period is used for all other revenues. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**COUNTY SERVICE AREA NO. 44**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

*Proprietary Fund Financial Statements*

Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The District reports the following major governmental funds:

The *special revenue fund* accounts for special revenue that is legally restricted to expenditures for a particular purpose. The special revenue fund is the primary operating fund of County Service Area No. 44.

The District reports the following major proprietary funds:

The *enterprise fund* accounts for those operations that provide services to the public. This type of fund is used to account for the financial activities of County Service Area No. 44 Zone A, Zone C and Zone D.

The District adopts annual appropriated budgets for its Special Revenue Fund which is a major fund. Budgetary comparison schedules have been provided for this fund to demonstrate compliance with the budgets.

**D. Assets, Liabilities and Net Assets or Equity**

**1. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District's ending cash balances in the County of Fresno Treasury.

**COUNTY SERVICE AREA NO. 44**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Assets, Liabilities and Net Assets or Equity** (Continued)

**2. Accounts Receivable**

The “direct write-off” method for accounts receivable was applied for accounts that had been established as uncollectible. As expense was recognized when an account was referred to the Revenue Reimbursement Division of the Auditor-Controller/Treasurer-Tax Collector and a Discharge of Accountability was received. The “direct write-off” method is not in compliance with generally accepted accounting principles, but the result was deemed immaterial to the financial statements as a whole. The District recorded a total of \$230 of allowance for uncollectible accounts during the period.

**3. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District’s current accounts payable and due to primary government balances of \$11,843 and \$27,586, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**4. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

<u>Buildings and Improvements</u>	<u>Useful Life</u>
Sanitary sewer and treatment plant	40 Years
Water wells and distribution	45 Years

**COUNTY SERVICE AREA NO. 44**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Assets, Liabilities and Net Assets or Equity** (Continued)

**5. Equity**

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for special purposes. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

In the government-wide financial statements, net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**6. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

**COUNTY SERVICE AREA NO. 44**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Assets, Liabilities and Net Assets or Equity** (Continued)

**6. Property Taxes** (Continued)

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

**7. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the provisions of Sections 29000 through 29143 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget on or before August 30 for each fiscal year. Until the adoption of this final balanced budget, appropriations are based on the budget of the preceding year as allowed per Government Code 29124. The final adopted budget is available for review in the Auditor-Controller/Treasurer-Tax Collector's Office.

An operating balanced budget is adopted for each fiscal year for the District on the same modified accrual basis, including encumbrances, to reflect estimated revenues and expenditures. Public hearings are conducted on the proposed budget to review all appropriations and the source of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

Budgetary control is exercised at the object level, except for fixed assets, which are controlled at the sub-object level. All amendments and any expenditures that exceed appropriations must be authorized and approved by the Board.

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in governmental funds. Encumbrance accounting is used 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 the time are reported as reservations of fund balance for subsequent year expenditures.



**COUNTY SERVICE AREA NO. 44**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 3 — CASH AND CASH EQUIVALENTS**

Summary of Deposits

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 177,949</u>
Total cash and cash equivalents	<u>\$ 177,949</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 177,949</u>
Total cash and cash equivalents	<u>\$ 177,949</u>

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**NOTE 4 — CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009, was as follows:

	<u>July 1, 2008</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2009</u> <u>Balance</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets being depreciated:				
Structures and improvements	\$ 236,180	\$ -	\$ -	\$ 236,180
Total capital assets being depreciated	<u>236,180</u>	<u>-</u>	<u>-</u>	<u>236,180</u>
Less accumulated depreciation:				
Structures and improvements	(88,030)	(5,558)	-	(93,588)
Total accumulated depreciation	<u>(88,030)</u>	<u>(5,558)</u>	<u>-</u>	<u>(93,588)</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 148,150</u>	<u>\$ (5,558)</u>	<u>\$ -</u>	<u>\$ 142,592</u>

**COUNTY SERVICE AREA NO. 44**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 4 — CAPITAL ASSETS** (Continued)

Depreciation expense was charged to function/programs of the primary government as follows:

Business-Type Activities:	
Water and sewer	<u>\$ 5,558</u>

**NOTE 5 — RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 6 — COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

**COUNTY SERVICE AREA NO. 47  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**COUNTY SERVICE AREA NO. 47**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**  
**June 30, 2009**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets .....	2
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	3
Statement of Cash Flows.....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of County Service Area No. 47 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Service Area No. 47 of as of June 30, 2009, and the respective changes in financial position and cash flows, thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 47 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**COUNTY SERVICE AREA NO. 47**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**June 30, 2009**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 688,567
Receivables:	
Accounts, net	110,411
Interest	<u>4,184</u>
Total current assets	<u>803,162</u>

Noncurrent assets:

Restricted cash and investments	424,631
Deferred bond issuance costs	180,027
Capital assets:	
Depreciable:	
Structures and improvements	4,466,512
Less: accumulated depreciation	<u>(1,204,600)</u>
Total noncurrent assets	<u>3,866,570</u>

Total assets	<u>\$ 4,669,732</u>
--------------	---------------------

**LIABILITIES**

Current liabilities:

Accounts payable	\$ 38,405
Due to primary government	29,383
Developer deposits	81,139
Interest payable	99,007
General obligation bond payable	<u>125,000</u>
Total current liabilities	<u>372,934</u>

Noncurrent liabilities:

General obligation bond payable	<u>4,335,000</u>
Total noncurrent liabilities	<u>4,335,000</u>

Total liabilities	<u>4,707,934</u>
-------------------	------------------

**NET ASSETS**

Invested in capital assets, net of related debt	(1,198,088)
Restricted for debt service	424,631
Unrestricted	<u>735,255</u>
Total net assets	<u>\$ (38,202)</u>

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

**COUNTY SERVICE AREA NO. 47**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**For the Year Ended June 30, 2009**

Operating revenues:	
Charges for services	\$ 506,750
Other operating revenues	416,865
Total operating revenues	<u>923,615</u>
Operating expenses:	
Water expense	20,805
Insurance	5,970
Maintenance - equipment	34,562
Maintenance - building and grounds	135,808
Office expense	2,700
Postage	3,455
Professional and specialized services	272,554
Specialized departmental expenses	24,516
Utilities	100,095
Depreciation	114,278
Total operating expenses	<u>714,743</u>
Operating income (loss)	<u>208,872</u>
Non-operating revenues (expenses):	
Investment earnings	19,097
Interest expense	(298,270)
Bond issuance costs	(9,906)
Total non-operating revenues (expenses)	<u>(289,079)</u>
Change in net assets	(80,207)
Net assets - beginning	<u>42,005</u>
Net assets - ending	<u><u>\$ (38,202)</u></u>

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

**COUNTY SERVICE AREA NO. 47**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2009**

Cash flows from operating activities:	
Cash received from users	\$ 517,476
Payments to suppliers	(631,032)
Other operating receipts	<u>498,004</u>
Net cash provided by (used in) operating activities	<u>384,448</u>
Cash flows from capital and related financing activities:	
Principal paid on bonds	(120,000)
Interest paid on bonds	<u>(300,769)</u>
Net cash provided by (used in) capital and related financing activities	<u>(420,769)</u>
Cash flows from investing activities:	
Interest on investments	<u>22,522</u>
Net cash provided by (used in) investing activities	<u>22,522</u>
Net increase (decrease) in cash and cash equivalents	(13,799)
Cash and cash equivalents - beginning	<u>1,126,997</u>
Cash and cash equivalents - ending	<u><u>\$ 1,113,198</u></u>

**Reconciliation of Operating Income (Loss) to Net Cash  
Provided by (Used in) Operating Activities:**

Operating income (loss)	\$ 208,872
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation expense	114,278
(Increase) decrease in accounts receivable	10,726
Increase (decrease) in accounts payable	(14,164)
Increase (decrease) in due to primary government	(16,403)
Increase (decrease) in developer deposits	<u>81,139</u>
Total adjustments	<u>175,576</u>
Net cash provided by (used in) operating activities	<u><u>\$ 384,448</u></u>

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



**COUNTY SERVICE AREA NO. 47**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**A. Reporting Entity**

County Service Area No. 47, a special district (District), is an enterprise fund of the County of Fresno (County), which is a political subdivision of the State of California. The District contains 730 residential lots, a community clubhouse, a commercial development, and an elementary school. As of the end of this current fiscal year, the District has about 435 single-family residences, the community clubhouse, and the elementary school with about 250 students and faculty, but the commercial units remain neither constructed nor in question. The District is not subject to federal or state income taxes.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District was formed in 1995 under the provisions of Government Code Section 25210.1 et. seq., and is governed by the County Board of Supervisors. The function of the District is to provide community water and sewer services for the subdivision known as Quail Lakes Estates, located between Ashlan and Shaw Avenues on the east side of McCall Avenue. The District is a component unit of the County of Fresno.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Basis of Accounting**

Pursuant to Governmental Accounting Standards Board (GASB) Standard No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary fund Accounting*, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989, are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government body is that the cost and expenses of providing goods or services to its customers be financed or recovered primarily through users charges; or where the governing body has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**COUNTY SERVICE AREA NO. 47**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Basis of Accounting** (Continued)

Enterprise funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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

**C. Assets, Liabilities and Net Assets**

**1. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District's ending cash balances in the County of Fresno Treasury.

**2. Accounts Receivable**

The “direct write-off” method for accounts receivable was applied for accounts that had been established as uncollectible. An allowance for uncollectible accounts was recognized when an account was referred to the Revenue Reimbursement Division of the Auditor-Controller/Treasurer-Tax Collector and a Discharge of Accountability was received. The “direct write-off” method is not in compliance with generally accepted accounting principles, but the result was deemed immaterial to the financial statements taken as a whole. The District recorded a total of \$13,319 of allowance for uncollectible accounts during the period.

**3. Accounts Payables and Due to Primary Government**

Certain cost are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$38,405 and \$29,383, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**COUNTY SERVICE AREA NO. 47**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**4. Restricted Assets**

Restricted assets represent monies or other resources, the use of which is restricted by legal or contractual requirements. Restricted cash is considered a cash equivalent for cash flow reporting purposes.

The Redemption Fund monies are used to pay the principal and interest on the Bonds pursuant to Section 8671 of the Improvement Bond Act of 1915. The assessment payments received by the Fiscal Agent from the County are deposited into this fund.

The Reserve Fund monies are available for transfer to the Redemption Fund to make up any deficiencies in the annual collection of assessments. The Reserve Fund was established pursuant to Section 8880 et. seq. of the Improvement Bond Act of 1915.

The Special Assessment Fund monies are use to pay the principal and interest on the Bonds. The required principal and interest payment is remitted to the Trustee who serves as the Paying Agent for the Bonds.

**5. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

<u>Property Type</u>	<u>Useful Life</u>
Phase I Domestic Water/Wastewater Plants	40 Years
Phase II Wastewater Treatment Plant	35 Years

**COUNTY SERVICE AREA NO. 47**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**6. Long-Term Liabilities**

Long-term debt and other long-term obligations are reported as liabilities in the proprietary fund statements and the government-wide statements (either governmental activities or business-type activities, as applicable). Bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premiums and discounts. Issuance costs are reported as deferred charges.

In the governmental fund financial statements, bond premiums, discounts and issuance costs are recognized during the current period. The face amount of debt issued and any premiums received are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**7. Net Assets**

Net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**8. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

**COUNTY SERVICE AREA NO. 47**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**8. Property Taxes** (Continued)

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

**9. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 — CASH AND CASH INVESTMENTS**

Summary of Deposits

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	\$ 688,567
Held by bond trustee	<u>424,631</u>
Total cash and cash investments	<u><u>\$1,113,198</u></u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements:

Statement of net assets:

Cash and cash equivalents	\$ 688,567
Restricted cash and investments	<u>424,631</u>
Total cash and cash investments	<u><u>\$1,113,198</u></u>

**COUNTY SERVICE AREA NO. 47**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's Investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rates, credit risk, and concentration of credit risk.

The debt agreement does not contain any specific provision intent to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following table that shows the maturity date of each investment:

		<u>Maturity Date</u>
Held by bond trustee:		
Federal Treasury Obligation	\$ 424,631	12 months or less

Disclosures Relating to Credit Risk

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

Concentration of Credit Risk

Investments in any one issuer that represent 5% or more of total District's investments are as follows:

\$424,631 of the cash and investments (including amounts held by bond trustee) are held in the form of an unrated Federal Treasury Obligation that matures in 12 months or less.

**COUNTY SERVICE AREA NO. 47**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 3 — CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009
Capital assets being depreciated:				
Structure and improvements	\$ 4,466,512	\$ -	\$ -	\$ 4,466,512
Total capital assets being depreciated	<u>4,466,512</u>	<u>-</u>	<u>-</u>	<u>4,466,512</u>
Less accumulated depreciation:				
Structure and improvements	(1,090,322)	(114,278)	-	(1,204,600)
Total accumulated depreciation	<u>(1,090,322)</u>	<u>(114,278)</u>	<u>-</u>	<u>(1,204,600)</u>
Total capital assets being depreciated	<u>3,376,190</u>	<u>(114,278)</u>	<u>-</u>	<u>3,261,912</u>
Capital Assets, Net	<u>\$ 3,376,190</u>	<u>\$ (114,278)</u>	<u>\$ -</u>	<u>\$ 3,261,912</u>

**NOTE 4 — LONG-TERM DEBT**

The schedule of long-term liabilities for the year ended June 30, 2009, is as follows:

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009	Due Within One Year
Bonds	\$ 4,580,000	\$ -	\$ (120,000)	\$ 4,460,000	\$ 125,000
Total	<u>\$ 4,580,000</u>	<u>\$ -</u>	<u>\$ (120,000)</u>	<u>\$ 4,460,000</u>	<u>\$ 125,000</u>

Limited Obligation Improvement Bonds were issued July 30, 1997, with a yield of 6.594%, to (i) purchase certain completed and to be completed infrastructure improvements related to the Quail Lake Development; (ii) fund a reserve account; (iii) pay costs of issuance of the Bonds; and (iv) pay capitalized interest on the Bonds.

The Bonds are secured solely by a pledge of unpaid assessments against the assessed property in the District and certain other monies held in the funds and accounts under the Resolution.

Limited Obligation Improvement Bonds outstanding at year-end are as follows:

Purpose	Interest Rates	Amount Outstanding
Structures and improvements including the domestic water system, wastewater collection/ treatment system, and storm drainage system.	5.4 - 6.7%	<u>\$ 4,460,000</u>

**COUNTY SERVICE AREA NO. 47**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 4 — LONG-TERM DEBT** (Continued)

The schedule for future bond principal and interest payments is as follows:

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2010	\$ 125,000	\$ 292,914	\$ 417,914
2011	135,000	285,189	420,189
2012	140,000	276,395	416,395
2013	150,000	266,995	416,995
2014	160,000	256,610	416,610
2015-2019	970,000	1,102,150	2,072,150
2020-2024	1,345,000	717,738	2,062,738
2025-2027	<u>1,435,000</u>	<u>200,163</u>	<u>1,635,163</u>
Total	<u>\$ 4,460,000</u>	<u>\$ 3,398,154</u>	<u>\$ 7,858,154</u>

**NOTE 5 — RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 6 — COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.



**COUNTY SERVICE AREA NO. 49  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**COUNTY SERVICE AREA NO. 49**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets .....	2
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	3
Statement of Cash Flows .....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of County Service Area No. 49 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Service Area No. 49, as of June 30, 2009, and the respective changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 49 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**COUNTY SERVICE AREA NO. 49**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**June 30, 2009**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 130,814
Receivables:	
Accounts	11,153
Interest	<u>745</u>

Total assets 142,712

**LIABILITIES**

Current liabilities:

Accounts payable	25
Due to primary government	2,196
Developer deposits	<u>73,046</u>

Total liabilities 75,267

**NET ASSETS**

Unrestricted 67,445

Total net assets \$ 67,445

**COUNTY SERVICE AREA NO. 49**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**For the Year Ended June 30, 2009**

Operating revenue:	
Other operating revenue	\$ 25,839
Total operating revenue	<u>25,839</u>
Operating expenses:	
Professional services	13,382
Office expense	<u>25</u>
Total operating expenses	<u>13,407</u>
Operating income (loss)	<u>12,432</u>
Non-operating revenues (expenses):	
Investment earnings	<u>2,826</u>
Total non-operating revenues (expenses)	<u>2,826</u>
Change in net assets	15,258
Net assets - beginning	<u>52,187</u>
Net assets - ending	<u>\$ 67,445</u>

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

**COUNTY SERVICE AREA NO. 49**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2009**

Cash flows from operating activities:	
Cash received from users	\$ 14,686
Cash paid to suppliers	(12,010)
Other operating receipts	<u>73,046</u>
Net cash provided by (used in) operating activities	<u>75,722</u>
Cash flows from investing activities:	
Interest on investments	<u>2,594</u>
Net cash provided by (used in) investing activities	<u>2,594</u>
Net increase in cash and cash equivalents	78,316
Cash and cash equivalents - beginning	<u>52,498</u>
Cash and cash equivalents - ending	<u><u>\$ 130,814</u></u>

**Reconciliation of Operating Income (Loss) to Net Cash  
Provided by (Used in) Operating Activities:**

Operating income (loss)	\$ 12,432
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in accounts receivable	(11,153)
Increase (decrease) in accounts payable	(799)
Increase (decrease) in due to primary government	2,196
Increase (decrease) in due to developer deposits	<u>73,046</u>
Total adjustments	<u>63,290</u>
Net cash provided by (used in) operating activities	<u><u>\$ 75,722</u></u>

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

**COUNTY SERVICE AREA NO. 49**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

County Service Area No. 49, a special district (District), is an enterprise fund of the County of Fresno (County), which is a political subdivision of the State of California. The function of the District is to provide water service to the community of J.E. O'Neill located approximately 3 miles southwest of the community of Five Points. There are 9 parcels in the District; 8 parcels are developed with 42 residences and 1 parcel is developed with the Westside Elementary School. The first district budget was in FY 2003-04. It was for the purpose of preparing a preliminary engineering report needed for an application to obtain state revolving funds for constructing upgraded water treatment facilities. The District is not subject to federal or state income taxes.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District was formed in 2001 under the provisions of Government Code Section 25210.1 et. seq., and is governed by the County Board of Supervisors. The District is a component unit of the County of Fresno.

The developer, Mr. O'Neill, provided the funding source for the FY 2003-04 budget to finance the engineering report. Since the system has not been upgraded yet, no service fee had been assessed as of June 30, 2005, for operations and maintenance.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Basis of Accounting**

Pursuant to Governmental Accounting Standards Board (GASB) Standard No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary fund Accounting*, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989, are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

**COUNTY SERVICE AREA NO. 49**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Basis of Accounting** (Continued)

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government body is that the cost and expenses of providing goods or services to its customers be financed or recovered primarily through users charges; or where the governing body has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Enterprise funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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

**C. Assets, Liabilities and Net Assets**

**1. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District's ending cash balances in the County of Fresno Treasury.

**2. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal year. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$25 and \$2,196, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.



**COUNTY SERVICE AREA NO. 49**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**3. Net Assets**

Net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**4. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**COUNTY SERVICE AREA NO. 49**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**5. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 — CASH AND CASH EQUIVALENTS**

Summary of Deposits

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 130,814</u>
Total cash and cash equivalents	<u>\$ 130,814</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 130,814</u>
Total cash and cash equivalents	<u>\$ 130,814</u>

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**COUNTY SERVICE AREA NO. 49**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 3 — RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 4 — COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

**COUNTY SERVICE AREA NO. 50  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**COUNTY SERVICE AREA NO. 50**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets and Governmental Fund Balance Sheet .....	2
Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance .....	3
Budgetary Comparison Schedule .....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of County Service Area No. 50 (District), a component unit of the County of Fresno, as of and for the fiscal year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Service Area No. 50, as of June 30, 2009, and the respective changes in financial position and the respective budgetary comparison for the major Special Revenue Fund, thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 50 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**COUNTY SERVICE AREA NO. 50**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS AND**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**June 30, 2009**

	Governmental Fund	Adjustments	Statement of Activities
<b>ASSETS</b>			
Cash and cash equivalents	\$ 46,674	\$ -	\$ 46,674
Interest receivable	229	-	229
Total assets	<u>\$ 46,903</u>	<u>-</u>	<u>46,903</u>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable	\$ 7,798	-	7,798
Due to primary government	803	-	803
Total liabilities	<u>8,601</u>	<u>-</u>	<u>8,601</u>
<b>FUND BALANCE/NET ASSETS</b>			
Fund balance:			
Unreserved	38,302	(38,302)	-
Total fund balance	<u>38,302</u>	<u>(38,302)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 46,903</u>		
Net assets:			
Unrestricted		38,302	38,302
Total net assets		<u>\$ 38,302</u>	<u>\$ 38,302</u>

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

**COUNTY SERVICE AREA NO. 50**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2009**

	Governmental Fund	Adjustments	Statement of Activities
<b>Expenditures/Expenses</b>			
Current:			
Public ways and facilities:			
PeopleSoft financials charge	\$ 1,460	\$ -	\$ 1,460
Maintenance	63,017	-	63,017
Professional services	14,866	-	14,866
Total expenditures/expenses	<u>79,343</u>	<u>-</u>	<u>79,343</u>
<b>Revenues</b>			
Program revenue:			
Charges for services	78,633	-	78,633
Total program revenue	<u>78,633</u>	<u>-</u>	<u>78,633</u>
Net program expense			<u>(710)</u>
General revenues:			
Other revenues	75	-	75
Investment earnings	396	-	396
Total general revenues	<u>471</u>	<u>-</u>	<u>471</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(239)</u>	<u>239</u>	<u>-</u>
Change in net assets	-	(239)	(239)
Fund balance/net assets:			
Beginning of the year	<u>38,541</u>	<u>-</u>	<u>38,541</u>
End of the year	<u>\$ 38,302</u>	<u>\$ -</u>	<u>\$ 38,302</u>

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



**COUNTY SERVICE AREA NO. 50**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2009**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Budgetary Balance - July 1, 2008</b>	\$ 2,470	\$ 2,470	\$ 35,822	\$ 33,352
Resources (inflows):				
Use of money and property	495	495	913	418
Charges for services	78,903	78,903	78,633	(270)
Other revenue	1,200	26,721	18,075	(8,646)
Amounts available from appropriations	<u>80,598</u>	<u>106,119</u>	<u>97,621</u>	<u>(8,498)</u>
Charges to Appropriations (outflows):				
Public ways and facilities:				
Services and supplies	<u>65,885</u>	<u>102,433</u>	<u>89,846</u>	<u>12,587</u>
Total charges to appropriations	<u>65,885</u>	<u>102,433</u>	<u>89,846</u>	<u>12,587</u>
<b>Budgetary Balance - June, 30 2009</b>	<u>\$ 17,183</u>	<u>\$ 6,156</u>	<u>\$ 43,597</u>	<u>\$ 37,441</u>

**Explanation of Differences Between Budgetary Inflows and Outflows and GAAP  
Revenues and Expenditures:**

Sources/inflows of resources:

Actual amounts (budgetary basis) "available from appropriations" from the budgetary comparison schedule not including fund balance	\$ 97,621
Differences - budget to GAAP	
Budgetary basis to modified accrual basis adjustment	<u>(18,517)</u>
Total revenues as reported on the statement of revenues and expenditures and changes in fund balance	<u>\$ 79,104</u>

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 89,846
Differences - budget to GAAP	
Budgetary basis to modified accrual basis adjustment	<u>(10,503)</u>
Total expenditures as reported on the statement of revenues and expenditures and changes in fund balance	<u>\$ 79,343</u>

**COUNTY SERVICE AREA NO. 50**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

County Service Area No. 50, a special district (District) is a special revenue fund of the County of Fresno (County), which is a political subdivision of the State of California. The District was formed in 2003 under the provisions of Government Code Section 25210.1 et. seq., and is governed by the County Board of Supervisors (Board). The District was formed to provide fire protection and first responder medical services and the maintenance of the fire equipment of the Auberry Voluntary Fire Department (AVFD) facilities located approximately 300 yards north of the intersection of Auberry Road and Powerhouse Road. The District is a component unit of the County of Fresno.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District itself does not employ any personnel. The District contracted AVFD to provide the basic fire protection services on a reimbursement basis. Ambulance service currently is, and will continue to be, provided exclusively by American Ambulance. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the District's activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**COUNTY SERVICE AREA NO. 50**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

*Governmental Fund Financial Statements*

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. A one-year availability period is used for all other revenues. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District reports the following major governmental funds:

The *special revenue fund* accounts for special revenue that is legally restricted to expenditures for a particular purpose. The special revenue fund is the primary operating fund of County Service Area No. 50.

The District adopts annual appropriated budgets for its Special Revenue Fund which is a major fund. Budgetary comparison schedules have been provided for this fund to demonstrate compliance with the budgets.

**COUNTY SERVICE AREA NO. 50**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Cash and Cash Equivalents**

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$7,798 and \$803, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**3. Equity**

**Fund Balance**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use in special purposes. Designations of fund balance represent tentative management plans that are subject to change.

**Net Assets**

In the government-wide financial statements, net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

**COUNTY SERVICE AREA NO. 50**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity (Continued)**

**4. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**5. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**COUNTY SERVICE AREA NO. 50**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the provisions of Sections 29000 through 29143 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget on or before August 30 for each fiscal year. Until the adoption of this final balanced budget, appropriations are based on the budget of the preceding year as allowed per Government Code 29124. The final adopted budget is available for review in the Auditor-Controller/Treasurer-Tax Collector's Office.

An operating balanced budget is adopted for each fiscal year for the District on the same modified accrual basis, including encumbrances, to reflect estimated revenues and expenditures. Public hearings are conducted on the proposed budget to review all appropriations and the source of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

Budgetary control is exercised at the object level, except for fixed assets, which are controlled at the sub-object level. All amendments and any expenditures that exceed appropriations must be authorized and approved by the Board.

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in governmental funds. Encumbrance accounting is used 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 the time are reported as reservations of fund balance for subsequent year expenditures. The District did not have any outstanding encumbrances at June 30, 2009.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

**Summary of Deposits**

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 46,674</u>
Total cash and cash equivalents	<u>\$ 46,674</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 46,674</u>
Total cash and cash equivalents	<u>\$ 46,674</u>

**COUNTY SERVICE AREA NO. 50**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)**

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**NOTE 4 – RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation, which is likely to have a material adverse affect on the financial position of the District.

**COUNTY SERVICE AREA NO. 51  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2008**



**COUNTY SERVICE AREA NO. 51**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2008**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets .....	2
Statement of Revenues, Expenses and Changes in Fund Net Assets .....	3
Statement of Cash Flows.....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of County Service Area No. 51 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Service Area No. 51, as of June 30, 2008, and the respective changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 51 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**COUNTY SERVICE AREA NO. 51**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**June 30, 2008**

**ASSETS**

Current assets:

Cash and investments	\$ 5,880
Receivables:	
Interest	<u>48</u>
Total current assets	<u>5,928</u>

Noncurrent assets:

Capital assets:

Non-depreciable:

Construction in progress	<u>142,020</u>
Total noncurrent assets	<u>142,020</u>

Total assets	<u>147,948</u>
--------------	----------------

**LIABILITIES**

Current liabilities:

Due to primary government	12,678
Deposits	<u>5,880</u>
Total current liabilities	<u>18,558</u>

Noncurrent liabilities:

Line of credit	<u>129,342</u>
Total noncurrent liabilities	<u>129,342</u>

Total liabilities	<u>147,900</u>
-------------------	----------------

**NET ASSETS**

Invested in capital assets	142,020
Unrestricted	<u>(141,972)</u>
Total net assets	<u>\$ 48</u>

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

**COUNTY SERVICE AREA NO. 51**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET ASSETS**  
**For the Year Ended June 30, 2008**

Non-operating revenues (expenses):	
Investment earnings	\$ 48
Total non-operating revenues (expenses)	<u>48</u>
Change in net assets	48
Net assets - beginning	<u>-</u>
Net assets - ending	<u>\$ 48</u>

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

**COUNTY SERVICE AREA NO. 51**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2008**

Cash flows from operating activities:	
Cash received from users	\$ 5,880
Net cash provided by (used in) operating activities	<u>5,880</u>
Cash flows from capital and related financing activities:	
Proceeds from line of credit	129,342
Cash paid for construction of water system	<u>(129,342)</u>
Net cash provided by (used in) capital and related financing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	5,880
Cash and cash equivalents - beginning	<u>-</u>
Cash and cash equivalents - ending	<u><u>\$ 5,880</u></u>
 <b>Reconciliation of Operating Income (Loss) to Net Cash</b> <b>Provided by (Used in) Operating Activities:</b>	
Operating income (loss)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Increase (decrease) in deposits	<u>5,880</u>
Total adjustments	<u>5,880</u>
Net cash provided by (used in) operating activities	<u><u>\$ 5,880</u></u>
 <b>Noncash investing and financing activities:</b>	
Financed construction of water system	<u><u>\$ 12,678</u></u>

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

**COUNTY SERVICE AREA NO. 51**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2008**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

County Service Area No. 51, a special district (District), is an enterprise fund of the County of Fresno (County), which is a political subdivision of the State of California. The District contains 431 parcels for future residential customers.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District was formed on June 12, 2007, under the provisions of Government Code Section 25210.1 et. seq., to provide water for domestic and fire protection to properties within its boundaries. The District is not subject to federal or state income taxes. The District is a component unit of the County of Fresno.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Basis of Accounting**

Pursuant to Governmental Accounting Standards Board (GASB) Standard No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary fund Accounting*, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989, are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government body is that the cost and expenses of providing goods or services to its customers be financed or recovered primarily through users charges; or where the governing body has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**COUNTY SERVICE AREA NO. 51**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2008**

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

**B. Basis of Accounting (Continued)**

Enterprise funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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

**C. Assets, Liabilities and Net Assets**

**1. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current due to primary government of \$12,678 as of June 30, 2008, is related to certain contract services.

**3. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received.

**COUNTY SERVICE AREA NO. 51**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2008**

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

**C. Assets, Liabilities and Net Assets (Continued)**

**3. Capital Assets (Continued)**

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

<u>Equipment Type</u>	<u>Useful Life</u>
Water System	25 Years

**4. Net Assets**

Net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**5. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.



**COUNTY SERVICE AREA NO. 51**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2008**

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

**C. Assets, Liabilities and Net Assets (Continued)**

**5. Property Taxes (Continued)**

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**6. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

**Summary of Deposits**

Cash and cash equivalents as of June 30, 2008, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 5,880</u>
Total cash and cash equivalents	<u>\$ 5,880</u>

Cash and cash equivalents as of June 30, 2008, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 5,880</u>
Total cash and cash equivalents	<u>\$ 5,880</u>

**COUNTY SERVICE AREA NO. 51**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2008**

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

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2008.

**NOTE 3 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2008, was as follows:

	July 1, 2007 Balance	Additions	Retirements	June 30, 2008 Balance
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 142,020	\$ -	\$ 142,020
Total capital assets not being depreciated	-	142,020	-	142,020
Capital assets, net	\$ -	\$ 142,020	\$ -	\$ 142,020

**NOTE 4 – LINE OF CREDIT**

CSA No. 51 has a \$981,300 line of credit from County of Fresno General Fund to help finance the preliminary steps for the planning and construction of a residential water supply system. Amounts borrowed under this agreement bear interest at the same rate as the rate earned on funds held in the County of Fresno Investment Pool, and compound quarterly. At June 30, 2008, the amount outstanding on this line was \$129,342. The line will be repaid either through bond proceeds if bonds are issued or through special assessments if bonds are not issued.

**NOTE 5 – RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation, which is likely to have a material adverse affect on the financial position of the District.

**COUNTY SERVICE AREA NO. 51  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**COUNTY SERVICE AREA NO. 51**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets .....	2
Statement of Revenues, Expenses and Changes in Fund Net Assets .....	3
Statement of Cash Flows.....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of County Service Area No. 51 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Service Area No. 51, as of June 30, 2009, and the respective changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

County Service Area No. 51 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**COUNTY SERVICE AREA NO. 51**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**June 30, 2009**

**ASSETS**

Current assets:

Cash and investments	\$ 29,433
Receivables:	
Interest	<u>136</u>
Total current assets	<u>29,569</u>

Noncurrent assets:

Capital assets:

Non-depreciable:

Construction in progress	<u>363,359</u>
Total noncurrent assets	<u>363,359</u>

Total assets	<u>392,928</u>
--------------	----------------

**LIABILITIES**

Current liabilities:

Due to primary government	65,141
Deposits	<u>5,880</u>
Total current liabilities	<u>71,021</u>

Noncurrent liabilities:

Line of credit	<u>295,696</u>
Total noncurrent liabilities	<u>295,696</u>

Total liabilities	<u>366,717</u>
-------------------	----------------

**NET ASSETS**

Invested in capital assets	363,359
Unrestricted	<u>(337,148)</u>
Total net assets	<u>\$ 26,211</u>

**COUNTY SERVICE AREA NO. 51**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**For the Year Ended June 30, 2009**

Non-operating revenues (expenses):	
Investment earnings	\$ 303
Other revenues	<u>25,860</u>
 Total non-operating revenues (expenses)	 <u>26,163</u>
 Change in net assets	 26,163
 Net assets - beginning	 <u>48</u>
 Net assets - ending	 <u>\$ 26,211</u>

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

**COUNTY SERVICE AREA NO. 51**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2009**

Cash flows from capital and related financing activities:	
Proceeds from line of credit	\$ 166,354
Other cash receipts	25,860
Cash paid for construction of water system	<u>(168,875)</u>
Net cash provided by (used in) capital and related financing activities	<u>23,339</u>
Cash flows from investing activities:	
Interest on investments	<u>214</u>
Net cash provided by (used in) investing activities	<u>214</u>
Net increase (decrease) in cash and cash equivalents	23,553
Cash and cash equivalents - beginning	<u>5,880</u>
Cash and cash equivalents - ending	<u><u>\$ 29,433</u></u>
<b>Noncash investing and financing activities:</b>	
Financed construction of water system	<u><u>\$ 52,464</u></u>

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



**COUNTY SERVICE AREA NO. 51**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

County Service Area No. 51, a special district (District), is an enterprise fund of the County of Fresno (County), which is a political subdivision of the State of California. The District contains 431 parcels for future residential customers.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District was formed on June 12, 2007, under the provisions of Government Code Section 25210.1 et. seq., to provide water for domestic and fire protection to properties within its boundaries. The District is not subject to federal or state income taxes. The District is a component unit of the County of Fresno.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Basis of Accounting**

Pursuant to Governmental Accounting Standards Board (GASB) Standard No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary fund Accounting*, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989, are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government body is that the cost and expenses of providing goods or services to its customers be financed or recovered primarily through users charges; or where the governing body has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**COUNTY SERVICE AREA NO. 51**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**B. Basis of Accounting (Continued)**

Enterprise funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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

**C. Assets, Liabilities and Net Assets**

**1. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current due to primary government of \$65,141 as of June 30, 2009, is related to certain contract services.

**3. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received.

**COUNTY SERVICE AREA NO. 51**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**C. Assets, Liabilities and Net Assets (Continued)**

**3. Capital Assets (Continued)**

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

<u>Equipment Type</u>	<u>Useful Life</u>
Water System	25 Years

**4. Net Assets**

Net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**5. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

**COUNTY SERVICE AREA NO. 51**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**C. Assets, Liabilities and Net Assets (Continued)**

**5. Property Taxes (Continued)**

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**6. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

**Summary of Deposits**

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 29,433</u>
Total cash and cash equivalents	<u>\$ 29,433</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 29,433</u>
Total cash and cash equivalents	<u>\$ 29,433</u>

**COUNTY SERVICE AREA NO. 51**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**NOTE 3 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009, was as follows:

	July 1, 2008 Balance	Additions	Retirements	June 30, 2009 Balance
Capital assets not being depreciated:				
Construction in progress	\$ 142,020	\$ 221,339	\$ -	\$ 363,359
Total capital assets not being depreciated	142,020	221,339	-	363,359
Capital assets, net	\$ 142,020	\$ 221,339	\$ -	\$ 363,359

**NOTE 4 – LINE OF CREDIT**

CSA No. 51 has a \$981,300 line of credit from County of Fresno General Fund to help finance the preliminary steps for the planning and construction of a residential water supply system. Amounts borrowed under this agreement bear interest at the same rate as the rate earned on funds held in the County of Fresno Investment Pool, and compound quarterly. At June 30, 2009, the amount outstanding on this line was \$295,696. The line will be repaid either through bond proceeds if bonds are issued or through special assessments if bonds are not issued.

**NOTE 5 – RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation, which is likely to have a material adverse affect on the financial position of the District.

**MAINTENANCE DISTRICT NO. 2  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**MAINTENANCE DISTRICT NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**  
**June 30, 2009**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets and Governmental Fund Balance Sheet .....	2
Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance .....	3
Budgetary Comparison Schedule .....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of Maintenance District No. 2 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maintenance District No. 2, as of June 30, 2009, and the respective changes in financial position and the budgetary comparison for the major Special Revenue Fund, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Maintenance District No. 2 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010



**MAINTENANCE DISTRICT NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS AND**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**June 30, 2009**

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 19,339	\$ -	\$ 19,339
Interest receivable	110	-	110
Total Assets	<u>\$ 19,449</u>	<u>-</u>	<u>19,449</u>
<b>LIABILITIES</b>			
Due to primary government	\$ 79	-	79
Total liabilities	<u>79</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE/NET ASSETS</b>			
Fund balance:			
Unreserved	19,370	(19,370)	-
Total fund balance	<u>19,370</u>	<u>(19,370)</u>	<u>-</u>
 Total liabilities and fund balance	 <u>\$ 19,449</u>		
 Net assets:			
Unrestricted		19,370	19,370
Total net assets		<u>\$ 19,370</u>	<u>\$ 19,370</u>

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

**MAINTENANCE DISTRICT NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2009**

	Governmental Fund	Adjustments	Statement of Activities
<b>Expenditures/Expenses</b>			
Public ways and facilities	\$ 1,649	\$ -	\$ 1,649
Total expenditures/expenses	<u>1,649</u>	<u>-</u>	<u>1,649</u>
<b>Revenues</b>			
Program revenue:			
Charges for services	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total program revenue	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Net program revenue			<u>351</u>
General revenue:			
Unrestricted investment earnings	<u>554</u>	<u>-</u>	<u>554</u>
Total general revenues	<u>554</u>	<u>-</u>	<u>554</u>
Excess (deficiency) of revenues over (under) expenditures	<u>905</u>	<u>(905)</u>	<u>-</u>
Change in net assets	-	905	905
Fund balance/net assets:			
Beginning of the year	<u>18,465</u>	<u>-</u>	<u>18,465</u>
End of the year	<u>\$ 19,370</u>	<u>\$ -</u>	<u>\$ 19,370</u>

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

**MAINTENANCE DISTRICT NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2009**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Budgetary Fund Balance - July 1, 2008</b>	\$ 18,208	\$ 18,208	\$ 18,523	\$ 315
Resources (inflows):				
Use of money and property	500	500	639	139
Charges for services	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Amounts available for appropriations	<u>2,500</u>	<u>2,500</u>	<u>2,639</u>	<u>139</u>
Charges to Appropriations (outflows):				
Public ways and facilities:				
Services and supplies	8,290	8,290	1,750	6,540
Special departmental	2,065	2,065	-	2,065
Contingencies	<u>1,035</u>	<u>1,035</u>	<u>-</u>	<u>1,035</u>
Total charges to appropriations	<u>11,390</u>	<u>11,390</u>	<u>1,750</u>	<u>9,640</u>
<b>Budgetary Fund Balance - June 30, 2009</b>	<u>\$ 9,318</u>	<u>\$ 9,318</u>	<u>\$ 19,412</u>	<u>\$ 10,094</u>

**Explanation of Differences Between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures:**

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 2,639
Differences - budget to GAAP	<u>(85)</u>
Total revenues as reported on the statement of revenues and expenditures, and changes in fund balance	<u>\$ 2,554</u>

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,750
Differences - budget to GAAP	<u>(101)</u>
Total expenditures as reported on the statement of revenues and expenditures and changes in fund balance	<u>\$ 1,649</u>

**MAINTENANCE DISTRICT NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

Maintenance District No. 2, a special district (District), is a special revenue fund of the County of Fresno (County), which is a political subdivision of the State of California. The District was formed in 1994 under the provisions of Streets and Highway Code Section et. seq. (Division 7, Part 3, Chapter 26), and is governed by the County Board of Supervisors (Board). The District is a component unit of the County of Fresno. The function of the District is to provide street maintenance for a road located on Jefferson Avenue between State Highway 99 and Golden State Boulevard. The District is not subject to federal or state income taxes.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the District's activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

**MAINTENANCE DISTRICT NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

*Governmental Fund Financial Statements*

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. A one-year availability period is used for all other revenues. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District reports the following major governmental fund:

The *special revenue fund* accounts for special revenues that are legally restricted to expenditures for a particular purpose. The special revenue fund is the primary operating fund of Maintenance District No. 2.

The District adopts annual appropriated budgets for its Special Revenue Fund which is a major fund. Budgetary comparison schedules have been provided for this fund to demonstrate compliance with the budgets.

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Cash and Cash Equivalents**

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**MAINTENANCE DISTRICT NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity** (Continued)

**2. Equity**

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use in special purposes. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

In the government-wide financial statements, net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**3. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIII A (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

**MAINTENANCE DISTRICT NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity** (Continued)

**3. Property Taxes** (Continued)

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

**4. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the provisions of Sections 29000 through 29143 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget on or before August 30 for each fiscal year. Until the adoption of this final balanced budget, appropriations are based on the budget of the preceding year as allowed per Government Code 29124. The final adopted budget is available for review in the Auditor-Controller/Treasurer-Tax Collector's Office.

An operating balanced budget is adopted for each fiscal year for the District on the same modified accrual basis, including encumbrances, to reflect estimated revenues and expenditures. Public hearings are conducted on the proposed budget to review all appropriations and the source of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

Budgetary control is exercised at the object level, except for fixed assets, which are controlled at the sub-object level. All amendments and any expenditures that exceed appropriations must be authorized and approved by the Board.

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in governmental funds. Encumbrance accounting is used 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 the time are reported as reservations of fund balance for subsequent year expenditures. The District did not have any outstanding encumbrances at June 30, 2009.

**MAINTENANCE DISTRICT NO. 2**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Summary of Deposits

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 19,339</u>
Total cash and cash equivalents	<u>\$ 19,339</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 19,339</u>
Total cash and cash equivalents	<u>\$ 19,339</u>

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**NOTE 4 – RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.



**MAINTENANCE DISTRICT NO. 4  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**MAINTENANCE DISTRICT NO. 4**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets and Governmental Fund Balance Sheet .....	2
Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance .....	3
Budgetary Comparison Schedule .....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of Maintenance District No. 4 (District), a component unit of County of Fresno, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maintenance District No. 4, as of June 30, 2009, and the respective changes in financial position and the budgetary comparison for the major Special Revenue Fund, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Maintenance District No. 4 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**MAINTENANCE DISTRICT NO. 4**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS AND**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**June 30, 2009**

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,106	\$ -	\$ 5,106
Interest receivable	29	-	29
Total assets	<u>\$ 5,135</u>	<u>-</u>	<u>5,135</u>
<b>LIABILITIES</b>			
Due to primary government	\$ 23	-	23
Total liabilities	<u>23</u>	<u>-</u>	<u>23</u>
<b>FUND BALANCE/NET ASSETS</b>			
Fund balance:			
Unreserved	5,112	(5,112)	-
Total fund balance	<u>5,112</u>	<u>(5,112)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 5,135</u>		
Net assets:			
Unrestricted		5,112	5,112
Total net assets		<u>\$ 5,112</u>	<u>\$ 5,112</u>

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

**MAINTENANCE DISTRICT NO. 4**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2009**

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Expenditures/Expenses</b>			
Public ways and facilities	\$ 1,056	\$ -	\$ 1,056
Total expenditures/expenses	<u>1,056</u>	<u>-</u>	<u>1,056</u>
<b>Revenues</b>			
Program revenue:			
Charges for services	<u>1,514</u>	<u>-</u>	<u>1,514</u>
Total program revenue	<u>1,514</u>	<u>-</u>	<u>1,514</u>
Net program revenue			<u>458</u>
General revenue:			
Unrestricted investment earnings	<u>138</u>	<u>-</u>	<u>138</u>
Total general revenues	<u>138</u>	<u>-</u>	<u>138</u>
Excess (deficiency) of revenues over (under) expenditures	<u>596</u>	<u>(596)</u>	<u>-</u>
Change in net assets	-	596	596
Fund balance/net assets:			
Beginning of the year	<u>4,516</u>	<u>-</u>	<u>4,516</u>
End of the year	<u>\$ 5,112</u>	<u>\$ -</u>	<u>\$ 5,112</u>

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

**MAINTENANCE DISTRICT NO. 4**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2009**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Budgetary Fund Balance - July 1, 2008</b>	\$ 4,551	\$ 4,551	\$ 4,642	\$ 91
Resources (inflows):				
Use of money and property	100	100	158	58
Charges for current services	<u>1,515</u>	<u>1,515</u>	<u>1,514</u>	<u>(1)</u>
Amounts available for appropriations	<u>1,615</u>	<u>1,615</u>	<u>1,672</u>	<u>57</u>
Charges to Appropriations (outflows):				
Public ways and facilities:				
Professional services	2,493	2,493	1,137	1,356
Liability insurance	100	100	-	100
Special departmental	415	415	-	415
PeopleSoft financial charges	75	75	44	31
Contingencies	<u>308</u>	<u>308</u>	<u>-</u>	<u>308</u>
Total charges to appropriations	<u>3,391</u>	<u>3,391</u>	<u>1,181</u>	<u>2,210</u>
<b>Budgetary Fund Balance - June 30, 2009</b>	<u>\$ 2,775</u>	<u>\$ 2,775</u>	<u>\$ 5,133</u>	<u>\$ 2,358</u>

**Explanation of Differences Between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures:**

Sources/inflows of resources:	
Actual amounts (budgetary basis) "available from appropriations" from the budgetary comparison schedule	\$ 1,672
Differences - budget to GAAP	<u>(20)</u>
Total revenues as reported on the statement of revenues and expenditures, and changes in fund balance	<u>\$ 1,652</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,181
Differences - budget to GAAP	<u>(125)</u>
Total expenditures as reported on the statement of revenues and expenditures and changes in fund balance	<u>\$ 1,056</u>

**MAINTENANCE DISTRICT NO. 4**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

Maintenance District No. 4, a special district (District), is a special revenue fund of the County of Fresno (County), which is a political subdivision of the State of California. The District was formed in 1997 under the provisions of Streets and Highway Code Section 5820 through 5856 et. seq., and is governed by the County Board of Supervisors (Board). The District is a component unit of the County of Fresno. The function of the District is to provide street maintenance for the section of road identified as South Villa Avenue to 880 feet north of Jefferson Avenue. The District is not subject to federal or state income taxes.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the District's activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

**MAINTENANCE DISTRICT NO. 4**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

*Governmental Fund Financial Statements*

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. A one-year availability period is used for all other revenues. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District reports the following major governmental fund:

The *special revenue fund* accounts for special revenue that is legally restricted to expenditures for a particular purpose. The special revenue fund is the primary operating fund of Maintenance District No. 4.

The District adopts annual appropriated budgets for its Special Revenue Fund which is a major fund. Budgetary comparison schedules have been provided for this fund to demonstrate compliance with the budgets.

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Cash and Cash Equivalents**

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.



**MAINTENANCE DISTRICT NO. 4**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity** (Continued)

**2. Equity**

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use in special purposes. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

In the government-wide financial statements, net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**3. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

**MAINTENANCE DISTRICT NO. 4**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity** (Continued)

**3. Property Taxes** (Continued)

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

**4. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the provisions of Sections 29000 through 29143 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget on or before August 30 for each fiscal year. Until the adoption of this final balanced budget, appropriations are based on the budget of the preceding year as allowed per Government Code 29124. The final adopted budget is available for review in the Auditor-Controller/Treasurer-Tax Collector's Office.

An operating balanced budget is adopted for each fiscal year for the District on the same modified accrual basis, including encumbrances, to reflect estimated revenues and expenditures. Public hearings are conducted on the proposed budget to review all appropriations and the source of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

Budgetary control is exercised at the object level, except for fixed assets, which are controlled at the sub-object level. All amendments and any expenditures that exceed appropriations must be authorized and approved by the Board.

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in governmental funds. Encumbrance accounting is used 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 the time are reported as reservations of fund balance for subsequent year expenditures. The District did not have any outstanding encumbrances at June 30, 2009.

**MAINTENANCE DISTRICT NO. 4**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (Continued)

**B. Excess in Expenditures Over Appropriations**

The District did not incur any expenditures in excess of appropriations for the fiscal year June 30, 2009.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Summary of Deposits

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 5,106</u>
Total cash and cash equivalents	<u>\$ 5,106</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 5,106</u>
Total cash and cash equivalents	<u>\$ 5,106</u>

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**NOTE 4 – RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

**MAINTENANCE DISTRICT NO. 5  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**MAINTENANCE DISTRICT NO. 5  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**June 30, 2009**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets and Governmental Fund Balance Sheet .....	2
Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance .....	3
Budgetary Comparison Schedule .....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of Maintenance District No. 5 (District), a component unit of the County of Fresno, as of and for the fiscal year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maintenance District No. 5, as of June 30, 2009, and the respective changes in financial position and the budgetary comparison for the major Special Revenue Fund, thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Maintenance District No. 5 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**MAINTENANCE DISTRICT NO. 5**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS AND**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**June 30, 2009**

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,846	\$ -	\$ 5,846
Interest receivable	32	-	32
Total assets	<u>\$ 5,878</u>	<u>-</u>	<u>5,878</u>
<b>LIABILITIES</b>			
Due to primary government	\$ 20	-	20
Total liabilities	<u>20</u>	<u>-</u>	<u>20</u>
<b>FUND BALANCE/NET ASSETS</b>			
Fund balance:			
Unreserved	5,858	(5,858)	-
Total fund balance	<u>5,858</u>	<u>(5,858)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 5,878</u>		
Net assets:			
Unrestricted		5,858	5,858
Total net assets		<u>\$ 5,858</u>	<u>\$ 5,858</u>

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

**MAINTENANCE DISTRICT NO. 5**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2009**

	Governmental Fund	Adjustments	Statement of Activities
<b>Expenditures/Expenses</b>			
Public ways and facilities	\$ 1,125	\$ -	\$ 1,125
Total expenditures/expenses	<u>1,125</u>	<u>-</u>	<u>1,125</u>
<b>Revenues</b>			
Program revenue:			
Charges for services	<u>1,869</u>	<u>-</u>	<u>1,869</u>
Total program revenue	<u>1,869</u>	<u>-</u>	<u>1,869</u>
Net program revenue			<u>744</u>
General revenue:			
Unrestricted investment earnings	<u>154</u>	<u>-</u>	<u>154</u>
Total general revenues	<u>154</u>	<u>-</u>	<u>154</u>
Excess (deficiency) of revenues over (under) expenditures	<u>898</u>	<u>(898)</u>	<u>-</u>
Change in net assets	-	898	898
Fund balance/net assets:			
Beginning of the year	<u>4,960</u>	<u>-</u>	<u>4,960</u>
End of the year	<u>\$ 5,858</u>	<u>\$ -</u>	<u>\$ 5,858</u>

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



**MAINTENANCE DISTRICT NO. 5**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2009**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Budgetary Fund Balance - July 1, 2008</b>	\$ 5,088	\$ 5,088	\$ 5,083	\$ (5)
Resources (inflows):				
Use of money and property	125	125	174	49
Charges for current services	<u>1,920</u>	<u>1,920</u>	<u>1,869</u>	<u>(51)</u>
Amounts available for appropriations	<u>2,045</u>	<u>2,045</u>	<u>2,043</u>	<u>(2)</u>
Charges to Appropriations (outflows):				
Public ways and facilities:				
Services and supplies	3,566	3,566	1,257	2,309
Contingencies	<u>357</u>	<u>357</u>	<u>-</u>	<u>357</u>
Total charges to appropriations	<u>3,923</u>	<u>3,923</u>	<u>1,257</u>	<u>2,666</u>
<b>Budgetary Fund Balance - June 30, 2009</b>	<u>\$ 3,210</u>	<u>\$ 3,210</u>	<u>\$ 5,869</u>	<u>\$ 2,659</u>

**Explanation of Differences Between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures:**

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 2,043
Differences - budget to GAAP	<u>(20)</u>
Total revenues as reported on the statement of revenues and expenditures, and changes in fund balance	<u>\$ 2,023</u>

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,257
Differences - budget to GAAP	<u>(132)</u>
Total expenditures as reported on the statement of revenues and expenditures and changes in fund balance	<u>\$ 1,125</u>

**MAINTENANCE DISTRICT NO. 5**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

Maintenance District No. 5, a special district (District), is a special revenue fund of the County of Fresno (County), which is a political subdivision of the State of California. The District was formed February 26, 2002, in accordance with Article XIIIID, Section 4, of the State Constitution, Government Code Section 54954.6 and Streets and Highway Code Section 5820 through 5856, and is governed by the County Board of Supervisors (Board). The District is a component unit of the County of Fresno. The function of the District is to provide street maintenance for the section of road identified as Purdue Avenue to 870 feet (approximately) north of East Teague Avenue. The District is not subject to federal or state income taxes.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the District's activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**MAINTENANCE DISTRICT NO. 5**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

*Governmental Fund Financial Statements*

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. A one-year availability period is used for all other revenues. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District reports the following major governmental fund:

The *special revenue fund* accounts for special revenues that are legally restricted to expenditures for a particular purpose. The special revenue fund is the primary operating fund of Maintenance District No. 5.

The District adopts annual appropriated budgets for its Special Revenue Fund which is a major fund. Budgetary comparison schedules have been provided for this fund to demonstrate compliance with the budgets.

**D. Assets, Liabilities and Net Assets or Equity**

**1. Cash and Cash Equivalents**

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**MAINTENANCE DISTRICT NO. 5**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities and Net Assets or Equity** (Continued)

**2. Equity**

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use in special purposes. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

In the government-wide financial statements, net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**3. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

**MAINTENANCE DISTRICT NO. 5**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities and Net Assets or Equity** (Continued)

**3. Property Taxes** (Continued)

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

**4. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the provisions of Sections 29000 through 29143 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget on or before August 30 for each fiscal year. Until the adoption of this final balanced budget, appropriations are based on the budget of the preceding year as allowed per Government Code 29124. The final adopted budget is available for review in the Auditor-Controller/Treasurer-Tax Collector's Office.

An operating balanced budget is adopted for each fiscal year for the District on the same modified accrual basis, including encumbrances, to reflect estimated revenues and expenditures. Public hearings are conducted on the proposed budget to review all appropriations and the source of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

Budgetary control is exercised at the object level, except for fixed assets, which are controlled at the sub-object level. All amendments and any expenditures that exceed appropriations must be authorized and approved by the Board.

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in governmental funds. Encumbrance accounting is used 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 the time are reported as reservations of fund balance for subsequent year expenditures. The District did not have any outstanding encumbrances at June 30, 2009.

**MAINTENANCE DISTRICT NO. 5  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Summary of Deposits

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	\$ 5,846
Total cash and cash equivalents	\$ 5,846

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	\$ 5,846
Total cash and equivalents	\$ 5,846

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**NOTE 4 – RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

**MAINTENANCE DISTRICT NO. 6  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**MAINTENANCE DISTRICT NO. 6**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets and Governmental Fund Balance Sheet .....	2
Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance .....	3
Budgetary Comparison Schedule .....	4
Notes to the Basic Financial Statements .....	5





## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of Maintenance District No. 6 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maintenance District No. 6, as of June 30, 2009, and the respective changes in financial position and the budgetary comparison for the major Special Revenue Fund, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Maintenance District No. 6 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**MAINTENANCE DISTRICT NO. 6**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS AND**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**June 30, 2009**

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,783	\$ -	\$ 5,783
Interest receivable	32	-	32
Total assets	<u>\$ 5,815</u>	<u>-</u>	<u>5,815</u>
<b>LIABILITIES</b>			
Due to primary government	\$ 19	-	19
Total liabilities	<u>19</u>	<u>-</u>	<u>19</u>
<b>FUND BALANCE/NET ASSETS</b>			
Fund balance:			
Unreserved	5,796	(5,796)	-
Total fund balance	<u>5,796</u>	<u>(5,796)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 5,815</u>		
Net assets:			
Unrestricted		5,796	5,796
Total net assets		<u>\$ 5,796</u>	<u>\$ 5,796</u>

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

**MAINTENANCE DISTRICT NO. 6**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2009**

	Governmental Fund	Adjustments	Statement of Activities
<b>Expenditures/Expenses</b>			
Public ways and facilities	\$ 201	\$ -	\$ 201
Total expenditures/expenses	<u>201</u>	<u>-</u>	<u>201</u>
<b>Revenues</b>			
Program revenue:			
Charges for services	1,494	-	1,494
Total program revenue	<u>1,494</u>	<u>-</u>	<u>1,494</u>
Net program revenue			<u>1,293</u>
General revenue:			
Unrestricted investment earnings	141	-	141
Total general revenues	<u>141</u>	<u>-</u>	<u>141</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,434</u>	<u>(1,434)</u>	<u>-</u>
Change in net assets	-	1,434	1,434
Fund balance/net assets:			
Beginning of the year	<u>4,362</u>	<u>-</u>	<u>4,362</u>
End of the year	<u>\$ 5,796</u>	<u>\$ -</u>	<u>\$ 5,796</u>

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

**MAINTENANCE DISTRICT NO. 6**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2009**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Budgetary Fund Balance - July 1, 2008</b>	\$ 4,031	\$ 4,031	\$ 4,329	\$ 298
Resources (inflows):				
Use of money and property	75	75	154	79
Charges for current services	<u>1,341</u>	<u>1,341</u>	<u>1,494</u>	<u>153</u>
Amounts available for appropriations	<u>1,416</u>	<u>1,416</u>	<u>1,648</u>	<u>232</u>
Charges to Appropriations (outflows):				
Public ways and facilities:				
Services and supplies	2,723	2,723	193	2,530
Contingencies	<u>272</u>	<u>272</u>	-	<u>272</u>
Total charges to appropriations	<u>2,995</u>	<u>2,995</u>	<u>193</u>	<u>2,802</u>
<b>Budgetary Fund Balance - June 30, 2009</b>	<u>\$ 2,452</u>	<u>\$ 2,452</u>	<u>\$ 5,784</u>	<u>\$ 3,332</u>

**Explanation of Differences Between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures:**

Sources/inflows of resources:

Actual amounts (budgetary basis) "available from appropriations" from the budgetary comparison schedule	\$ 1,648
Differences - budget to GAAP	<u>(13)</u>
Total revenues as reported on the statement of revenues and expenditures, and changes in fund balance	<u>\$ 1,635</u>

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 193
Differences - budget to GAAP	<u>8</u>
Total expenditures as reported on the statement of revenues and expenditures and changes in fund balance	<u>\$ 201</u>

**MAINTENANCE DISTRICT NO. 6**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

Maintenance District No. 6, a special district (District), is a special revenue fund of the County of Fresno (County), which is a political subdivision of the State of California. The District was formed September 14, 2004, in accordance with Article XIID, Section 4, of the State Constitution, Government Code Section 54954.6 and Streets and Highway Code Section 5820 through 5856, and is governed by the County Board of Supervisors (Board). The District is a component unit of the County of Fresno. The function of the District is to provide street maintenance for the section of road identified as .112 miles of Westdove Avenue within Tract Map No. 5172, east of North of Van Ness Avenue, between Barstow and Bullard Avenues. The District is not subject to federal or state income taxes.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the District's activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

**MAINTENANCE DISTRICT NO. 6**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

*Governmental Fund Financial Statements*

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. A one-year availability period is used for all other revenues. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District reports the following major governmental fund:

The *special revenue fund* accounts for special revenues that are legally restricted to expenditures for a particular purpose. The special revenue fund is the primary operating fund of Maintenance District No. 6.

The District adopts annual appropriated budgets for its Special Revenue Fund which is a major fund. Budgetary comparison schedules have been provided for this fund to demonstrate compliance with the budgets.

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Cash and Cash Equivalents**

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**MAINTENANCE DISTRICT NO. 6**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity** (Continued)

**2. Equity**

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use in special purposes. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

In the government-wide financial statements, net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**3. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

**MAINTENANCE DISTRICT NO. 6**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity** (Continued)

**3. Property Taxes** (Continued)

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

**4. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the provisions of Sections 29000 through 29143 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget on or before August 30 for each fiscal year. Until the adoption of this final balanced budget, appropriations are based on the budget of the preceding year as allowed per Government Code 29124. The final adopted budget is available for review in the Auditor-Controller/Treasurer-Tax Collector's Office.

An operating balanced budget is adopted for each fiscal year for the District on the same modified accrual basis, including encumbrances, to reflect estimated revenues and expenditures. Public hearings are conducted on the proposed budget to review all appropriations and the source of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

Budgetary control is exercised at the object level, except for fixed assets, which are controlled at the sub-object level. All amendments and any expenditures that exceed appropriations must be authorized and approved by the Board.

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in governmental funds. Encumbrance accounting is used 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 the time are reported as reservations of fund balance for subsequent year expenditures. The District did not have any outstanding encumbrances at June 30, 2009.



**MAINTENANCE DISTRICT NO. 6**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Summary of Deposits

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	\$ <u>5,783</u>
Total cash and cash equivalents	\$ <u>5,783</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	\$ <u>5,783</u>
Total cash and cash equivalents	\$ <u>5,783</u>

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**NOTE 4 – RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### County Service Area No. 1 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12341001500**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341001500
<b>Name of District</b>	County Service Area No. 1 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> December 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 |  | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2008

# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### County Service Area No. 2 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12341002000**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341002000
<b>Name of District</b>	County Service Area No. 2 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> December 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 |  | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2008

# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### County Service Area No. 5 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12341003500**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816



## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341003500
<b>Name of District</b>	County Service Area No. 5 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.

Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# **SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT**

## **COVER PAGE**

### **County Service Area No. 7 (Fresno)**

SCO Reporting Year      **2009**                      ID Number:                      **12341004500**

#### **Submitted by the Reporting Entity**

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### **To File Electronically:**

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### **To File A Paper Report:**

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### **Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### **Express Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341004500
<b>Name of District</b>	County Service Area No. 7 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### County Service Area No. 10 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12341006000**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341006000
<b>Name of District</b>	County Service Area No. 10 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009



# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### County Service Area No. 14 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12341008000**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341008000
<b>Name of District</b>	County Service Area No. 14 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### County Service Area No. 18 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12341010000**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341010000
<b>Name of District</b>	County Service Area No. 18 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### County Service Area No. 19 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12341010500**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341010500
<b>Name of District</b>	County Service Area No. 19 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -



<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### County Service Area No. 23 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12341012500**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341012500
<b>Name of District</b>	County Service Area No. 23 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$	-
-------------	----	---

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# **SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT**

## **COVER PAGE**

### **County Service Area No. 30 (Fresno)**

SCO Reporting Year      **2009**                      ID Number:                      **12341016000**

#### **Submitted by the Reporting Entity**

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### **To File Electronically:**

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### **To File A Paper Report:**

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### **Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### **Express Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341016000
<b>Name of District</b>	County Service Area No. 30 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### County Service Area No. 31 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12341016500**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816



## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341016500
<b>Name of District</b>	County Service Area No. 31 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### County Service Area No. 32 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12341017000**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341017000
<b>Name of District</b>	County Service Area No. 32 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### County Service Area No. 33 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12341017500**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341017500
<b>Name of District</b>	County Service Area No. 33 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009



# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### County Service Area No. 34 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12341018000**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341018000
<b>Name of District</b>	County Service Area No. 34 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# **SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT**

## **COVER PAGE**

### **County Service Area No. 35 (Fresno)**

SCO Reporting Year      **2009**                      ID Number:                      **12341018500**

#### **Submitted by the Reporting Entity**

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### **To File Electronically:**

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### **To File A Paper Report:**

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### **Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### **Express Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341018500
<b>Name of District</b>	County Service Area No. 35 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### County Service Area No. 38 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12341020000**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341020000
<b>Name of District</b>	County Service Area No. 38 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -



<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### County Service Area No. 39 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12341020500**

### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341020500
<b>Name of District</b>	County Service Area No. 39 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### County Service Area No. 43 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12341022500**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341022500
<b>Name of District</b>	County Service Area No. 43 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### County Service Area No. 44 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12341023000**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816



## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341023000
<b>Name of District</b>	County Service Area No. 44 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# **SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT**

## **COVER PAGE**

### **County Service Area No. 47 (Fresno)**

SCO Reporting Year      **2009**                      ID Number:                      **12341024500**

#### **Submitted by the Reporting Entity**

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### **To File Electronically:**

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### **To File A Paper Report:**

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### **Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### **Express Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341024500
<b>Name of District</b>	County Service Area No. 47 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### County Service Area No. 49 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12341025500**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341025500
<b>Name of District</b>	County Service Area No. 49 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009



# **SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT**

## **COVER PAGE**

### **County Service Area No. 50 (Fresno)**

SCO Reporting Year      **2009**                      ID Number:                      **12341026000**

#### **Submitted by the Reporting Entity**

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### **To File Electronically:**

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### **To File A Paper Report:**

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### **Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### **Express Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341026000
<b>Name of District</b>	County Service Area No. 50 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### County Service Area No. 51 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12341026500**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12341026500
<b>Name of District</b>	County Service Area No. 51 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ 365,881.00

U.S. Bureau of the Census -- Revised 6/2008

# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### Maintenance District No. 1 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12191003000**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12191003000
<b>Name of District</b>	Maintenance District No. 1

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$	-
-------------	----	---

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -



<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### Maintenance District No. 2 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12191005000**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12191005000
<b>Name of District</b>	Maintenance District No. 2 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# **SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT**

## **COVER PAGE**

### **Maintenance District No. 3 (Fresno)**

SCO Reporting Year      **2009**                      ID Number:                      **12191007500**

#### **Submitted by the Reporting Entity**

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### **To File Electronically:**

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### **To File A Paper Report:**

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### **Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### **Express Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12191007500
<b>Name of District</b>	Maintenance District No. 3

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### Maintenance District No. 4 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12191010000**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816



## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12191010000
<b>Name of District</b>	Maintenance District No. 4 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$	-
-------------	----	---

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### Maintenance District No. 5 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12191011500**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12191011500
<b>Name of District</b>	Maintenance District No. 5 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT

## COVER PAGE

### Maintenance District No. 6 (Fresno)

SCO Reporting Year      **2009**                      ID Number:                      **12191014000**

#### Submitted by the Reporting Entity

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### To File Electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### To File A Paper Report:

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### Express Mailing Address:

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12191014000
<b>Name of District</b>	Maintenance District No. 6 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009



# **SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT**

## **COVER PAGE**

### **Van Ness Boulevard Estates Nos. 1 and 2 Lighting District**

SCO Reporting Year      **2009**                      ID Number:                      **12181006500**

#### **Submitted by the Reporting Entity**

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### **To File Electronically:**

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### **To File A Paper Report:**

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### **Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### **Express Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12181006500
<b>Name of District</b>	Van Ness Boulevard Estates Lighting Dist (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# **SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT**

## **COVER PAGE**

### **Fresno County Water Works No. 37**

SCO Reporting Year      **2009**                      ID Number:                      **12491017500**

#### **Submitted by the Reporting Entity**

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### **To File Electronically:**

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### **To File A Paper Report:**

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### **Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### **Express Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12491017500
<b>Name of District</b>	Waterworks District No. 37 (Fresno)

Mark the appropriate box belw to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

<input type="checkbox"/> July 2008	<input type="checkbox"/> October 2008	<input type="checkbox"/> January 2009	<input type="checkbox"/> April 2009
<input type="checkbox"/> August 2008	<input type="checkbox"/> November 2008	<input type="checkbox"/> February 2009	<input type="checkbox"/> May 2009
<input type="checkbox"/> September 2008	<input type="checkbox"/> December 2008	<input type="checkbox"/> March 2009	<input checked="" type="checkbox"/> June 2009

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# **SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT**

## **COVER PAGE**

### **Fresno County Water Works No. 38**

SCO Reporting Year      **2009**                      ID Number:                      **12491018000**

#### **Submitted by the Reporting Entity**

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### **To File Electronically:**

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### **To File A Paper Report:**

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### **Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### **Express Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12491018000
<b>Name of District</b>	Waterworks District No. 38 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$	-
-------------	----	---

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -



<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# **SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT**

## **COVER PAGE**

### **Fresno County Water Works No. 40**

SCO Reporting Year      **2009**                      ID Number:                      **12491019000**

#### **Submitted by the Reporting Entity**

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### **To File Electronically:**

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### **To File A Paper Report:**

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### **Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### **Express Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12491019000
<b>Name of District</b>	Waterworks District No. 40 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ -
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# **SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT**

## **COVER PAGE**

### **Fresno County Water Works No. 41**

SCO Reporting Year      **2009**                      ID Number:                      **12491020000**

#### **Submitted by the Reporting Entity**

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### **To File Electronically:**

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### **To File A Paper Report:**

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### **Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### **Express Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12491020000
<b>Name of District</b>	Waterworks District No. 41 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$	-
-------------	----	---

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

Airport Enterprise	Amount
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

Electric Enterprise	Amount
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

Harbor and Port Enterprise	Amount
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

Hospital Enterprise	Amount
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ 4,372.99
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

# **SPECIAL DISTRICTS FINANCIAL TRANSACTIONS REPORT**

## **COVER PAGE**

### **Fresno County Water Works No. 42**

SCO Reporting Year      **2009**                      ID Number:                      **12491020500**

#### **Submitted by the Reporting Entity**

Fiscal Year Ended \_\_\_\_\_ (MM/DD/YY)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Date

Per Government Code section 53891, this report is due within 90 days after the end of the fiscal year. If filed in electronic format, the report is due within 110 days after the end of the fiscal year.

Per Government Code section 26909, a copy of the independent audit is to be filed with the Controller within 12 months after the close of the fiscal year.

#### **To File Electronically:**

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. A responsible member of the agency must sign this cover page and mail it to either address below.

Report will not be considered filed until receipt of this signed cover page.

#### **To File A Paper Report:**

1. Complete all forms as necessary.
2. A responsible member of the agency must sign this cover page and mail it to either address below.

#### **Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

#### **Express Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816



## Supplement to the Annual Report of Special Districts

<b>Special District ID Number:</b>	12491020500
<b>Name of District</b>	Waterworks District No. 42 (Fresno)

Mark the appropriate box below to indicate the ending date of your agency's fiscal year.  
Report data for that period only.

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> July 2008      | <input type="checkbox"/> October 2008  | <input type="checkbox"/> January 2009  | <input type="checkbox"/> April 2009           |
| <input type="checkbox"/> August 2008    | <input type="checkbox"/> November 2008 | <input type="checkbox"/> February 2009 | <input type="checkbox"/> May 2009             |
| <input type="checkbox"/> September 2008 | <input type="checkbox"/> December 2008 | <input type="checkbox"/> March 2009    | <input checked="" type="checkbox"/> June 2009 |

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

*U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523*

### A. Personnel Expenditures

Please report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

<b>Z00:</b>	\$ -
-------------	------

### B. Capital Outlay Expenditures for Enterprise Activities

Please report your government's capital outlay expenditures for the following enterprise activities, if applicable:

<b>Airport Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G01)	\$ -
Construction (Census Code F01)	\$ -

<b>Electric Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G92)	\$ -
Construction (Census Code F92)	\$ -

<b>Harbor and Port Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G87)	\$ -
Construction (Census Code F87)	\$ -

<b>Hospital Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G36)	\$ -
Construction (Census Code F36)	\$ -

<b>Waste Disposal Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G81)	\$ -
Construction (Census Code F81)	\$ -

<b>Water Enterprise</b>	<b>Amount</b>
Land and Equipment (Census Code G91)	\$ 19,449.00
Construction (Census Code F91)	\$ -

U.S. Bureau of the Census -- Revised 6/2009

**VAN NESS BOULEVARD ESTATES  
LIGHTING DISTRICT  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**VAN NESS BOULEVARD ESTATES LIGHTING DISTRICT**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets and Governmental Fund Balance Sheet .....	2
Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance .....	3
Budgetary Comparison Schedule .....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of Van Ness Boulevard Estates Lighting District (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Van Ness Boulevard Estates Lighting District, as of June 30, 2009, and the respective changes in financial position and the budgetary comparison for the major Special Revenue Fund, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Van Ness Boulevard Estates Lighting District has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**VAN NESS BOULEVARD ESTATES LIGHTING DISTRICT**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS AND  
GOVERNMENTAL FUND BALANCE SHEET**  
**June 30, 2009**

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,843	\$ -	\$ 14,843
Interest receivable	80	-	80
Total assets	<u>\$ 14,923</u>	<u>-</u>	<u>14,923</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 490	-	490
Due to primary government	53	-	53
Total liabilities	<u>543</u>	<u>-</u>	<u>543</u>
<b>FUND BALANCE/NET ASSETS</b>			
Fund balance:			
Unreserved	14,380	(14,380)	-
Total fund balance	14,380	(14,380)	-
Total liabilities and fund balance	<u>\$ 14,923</u>		
Net assets:			
Unrestricted		14,380	14,380
Total Net Assets		<u>\$ 14,380</u>	<u>\$ 14,380</u>

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

**VAN NESS BOULEVARD ESTATES LIGHTING DISTRICT**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2009**

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Expenditures/Expenses</b>			
Current:			
Public ways and facilities	\$ 8,053	\$ -	\$ 8,053
Total expenditures/expenses	<u>8,053</u>	<u>-</u>	<u>8,053</u>
<b>Revenues</b>			
Program Revenue:			
Charges for services	<u>8,790</u>	<u>-</u>	<u>8,790</u>
Total program revenue	<u>8,790</u>	<u>-</u>	<u>8,790</u>
Net program revenue			<u>737</u>
General Revenues:			
Property taxes	4,453	-	4,453
Unrestricted investment earnings	299	-	299
Miscellaneous	<u>57</u>	<u>-</u>	<u>57</u>
Total general revenues	<u>4,809</u>	<u>-</u>	<u>4,809</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,546</u>	<u>(5,546)</u>	<u>-</u>
Change in net assets	-	5,546	5,546
Fund balance/net assets:			
Beginning of the year	<u>8,834</u>	<u>-</u>	<u>8,834</u>
End of the year	<u>\$ 14,380</u>	<u>\$ -</u>	<u>\$ 14,380</u>

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

**VAN NESS BOULEVARD ESTATES LIGHTING DISTRICT**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2009**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Budgetary Balance - July 1, 2008</b>	\$ 8,815	\$ 8,815	\$ 11,201	\$ 2,386
Resources (inflows):				
Taxes	3,500	3,500	4,452	952
Use of money and property	125	125	317	192
Intergovernmental revenues	-	-	56	56
Charges for current services	<u>8,820</u>	<u>8,820</u>	<u>8,790</u>	<u>(30)</u>
Amounts available from appropriations	<u>12,445</u>	<u>12,445</u>	<u>13,615</u>	<u>1,170</u>
Charges to Appropriations (outflows):				
Public ways and facilities:				
Services and supplies	9,679	9,679	8,126	1,553
Contingencies	<u>968</u>	<u>968</u>	<u>-</u>	<u>968</u>
Total charges to appropriations	<u>10,647</u>	<u>10,647</u>	<u>8,126</u>	<u>2,521</u>
<b>Budgetary Balance - June, 30 2009</b>	<u>\$ 10,613</u>	<u>\$ 10,613</u>	<u>\$ 16,690</u>	<u>\$ 6,077</u>

**Explanation of Differences Between Budgetary Inflows and Outflows and GAAP**  
**Revenues and Expenditures:**

Sources/inflows of resources:	
Actual amounts (budgetary basis) "available from appropriations" from the budgetary comparison schedule	\$ 13,615
Differences - budget to GAAP	
Accruals and adjustments not included in the budgetary basis	<u>(16)</u>
Total revenues as reported on the statement of revenues and expenditures, and changes in fund balance	<u>\$ 13,599</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 8,126
Differences - budget to GAAP	
Accruals and adjustments not included in the budgetary basis	<u>(73)</u>
Total expenditures as reported on the statement of revenues and expenditures and changes in fund balance	<u>\$ 8,053</u>

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



**VAN NESS BOULEVARD ESTATES LIGHTING DISTRICT**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

Van Ness Boulevard Estates Lighting District (District), a special district, is a special revenue fund of the County of Fresno (County), which is a political subdivision of the State of California. The District was formed on January 30, 1962, for the purpose of providing lighting for the residents of Van Ness Boulevard Estates. The District is governed by the County Board of Supervisors (Board) and operates under the provisions of the Highway Lighting District Act (Streets and Highways Code Section 19000 et. seq.). Lighting is provided by contract with Pacific Gas & Electric. The District is not subject to federal or state income taxes. The District is a component unit of the County of Fresno.

The District follows the standards promulgated by GASB Statement No. 14, The Financial Reporting Entity, and GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the District's activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**VAN NESS BOULEVARD ESTATES LIGHTING DISTRICT**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

*Governmental Fund Financial Statements*

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. A one-year availability period is used for all other revenues. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District reports the following major governmental fund:

The *special revenue fund* accounts for special revenue that is legally restricted to expenditures for a particular purpose. The special revenue fund is the primary operating fund of Van Ness Boulevard Estates Lighting District.

The District adopts annual appropriated budgets for its Special Revenue Fund which is a major fund. Budgetary comparison schedules have been provided for this fund to demonstrate compliance with the budgets.

**VAN NESS BOULEVARD ESTATES LIGHTING DISTRICT**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Cash and Cash Equivalents**

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$490 and \$53, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**3. Equity**

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use in special purposes. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

In the government-wide financial statements, net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

**VAN NESS BOULEVARD ESTATES LIGHTING DISTRICT**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Assets, Liabilities, and Net Assets or Equity** (Continued)

**4. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**5. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**VAN NESS BOULEVARD ESTATES LIGHTING DISTRICT**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the provisions of Sections 29000 through 29143 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget on or before August 30 for each fiscal year. Until the adoption of this final balanced budget, appropriations are based on the budget of the preceding year as allowed per Government Code 29124. The final adopted budget is available for review in the Auditor-Controller/Treasurer-Tax Collector's Office.

An operating balanced budget is adopted for each fiscal year for the District on the same modified accrual basis, including encumbrances, to reflect estimated revenues and expenditures. Public hearings are conducted on the proposed budget to review all appropriations and the source of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

Budgetary control is exercised at the object level, except for fixed assets, which are controlled at the sub-object level. All amendments and any expenditures that exceed appropriations must be authorized and approved by the Board.

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in governmental funds. Encumbrance accounting is used 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 the time are reported as reservations of fund balance for subsequent year expenditures. The District did not have any outstanding encumbrances at June 30, 2009.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

**Summary of Deposits**

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 14,483</u>
Total cash and cash equivalents	<u>\$ 14,483</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 14,483</u>
Total cash and cash equivalents	<u>\$ 14,483</u>

**VAN NESS BOULEVARD ESTATES LIGHTING DISTRICT**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)**

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**NOTE 4 – RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

**WATERWORKS DISTRICT NO. 37  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**WATERWORKS DISTRICT NO. 37**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets .....	2
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	3
Statement of Cash Flows.....	4
Notes to the Basic Financial Statements .....	5





## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of Waterworks District No. 37 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Waterworks District No. 37, as of June 30, 2009, and the changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Waterworks District No. 37 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**WATERWORKS DISTRICT NO. 37**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**June 30, 2009**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 223
Receivables:	
Accounts	3,806
Interest	<u>10</u>
Total current assets	<u>4,039</u>

Noncurrent assets:

Capital assets:

Nondepreciable:

Land	8,390
------	-------

Depreciable:

Buildings and improvements	198,184
Less: accumulated depreciation	<u>(107,015)</u>

Total non-current assets	<u>99,559</u>
--------------------------	---------------

Total assets	<u>103,598</u>
--------------	----------------

**LIABILITIES**

Current liabilities:

Accounts payable	1,943
Due to primary government	<u>10,179</u>

Total liabilities	<u>12,122</u>
-------------------	---------------

**NET ASSETS**

Invested in capital assets	99,559
Unrestricted	<u>(8,083)</u>

Total net assets	<u>\$ 91,476</u>
------------------	------------------

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

**WATERWORKS DISTRICT NO. 37**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**For the Year Ended June 30, 2009**

Operating revenues:	
Charges for services	\$ 26,201
Total operating revenues	<u>26,201</u>
Operating expenses:	
Liability insurance	371
Maintenance - equipment	815
Maintenance - building and grounds	1,358
Office expense	128
Postage	276
Professional services	32,144
Specialized departmental expenses	1,151
Utilities	3,034
Depreciation	<u>6,531</u>
Total operating expenses	<u>45,808</u>
Operating income (loss)	<u>(19,607)</u>
Non-operating revenues (expenses):	
Investment earnings	(63)
Property taxes	7,223
Federal in-lieu housing	1
State homeowners' property tax relief	<u>96</u>
Total non-operating revenues (expenses)	<u>7,257</u>
Change in net assets	(12,350)
Total net assets, beginning	<u>103,826</u>
Total net assets, ending	<u>\$ 91,476</u>

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

**WATERWORKS DISTRICT NO. 37**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2009**

Cash flows from operating activities:	
Cash received from users	\$ 27,560
Cash paid to suppliers	<u>(35,936)</u>
Net cash provided by (used in) operating activities	<u>(8,376)</u>
Cash flows from non-capital financing activities:	
Property taxes receipts	<u>7,320</u>
Net cash provided by (used in) non-capital financing activities	<u>7,320</u>
Cash flows from investing activities:	
Interest on investments	<u>(36)</u>
Net cash provided by (used in) investing activities	<u>(36)</u>
Net increase (decrease) in cash and cash equivalents	(1,092)
Cash and cash equivalents - beginning	<u>1,315</u>
Cash and cash equivalents - ending	<u><u>\$ 223</u></u>

**Reconciliation of Operating Income (Loss) to Net Cash  
Provided by (Used in) Operating Activities:**

Operating income (loss)	\$ (19,607)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	6,531
(Increase) decrease in accounts receivable	1,359
Increase (decrease) in accounts payable	(2,917)
Increase (decrease) in due to primary government	<u>6,258</u>
Total adjustments	<u>11,231</u>
Net cash provided by (used in) operating activities	<u><u>\$ (8,376)</u></u>

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

**WATERWORKS DISTRICT NO. 37**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

Waterworks District No. 37, a special district (District), is an enterprise fund of the County of Fresno (County), which is a political subdivision of the State of California. The function of the District is to provide water for domestic use and fire protection for the subdivision known as Mile High, located near Meadow Lakes. The District contains forty-seven residential parcels of which forty-six are developed. There is one out-of-district water user.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District was formed on November 21, 1961, under the provisions of Government Code Section 55000 et. seq., and is governed by the County Board of Supervisors. The District is not subject to federal or state income taxes. The District is a component unit of the County of Fresno.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Basis of Accounting**

Pursuant to Governmental Accounting Standards Board (GASB) Standard No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary fund Accounting*, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989, are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government body is that the cost and expenses of providing goods or services to its customers be financed or recovered primarily through users charges; or where the governing body has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**WATERWORKS DISTRICT NO. 37**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Basis of Accounting** (Continued)

Enterprise funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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

**C. Assets, Liabilities and Net Assets**

**1. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Accounts Receivable**

The “direct write-off” method for accounts receivable was applied for accounts that had been established as uncollectible. As expense was recognized when an account was referred to the Revenue Reimbursement Division of the Auditor-Controller/Treasurer-Tax Collector and a Discharge of Accountability was received. The “direct write-off” method is not in compliance with generally accepted accounting principles, but the result was deemed immaterial to the financial statements as a whole. The District recorded a total of \$16 of allowance for uncollectible accounts during the period.

**3. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$1,943 and \$10,179, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**WATERWORKS DISTRICT NO. 37**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**4. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

<b><u>Type</u></b>	<b><u>Useful Lives</u></b>
Plant	9.5 Years
Wells	20-30 Years
Meters	25-30 Years
Pumps	15-25 Years
Mains and hydrants	40 Years
Structures	25-40 Years
Tanks	25-60 Years

**5. Net Assets**

Net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**WATERWORKS DISTRICT NO. 37**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**6. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**7. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**WATERWORKS DISTRICT NO. 37**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 2 — CASH AND CASH EQUIVALENTS**

Summary of Deposits

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 223</u>
Total cash and cash equivalents	<u>\$ 223</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 223</u>
Total cash and cash equivalents	<u>\$ 223</u>

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**NOTE 3 — CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009, was as follows:

	July 1, 2008 Balance	Additions	Retirements	June 30, 2009 Balance
Capital assets not being depreciated:				
Land	\$ 8,390	\$ -	\$ -	\$ 8,390
Total capital assets not being depreciated	<u>8,390</u>	<u>-</u>	<u>-</u>	<u>8,390</u>
Capital assets being depreciated:				
Buildings and improvements	198,184	-	-	198,184
Total capital assets being depreciated	<u>198,184</u>	<u>-</u>	<u>-</u>	<u>198,184</u>
Less accumulated depreciation:				
Buildings and improvements	(100,484)	(6,531)	-	(107,015)
Total accumulated depreciation	<u>(100,484)</u>	<u>(6,531)</u>	<u>-</u>	<u>(107,015)</u>
Capital Assets, Net	<u>\$ 106,090</u>	<u>\$ (6,531)</u>	<u>\$ -</u>	<u>\$ 99,559</u>

**WATERWORKS DISTRICT NO. 37**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 4 — RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 — COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

**WATERWORKS DISTRICT NO. 38 AND  
MAINTENANCE DISTRICT NO. 1  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**WATERWORKS DISTRICT NO. 38 AND MAINTENANCE DISTRICT NO. 1**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets .....	2
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	3
Statement of Cash Flows.....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of the business-type activities and each major fund of Waterworks District No. 38 and Maintenance District No. 1 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and each major fund of Waterworks District No. 38 and Maintenance District No. 1, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Waterworks District No. 38 and Maintenance District No. 1 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States had determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**WATERWORKS DISTRICT NO. 38 AND MAINTENANCE DISTRICT NO. 1****COUNTY OF FRESNO, CALIFORNIA****(A Component Unit of the County of Fresno)****STATEMENT OF NET ASSETS****June 30, 2009**

	<u>Waterworks District No. 38</u>	<u>Maintenance District No. 1</u>	<u>Total Business-Type Activities</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 17,996	\$ 88,479	\$ 106,475
Receivables:			
Accounts	14,532	-	14,532
Interest	57	510	567
Total current assets	<u>32,585</u>	<u>88,989</u>	<u>121,574</u>
Noncurrent assets:			
Depreciable:			
Building and improvements	503,001	-	503,001
Less: accumulated depreciation	<u>(430,826)</u>	<u>-</u>	<u>(430,826)</u>
Total noncurrent assets	<u>72,175</u>	<u>-</u>	<u>72,175</u>
Total assets	<u>104,760</u>	<u>88,989</u>	<u>193,749</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	2,646	-	2,646
Due to primary government	<u>8,545</u>	<u>910</u>	<u>9,455</u>
Total current liabilities	<u>11,191</u>	<u>910</u>	<u>12,101</u>
Total liabilities	<u>11,191</u>	<u>910</u>	<u>12,101</u>
<b>NET ASSETS</b>			
Invested in capital assets	72,175	-	72,175
Unrestricted	<u>21,394</u>	<u>88,079</u>	<u>109,473</u>
Total net assets	<u>\$ 93,569</u>	<u>\$ 88,079</u>	<u>\$ 181,648</u>

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

**WATERWORKS DISTRICT NO. 38 AND MAINTENANCE DISTRICT NO. 1****COUNTY OF FRESNO, CALIFORNIA****(A Component Unit of the County of Fresno)****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS****For the Year Ended June 30, 2009**

	<u>Waterworks District No. 38</u>	<u>Maintenance District No. 1</u>	<u>Total Business-Type Activities</u>
Operating revenues:			
Charges for services	\$ 69,407	\$ -	\$ 69,407
Other operating revenues	<u>11,568</u>	<u>23,072</u>	<u>34,640</u>
Total revenues	<u>80,975</u>	<u>23,072</u>	<u>104,047</u>
Operating expenses:			
Insurance	681	-	681
Maintenance	10,915	11,339	22,254
Office expense	214	888	1,102
Postage	479	-	479
Professional and specialized services	55,554	18,983	74,537
Membership and legal notices	77	-	77
Specialized departmental expenses	12,086	-	12,086
Utilities	10,668	-	10,668
Depreciation	<u>7,320</u>	<u>-</u>	<u>7,320</u>
Total operating expenses	<u>97,994</u>	<u>31,210</u>	<u>129,204</u>
Operating income (loss)	<u>(17,019)</u>	<u>(8,138)</u>	<u>(25,157)</u>
Non-operating revenues (expenses):			
Investment earnings	(8)	2,707	2,699
Property taxes	26,093	-	26,093
Homeowners property tax relief	312	-	312
Federal in-lieu housing	<u>3</u>	<u>-</u>	<u>3</u>
Total non-operating revenues (expenses)	<u>26,400</u>	<u>2,707</u>	<u>29,107</u>
Change in net assets	9,381	(5,431)	3,950
Net assets - beginning	<u>84,188</u>	<u>93,510</u>	<u>177,698</u>
Net assets - ending	<u>\$ 93,569</u>	<u>\$ 88,079</u>	<u>\$ 181,648</u>

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

**WATERWORKS DISTRICT NO. 38 AND MAINTENANCE DISTRICT NO. 1****COUNTY OF FRESNO, CALIFORNIA****(A Component Unit of the County of Fresno)****STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2009**

	Waterworks District No. 38	Maintenance District No. 1	Total Business-Type Activities
Cash flows from operating activities:			
Cash received from users	\$ 73,641	\$ -	\$ 73,641
Cash paid to suppliers	(98,074)	(37,239)	(135,313)
Other operating receipts (payments)	<u>11,568</u>	<u>23,072</u>	<u>34,640</u>
Net cash provided by (used in) operating activities	<u>(12,865)</u>	<u>(14,167)</u>	<u>(27,032)</u>
Cash flows from non-capital financing activities:			
Property taxes received	<u>26,408</u>	<u>-</u>	<u>26,408</u>
Net cash provided by (used in) non-capital financing activities	<u>26,408</u>	<u>-</u>	<u>26,408</u>
Cash flows from investing activities:			
Interest on investments	<u>(23)</u>	<u>3,343</u>	<u>3,320</u>
Net cash provided by (used in) investing activities	<u>(23)</u>	<u>3,343</u>	<u>3,320</u>
Net increase (decrease) in cash and cash equivalents	13,520	(10,824)	2,696
Cash and cash equivalents - beginning	<u>4,476</u>	<u>99,303</u>	<u>103,779</u>
Cash and cash equivalents - ending	<u><u>\$ 17,996</u></u>	<u><u>\$ 88,479</u></u>	<u><u>\$ 106,475</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>			
Operating income (loss)	\$ (17,019)	\$ (8,138)	\$ (25,157)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	7,320	-	7,320
(Increase) decrease in accounts receivable	4,234	-	4,234
Increase (decrease) in accounts payable	(1,484)	(1,682)	(3,166)
Increase (decrease) in due to primary government	<u>(5,916)</u>	<u>(4,347)</u>	<u>(10,263)</u>
Total adjustments	<u>4,154</u>	<u>(6,029)</u>	<u>(1,875)</u>
Net cash provided by (used in) operating activities	<u><u>\$ (12,865)</u></u>	<u><u>\$ (14,167)</u></u>	<u><u>\$ (27,032)</u></u>

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



**WATERWORKS DISTRICT NO. 38 AND MAINTENANCE DISTRICT NO. 1**

**COUNTY OF FRESNO, CALIFORNIA**

**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

Waterworks District No. 38, a special district (District), is an enterprise fund of the County of Fresno (County), which is a political subdivision of the State of California. The function of the District is to provide water for irrigation, domestic use and fire protection purposes, and to provide for the sanitation, purification and collection of water and storm wastes. The District is not subject to federal or state income taxes.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

Waterworks District No. 38 was formed on March 9, 1965, under the provisions of *Government Code* Section 55000 et. seq., and is governed by the County Board of Supervisors. On October 19, 1993, the County of Fresno Board of Supervisors approved the formation of Maintenance District No. 1 (District) as an enterprise fund of the County, a political subdivision of the State of California under the provisions of *Streets and Highway Code* Section 5820 et. seq., and is governed by the County of Fresno Board of Supervisors. The function of Maintenance District No. 1 is to perform capital repairs and improvements to the sanitary sewer and water systems of Waterworks District No. 38. Maintenance District No. 1 is accounted for separately from Waterworks District No. 38. The District is a component unit of the County of Fresno.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Basis of Accounting**

Pursuant to Governmental Accounting Standards Board (GASB) Standard No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary fund Accounting*, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989, are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

**WATERWORKS DISTRICT NO. 38 AND MAINTENANCE DISTRICT NO. 1**

**COUNTY OF FRESNO, CALIFORNIA**

**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Basis of Accounting** (Continued)

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government body is that the cost and expenses of providing goods or services to its customers be financed or recovered primarily through users charges; or where the governing body has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Enterprise funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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

Both *Waterworks District No. 38 fund* and *Maintenance District No.1 fund* are major enterprise funds of the District. The general operations of the District are accounted for in these funds.

**C. Assets, Liabilities and Net Assets**

**1. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Accounts Receivable**

The “direct write-off” method for accounts receivable was applied for accounts that had been established as uncollectible. As expense was recognized when an account was referred to the Revenue Reimbursement Division of the Auditor-Controller/Treasurer-Tax Collector and a Discharge of Accountability was received. The “direct write-off” method is not in compliance with generally accepted accounting principles, but the result was deemed immaterial to the financial statements as a whole. The District recorded a total of \$3,421 of allowance for uncollectible accounts during the period.

**WATERWORKS DISTRICT NO. 38 AND MAINTENANCE DISTRICT NO. 1**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**3. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$2,646 and \$9,455, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**4. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

For Water Services

Water treatment controls and valves	5-7 Years
Plant equipment	12 Years
Meters	20-40 Years
Wells and pumps	25 Years
Main covers, mains-gate valves and hydrants	40 Years
Tanks	50 Years
Main pipes	70 Years

For Sewer Services

Sewer improvements and disposal facilities	25 Years
Solid waste collection facilities	25-50 Years
Treatment facilities	25-50 Years

**WATERWORKS DISTRICT NO. 38 AND MAINTENANCE DISTRICT NO. 1**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**5. Net Assets**

Net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**6. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**WATERWORKS DISTRICT NO. 38 AND MAINTENANCE DISTRICT NO. 1**

**COUNTY OF FRESNO, CALIFORNIA**

**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**7. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 — CASH AND CASH EQUIVALENTS**

**Summary of Deposits**

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 106,475</u>
Total cash and cash equivalents	<u>\$ 106,475</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 106,475</u>
Total cash and cash equivalents	<u>\$ 106,475</u>

**Investment in County Treasury**

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**WATERWORKS DISTRICT NO. 38 AND MAINTENANCE DISTRICT NO. 1**

**COUNTY OF FRESNO, CALIFORNIA**

**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 3 — CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009, was as follows:

	July 1, 2008 Balance	Additions	Retirements	June 30, 2009 Balance
Capital assets being depreciated:				
Buildings and systems	\$ 313,756	\$ -	\$ -	\$ 313,756
Improvements other than buildings	189,245	-	-	189,245
Total capital assets being depreciated	503,001	-	-	503,001
Less accumulated depreciation:				
Buildings and systems	(278,584)	(3,521)	-	(282,105)
Improvements other than buildings	(144,922)	(3,799)	-	(148,721)
Total accumulated depreciation	(423,506)	(7,320)	-	(430,826)
Capital Assets, Net	\$ 79,495	\$ (7,320)	\$ -	\$ 72,175

**NOTE 4 — RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 — COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

**WATERWORKS DISTRICT NO. 40 AND  
MAINTENANCE DISTRICT NO. 3  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**WATERWORKS DISTRICT NO. 40 AND MAINTENANCE DISTRICT NO. 3**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets .....	2
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	3
Statement of Cash Flows.....	4
Notes to the Basic Financial Statements .....	5





## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of the business-type activities and each major fund of Waterworks District No. 40 and Maintenance District No. 3 (District), a component unit of County of Fresno, California, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and each major fund of Waterworks District No. 40 and Maintenance District No. 3, as of June 30, 2009, and the respective changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Waterworks District No. 40 and Maintenance District No. 3 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**WATERWORKS DISTRICT NO. 40 AND MAINTENANCE DISTRICT NO. 3****COUNTY OF FRESNO, CALIFORNIA****(A Component Unit of the County of Fresno)****STATEMENT OF NET ASSETS****June 30, 2009**

	<u>Waterworks District No. 40</u>	<u>Maintenance District No. 3</u>	<u>Total Business-Type Activities</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 68,306	\$ 41,432	\$ 109,738
Receivables:			
Accounts	9,034	-	9,034
Interest	365	228	593
Total current assets	<u>77,705</u>	<u>41,660</u>	<u>119,365</u>
Noncurrent assets:			
Capital assets:			
Depreciable:			
Buildings	158,547	-	158,547
Improvements other than buildings	41,643	-	41,643
Machinery and equipment	324,961	-	324,961
Less: accumulated depreciation	<u>(350,414)</u>	<u>-</u>	<u>(350,414)</u>
Total noncurrent assets	<u>174,737</u>	<u>-</u>	<u>174,737</u>
Total assets	<u>252,442</u>	<u>41,660</u>	<u>294,102</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	3,383	-	3,383
Due to primary government	<u>10,076</u>	<u>246</u>	<u>10,322</u>
Total liabilities	<u>13,459</u>	<u>246</u>	<u>13,705</u>
<b>NET ASSETS</b>			
Invested in capital assets	174,737	-	174,737
Unrestricted	<u>64,246</u>	<u>41,414</u>	<u>105,660</u>
Total net assets	<u>\$ 238,983</u>	<u>\$ 41,414</u>	<u>\$ 280,397</u>

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

**WATERWORKS DISTRICT NO. 40 AND MAINTENANCE DISTRICT NO. 3****COUNTY OF FRESNO, CALIFORNIA****(A Component Unit of the County of Fresno)****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS****For the Year Ended June 30, 2009**

	<u>Waterworks District No. 40</u>	<u>Maintenance District No. 3</u>	<u>Total Business-Type Activities</u>
Operating revenues:			
Charges for services	\$ 50,484	\$ -	\$ 50,484
Other operating revenues	<u>1,450</u>	<u>13,789</u>	<u>15,239</u>
Total revenues	<u>51,934</u>	<u>13,789</u>	<u>65,723</u>
Operating expenses:			
Insurance	561	-	561
Maintenance - equipment	2,464	-	2,464
Maintenance - buildings and grounds	10,971	-	10,971
Memberships	59	-	59
Office expense	273	1,120	1,393
Postage	328	-	328
Professional and specialized services	63,273	3,526	66,799
Publications and legal notices	17	-	17
Special departmental expenses	8,204	-	8,204
Utilities	13,519	-	13,519
Depreciation	<u>14,034</u>	<u>-</u>	<u>14,034</u>
Total operating expenses	<u>113,703</u>	<u>4,646</u>	<u>118,349</u>
Operating income (loss)	<u>(61,769)</u>	<u>9,143</u>	<u>(52,626)</u>
Non-operating revenues (expenses):			
Investment earnings	1,637	1,002	2,639
Property taxes	50,316	-	50,316
Homeowners property tax relief	641	-	641
Federal in-lieu housing	<u>6</u>	<u>-</u>	<u>6</u>
Total non-operating revenues (expenses)	<u>52,600</u>	<u>1,002</u>	<u>53,602</u>
Change in net assets	(9,169)	10,145	976
Net assets - beginning	<u>248,152</u>	<u>31,269</u>	<u>279,421</u>
Net assets - ending	<u>\$ 238,983</u>	<u>\$ 41,414</u>	<u>\$ 280,397</u>

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

**WATERWORKS DISTRICT NO. 40 AND MAINTENANCE DISTRICT NO. 3****COUNTY OF FRESNO, CALIFORNIA****(A Component Unit of the County of Fresno)****STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2009**

	Waterworks District No. 40	Maintenance District No. 3	Total Business-Type Activities
Cash flows from operating activities:			
Cash received from users	\$ 53,382	\$ -	\$ 53,382
Cash paid to suppliers	(97,061)	(4,863)	(101,924)
Cash received from other operating revenues	<u>1,450</u>	<u>13,789</u>	<u>15,239</u>
Net cash provided by (used in) operating activities	<u>(42,229)</u>	<u>8,926</u>	<u>(33,303)</u>
Cash flows from non-capital financing activities:			
Property taxes received	<u>50,963</u>	<u>-</u>	<u>50,963</u>
Net cash provided by (used in) non-capital financing activities	<u>50,963</u>	<u>-</u>	<u>50,963</u>
Cash flows from investing activities:			
Interest on investments	<u>1,953</u>	<u>1,154</u>	<u>3,107</u>
Net cash provided by (used in) investing activities	<u>1,953</u>	<u>1,154</u>	<u>3,107</u>
Net increase (decrease) in cash and cash equivalents	10,687	10,080	20,767
Cash and cash equivalents - beginning	<u>57,619</u>	<u>31,352</u>	<u>88,971</u>
Cash and cash equivalents - ending	<u>\$ 68,306</u>	<u>\$ 41,432</u>	<u>\$ 109,738</u>

**Reconciliation of Operating Income (Loss) to Net Cash  
Provided by (Used in) Operating Activities:**

Operating income (loss)	\$ (61,769)	\$ 9,143	\$ (52,626)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	14,034	-	14,034
(Increase) decrease in accounts receivable	2,898	-	2,898
Increase (decrease) in due to primary government	1,690	(83)	1,606
Increase (decrease) in accounts payable	<u>918</u>	<u>(134)</u>	<u>785</u>
Total adjustments	<u>19,540</u>	<u>(217)</u>	<u>19,323</u>
Net cash provided by (used in) operating activities	<u>\$ (42,229)</u>	<u>\$ 8,926</u>	<u>\$ (33,303)</u>

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

**WATERWORKS DISTRICT NO. 40 AND MAINTENANCE DISTRICT NO. 3**

**COUNTY OF FRESNO, CALIFORNIA**

**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

Waterworks District No. 40, a special district (District), is an enterprise fund of the County of Fresno (County), which is a political subdivision of the State of California. The function of the District is to provide requested services for the subdivision known as Shaver Springs. The District is located approximately two miles south of Highway 168, east of Tollhouse Road. The District was formed in 1962, under the provisions of Government Code Section 55000 et. seq., and is governed by the County Board of Supervisors. The District is not subject to federal or state income taxes.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

On May 2, 1995, the Board also approved the formation of Maintenance District No. 3 (District) as an enterprise fund of the County under the supervision of Streets and Highway Code Section 5820 et. seq. The District is governed by the Board and is a component unit of the County. The function of Maintenance District No. 3 is to provide services for the maintenance and replacement of the water system and pipeline for Waterworks District No. 40. Maintenance District No. 3 is accounted for separately from Waterworks District No. 40. The District is a component unit of the County of Fresno.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Basis of Accounting**

Pursuant to Governmental Accounting Standards Board (GASB) Standard No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary fund Accounting*, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989, are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

**WATERWORKS DISTRICT NO. 40 AND MAINTENANCE DISTRICT NO. 3**

**COUNTY OF FRESNO, CALIFORNIA**

**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Basis of Accounting** (Continued)

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government body is that the cost and expenses of providing goods or services to its customers be financed or recovered primarily through users charges; or where the governing body has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Enterprise funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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

Both *Waterworks District No. 40* fund and *Maintenance District No. 3* fund are major enterprise funds of the District. The general operations of the District are accounted for in these funds.

**C. Assets, Liabilities and Net Assets**

**1. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Accounts Receivable**

The “direct write-off” method for accounts receivable was applied for accounts that had been established as uncollectible. As expense was recognized when an account was referred to the Revenue Reimbursement Division of the Auditor-Controller/Treasurer-Tax Collector and a Discharge of Accountability was received. The “direct write-off” method is not in compliance with generally accepted accounting principles, but the result was deemed immaterial to the financial statements as a whole. The District recorded a total of \$1,330 of allowance for uncollectible accounts during the period.

**WATERWORKS DISTRICT NO. 40 AND MAINTENANCE DISTRICT NO. 3**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**3. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$3,383 and \$10,322, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**4. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

Estimated Useful Lives

Buildings and systems	15 - 40 Years
Improvements other than buildings	30 - 60 Years
Machinery and equipment	5 - 50 Years

**5. Net Assets**

Net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

**WATERWORKS DISTRICT NO. 40 AND MAINTENANCE DISTRICT NO. 3**

**COUNTY OF FRESNO, CALIFORNIA**

**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**6. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**7. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**WATERWORKS DISTRICT NO. 40 AND MAINTENANCE DISTRICT NO. 3**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 2 — CASH AND CASH EQUIVALENTS**

Summary of Deposits

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 109,738</u>
Total cash and cash equivalents	<u>\$ 109,738</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 109,738</u>
Total cash and cash equivalents	<u>\$ 109,738</u>

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**WATERWORKS DISTRICT NO. 40 AND MAINTENANCE DISTRICT NO. 3**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 3 — CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009, was as follows:

	July 1, 2008 Balance	Additions	Retirements	June 30, 2009 Balance
Capital assets being depreciated:				
Buildings	\$ 158,547	\$ -	\$ -	\$ 158,547
Improvements other than buildings	41,643	-	-	41,643
Machinery and equipment	324,961	-	-	324,961
Total capital assets being depreciated	<u>525,151</u>	<u>-</u>	<u>-</u>	<u>525,151</u>
Less accumulated depreciation:				
Buildings	(127,169)	(3,423)	-	(130,592)
Improvements other than buildings	(24,943)	(1,183)	-	(26,126)
Machinery and equipment	(184,268)	(9,428)	-	(193,696)
Total accumulated depreciation	<u>(336,380)</u>	<u>(14,034)</u>	<u>-</u>	<u>(350,414)</u>
Capital Assets, Net	<u>\$ 188,771</u>	<u>\$ (14,034)</u>	<u>\$ -</u>	<u>\$ 174,737</u>

**NOTE 4 — RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 — COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

**WATERWORKS DISTRICT NO. 41  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**WATERWORKS DISTRICT NO. 41**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets .....	2
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	3
Statement of Cash Flows.....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of the business-type activities and each major fund of Waterworks District No. 41 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, which collectively comprise the District's financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the business-type activities and each major fund of Waterworks District No. 41, as of June 30, 2009, and the respective changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Waterworks District No. 41 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**WATERWORKS DISTRICT NO. 41**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**June 30, 2009**

	<u>Water</u>	<u>Sewer</u>	<u>Total Business-Type Activities</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,515,548	\$ 749,099	\$ 2,264,647
Restricted cash and investments	647,182	67,102	714,284
Receivables:			
Accounts	14,329	19,207	33,536
Interest	12,272	4,611	16,883
Due from primary government	5,904	-	5,904
Deferred credit	<u>1,122</u>	<u>-</u>	<u>1,122</u>
Total current assets	<u>2,196,357</u>	<u>840,019</u>	<u>3,036,376</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	141,213	-	141,213
Depreciable:			
Buildings	94,987	150,754	245,741
Building improvements	4,878,757	3,929,386	8,808,143
Machinery and equipment	88,205	26,420	114,625
Less: accumulated depreciation	<u>(3,113,731)</u>	<u>(1,945,598)</u>	<u>(5,059,329)</u>
Total noncurrent assets	<u>2,089,431</u>	<u>2,160,962</u>	<u>4,250,393</u>
Total assets	<u>4,285,788</u>	<u>3,000,981</u>	<u>7,286,769</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	6,500	6,199	12,699
Due to primary government	<u>27,239</u>	<u>10,276</u>	<u>37,515</u>
Total current liabilities	<u>33,739</u>	<u>16,475</u>	<u>50,214</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,089,431	2,160,962	4,250,393
Restricted:			
Capital projects	647,182	67,102	714,284
Unrestricted	<u>1,515,436</u>	<u>756,442</u>	<u>2,271,878</u>
Total net assets	<u>\$ 4,252,049</u>	<u>\$ 2,984,506</u>	<u>\$ 7,236,555</u>

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

**WATERWORKS DISTRICT NO. 41**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**For the Year Ended June 30, 2009**

	<u>Water</u>	<u>Sewer</u>	<u>Total Business-Type Activities</u>
Operating revenues:			
Charges for services	\$ 152,771	\$ 112,454	\$ 265,225
Other operating revenues	44,349	19,535	63,884
Total revenues	<u>197,120</u>	<u>131,989</u>	<u>329,109</u>
Operating expenses:			
Telephone	485	-	485
Liability insurance	12,162	5,092	17,254
Maintenance - equipment	45,770	8,513	54,283
Maintenance - building and grounds	55,231	12,102	67,333
Office expense	2,303	589	2,892
Postage	1,292	2,133	3,425
Professional services	381,334	136,281	517,615
Small tools and equipment	66	-	66
Special departmental expense	(8,286)	1,226	(7,060)
Utilities	45,855	6,478	52,333
Depreciation	119,323	100,141	219,464
General and administrative	11,128	3,286	14,414
Total operating expenses	<u>666,663</u>	<u>275,841</u>	<u>942,504</u>
Operating income (loss)	<u>(469,543)</u>	<u>(143,852)</u>	<u>(613,395)</u>
Non-operating revenues (expenses):			
Investment earnings	61,774	23,347	85,121
Property tax taxes	443,087	102,232	545,319
Federal in-lieu housing	56	13	69
Homeowners property tax relief	5,483	1,233	6,716
Interest expense	(1,610)	(1,663)	(3,273)
Total non-operating revenues (expenses)	<u>508,790</u>	<u>125,162</u>	<u>633,952</u>
Change in net assets	39,247	(18,690)	20,557
Net assets - beginning	4,212,802	2,984,568	7,197,370
Prior period adjustment	<u>-</u>	<u>18,628</u>	<u>18,628</u>
Net assets - ending	<u>\$ 4,252,049</u>	<u>\$ 2,984,506</u>	<u>\$ 7,236,555</u>

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

**WATERWORKS DISTRICT NO. 41**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2009**

	Water	Sewer	Total Business-Type Activities
Cash flows from operating activities:			
Cash received from users	\$ 155,518	\$ 112,826	\$ 268,344
Cash paid to suppliers	(563,979)	(199,110)	(763,089)
Other operating receipts	44,349	19,535	63,884
Net cash provided by (used in) operating activities	(364,112)	(66,749)	(430,861)
Cash flows from non-capital financing activities:			
Property taxes received	448,626	103,478	552,104
Net cash provided by (used in) non-capital financing activities	448,626	103,478	552,104
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(24,972)	-	(24,972)
Principal paid on bonds	(30,000)	(30,000)	(60,000)
Interest paid on bonds	(2,585)	(2,676)	(5,261)
Net cash provided by (used in) capital and related financing activities	(57,557)	(32,676)	(90,233)
Cash flows from investing activities:			
Interest on investments	71,780	27,078	98,858
Net cash provided by (used in) investing activities	71,780	27,078	98,858
Net increase (decrease) in cash and cash equivalents	98,737	31,131	129,868
Cash and cash equivalents - beginning	2,063,993	785,070	2,849,063
Cash and cash equivalents - ending	<u>\$ 2,162,730</u>	<u>\$ 816,201</u>	<u>\$ 2,978,931</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>			
Operating income (loss)	\$ (469,543)	\$ (143,852)	\$ (613,395)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	119,323	100,141	219,464
(Increase) decrease in accounts receivable	9,773	372	10,145
(Increase) decrease in due from primary government	(5,904)	-	(5,904)
(Increase) decrease in deferred credit	(1,122)	-	(1,122)
Increase (decrease) in due to primary government	3,304	(24,744)	(21,440)
Increase (decrease) in accounts payable	(19,943)	1,334	(18,609)
Total adjustments	105,431	77,103	182,534
Net cash provided by (used in) operating activities	<u>\$ (364,112)</u>	<u>\$ (66,749)</u>	<u>\$ (430,861)</u>

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



**WATERWORKS DISTRICT NO. 41**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

Waterworks District No. 41, a special district (District), is an enterprise fund of the County of Fresno (County), which is a political subdivision of the State of California.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District was formed on July 18, 1972, under the provisions of Government Code Section 55000 et. seq., to provide sewer service and water for domestic use and fire protection purposes for 842 developing properties south of Shaver Lake. The District is not subject to federal or state income taxes. The District is a component unit of the County of Fresno.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Basis of Accounting**

Pursuant to Governmental Accounting Standards Board (GASB) Standard No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary fund Accounting*, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989, are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government body is that the cost and expenses of providing goods or services to its customers be financed or recovered primarily through users charges; or where the governing body has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**WATERWORKS DISTRICT NO. 41**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Basis of Accounting** (Continued)

Enterprise funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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

The District reports the following major enterprise funds:

The *Water Fund* accounts for the District's operation on water service for domestic use and fire protection purpose.

The *Sewer Fund* accounts for the District's operation on sewer service for domestic use and fire protection purpose.

**C. Assets, Liabilities and Net Assets**

**1. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The District's cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District's current accounts payable and due to primary government balances of \$12,699 and \$37,515, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.

**WATERWORKS DISTRICT NO. 41**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**3. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives for the *water fund*:

<u>Types</u>	<u>Useful Lives</u>
Property and structures	10-40 Years
Pumps	25-75 Years
Intangible plant	15 Years
Services	10-30 Years
Telemetry system	15 Years
Tanks, wells, and meters	25-30 Years
Truck, shop, and field equipment	8-10 Years

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives for the *sewer fund*:

	<u>Useful Lives</u>
Waste building and structures	40 Years
Waste collection facilities	5-75 Years
Waste treatment facilities	10-40 Years
Waste shop and field equipment	5-10 Years
Waste disposal facilities	40 Years
Waste water master plan	15 Years
Telemetry system	15 Years

**WATERWORKS DISTRICT NO. 41**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**4. Long-Term Liabilities**

Long-term debt and other long-term obligations are reported as liabilities in the proprietary fund statements and the government-wide statements (either governmental activities or business-type activities, as applicable). Bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premiums and discounts. Issuance costs are reported as deferred charges.

In the governmental fund financial statements, bond premiums, discounts and issuance costs are recognized during the current period. The face amount of debt issued and any premiums received are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**5. Net Assets**

Net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**6. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

**WATERWORKS DISTRICT NO. 41**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**6. Property Taxes** (Continued)

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 CIIIA (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**7. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 — CASH AND CASH EQUIVALENTS**

**Summary of Deposits**

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 2,978,931</u>
Total cash and cash equivalents	<u>\$ 2,978,931</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Unrestricted cash and cash equivalents	\$ 2,264,647
Restricted cash and cash equivalents	<u>714,284</u>
Total cash and cash equivalents	<u>\$ 2,978,931</u>

**WATERWORKS DISTRICT NO. 41**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 2 — CASH AND CASH EQUIVALENTS** (Continued)

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**NOTE 3 — CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009, was as follows for the **water** fund:

	July 1, 2008 Balance	Additions	Retirements	June 30, 2009 Balance
Capital asset not being depreciated:				
Land	\$ 141,213	\$ -	\$ -	\$ 141,213
Total capital asset not being depreciated	<u>141,213</u>	<u>-</u>	<u>-</u>	<u>141,213</u>
Capital asset being depreciated:				
Buildings	94,987	-	-	94,987
Buildings improvement	4,878,757	-	-	4,878,757
Machinery and equipment	<u>63,232</u>	<u>24,973</u>	-	<u>88,205</u>
Total capital asset being depreciated	<u>5,036,976</u>	<u>24,973</u>	<u>-</u>	<u>5,061,949</u>
Less accumulated depreciation:				
Buildings	(44,481)	(2,571)	-	(47,052)
Buildings improvement	(2,906,299)	(112,045)	-	(3,018,344)
Machinery and equipment	<u>(43,627)</u>	<u>(4,708)</u>	-	<u>(48,335)</u>
Total accumulated depreciation	<u>(2,994,407)</u>	<u>(119,324)</u>	<u>-</u>	<u>(3,113,731)</u>
Capital Assets, Net	<u>\$ 2,183,782</u>	<u>\$ (94,351)</u>	<u>\$ -</u>	<u>\$ 2,089,431</u>

**WATERWORKS DISTRICT NO. 41**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 3 — CAPITAL ASSETS** (Continued)

Capital assets activity for the year ended June 30, 2009, was as follows for the **sewer** fund:

	July 1, 2008 Balance	Additions	Retirements	June 30, 2009 Balance
Capital asset being depreciated:				
Buildings	\$ 150,754	\$ -	\$ -	\$ 150,754
Buildings improvement	3,929,386	-	-	3,929,386
Machinery and equipment	26,420	-	-	26,420
Total capital asset being depreciated	<u>4,106,560</u>	<u>-</u>	<u>-</u>	<u>4,106,560</u>
Less accumulated depreciation:				
Buildings	(92,153)	(2,118)	-	(94,271)
Buildings improvement	(1,726,884)	(98,023)	-	(1,824,907)
Machinery and equipment	(26,420)	-	-	(26,420)
Total accumulated depreciation	<u>(1,845,457)</u>	<u>(100,141)</u>	<u>-</u>	<u>(1,945,598)</u>
Capital Assets, Net	<u>\$ 2,261,103</u>	<u>\$ (100,141)</u>	<u>\$ -</u>	<u>\$ 2,160,962</u>

**NOTE 4 — LONG-TERM DEBT**

The schedule of long-term liabilities for the year ended June 30, 2009, is as follows:

	July 1, 2008 Balance	Additions	Retirement	June 30, 2009 Balance	Due within One Year
General Obligation Bonds:					
Water	\$ 30,000	\$ -	\$ (30,000)	\$ -	\$ -
Sewer	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ (60,000)</u>	<u>\$ -</u>	<u>\$ -</u>

The District issued \$600,000 in general obligation bonds in January 1989. The bonds began maturing on February 1, 1990, and mature every year thereafter until the final principal amounts are paid on February 1, 2009. The proceeds were split between the Waterworks 41 Sewer and Waterworks 41 Water enterprise funds. Interest rates are ranges from 7.8% to 8.1%.

**WATERWORKS DISTRICT NO. 41**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 5 — EXCESS TAXES PAYABLE**

The District's GANN appropriation limit has been exceeded for the past five fiscal years beginning with the fiscal year 2004/2005. According to Article XIII B of the California Constitution, if the excess appropriations of two consecutive years combined still exceed the limit, the excess must be returned by either a revision of the tax rates or fee schedules within the next two fiscal years unless the excess is offset by a capital project or designated for a future capital outlay that meets the requirements of Article XIII B Section 9. The excess taxes per year are as follows:

2004/2005	\$ 27,190
2005/2006	99,094
2006/2007	189,954
2007/2008	232,110
2008/2009	<u>214,336</u>
Total excess taxes	<u>\$ 762,684</u>

As of June 30, 2009, excess tax totaled \$762,684; however, the District has incurred capital costs and/or has designated future capital projects that exceed this amount. The District is planning to set aside the money for future capital projects according to Article XIII B Section 9 of the California Constitution.

**NOTE 6 — RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 7 — COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.

**NOTE 8 — PRIOR PERIOD ADJUSTMENTS**

The District made the following adjustments to the opening net assets at July 1, 2008:

Sewer Fund:

Expenses were overstated in prior year	<u>\$ 18,628</u>
--	------------------



**WATERWORKS DISTRICT NO. 42  
COUNTY OF FRESNO, CALIFORNIA  
(A Component Unit of the County of Fresno)**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
June 30, 2009**

**WATERWORKS DISTRICT NO. 42**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**June 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets .....	2
Statement of Revenues, Expenses, and Changes in Net Assets .....	3
Statement of Cash Flows.....	4
Notes to the Basic Financial Statements .....	5



## INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors  
County of Fresno  
2281 Tulare Street  
Fresno, California 93721

Members of the Board:

We have audited the accompanying financial statements of Waterworks District No. 42 (District), a component unit of the County of Fresno, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Waterworks District No. 42 as of June 30, 2009, and the respective changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Waterworks District No. 42 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the financial statements.

*Price Paige & Company*

Clovis, California  
March 22, 2010

**WATERWORKS DISTRICT NO. 42**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF NET ASSETS**  
**June 30, 2009**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 442,093
Receivables:	
Accounts	1,860
Interest	<u>2,567</u>
Total current assets	<u>446,520</u>

Noncurrent assets:

Capital assets:

Depreciable:

Machinery and equipment	240,778
Less: accumulated depreciation	<u>(145,437)</u>
Total noncurrent assets	<u>95,341</u>

Total assets	<u>541,861</u>
--------------	----------------

**LIABILITIES**

Current liabilities:

Accounts payable	3,725
Due to primary government	<u>4,474</u>
Total current liabilities	<u>8,199</u>

Total liabilities	<u>8,199</u>
-------------------	--------------

**NET ASSETS**

Invested in capital assets	95,341
Unrestricted	<u>438,321</u>

Total net assets	<u><u>\$ 533,662</u></u>
------------------	--------------------------

**WATERWORKS DISTRICT NO. 42**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**For the Year Ended June 30, 2009**

Operating revenues:	
Charges for services	\$ 97,737
Other operating revenues	<u>249</u>
Total operating revenues	<u>97,986</u>
Operating expenses:	
Liability insurance	1,061
Maintenance - equipment	2,322
Maintenance - buildings and grounds	12,471
Office expense	2,058
Postage	644
Professional and specialized services	50,258
Specialized departmental expenses	259
Utilities	23,583
Depreciation	<u>8,985</u>
Total operating expenses	<u>101,641</u>
Operating income (loss)	<u>(3,655)</u>
Non-operating revenues:	
Investment earnings	<u>13,255</u>
Total non-operating revenues	<u>13,255</u>
Change in net assets	9,600
Net assets - beginning	<u>524,062</u>
Net assets - ending	<u>\$ 533,662</u>

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

**WATERWORKS DISTRICT NO. 42**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2009**

Cash flows from operating activities:	
Cash received from users	\$ 98,342
Cash paid to suppliers	(100,735)
Other operating receipts	<u>249</u>
Net cash provided by (used in) operating activities	<u>(2,144)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(19,449)</u>
Net cash provided by (used in) capital and related financing activities	<u>(19,449)</u>
Cash flows from investing activities:	
Interest on investments	<u>15,438</u>
Net cash provided by (used in) investing activities	<u>15,438</u>
Net increase (decrease) in cash and cash equivalents	(6,155)
Cash and cash equivalents - beginning	<u>448,248</u>
Cash and cash equivalents - ending	<u>\$ 442,093</u>

**Reconciliation of Operating Income (Loss) to Net Cash  
Provided by (Used in) Operating Activities:**

Operating income (loss)	\$ (3,655)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	8,985
(Increase) decrease in accounts receivable	605
Increase (decrease) in accounts payable	(6,530)
Increase (decrease) in due to primary government	<u>(1,549)</u>
Total adjustments	<u>1,511</u>
Net cash provided by (used in) operating activities	<u>\$ (2,144)</u>

**WATERWORKS DISTRICT NO. 42**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**A. Reporting Entity**

Waterworks District No. 42, a special district (District), is an enterprise fund of the County of Fresno (County), which is a political subdivision of the State of California. The District serves 105 residential customers and three vacant parcels.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any entities which would be component units of the District.

The District was formed on December 26, 1972, under the provisions of Government Code Section 55000 et. seq., to provide water for domestic use and fire protection for the developing area near Alluvial and Highland. The District is not subject to federal or state income taxes. The District is a component unit of the County of Fresno.

The District itself does not employ any personnel. The Department of Public Works and Planning staff provides the necessary services such as maintenance and accounting to the District on a reimbursement basis.

**B. Basis of Accounting**

Pursuant to Governmental Accounting Standards Board (GASB) Standard No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary fund Accounting*, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989, are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government body is that the cost and expenses of providing goods or services to its customers be financed or recovered primarily through users charges; or where the governing body has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**WATERWORKS DISTRICT NO. 42**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Basis of Accounting** (Continued)

Enterprise funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

**C. Assets, Liabilities and Net Assets**

**1. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The District’s cash is considered to be cash held by the County of Fresno. The County of Fresno allocates interest to the District based on the ending cash balances in the County of Fresno Treasury.

**2. Accounts Receivable**

The “direct write-off” method for accounts receivable was applied for accounts that had been established as uncollectible. An allowance for uncollectible accounts was recognized when an account was referred to the Revenue Reimbursement Division of the Auditor-Controller/Treasurer-Tax Collector and a Discharge of Accountability was received. The “direct write-off” method is not in compliance with generally accepted accounting principles, but the result was deemed immaterial to the financial statements taken as a whole. The District recorded a total of \$130 of allowance for uncollectible accounts during the period.

**3. Accounts Payable and Due to Primary Government**

Certain costs are incurred by the District during the current reporting period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The District’s current accounts payable and due to primary government balances of \$3,725 and \$4,474, respectively, as of June 30, 2009, are related to certain contract services and payments for utility fees.



**WATERWORKS DISTRICT NO. 42**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**4. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received. The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

<b><u>Type</u></b>	<b><u>Useful Lives</u></b>
Pumps, mains and hydrants	10-70 Years
Telemetry system	15 Years

**5. Net Assets**

Net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**6. Property Taxes**

The District receives monies for service-type property assessments, which are levied on the properties within the area. Assessments for fees and services are based on the benefit derived by each parcel within the District.

County of Fresno 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 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.

**WATERWORKS DISTRICT NO. 42**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

**6. Property Taxes** (Continued)

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 CIII A (known as Proposition 13) of the State of California Constitutions, the County is permitted to levy a maximum tax of 1 percent of full cash value.

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

**7. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 — CASH AND CASH EQUIVALENTS**

**Summary of Deposits**

Cash and cash equivalents as of June 30, 2009, consist of the following:

Deposits with County of Fresno Treasurer	<u>\$ 442,093</u>
Total cash and cash equivalents	<u>\$ 442,093</u>

Cash and cash equivalents as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 442,093</u>
Total cash and cash equivalents	<u>\$ 442,093</u>

**WATERWORKS DISTRICT NO. 42**  
**COUNTY OF FRESNO, CALIFORNIA**  
**(A Component Unit of the County of Fresno)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 2 — CASH AND CASH EQUIVALENTS** (Continued)

Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash in the County Treasury is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

The District does not have any deposits with financial institutions as of June 30, 2009.

**NOTE 3 — CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009, was as follows:

	July 1, 2008 Balance	Additions	Retirements	June 30, 2009 Balance
Capital assets being depreciated:				
Machinery and equipment	\$ 221,329	\$ 19,449	\$ -	\$ 240,778
Total capital assets being depreciated	221,329	-	-	240,778
Less accumulated depreciation:				
Machinery and equipment	(136,452)	(8,985)	-	(145,437)
Total accumulated depreciation	(136,452)	(8,985)	-	(145,437)
Capital Assets, Net	\$ 84,877	\$ 10,464	\$ -	\$ 95,341

**NOTE 4 — RISK MANAGEMENT**

The District 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 disaster. The District provides coverage for these losses through commercial insurance policies and/or through participation in the County of Fresno's Self-Insurance Program. Refer to County of Fresno CAFR for additional information.

**NOTE 5 — COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse affect on the financial position of the District.