

PRELIMINARY OFFICIAL STATEMENT DATED MAY ___, 2020

NEW ISSUE - BOOK-ENTRY ONLY

CUSIP No: 358244__

Rating: Standard & Poor's: “__+”
See “Rating” herein.

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the County, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel to the County, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by the State of California. See “Tax Matters” herein.



**[\$Principal Amount]*
COUNTY OF FRESNO,
CALIFORNIA**

2020-21 TAX AND REVENUE ANTICIPATION NOTES

Interest Rate: __% Reoffering Yield: __%

Dated Date: July 1, 2020*

Maturity Date: June 30, 2021

The County of Fresno, California (the “County”) is issuing its \$[Principal Amount]* 2020-21 Tax and Revenue Anticipation Notes (the “Notes”) for the purpose of financing seasonal cash flow requirements for its General Fund expenditures during the fiscal year ending June 30, 2021. In accordance with California law, the Notes are general obligations of the County, but are payable only out of the taxes, income, revenue, cash receipts, or other moneys of the County (including moneys deposited in inactive or term deposits (but excepting certain moneys which, when received by the County, will be encumbered for a special purpose unless an equivalent amount of the proceeds from the Notes is set aside for and used for said special purpose)) received or accrued by the County during Fiscal Year 2020-21 that are lawfully available for payment of the Notes and the interest thereon (collectively, the “Unrestricted Revenues”). The Notes and interest thereon are secured by a pledge of (i) Unrestricted Revenues received by the County during certain periods in Fiscal Year 2020-21 (“Pledged Moneys”) and, in the event such amounts are insufficient to permit the deposit into the Note Repayment Fund of the full amount of the Pledged Moneys to be deposited therein in any such period, (ii) Unrestricted Revenues available that have not been deposited previously into the Note Repayment Fund, as more particularly described herein. As provided in Article 7.6, Chapter 4, Part 1, Division 2, Title 5, Sections 53850 *et seq.* of the California Government Code (the “Act”), the Notes and the interest thereon will be a first lien and charge against, and will be payable from the first moneys received by the County from the Pledged Moneys. The Note Repayment Fund is to be held in trust by the County’s Auditor-Controller/Treasurer-Tax Collector, as fiscal agent (the “Fiscal Agent”). The County expects that the amounts required to be deposited in the Note Repayment Fund from Pledged Moneys will be sufficient to repay the Notes and accrued interest thereon. See “The Notes – Security and Sources of Payment for the Notes” herein. The County may issue additional series of tax and revenue anticipation notes upon satisfaction of certain conditions in the Resolution (defined herein). See “Introduction – Additional Notes” herein.

The Notes will be delivered in fully registered form without coupons. The Notes will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository of the Notes. Individual purchases of the Notes will be made in book-entry form only, in denominations of \$25,000 and integral multiples of \$5,000 in excess thereof. Purchasers of the Notes (the “Beneficial Owners”) will not receive certificates representing their interests in the Notes. The principal of and interest on the Notes will be paid on the Maturity Date by the Fiscal Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the Beneficial Owners. See “Book-Entry Only System” herein.

The Notes are not subject to redemption prior to maturity. See “The Notes – General” herein.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Notes are offered when, as and if executed and delivered, and received by the Underwriter, subject to the approval as to their legality by Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the County, and certain other conditions. Certain legal matters will be passed upon for the County by its Disclosure Counsel, Hawkins Delafield & Wood LLP, Los Angeles, California, and for the County by the County Counsel. It is anticipated that the Notes in definitive form will be available for delivery through the facilities of DTC, on or about July 1, 2020.

Dated: June __, 2020

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

[MAP]

COUNTY OF FRESNO, STATE OF CALIFORNIA

BOARD OF SUPERVISORS

| | |
|-------------------------------|-----------------|
| Ernest Buddy Mendes, Chairman | Fourth District |
| Steve Brandau, Vice Chairman | Second District |
| Brian Pacheco | First District |
| Sal Quintero | Third District |
| Nathan Magsig | Fifth District |

COUNTY OFFICIALS

Oscar J. Garcia, CPA, Auditor-Controller/Treasurer-Tax Collector
Jean M. Rousseau, CPA, County Administrative Officer
Daniel C. Cederborg, County Counsel
Bernice E. Seidel, Clerk of the Board of Supervisors

FISCAL AGENT

County of Fresno Auditor-Controller/Treasurer-Tax Collector

BOND COUNSEL AND DISCLOSURE COUNSEL

Hawkins Delafield & Wood LLP
Los Angeles, California

MUNICIPAL ADVISOR

KNN Public Finance, LLC
Oakland, California

No dealer, broker, salesperson or other person has been authorized by the County or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Notes other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Notes by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or owners of the Notes. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from the County and sources which the County believes to be reliable. The information and expression of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or any other parties described herein since the date hereof. All summaries of the Resolution or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the County for further information in connection therewith.

In connection with the offering of the Notes, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of such notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Notes to certain dealers and dealer banks and banks acting as agents at prices lower than the public offering price stated on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

The County maintains a website at www.co.fresno.ca.us. However, the information presented there is not part of this Official Statement, is not incorporated by reference herein and should not be relied upon in making an investment decision with respect to the Notes.

CUSIP is a registered trademark of American Bankers Association. CUSIP data in this Official Statement is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. CUSIP data herein is set forth for convenience of reference only. The County and the Municipal Advisor assume no responsibility for the selection or uses of the CUSIP data or for the accuracy or correctness of such data. The CUSIP number for the Notes is subject to being changed after the delivery of the Notes as a result of various subsequent actions.

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OFFICIAL STATEMENT

**[\$[Principal Amount]*
COUNTY OF FRESNO, CALIFORNIA
2020-21 TAX AND REVENUE ANTICIPATION NOTES**

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the Notes being offered, and a brief description of this Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

General

This Official Statement, including the cover and the Appendices attached hereto (the “Official Statement”), provides certain information concerning the sale and delivery of the 2020-21 Tax and Revenue Anticipation Notes in an aggregate principal amount of \$[Principal Amount]* (the “Notes”) of the County of Fresno (the “County”). The Notes are issued under the authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the “Act”) and a Resolution adopted by the Board of Supervisors of the County (the “County Board”) on May 26, 2020 (the “Resolution”). The Notes are being issued for the purpose of financing seasonal cash flow requirements of the County for its General Fund (the “General Fund”) expenditures during the fiscal year ending June 30, 2021. For additional information regarding General Fund expenditures, see Appendix A – “Financial, Economic and Demographic Information Regarding the County of Fresno - Financial and Economic Information” and Appendix B – “County of Fresno Cash Flow Statements” attached hereto.*

Security and Sources of Payment for the Notes

In accordance with California law, the Notes are general obligations of the County, but are payable only out of taxes, income, revenue, cash receipts, or other moneys of the County (including moneys deposited in inactive or term deposits (but excepting certain moneys which, when received by the County, will be encumbered for a special purpose unless an equivalent amount of the proceeds from the Notes is set aside for and used for said special purpose)) received or accrued by the County during Fiscal Year 2020-21 that are lawfully available for payment of the Notes and the interest thereon (collectively, the “Unrestricted Revenues”). The Notes and interest thereon are secured by a pledge of (i) Unrestricted Revenues received by the County during certain periods in the Fiscal Year 2020-21 (“Pledged Moneys”) and, in the event such amounts are insufficient to permit the deposit into the Note Repayment Fund (as hereinafter defined) of the full amount of the Pledged Moneys to be deposited therein in any such period, (ii) Unrestricted Revenues available that have not been deposited previously into the Note Repayment Fund, as more particularly described herein. As provided in the Act, the Notes and the interest thereon will be a first lien and charge against, and will be payable from the first moneys received by the County from the Pledged Moneys. The Note Repayment Fund is to be held in trust by the County’s Auditor-Controller/Treasurer-Tax Collector, as fiscal agent for the Notes (the “Fiscal Agent”). The County expects that the aggregate amounts required to be deposited in the Note Repayment Fund from Pledged Moneys

* Preliminary, subject to change.

will be sufficient to repay the Notes and accrued interest thereon when due. See “The Notes – Security and Sources of Payment for the Notes” herein.

General Description of the Notes

The Notes will be delivered in fully registered form without coupons. The Notes will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”) will act as securities depository of the Notes. Individual purchases of the Notes will be made in book-entry form only, in denominations of \$25,000 and integral multiples of \$5,000 in excess thereof. Purchasers of the Notes (the “Beneficial Owners”) will not receive certificates representing their interests in the Notes. The principal of and interest on the Notes will be paid on June 30, 2021 (the “Maturity Date”) by the Fiscal Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the Beneficial Owners. See “Book-Entry Only System” and “The Notes – General” herein.

The Notes are not subject to redemption prior to maturity.

Additional Notes

The County may issue additional series of tax and revenue anticipation notes on parity with the Notes upon satisfaction of certain conditions in the Resolution, including confirmation from S&P (defined herein) that the issuance of such additional series of tax and revenue anticipation notes will not cause a reduction or withdrawal in its rating on the first series of notes and an opinion of Bond Counsel to the effect that interest on the additional series of notes is excludable from gross income for federal income tax purposes. Pursuant to the Resolution, the Notes, together with any additional series of tax and revenue anticipations notes, may be issued in the aggregate principal amount of not to exceed \$[85,000,000].

Tax Matters

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the County, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel to the County, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by the State of California. See “TAX MATTERS” herein.

Continuing Disclosure

Pursuant to the Continuing Disclosure Certificate dated the date of issuance of the Notes (the “Continuing Disclosure Certificate”), the County will covenant to provide, no later than ten business days after their occurrence, notice of the occurrence of the events set forth in Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. Certain of the events set forth under Rule 15c2-12 do not apply to the Notes. See “Continuing Disclosure” and Appendix D attached hereto “Form of Continuing Disclosure Certificate”. These covenants have been made in order to assist the Underwriter (as hereinafter defined) in complying with Rule 15c2-12(b)(5).

Forward-Looking Statements

Certain statements included or incorporated by reference in the Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as

“plan,” “expect,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although such expectations reflected in such forward-looking statements are believed to be reasonable, there can be no assurance that such expectations will prove to be correct. The County is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

Miscellaneous

The Notes will be offered when, as and if executed and delivered, and received by the Underwriter, subject to the approval as to their legality by Bond Counsel and certain other conditions. It is anticipated that the Notes in definitive form will be available for delivery to DTC on or about July 1, 2020.

The descriptions herein of the Resolution are qualified in their entirety by reference to such document, and the descriptions herein of the Notes are qualified in their entirety by the form thereof and the information with respect thereto included in the aforementioned documents. Copies of the Resolution are on file and available for inspection at the County from the offices of the Auditor-Controller/Treasurer-Tax Collector at 2281 Tulare Street, Room 105, Fresno, California 93721, Attention: Auditor-Controller/Treasurer-Tax Collector and the Clerk of the Board of Supervisors at 2281 Tulare Street, Room 301, Fresno, California 93721, Attention: Clerk of the Board of Supervisors.

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

The presentation of information, including tables of receipt of revenues, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

THE NOTES

General

The Notes will be dated, will mature, and will bear interest at the rate per annum as shown on the cover page hereof computed on the basis of a 360-day year consisting of twelve 30-day months. Principal and interest on the Notes will be payable on the Maturity Date. The Notes will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Notes. Individual purchases of the Notes will be made in book-entry form only, in denominations of \$25,000 and in integral multiples of \$5,000 in excess thereof. Beneficial Owners (as defined below) of the Notes will not receive physical certificates representing the Notes purchased. The principal of and interest on the Notes will be paid on the Maturity Date by the Fiscal Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the Beneficial Owners. See “Book-Entry Only System” herein.

The Notes are not subject to redemption prior to maturity.

Security and Sources of Payment for the Notes

In accordance with California law, the Notes are general obligations of the County, but are payable only out of Unrestricted Revenues received or accrued by the County during Fiscal Year 2020-21 that are lawfully available for payment of the Notes and the interest thereon. The Notes and interest thereon are secured by a pledge of (i) Unrestricted Revenues received by the County during certain periods in the Fiscal Year 2020-21 (“Pledged Moneys”) and, in the event such amounts are insufficient to permit the deposit into the Note Repayment Fund of the full amount of the Pledged Moneys to be deposited therein in any such period, (ii) Unrestricted Revenues available that have not been deposited previously into the Note Repayment Fund, as more particularly described herein. The County expects that the amounts required to be deposited in the Note Repayment Fund from Pledged Moneys will be sufficient to repay the Notes and accrued interest thereon. The Note Repayment Fund is to be held in trust by the Fiscal Agent.

Pledged Moneys are as follows: (i) an amount equal to thirty percent (30%) of the aggregate principal amount of the Notes from the first Unrestricted Revenues to be received by the County in February 2021; (ii) an amount equal to forty percent (40%) of the aggregate principal amount of the Notes from the first Unrestricted Revenues to be received by the County in April 2021; (iii) an amount equal to thirty percent (30%) of the aggregate principal amount of the Notes from the first Unrestricted Revenues to be received by the County in May 2021; and (iv) an amount equal to (a) the interest accrued and to accrue on the Notes to the maturity thereof, from the first Unrestricted Revenues to be received by the County in June 2021, plus (b) an amount, if any, equal to the rebate amount calculated pursuant to the Resolution to be due to the United States Treasury.

As provided in the Act, the Notes and the interest thereon will be a first lien and charge against, and will be payable from, the first moneys received by the County from the Pledged Moneys. In the event that in any of the foregoing periods Unrestricted Revenues are insufficient to permit the deposit into the Note Repayment Fund of the full amount of the Pledged Moneys to be deposited therein in such period, Unrestricted Revenues available that have not been deposited previously into the Note Repayment Fund pursuant to the terms of the Resolution will be deposited by the Auditor-Controller/Treasurer-Tax Collector into the Note Repayment Fund up to the amount of any deficiency in the amount of Pledged Moneys required to be on deposit therein as of the last County business day of such period. The Notes will be secured by the Pledged Moneys ratably according to the amount of principal thereof and the accrued but unpaid interest thereon.

Use and Investment of Note Proceeds

Note proceeds will be deposited in the General Fund of the County and used and expended by the County for any purpose for which it is authorized to expend funds from the General Fund of the County, including, but not limited to, current expenses, capital expenditures, investment and reinvestment, and the discharge of any obligation or indebtedness of the County. Such note proceeds will be deposited in the County Investment Pool (as hereinafter defined) or invested as authorized by the Resolution. For certain information concerning the County’s pooled cash portfolio, see Appendix A “Financial, Economic and Demographic Information regarding the County of Fresno—Financial and Economic Information—Treasury Investment Pool” attached hereto.

Note Repayment Fund

In accordance with the provisions of the Resolution, a Note Repayment Fund (the “Note Repayment Fund”) is to be established by the County to be held in trust by the Fiscal Agent and all Pledged Moneys (as that term is defined in the Resolution) are to be deposited into the Note Repayment Fund as required by the terms of the Resolution. Moneys in the Note Repayment Fund are to be invested in Qualified

Investments (as hereinafter defined) that provide sufficient liquidity so that moneys will be available no later than the Maturity Date. Moneys in the Note Repayment Fund are to be used to pay the Notes and the interest thereon when and as they become due and payable, and amounts necessary to pay any rebate requirement as provided in the Resolution, and may not be used for any other purposes, provided, however, that any proceeds of any such investments may, upon the request of the Auditor-Controller/Treasurer-Tax Collector, be transferred by the Fiscal Agent to the County's General Fund. Any balance in the Note Repayment Fund on the Maturity Date in excess of the amounts needed to pay the principal of and interest on the Notes shall be transferred to the County's General Fund.

Moneys in the Note Repayment Fund will be deposited with the Fiscal Agent and shall be invested by the Fiscal Agent in Qualified Investments. "Qualified Investments" consist of any of the following securities, provided that in no event shall any Qualified Investment mature or otherwise be repayable such that moneys will be available later than the Maturity Date: (a) United States Treasury obligations and other direct obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest; (b) obligations fully guaranteed as to principal and interest by the United States or any agency of the United States; (c) obligations of the following government sponsored agencies that are not backed by the full faith and credit of the United States: (i) Federal Home Loan Mortgage Corp., (ii) Farm Credit System, (iii) Federal Home Loan Banks, (iv) Federal National Mortgage Association, (v) Student Loan Marketing Association, (vi) Financing Corp., (vii) Resolution Funding Corp., and (viii) U.S. Agency for International Development guaranteed notes that mature at least four business days prior to the payment date set forth therein; (d) deposits of the Federal Deposit Insurance Corporation that are fully insured and have a predetermined fixed dollar amount of principal due at maturity; (e) debt obligations rated "AAA" by S&P (herein defined), or "AA-" if such obligations mature 365 days or less and pre-refunded municipals rated "AAA" by S&P; (f) commercial paper rated A-1+ by S&P, and maturing in not more than 365 days; (g) investments in money market funds rated 'AAAm' or 'AAAm-G' by S&P; (h) certain stripped securities where the principal-only and interest-only strips of noncallable obligations are issued by the United States Treasury and REFCORP securities stripped by the Federal Reserve Bank of New York; (i) repurchase agreements of any securities described in clauses (a) or (b) of this definition of Qualified Investments or of certificates of deposit or banker's acceptances (with maturities that do not exceed 365 days) of any bank, the short-term obligations of which are rated "A-1+" by S&P, in each case that have a maximum maturity of one year or are due on demand; (j) investment agreements, including guaranteed investment contracts, with any entity whose claims-paying ability or senior long-term unsecured debt obligations are rated "AA-" or higher by S&P, which are guaranteed by an entity whose claims-paying ability or senior long-term unsecured debt obligations are rated "AA-" or higher by S&P, or which investment agreements are rated "AA-" or higher by S&P; (k) the Local Agency Investment Fund ("LAIF-California") created by California law which the State Treasurer invests through the Pooled Money Investment Account; (l) the Pooled Investment Fund of the County of Fresno; and (m) any other investment authorized by S&P.

BOOK-ENTRY ONLY SYSTEM

The following information concerning The Depository Trust Company and its book-entry system has been obtained from sources the County believes to be reliable; however, the County takes no responsibility as to the accuracy or completeness thereof. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

The Depository Trust Company ("DTC"), will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-

registered security certificate will be issued in the aggregate principal amount of the Notes, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to

Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Fiscal Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the County subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal of and interest on the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Fiscal Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the County or the Fiscal Agent. Under such circumstances, in the event that a successor depository is not obtained, security certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC and the requirements of the County Resolution with respect to certificated Notes will apply.

THE COUNTY, THE FISCAL AGENT AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SECURITIES (I) PAYMENTS OF PRINCIPAL OF AND INTEREST EVIDENCED BY THE SECURITIES (II) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SECURITIES OR (III) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE SECURITIES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

NEITHER THE COUNTY, THE FISCAL AGENT NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OR COMPLETENESS OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON SECURITIES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE RESOLUTION; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE SECURITIES.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

Article XIII A of the State Constitution

Section 1(a) of Article XIII A of the State Constitution (“Article XIII A”) limits the maximum ad valorem tax on real property to 1% of full cash value (as defined in Section 2 of Article XIII A), to be collected by counties and apportioned according to law. Section 1(b) of Article XIII A provides that the 1% limitation does not apply to (1) ad valorem taxes to pay interest or redemption charges on indebtedness approved by the voters prior to July 1, 1978, or (2) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition, or (3) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities approved after November 8, 2000, by 55% of the voters of the district or county, as appropriate, voting on the proposition, provided certain accountability requirements are satisfied. Section 2 of Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the 1975–76 tax bill under ‘full cash value’ or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment” (“Full Cash Value”). The Full Cash Value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors including a general economic downturn. Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any ad valorem property tax except to pay debt service on indebtedness approved by the voters as described above.

The voters of the State subsequently approved various measures that further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the Full Cash Value of other real property between parents and children, do not constitute a “purchase” or “change of ownership” triggering reappraisal under Article XIII A. Other amendments permitted the State Legislature to allow persons over the age of 55 who meet certain criteria or “severely disabled homeowners” who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence’s assessed value to the new residence. Other amendments permit the State Legislature to allow persons who are either 55 years of age or older, or who are “severely disabled,” to transfer the old residence’s assessed value to their new residence located in either the same or a different county and acquired or newly constructed within two years of the sale of their old residence. In the November 1990 election, the voters approved an amendment of Article XIII A to permit the State Legislature to exclude from the definition of “new construction” certain additions and improvements, including seismic retrofitting improvements and improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990. Article XIII A has also been amended to provide that there would be no increase in the Full Cash Value base in the event of reconstruction of property damaged or destroyed in a disaster.

Section 4 of Article XIII A provides that cities, counties and special districts cannot, without a two-thirds vote of the qualified electors, impose special taxes, which has been interpreted to include special fees in excess of the cost of providing the services or facility for which the fee is charged, or fees levied for general revenue purposes.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of “situs” among the jurisdictions that

serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of “base” revenue from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation the following year. The County is unable to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other ad valorem property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Article XIII B of the State Constitution

State and local government agencies in the State are each subject to annual “appropriations limits” imposed by Article XIII B of the State Constitution (“Article XIII B”). Article XIII B prohibits government agencies and the State from spending “appropriations subject to limitation” in excess of the appropriations limit imposed. The base year for establishing such appropriations limit is fiscal year 1978 79. “Appropriations subject to limitation” are generally authorizations to spend “proceeds of taxes,” which include all, but are not limited to, tax revenues, and the proceeds from (i) regulatory licenses, user charges or other user fees to the extent that such proceeds exceed “the cost reasonably borne by that entity in providing the regulation, product, or service” (ii) the investment of tax revenues, and (iii) certain subventions received from the State. No limit is imposed on appropriations of funds which are not “proceeds of taxes,” appropriated for debt service on indebtedness existing prior to the passage of Article XIII B or authorized by the voters or appropriations required to comply with certain mandates of courts or the federal government.

As amended at the June 5, 1990 election by Proposition 111, Article XIII B provides that, in general terms, a county’s appropriations limit is based on the limit for the prior year adjusted annually to reflect changes in cost of living, population and, when appropriate, transfer of financial responsibility of providing services from one governmental unit to another. Proposition 111 liberalized the aforementioned adjustment factors as compared to the original provisions of Article XIII B. If county revenues during any two consecutive fiscal years exceed the combined appropriations limits for those two years, the excess must be returned by a revision of tax rates or fee schedules within the two subsequent fiscal years. Section 7900, et seq. of the California Government Code defines certain terms used in Article XIII B and sets forth the methods for determining the appropriations limits for local jurisdictions.

The County’s annual appropriation limit for the Fiscal Year 2015-16 is approximately \$509.8 million. The limitation applies only to proceeds of taxes and therefore does not apply to regulatory licenses, user charges, user fees and service fees and charges that do not exceed the reasonable cost of services, investment earnings on non-proceeds of taxes, fines, and revenue from the sale of property and taxes received from the State and federal governments that are tied to special programs. Based on the County’s adopted budget for Fiscal Year 2015-16, the funds subject to the annual appropriation limit will total approximately \$274.6 million (total General Operating Budget minus non-proceeds of taxes and debt service) and are approximately \$235.7 million below the Article XIII B limit.

Articles XIII C and XIII D of the State Constitution

On November 5, 1996, the voters of the State approved Proposition 218, the “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the State Constitution, which contain a number of provisions affecting the ability of the County to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIII C of the State Constitution (“Article XIII C”) requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the County require a majority vote and taxes for specific purposes, even if deposited in the general fund, require

a two-thirds vote. The voter approval requirements of Article XIII C reduce the County's flexibility to deal with fiscal problems by raising revenue through new or extended or increased taxes and no assurance can be given that the County will be able to raise taxes in the future to meet increased expenditure requirements.

Article XIII D of the State Constitution ("Article XIII D") contains several provisions making it generally more difficult for local agencies to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property. The County has several County Service Areas in unincorporated neighborhoods and communities. If the County is unable to continue to collect assessment revenues for these programs, the programs might have to be curtailed. The County is unable to predict whether it will be able to continue to collect assessment revenues for these programs in light of Article XIII D. The provisions of Article XIII D will also make it more difficult for the County to establish assessment-based programs in the future.

Article XIII D also contains several provisions affecting a "fee" or "charge," defined for purposes of Article XIII D to mean "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service." All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) with respect to any parcel or person, exceed the proportional cost of the service attributable to the parcel, (iv) are for a service not actually used by, or immediately available to, the owner of the property in question, or (v) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The County must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the County may not impose or increase the fee or charge. In *Morgan et al., v. Imperial Irrigation District and Imperial County Farm Bureau*, the appellate court held that Proposition 218 does not require the agency to conduct a separate protest election for each different rate class comprised of owners of identified parcels. Instead, the agency need only conduct a single a protest election for a collection of rate increases involving all its customers. Moreover, except for fees or charges for sewer, water and refuse collection services (or fees for electrical and gas service, which are not treated as "property related" for purposes of Article XIII D), no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area. The annual amount of revenues that are received by the County and deposited into its General Fund which may be considered to be property related fees and charges under Article XIII D of Proposition 218 is not substantial. Accordingly, the County does not presently anticipate that any impact Article XIII D may have on future fees and charges will adversely affect the ability of the County to pay the principal of and interest on the Notes as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services to avoid new costs for the County General Fund in the event the fees and charges that presently finance them are reduced or repealed.

In addition to the provisions described above, Article XIII C removes prohibitions and limitations on the initiative power in matters of any "local tax, assessment, fee or charge." Consequently, the voters of the County could, by future initiative, repeal, reduce or prohibit the future imposition or increase of any local tax, assessment, fee or charge. In *Bighorn-Desert View Water Agency v. Vergil* (2006), the California Supreme Court indicated that the terms "assessment," "fee" and "charge," are not defined in Article XIII C and it is not clear whether the definitions of these terms in Article XIII D (which are generally

property-related as described above) would limit the scope of the initiative power set forth in Article XIII C. If the Article XIII D definitions are not held to limit the scope of Article XIII C initiative powers, then the Article XIII C initiative power could potentially apply to revenue sources that currently constitute a substantial portion of general fund revenues. No assurance can be given that the voters of the County will not, in the future, approve initiatives that repeal, reduce or prohibit the future imposition or increase of local taxes, assessments, fees or charges.

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity. Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010, unless exempted, as stated above. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies. As of the date hereof, none of the County’s fees or charges has been challenged in a court of law in connection with the requirements of Proposition 26 and Proposition 26 has not adversely affected the County’s ability to pay when due its debt obligations.

Proposition 1A

Proposition 1A (“Proposition 1A”), proposed by the Legislature as a Senate Constitutional Amendment in connection with the 2004-05 Budget Act and approved by California voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the VLF rate below 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates

affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates. The State's ability to initiate future exchanges and shifts of funds will be limited by Proposition 22. See "– Proposition 22" below.

Proposition 22

Proposition 22 ("Proposition 22"), which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. Proposition 22 supersedes the provisions of Proposition 1A that allow the State to borrow money from local governments and prohibits any future such borrowings by the State from local government funds. See "– Proposition 1A" herein. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increase school and community college district's share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. The County does not believe that Proposition 22 will have a significant impact on its financial condition.

Proposition 26

Proposition 26 ("Proposition 26"), which was approved by California voters on November 2, 2010, revises the California Constitution to expand the definition of "taxes." Proposition 26 re-categorizes many State and local fees as taxes and specifies a requirement of two-thirds voter approval for taxes levied by local governments.

Proposition 26 requires the State obtain the approval of two-thirds of both houses of the State Legislature for any proposed change in State statutes, which would result in any taxpayer paying a higher tax. Proposition 26 eliminates the previous practice whereby a tax increase coupled with a tax reduction that resulted in an overall neutral fiscal effect was subject only to a majority vote in the State Legislature. Furthermore, pursuant to Proposition 26, any increase in a fee above the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require such two-thirds vote of approval to be effective. In addition, for State imposed fees and charges, any fee or charge adopted after January 1, 2010 with a majority vote of approval of the State Legislature which would have required a two-thirds vote of approval of the State Legislature if Proposition 26 were effective at the time of such adoption is repealed as of November 2011 absent the re-adoption by the requisite two-thirds vote.

Proposition 26 amends Article XIII C of the State Constitution to state that a "tax" means a levy, charge or exaction of any kind imposed by a local government, except (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase rental or lease of local

government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Proposition 218. See “– Proposition 218” herein.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010, unless exempted, as stated above. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies. As of the date hereof, none of the County’s fees or charges has been challenged in a court of law in connection with the requirements of Proposition 26.

If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two-thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a fifty percent voter requirement. Proposed local government fees that are not subject to Proposition 26 generally are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of the affected property owners.

Statutory Limitations

A statutory initiative (“Proposition 62”) was adopted by State voters at the November 4, 1986 General Election, which (1) requires that any tax for general governmental purposes imposed by local governmental entities be approved by resolution or ordinance adopted by two-thirds vote of the governmental agency’s legislative body and by a majority of the electorate of the governmental entity voting in such election, (2) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters within that jurisdiction voting in such election, (3) restricts the use of revenues from a special tax to the purpose or for the service for which the special tax was imposed, (4) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A, (5) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities and (6) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the electorate voting in such election within two years of the adoption of the initiative or be terminated by November 15, 1988. Proposition 62 requirements are generally not applicable to general taxes and special taxes levied prior to its November 4, 1986 effective date.

On September 28, 1995, the California Supreme Court filed its decision in *Santa Clara County Local Transportation Authority v. Carl Guardino*, 11 Cal. 4th 220 (1995) (“*Santa Clara*”), which upheld a Court of Appeal decision invalidating a 1/2-cent countywide sales tax for transportation purposes levied by a local transportation authority. The California Supreme Court based its decision on the failure of the authority to obtain a two-thirds vote of the electorate for the levy of a “special tax,” as required by Proposition 62. *Santa Clara* did not address the question of whether or not it should be applied retroactively.

In deciding *Santa Clara* on Proposition 62 grounds, the Court disapproved the decision in *City of Woodlake v. Logan*, 230 Cal. App. 3d 1058 (1991) (“*Woodlake*”), where the Court of Appeal had held portions of Proposition 62 unconstitutional as a referendum on taxes prohibited by the State Constitution. The State Supreme Court determined that the voter approval requirement of Proposition 62 is a condition precedent to the enactment of each tax statute to which it applies, while referendum refers to a process invoked only after a statute has been enacted. Numerous taxes to which Proposition 62 would apply were imposed or increased without voter approval in reliance on *Woodlake*. The Court notes as apparently

distinguishable, but did not confirm, the decision in *City of Westminster v. County of Orange*, 204 Cal. App. 3d 623 (1988), which held unconstitutional the provision of Proposition 62 requiring voter approval of taxes imposed during the “window period” of August 1, 1985 until November 5, 1986. Proposition 62 as an initiative statute does not have the same level of authority as a constitutional initiative, but is analogous to legislation adopted by the State Legislature. After the passage of Proposition 218, certain provisions of Proposition 62 (e.g. voter approval of taxes) are governed by the State Constitution.

Following the *Guardino* decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62. On June 4, 2001, the State Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al.* (“*La Habra*”). In this case, the court held that a public agency’s continued imposition and collection of a tax is an ongoing violation upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought. The County believes that the portion of the County’s taxes subject to Proposition 62 is in compliance with Proposition 62 requirements.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D, Proposition 111, Proposition 1A, Proposition 62, Proposition 22, and Proposition 26 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time, other initiative measures could be adopted, further affecting revenues of the County or the County’s ability to expend revenues. The nature and impact of these measures cannot be predicted by the County.

ENFORCEABILITY OF REMEDIES

The rights of the owners of the Notes are subject to the limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the County, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against counties in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held in the case of *County of Orange v. Merrill Lynch* that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county, but was not required to directly address the State statute that provides for the lien in favor of holders of tax and revenue anticipation notes. The County expects to be in possession of certain Unrestricted Revenues that are pledged and will be set aside to repay Notes and, following payment of these funds to the Fiscal Agent, these funds will be invested in the name of the Fiscal Agent for a period of time in the

County Investment Pool. In the event of a petition for the adjustment of County debts under Chapter 9 of the Bankruptcy Code, a court might hold that the Owners of the Notes do not have a valid and prior lien on the such pledged amounts where such amounts are deposited in the County Investment Pool and may not provide the Note owners with a priority interest in such amounts. Such pledged amounts may not be available for payment of principal of and interest on the Notes unless the Owners could “trace” the funds from the Note Repayment Fund that have been deposited in the County Investment Pool. There can be no assurance that the Owners could successfully so “trace” the pledged amounts.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the County, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the County in connection with the Notes, and Bond Counsel has assumed compliance by the County with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the County, under existing statutes, interest on the Notes is exempt from personal income taxes of the State of California and its political subdivisions.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The County has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Premium Notes

In general, if an owner acquires a note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the bond premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such note). An owner of a Premium Note must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Note, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Notes should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, sale, execution and delivery by the County of the Notes are subject to the approval of Hawkins Delafield & Wood LLP, Bond Counsel to the County. A complete copy of the proposed form of opinion of Bond Counsel is contained in Appendix E hereto. Certain legal matters will be passed upon for the County by its Disclosure Counsel, Hawkins Delafield & Wood LLP, Los Angeles, California, and by the County Counsel.

MUNICIPAL ADVISOR

KNN Public Finance, LLC, served as Municipal Advisor to the County in connection with the issuance of the Notes.

LITIGATION

No litigation is pending or threatened concerning the validity of the Notes, and an opinion of the County Counsel (based upon its best knowledge after reasonable investigation) to that effect will be furnished to the purchaser at the time of the original delivery of the Notes. The County is not aware of any litigation pending or threatened questioning the political existence of the County or contesting the County's ability to levy and collect ad valorem taxes or contesting the County's ability to issue and pay the Notes.

There are a number of lawsuits and claims pending against the County. The County does not believe that any of these proceedings could have a material adverse impact upon the financial condition of the County.

RATING

The Notes have been assigned a rating of “___” by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business (“S&P”). An explanation of the significance of such rating may be obtained from S&P. The rating reflects the views of S&P and the County makes no representation as to the appropriateness of the rating. Further, there is no assurance that such rating will continue for any given

period of time or that it will not be revised or withdrawn entirely if in the sole judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the trading value and the market price of the Notes.

UNDERWRITING

The Notes were sold at competitive bid on June __, 2020. The Notes were awarded to _____ (the “Underwriter”), at a purchase price of \$_____ (which amount equals the principal amount of the Notes plus a bid premium of \$_____). The Notice Inviting Bids provides that all Notes would be purchased if any were purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Notice Inviting Bids, the approval of certain legal matters by Bond Counsel and certain other conditions.

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate, the County will covenant to provide, no later than ten business days after their occurrence, notice of the occurrence of the events set forth in Rule 15c2-12 to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. Certain of the events set forth under Rule 15c2-12 do not apply to the Notes. The County’s obligations under the Resolution with respect to continuing disclosure shall terminate upon payment in full of all of the Notes without any requirement to provide notice to any owner or holder of the Notes. If such termination occurs prior to the final maturity of the Notes, the County shall give notice of such termination in the same manner as notice of a Listed Event. See Appendix E – “Form of Continuing Disclosure Certificate” attached hereto. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the SEC.

The County did not include its audited financial statements for the Fiscal Years ended June 30, 2016 and June 30, 2017 with its Annual Reports for such Fiscal Years for its Annual Reports for such Fiscal Years for its Taxable Pension Obligation Bonds, Refunding Series 2002, Taxable Pension Obligation Bonds, 2004 Series A, Taxable Pension Obligation Bonds, 2004 Series B, Lease Revenue Refunding Bonds, Series 2012A, Taxable Pension Obligation Refunding Bonds, 2015 Series A and Lease Revenue Refunding Bonds, Series 2016. The County filed its audited financial statements for the Fiscal Years ended June 30, 2016 and June 30, 2017 on March 1, 2019.

MISCELLANEOUS

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as an opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in affairs in the County since the date hereof.

The execution and delivery of this Official Statement have been duly authorized by the County.

COUNTY OF FRESNO

By: _____
Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

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APPENDIX A
FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION
REGARDING THE COUNTY OF FRESNO

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FINANCIAL AND ECONOMIC INFORMATION

Budgetary Process

The County of Fresno (the “County”) is required by State of California (the “State”) law to adopt on or before October 2 a fiscal line item budget setting forth final expenditures, revenues, and fund balances available so that appropriations during that fiscal year will not exceed available financing. The County’s Fiscal Year 2019-20 Adopted Budget (the “Fiscal Year 2019-20 Adopted County Budget”) was approved by the Board of Supervisors of the County of Fresno (the “County Board”) on September 16, 2019. The County’s Fiscal Year 2020-21 Temporary Budget (the “Fiscal Year 2020-21 Temporary County Budget”) is expected to be submitted to the County Board on June 23, 2020. See “– County Budget.”

As part of the County’s process for ensuring that expenditures do not exceed authorized levels or available financing sources, a mid-year review is provided to the County Board in March. In the event of any shortfall in projected revenue, immediate steps are taken to mitigate the shortfall through the identification of alternative funding sources or reducing appropriations. Similarly, if expenditures are projected to exceed appropriations, steps are taken to reduce expenditures in other accounts within the affected department or to transfer available resources to offset the added expenditure requirement. The County’s Auditor-Controller/Treasurer-Tax Collector is responsible for controlling expenditures within budgeted appropriations. Counties in the State are not permitted by State law to impose fees to raise general revenue, but only to recover the costs of regulation or provision of services. Pursuant to Proposition 26, any increase in a fee above the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require such two-thirds vote of approval to be effective. See “Constitutional and Statutory Limitations on Taxes, Revenues and Appropriations – Proposition 26” in the forepart of this Official Statement.

Revenues for the County’s General Fund (the “General Fund”) are derived from such sources as taxes, licenses, permits and franchises, fines, forfeitures and penalties, use of money and property, aid from other governmental agencies, charges for current services and other revenue. The County’s current practice is to assume approximately 2% growth in assessed valuation for budgeting purposes when forecasting revenues. General Fund expenditures and encumbrances are classified by the functions of public safety, health and human services, land use and environment, community services, finance and general government and other. Increases in the aggregate appropriations based on actual or anticipated increases in available financing can be made after the annual budget has been adopted upon approval by the County Board. The County receives a significant amount of its revenues from the State. Accordingly, the County is dependent upon the State budget and payments made or appropriated by the State to the County for various programs. See “State of California Budget and Supplemental Financial Information”.

County Budget

The Fiscal Year 2019-20 Adopted County Budget was approved by the County Board on September 16, 2019. The total governmental funds budget, inclusive of the approximately \$1.87 billion General Fund budget, for the Fiscal Year 2019-20 Adopted County Budget, is approximately \$3.37 billion and funds permanent staffing of 8,053 positions. The Fiscal Year 2019-20 Adopted County Budget is subject to certain additional expenditures and the County may receive less revenues than it budgeted as a result of the COVID-19 pandemic. See “– COVID-19 and Potential Impact on County Finances.”

The Fiscal Year 2020-21 Temporary County Budget is expected to be submitted to the County Board on June 23, 2020. In accordance with County budgetary procedures, the Fiscal Year 2020-21 Temporary County Budget will be based on estimates from the Fiscal Year 2019-20 Adjusted County Budget (which is the Fiscal Year 2019-20 Adopted County Budget as subsequently adjusted) without

including capital expenditures or accounting for reserves or any reductions in expenditures. The County’s Fiscal Year 2020-21 Temporary Recommended Budget will not reflect any impact of the COVID-19 pandemic. Formal budget hearings are expected begin on September 14, 2020, after which the County will adopt its Fiscal Year 2020-21 Budget (the “Fiscal Year 2020-21 Adopted Budget”). The County’s Fiscal Year 2020-21 Adopted Budget will be subject to certain additional expenditures and the County may receive less revenues as a result of the COVID-19 pandemic. See “– COVID-19 and Potential Impact on County Finances.”

The following Table 1 sets forth the County’s adopted budget for the General Fund for Fiscal Years 2017-18, 2018-19 and 2019-20.

TABLE 1
COUNTY OF FRESNO
GENERAL FUND ANNUAL BUDGETS
Fiscal Years Ended June 30, 2018 through 2020
(\$ in Thousands)

| | <u>Adopted</u> <u>2017-18</u> <u>Budget</u> | <u>Adopted</u> <u>2018-19</u> <u>Budget</u> | <u>Adopted</u> <u>2019-20</u> <u>Budget</u> |
|--|--|--|--|
| <u>REQUIREMENTS:</u> | | | |
| General Government | \$ 120,873 | \$ 93,932 | \$ 111,243 |
| Public Protection | 429,790 | 483,926 | 516,436 |
| Public Ways and Facilities | 3,400 | 3,321 | 3,973 |
| Health and Sanitation | 358,195 | 372,742 | 452,154 |
| Public Assistance | 692,074 | 708,033 | 744,080 |
| Education | 356 | 361 | 361 |
| Recreation and Cultural | 3,592 | 4,532 | 4,511 |
| Contingencies & Reserves | <u>17,985</u> | <u>18,976</u> | <u>39,000</u> |
| <u>TOTAL REQUIREMENTS</u> | <u>\$1,626,195</u> | <u>\$1,685,823</u> | <u>\$1,871,758</u> |
| <u>AVAILABLE FUNDS:</u> | | | |
| Fund Balance Available | \$ 73,127 | \$ 50,000 | \$ 83,038 |
| Taxes ⁽¹⁾ | 253,395 | 264,213 | 275,571 |
| Licenses, Permits & Franchise | 11,817 | 11,866 | 10,733 |
| Fines, Forfeits, & Penalties | 6,124 | 5,757 | 6,014 |
| Use of Money & Property | 2,776 | 2,801 | 2,956 |
| Aid From Other Govt. Agencies | 212,852 | 234,629 | 263,851 |
| Charges for Current Services | 47,240 | 49,360 | 51,990 |
| Other Revenues (Other Financing Sources) | 982,117 | 1,028,686 | 1,137,163 |
| Miscellaneous Revenues | 7,628 | 8,566 | 8,731 |
| Intrafund Revenue | <u>29,119</u> | <u>29,945</u> | <u>31,711</u> |
| <u>TOTAL AVAILABLE FUNDS</u> | <u>\$1,626,195</u> | <u>\$1,685,823</u> | <u>\$1,871,758</u> |

Source: County of Fresno.

⁽¹⁾ Includes sales and use taxes, *ad valorem* taxes and other taxes.

Financial Statements

The following Table 2 sets forth the County's Statement of General Fund Revenues, Expenditures and Changes in Fund Balances for Fiscal Years 2015-16 through 2018-19.

TABLE 2
COUNTY OF FRESNO
STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Fiscal Years Ended June 30, 2016 through 2019
(\$ in thousands)

| | <u>June 30, 2016</u> | <u>June 30, 2017</u> | <u>June 30, 2018</u> | <u>June 30, 2019</u> |
|--|----------------------|----------------------|-------------------------|----------------------|
| REVENUES | | | | |
| Taxes | \$ 248,704 | \$ 255,054 | \$ 271,442 | \$ 280,009 |
| Licenses and Permits | 8,158 | 8,097 | 10,503 | 13,143 |
| Fines, Forfeits, and Penalties | 5,901 | 4,868 | 5,480 | 5,339 |
| Use of Money and Property | 3,142 | 619 | 2,618 | 6,520 |
| Aid from Other Governmental Agencies | 154,475 | 201,009 | 244,584 | 198,554 |
| Charges for Current Services | 44,002 | 41,639 | 47,548 | 47,978 |
| Other Revenues | <u>11,759</u> | <u>13,654</u> | <u>15,659</u> | <u>9,107</u> |
| Total Revenues | \$ <u>476,141</u> | \$ <u>524,940</u> | \$ <u>597,834</u> | \$ <u>560,650</u> |
| EXPENDITURES: | | | | |
| General Government | \$ 40,860 | \$ 59,077 | \$ 42,741 | \$ 43,206 |
| Public Ways and Facilities | 1,464 | 2,025 | 2,006 | 2,406 |
| Public Protection | 340,582 | 359,408 | 383,305 | 431,489 |
| Public Assistance, Health and Sanitation | 831,826 | 853,430 | 930,656 | 901,629 |
| Education | 201 | 195 | 239 | 200 |
| Culture and Recreational | 2,688 | 2,898 | 4,453 | 2,998 |
| Capital Outlay | <u>6,475</u> | <u>7,036</u> | <u>6,036</u> | <u>46,072</u> |
| Total Expenditures | \$ <u>1,224,096</u> | \$ <u>1,284,069</u> | \$ <u>1,369,436</u> | \$ <u>1,428,000</u> |
| Excess (Deficit) of Revenues Over/ (Under) Expenditures | \$ (747,955) | \$ (759,129) | \$ (771,602) | \$ (867,350) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from sale of capital assets | 16 | 248 | 227 | 121 |
| Transfers In ⁽¹⁾ | \$ 784,822 | 826,820 | \$ 900,364 | \$ 939,515 |
| Transfers Out ⁽¹⁾ | <u>(66,357)</u> | <u>(56,670)</u> | <u>(107,456)</u> | <u>(67,399)</u> |
| Total Other Financing Sources (Uses) | \$ <u>718,481</u> | \$ <u>770,398</u> | \$ <u>793,135</u> | \$ <u>871,237</u> |
| Net Change in Fund Balances | \$ 29,474 | \$ 11,269 | \$ 21,533 | \$ 3,887 |
| Fund Balance – Beginning | \$ 190,533 | \$ 200,171 | \$ 211,440 | \$ 205,617 |
| Prior Period Adjustment | 39,112 | -- | (27,356) ⁽²⁾ | \$ (5,386) |
| Fund Balance – Ending | \$ <u>200,171</u> | \$ <u>211,440</u> | \$ <u>205,617</u> | \$ <u>204,118</u> |

Sources: County of Fresno Audited Financial Statements for Fiscal Years 2015-16 through 2018-19.

⁽¹⁾ Transfers are comprised principally of transfers between the General and Special Revenue funds and are related to State/Local Program Realignment, Vehicle License Fees, State and federal grants, and other appropriations to debt service transfers to pay principal and interest payments on lease revenue bonds and pension obligation bonds.

⁽²⁾ For the Fiscal Year ended June 30, 2018, Prior Period Adjustment reflects primarily the reclassification of loans incurred by the County under the Housing Affordable Refinance Program and certain prepaid expenditures.

The following Table 3 sets forth the County's General Fund Balance Sheets for Fiscal Years 2014-15 through 2018-19.

TABLE 3
COUNTY OF FRESNO
GENERAL FUND BALANCE SHEETS
Fiscal Years Ended June 30, 2015 through 2019
(\$ in thousands)

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--|------------------|------------------|-------------------|------------------|------------------|
| <u>ASSETS & DEFERRED OUTFLOWS OF RESOURCES</u> | | | | | |
| Assets: | | | | | |
| Cash and Investments | \$238,173 | \$198,173 | \$182,565 | \$118,786 | \$119,007 |
| Restricted cash and investments | -- | -- | 17,842 | 21,775 | 17,727 |
| Receivables: | | | | | |
| Taxes | 31,379 | 28,577 | 33,874 | 33,999 | 30,228 |
| Accounts (Net of Allowance for Uncollectible) | 45,346 | 46,243 | 42,425 | 82,652 | 15,943 |
| Interest | 931 | 542 | 871 | 1,065 | 886 |
| Loans | 39,112 | 43,974 | 46,042 | 48,280 | 46,434 |
| Due from other Funds | 489 | 360 | 355 | 38,709 | 59,866 |
| Due from other Governmental Units | 1,040 | -- | 881 | 21,941 | 67,454 |
| Advances to other Funds | <u>295</u> | <u>118</u> | 136 | 414 | 383 |
| Inventory of Supplies | 3,738 | 2,894 | 3,146 | 3,146 | -- |
| Total Assets | <u>\$360,503</u> | <u>\$320,881</u> | <u>\$328,137</u> | <u>\$370,767</u> | <u>\$357,928</u> |
| Deferred Outflows of Resources: | | | | | |
| Prepaid Expenses | -- | -- | -- | \$ 12,792 | \$ 12,858 |
| Total Deferred Outflows of Resources | <u>--</u> | <u>--</u> | <u>--</u> | <u>\$ 12,792</u> | <u>\$ 12,858</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$360,503</u> | <u>\$320,881</u> | <u>\$ 328,137</u> | <u>\$383,559</u> | <u>\$370,786</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> | | | | | |
| Liabilities: | | | | | |
| Accrued Liabilities | \$ 43,158 | \$ 44,299 | \$ 44,434 | \$ 68,479 | \$ 58,679 |
| Salaries and Benefits Payable | 36,482 | 19,916 | 22,524 | 24,788 | 26,567 |
| Due to other Governmental Units | 1,765 | 623 | -- | -- | 114 |
| Due to other Funds | 5,323 | 5,848 | 6,845 | 8,756 | 9,927 |
| Deposits and other Liabilities | 44 | 43 | 41 | 42 | 43 |
| Unearned Revenue | -- | <u>256</u> | <u>2,382</u> | <u>2,953</u> | 111 |
| Total Liabilities | <u>\$ 86,772</u> | <u>\$ 70,985</u> | <u>\$ 76,226</u> | <u>\$105,018</u> | <u>\$ 95,441</u> |
| Deferred Inflows of Resources: | | | | | |
| Unavailable property taxes | \$ 29,978 | \$ 28,287 | \$ 29,293 | \$ 29,644 | \$ 29,793 |
| Unavailable HARP Loan | 39,112 | -- | -- | 43,280 | 41,434 |
| Other unavailable | 14,108 | 21,438 | 11,178 | -- | -- |
| Total deferred inflows of resources | <u>\$ 83,198</u> | <u>\$ 49,725</u> | <u>\$ 40,471</u> | <u>\$ 72,924</u> | <u>\$ 71,227</u> |

Table continued on next page.

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| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--|------------------|------------------|------------------|------------------|------------------|
| Fund Balances: | | | | | |
| Nonspendable | \$ 43,092 | \$ 47,208 | \$ 49,736 | \$ 8,971 | \$ 5,840 |
| Restricted | 4,985 | 9,398 | 4,255 | 7,869 | 6,205 |
| Committed | 18,724 | 21,024 | 63,602 | 64,410 | 91,380 |
| Assigned | 77,493 | 83,021 | 8,654 | -- | -- |
| Unassigned | 46,239 | 39,520 | 85,193 | <u>124,367</u> | <u>100,693</u> |
| Total Fund Balances | <u>\$190,533</u> | <u>\$200,171</u> | <u>\$211,440</u> | <u>\$205,617</u> | <u>\$204,118</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$360,503</u> | <u>\$320,881</u> | <u>\$328,137</u> | <u>\$383,559</u> | <u>\$370,786</u> |

Sources: County of Fresno Audited Financial Statements for Fiscal Years 2014-15 through 2018-19.

Major Revenues

The County derives its revenues from a variety of sources including *ad valorem* property taxes, sales and use taxes, licenses, permits and franchises issued by the County, use of County property and money, aid from other governmental agencies, charges for services provided by the County and other miscellaneous sources. The following Table 4 sets forth the revenue sources for the County's General Fund for the Fiscal Year ended June 30, 2019.

TABLE 4
COUNTY OF FRESNO
ALLOCATION OF COUNTY GENERAL FUND REVENUES
Fiscal Year Ended June 30, 2019

| | |
|--------------------------------------|---------------|
| Taxes | 50.0% |
| Licenses, Permits and Franchises | 2.3 |
| Fines, Forfeitures and Penalties | 1.0 |
| Use of Property and Money | 1.2 |
| Aid from Other Governmental Agencies | 35.4 |
| Charges for Current Services | 8.6 |
| Other Revenues | <u>1.5</u> |
| Total | <u>100.0%</u> |

Source: County of Fresno – Auditor-Controller/Treasurer-Tax Collector.

Intergovernmental Revenues

Intergovernmental Revenues, mostly in the form of State and federal grants and subventions, is the County's largest revenue source. A large amount of this revenue source also comes from the State in the form of payment for services provided by the County for the State. See “ – County Budget – General” and “State of California Budget and Supplemental Financial Information – State Budget for Fiscal Year 2019-20” herein.

From time to time, the State has realigned responsibility to the counties, including the County, for other programs and expenditures that were previously funded and operated by the State. Although the amount of State aid may vary from year to year, the County's practice is to adjust expenditures to the amount of revenues that are received from the State and for departments not to use County funds to pay for these costs from the County's General Fund or any of its other funds. Accordingly, the County does not expect these realigned responsibilities to increase the County's net costs because the State has provided

funding. The last State realignment occurred in Fiscal Year 2010-11, when the State approved the Public Safety Realignment Act, which transferred responsibility for housing and supervision of certain State prison inmates and parolees as of October 1, 2011 from the California Department of Corrections and Rehabilitation to counties, including the County. The County has limited its Public Safety Realignment Act expenses to costs paid for or reimbursed by the State.

Expenditures

The County's major expenditures are health, sanitation, public assistance and public protection. See Appendix C – "County of Fresno General Purpose Financial Statements for the Fiscal Year ended June 30, 2019" attached to this Official Statement.

Reserves

The County's practice is to make contributions to its General Reserve each year. From Fiscal Year 2010-11 to Fiscal Year 2016-17, the County made annual contributions to its General Reserve ranging between \$1.5 million and \$2.3 million. For Fiscal Years 2017-18, 2018-19 and 2019-20, the County made contributions of approximately \$7 million, \$7.9 million and \$18 million, respectively, bringing the current balance of its reserve fund to approximately \$54 million. [To be updated.]

COVID-19 and Potential Impact on County Finances

The recent global outbreak of the novel coronavirus COVID-19 ("COVID-19"), a respiratory disease declared to be a pandemic (the "Pandemic") by the World Health Organization, is significantly affecting the national capital markets and national economy and will negatively impact the County's operations and finances.

On March 4, 2020, the Governor declared a state of emergency to help the State prepare and respond to the Pandemic. On March 19, 2020, the Governor issued, among other executive orders relating to the Pandemic, a statewide order, Executive Order N-33-20 (the "Order"), directing all residents to heed current State public health directives to stay home or at their place of residence, except as needed to maintain continuity of operations of critical infrastructure sectors. The Order remains in place until further notice from the State. The County's operating procedures will be in accordance with the Order.

On March 13, 2020, the federal government declared a national emergency, allowing for federal assistance to state and local governments. In response to the Pandemic, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which was signed into law on March 27, 2020. The CARES Act provides \$150 billion in financial assistance to states, tribal governments and local governments to provide emergency assistance to those most significantly impacted by COVID-19. Under the CARES Act, local governments are eligible only for reimbursement of certain costs expended to address the impacts of COVID-19. The County received approximately \$81.6 million in funding pursuant to the CARES Act.

Following the Order, the County implemented a temporary hiring freeze. Since the Order, all essential County services have remained open while implementing recommended social distancing procedures, and non-essential services have been closed. Each County department is currently developing business continuity plans. The County has continued to maintain operations through work-from-home and other arrangements. Although no assurance can be provided about future conditions, to date the County has not experienced a material adverse impact on its operations for essential services or its business operations, financial reporting systems and other internal controls and it does not expect for there to be a materially adverse effect thereon as a result of such arrangements. The County does expect to continue teleworking

and online meetings in the future, along with implementing social distancing procedures at the County's offices and buildings.

To date, the County has incurred approximately \$5.5 million of unbudgeted expenses related to the Pandemic in the current Fiscal Year 2019-20. The County expects these expenditures to be offset in part by the \$81.6 million in funding from the CARES Act and an additional \$1.2 million in funding from the State [Funding amount to be confirmed]. Retail businesses in the County have already been impacted by the Pandemic. Retailer Forever 21, which operates a 185,000 square foot space in the County, has declared bankruptcy. It is uncertain whether other major retailers in the County will cease operations.

The County does not anticipate making adjustments to the Fiscal Year 2019-20 Adopted County Budget, with the exception of expenditures directly related to the Pandemic, but anticipates making reductions in the Fiscal Year 2020-21 Adopted County Budget. The County expects a reduction in revenues in Fiscal Year 2020-21 due to decreased sales tax revenues and property tax revenues and also expects an increase in expenditures, particularly in public health, social services and behavioral health, in order to address the impacts of the Pandemic. See " – County Budget." The County expects that full financial impact of the Pandemic on the County's finances will likely be realized in Fiscal Year 2020-21. The County cannot predict the extent or duration of the Pandemic or what ultimate impact it may have on the County's financial condition and operations but it may be material.

The County does not anticipate that the Pandemic, and the actions taken by the County in response thereto, will have a materially adverse effect on its ability to pay debt service on any of its outstanding financial obligations or otherwise cause the County to default on any material contractual or financial obligation.

Capital Projects

The County finances capital improvements from a variety of sources, including State and federal funds and proceeds of debt issuances. The following are some of the current and recent significant capital projects funded by the County.

West Annex Jail. Construction on the West Annex Jail began in January, 2018. The project is funded by \$79.2 million from the California Board of State and Community Corrections (Senate Bill 1022) and \$22.6 million from the County. The West Annex Jail is being built to replace the 499-bed South Annex Jail. The West Annex Jail will be a 300-bed facility focusing on the mental health needs and programs/services for the jail population. The new facility will include a day reporting center, medical treatment areas, laundry and storage facilities, increased programming and exercise areas, contact and non-contact visitation areas and will be linked with the existing detention facilities underground tunnel system. The anticipated completion date for the new facility is Spring 2021 and occupancy is expected within three months after completion.

Sheriff Area Two Substation. In October 2018, the County Board approved the purchase of land in the southeast area of the County for the development and construction of a new Sheriff's substation. The new substation will serve as the Area Two Headquarters for all patrol operations in the metropolitan area. The project is estimated to cost \$17.5 million, which will be funded by County sources. The anticipated completion date for this project is the Summer 2021.

County Regional Environmental Compliance Center. In December 2018, the County Board approved the County's purchase of a vacant industrial 2.67-acre lot in the southwest are of the County for the development and construction of a new regional Environmental Compliance Center. The new facility will include household hazardous waste collection operations which will be relocated from the County's

American Avenue Disposal Site. Construction documents and drawing phase are in progress. This project is estimated to be completed in Spring 2021.

New Emergency Communications Center. In June 2019, the County Board approved a 20-year lease-purchase agreement of approximately 12,552 square feet (initial occupancy to be approximately 10,047 square feet) of office space to be improved by the County and additional space for parking. A substantial portion of the leased premises will be subleased to the County's exclusive emergency ambulance service provider for use as an emergency communications center. The County's improvements are estimated to cost \$4.7 million, and this project is expected to be completed in December 2020.

Rowell Building. In July 2019, the County Board approved a 20-year lease-purchase agreement relating to the Rowell Building in downtown Fresno for the District Attorney's use. The refurbished 70,495 square foot building and parking will allow the District Attorney to relocate 250 staff members from other County-owned and leased facilities. This project, including County tenant improvements, is estimated to be completed in Fall 2020.

Animal Control Facility. In July 2019, the County Board approved the County's purchase of vacant industrial land in the County for the development and construction of a new animal shelter. The project is estimated to cost \$7.5 million, which will be funded by County sources. This project is estimated to be completed in February 2021.

Ad Valorem Property Taxes

General. The County levies *ad valorem* property taxes on behalf of taxing agencies in the County for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. Upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition of changes in real property assessed valuation (known as a "floating lien date") and consequent changes in taxation. In such instances, the property is reassessed and a supplemental tax bill is sent to the new owner based on the new value prorated for the balance of the tax year. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate assessment rolls. The secured roll includes property assessed by the State Board of Equalization (property owned by public utilities, canals, pipelines within two or more counties and certain electric cogeneration facilities), real property owned by an assessee, and personal property owned by an assessee of real property and located on that real property or, at the taxpayer's request, located elsewhere if the assessor determines that the assessee's real property is adequate security for payment of the personal property taxes. The unsecured roll includes all taxable property that is not assessed on the secured roll. Typical unsecured roll assessments are for personal property not located on the assessee's land.

The tax rate is 1% of the full cash value of the taxable property. The assessor must reassess property upon a change in ownership or new construction. The assessor may increase the full cash value by no more than 2% each year to reflect inflation. The assessor may decrease the full cash value (a) to reflect reductions in the consumer price index or comparable local data for the area under taxing jurisdiction, (b) to reflect substantial damage, destruction or (c) other factors causing a decline in value. See "Constitutional and Statutory Limitations on Taxes, Revenues and Appropriations – Article XIII D" in the forepart of this Official Statement.

The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" change in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the change occurs. Tax rate areas are a group of entities that share the taxes of the particular area.

In addition to property taxes and assessments of the County, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County. Property taxes on the secured roll are payable in two installments which are due on November 1 and February 1. If unpaid, such taxes become delinquent after 5:00 p.m. on December 10 and April 10, respectively, and a ten percent penalty attaches. A ten dollar cost also applies to all delinquent taxes after the second installment. Property on the secured roll with unpaid delinquent taxes is declared tax-defaulted after 5:00 p.m. on June 30. Such property may thereafter be redeemed by payment of the delinquent taxes, the ten percent delinquency penalty, the ten dollar cost, a redemption fee, and redemption penalty of one and one-half percent per month starting July 1 and continuing until the end of redemption. If taxes remain unpaid five years or three years in the case of nonresidential commercial property after the property becomes tax-defaulted, the Auditor-Controller/Treasurer-Tax Collector may sell the property at a tax sale. Before the sale, State law requires that the Auditor-Controller/Treasurer-Tax Collector send notices to the affected taxpayer and publish such notices. This process requires approximately 120 days. Generally, the Auditor-Controller/Treasurer-Tax Collector conducts a tax sale each March. The minimum bid for each property is the defaulted taxes, penalties and costs. If the Auditor-Controller/Treasurer-Tax Collector receives no bids at the minimum bid amount, the County Board may authorize the Auditor-Controller/Treasurer-Tax Collector to offer the property for sale at the same or subsequent tax sale for less than defaulted taxes, penalties and costs.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer in certain limited circumstances; (2) filing a certificate in the office of the County Recorder's Office specifying certain facts in order to obtain a judgment lien on property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

Proposition 8, which was passed in November 1978, amended Proposition 13 to allow assessed values to reflect declines in value. See "Constitutional and Statutory Limitations on Taxes, Revenues and Appropriations" in the forepart of this Official Statement. As a result, the County Assessor may determine that a property's fair market value is less than the base year value plus inflationary adjustment and enroll the property, as of January 1, at that lower amount. The County Assessor may initiate the Proposition 8 reduction process without a request from a property owner. Property owners may file an assessment appeal to challenge the determined value. Although the values of many properties may suffer a significant decline during a recession, not all may qualify for a reduction under Proposition 8. The current fair market value of such property must fall below the base year value plus inflationary adjustment before it will affect the assessed value. If the fair market value of the property increases above its base year value plus inflationary adjustment, the County Assessor will re-enroll the property at the value of its base year value plus inflationary adjustment. As of April 1, 2020, the County Assessor has enrolled approximately 36,000 taxable properties within the County at the reduced fair market value for Fiscal Year 2019-20.

As of April 30, 2020, the County projected property tax revenues for Fiscal Year 2019-20 to total approximately \$1.09 billion, which reflects an increase of \$52 million from Fiscal Year 2018-19. The increase is attributable to growth in assessed value. The County projects that \$103 million of the \$1.07 billion property tax revenues will be attributable to secured property tax revenues for the County's General Fund. The aggregate assessed valuation of taxable properties within the County for Fiscal Year 2019-20 of \$86.79 billion reflects an increase of approximately \$4.39 billion, or 5.3%, from Fiscal Year 2018-19. The County cannot predict the effect the COVID-19 pandemic will have on the real estate market or assessed values in the county. The full impact will likely not be recognized on the County's tax rolls until Fiscal

Year 2021-22 and the County expects that assessed values in the County will decrease in Fiscal Year 2021-22. See “Financial and Economic Information – COVID-19 and Potential Impact on County Finances”.

Supplemental property taxes are assessed when there is a change in the assessed valuation of property after the property tax bill for that year has been issued. Supplemental property tax revenues increase when property values increase and sales activity is high. Receipts of supplemental property taxes for the County and other taxing agencies within the County were approximately \$26.2 million in Fiscal Year 2018-19 and expected to be approximately \$27 million in Fiscal Year 2019-20.

The delinquency rate on property tax payments is approximately 0.65% higher than last year and incoming mail payments have decreased significantly compared to the prior year. [To be confirmed.] The County believes these reductions to be primarily related to the impact of the Pandemic. On May 6, 2020, the Governor signed Executive Order N-61-20 (the “Executive Order N-61-20”) which, among other things, permits county tax collectors to cancel penalties, costs, and interest for property taxes not timely paid on certain properties until May 2021. The Executive Order provides that in order to be eligible for relief, the taxes owed must not have been delinquent prior to March 4, 2020, the taxpayer must timely file a claim for relief in a manner prescribed by the county tax collector, and the taxpayer must demonstrate that it has suffered economic hardship or was otherwise unable to tender timely payment due to the Pandemic or any governmental response to the Pandemic. Approximately seventy-five waivers have been received that identify the Pandemic as the reason property tax payments could not be made on time and the County intends to cancel any penalties, costs, or interest on property taxes as appropriate in accordance with the Executive Order N-61-20. The County expects the Pandemic to have a greater effect on property tax collections in Fiscal Year 2020-21 but cannot presently predict the magnitude of such effect. See “Financial and Economic Information – COVID-19 and Potential Impact on County Finances”.

The following Table 5 sets forth certain information regarding County property tax levies and collections, including taxes levied and collected on behalf of all taxing agencies in the County from Fiscal Years 2015-16 through 2019-20.

**TABLE 5
COUNTY OF FRESNO
SUMMARY OF TAX LEVIES AND COLLECTIONS
Fiscal Years 2015-16 through 2019-20
(\$ in thousands)**

| <u>Fiscal Year</u> | <u>Secured Tax Charge</u> | <u>Unsecured Tax Charge</u> | <u>Total Tax Levy</u> | <u>Total Tax Collection through June 30</u> | <u>Outstanding Delinquent Taxes</u> | <u>Ratio of Delinquency to Tax Levy</u> |
|---------------------------|--------------------------------------|--|----------------------------------|--|--|--|
| 2015-16 | \$ 839,524 | \$41,729 | \$ 881,253 | \$ 866,767 | \$14,487 | 1.64% |
| 2016-17 | 879,820 | 45,719 | 925,539 | 908,284 | 17,254 | 1.86 |
| 2017-18 | 950,394 | 44,286 | 994,680 | 979,011 | 15,669 | 1.58 |
| 2018-19 | 1,008,351 | 46,957 | 1,055,308 | 1,037,930 | 17,279 | 1.64 |
| 2019-20 ⁽¹⁾ | 1,068,014 | 50,937 | 1,118,951 | 1,090,398 | 28,553 | 2.55 |

Source: County of Fresno – Auditor-Controller/Treasurer-Tax Collector.

⁽¹⁾ Estimated.

The following Table 6 sets forth the County’s Assessed Valuation for Fiscal Years 2015-16 through 2019-20.

TABLE 6
COUNTY OF FRESNO
ASSESSED VALUATION
Fiscal Years 2015-16 through 2019-20
(\$ in thousands)

| <u>Fiscal Year</u> | <u>Secured</u> | <u>Unsecured</u> | <u>Total Assessed Value</u> |
|--------------------|----------------|------------------|-----------------------------|
| 2015-16 | \$67,898,181 | \$3,190,135 | \$71,088,316 |
| 2016-17 | 71,057,076 | 3,376,707 | 74,433,783 |
| 2017-18 | 74,950,077 | 3,432,862 | 78,382,939 |
| 2018-19 | 78,876,831 | 3,519,686 | 82,396,517 |
| 2019-20 | 83,267,031 | 3,520,780 | 86,787,811 |

Source: County of Fresno – Auditor-Controller/Treasurer-Tax Collector.

ERAF Shift. As part of the Fiscal Year 1992-93 State budget resolution, the State required counties, cities and special districts to shift *ad valorem* property tax revenues to school districts by contributing to the State’s Education Revenue Augmentation Fund (“ERAF”) in lieu of direct payments by the State to school districts from the State’s General Fund. This transfer is commonly referred to as the “ERAF” shift. The manner in which the shift of *ad valorem* property taxes has occurred has varied year by year. During Fiscal Year ended June 30, 2019, these tax collections are estimated to have been allocated approximately 13% to cities, 12% to special districts and 62% to school districts within the County and approximately 13% to the County. See “State of California Budget and Supplemental Financial Information - Fiscal Year 2019-20 State Budget” herein.

Largest Taxpayers. The following Table 7 is a list of the ten largest property taxpayers in the County by total taxes assessed for Fiscal Year ending June 30, 2019.

TABLE 7
COUNTY OF FRESNO
TEN LARGEST PROPERTY TAXPAYERS BY TOTAL TAXES ASSESSED
Fiscal Year 2018-19

| <u>Taxpayer⁽¹⁾</u> | <u>Type of Business</u> | <u>Amount of Tax</u> |
|---|-------------------------|----------------------|
| Pacific Gas & Electric Co. ⁽²⁾ | Utility | \$35,998,426 |
| Southern California Edison Co. | Utility | 7,619,821 |
| Chevron USA INC | Petroleum | 2,921,402 |
| Panoche Energy Center, LLC | Utility | 2,732,179 |
| Gallo E & J Winery | Winery | 2,493,512 |
| Aera Energy LLC | Utility | 2,207,485 |
| GAP Inc. | Distribution | 1,919,114 |
| Macerich Fresno Limited Partnership | Real Estate | 1,763,148 |
| Pacific Bell Telephone Company | Utility | 1,640,667 |
| RPI Fig Garden LP | Real Estate | 1,390,216 |

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

⁽¹⁾ All the listed properties are on the secured tax roll.

⁽²⁾ Pacific Gas & Electric Co. (“PG&E”), the County’s largest payor of property taxes, filed for bankruptcy in January 2019. Since its bankruptcy filing, PG&E has paid property taxes when due. The County provides no assurance that PG&E will pay any future installment of its property taxes.

Employees and Labor Relations

The following Table 8 sets forth the County’s number of authorized employees for Fiscal Years 2015-16 through 2019-20. Some employees are hired by the County under various federally funded programs.

TABLE 8
COUNTY OF FRESNO
PERMANENT EMPLOYEES
Fiscal Years 2015-16 through 2019-20⁽¹⁾

| <u>Fiscal Year</u> | <u>Authorized Employees</u> |
|--------------------|-----------------------------|
| 2015-16 | 7,375 |
| 2016-17 | 7,494 |
| 2017-18 | 7,586 |
| 2018-19 | 7,809 |
| 2019-20 | 8,053 |

Source: County of Fresno.

⁽¹⁾ Amounts represent number of authorized positions as of the adoption of the County’s budget for the respective fiscal year.

Approximately 87% of the County’s permanent employees are represented by one of 22 bargaining units. The represented County employees consist of 20% office and clerical workers, 9% technical service workers, 3% maintenance workers and 68% paraprofessionals, professionals, protective service employees and skilled craft workers.

The County has labor agreements contract with 21 of its 22 bargaining groups. The County is presently negotiating new labor agreements with Bargaining Unit 1 (FDSA) and Bargaining Units 3, 4, 12,

22 and 36, represented by SEIU. It is expected that negotiations with the remaining bargaining groups will follow these negotiations. It is unknown whether an agreement will be reached with any of these bargaining groups prior to the end of their current MOUs. The terms of existing MOUs will continue until either a new agreement is entered into or new terms are imposed if the parties exhaust impasse procedures.

**TABLE 9
COUNTY OF FRESNO
BARGAINING UNITS**

| <u>Unit Number</u> | <u>Bargaining Unit</u> | <u>MOU Expiration Date</u> |
|--------------------|--|----------------------------|
| 1 | Fresno Deputy Sheriffs Association: Law Enforcement Personnel | July 12, 2020 |
| 2 | Fresno County Public Safety Association: Sheriff's & Probation Personnel | October 18, 2020 |
| 3 | Service Employees International Union – Local 521: Mental Health Professionals & Social Workers | July 26, 2020 |
| 4 | Service Employees International Union – Local 521: Eligibility Workers | July 26, 2020 |
| 7 | California Nurses Association Nurses | November 1, 2020 |
| 10 | Fresno County District Attorney Investigators Association: District Attorney Investigators | November 1, 2020 |
| 11 | Fresno County Deputy Probation Officers Association: Deputy Probation Officers | February 20, 2022 |
| 12 | Service Employees International Union – Local 521: Clerical, Paramedical, Building & Service Employees | July 26, 2020 |
| 13 | Stationary Engineers – Local 39 International Union of Operating Engineers: Crafts and Trades | November 1, 2020 |
| 14 | Fresno Sheriff's Sergeants Association: Supervisory Peace Officers | July 12, 2020 |
| 19 | Professional Association of Employees: Professional Employees | October 5, 2020 |
| 22 | Service Employees International Union – Local 521: Professional, Para-Professional & Technical Employees | July 26, 2020 |
| 25 | Association of Engineering Technicians: Engineering Technicians | March 22, 2020 |
| 30 | Fresno County Prosecutors Association: Deputy District Attorneys | June 27, 2021 |
| 31 | Professional Association County Employees: Public Defenders | December 12, 2021 |
| 35 | Sheriff's Department & Correctional Lieutenants Association: Sheriff's & Correctional Lieutenants | July 12, 2020 |
| 36 | Service Employees International Union – Local 521: Supervisory Employees | July 26, 2020 |
| 37 | Fresno Sheriff's Correctional Sergeants Association: Correctional Sergeants | January 24, 2021 |
| 38 | Fresno County Sheriff's Captain Association: Sheriff's Captains | July 12, 2020 |
| 39 | Stationary Engineers – Local 39 International Union of Operating Engineers: Operating Engineers | November 1, 2020 |
| 42 | Association of County Engineers: Engineers | November 13, 2022 |
| 43 | Stationary Engineers – Local 39 International Union of Operating Engineers: Computer Employees | September 20, 2020 |

Source: County of Fresno.

Information Technology

The County relies on a complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the County and its departments face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems.

The County has established an Information Technology and Telecommunications Security Policy and other internal information services policies in order to address cybersecurity risks. The County conducts annual security awareness training for all County employees as well as conducting simulated phishing

attacks periodically. The County contracts with a third party to regularly identify possible vulnerabilities in the County's network and for weekly service scans that identifies vulnerabilities in its network. Internally, County staff use a variety of monitoring and scanning tools to monitor the County's network. The County employs a variety of software, multi-factor authentication processes, and other tools to protect its servers and workstations and to detect suspicious activity on its network. The County Sheriff's Office has its own information technology services. It expects to engage the California State Cybersecurity Team and Department of Homeland Security Cybersecurity and Infrastructure Security Agency for both internal and external vulnerability scanning.

In 2019, County employees received a number of phishing emails in two separate incidents. Neither of these incidents resulted in a breach or loss of data or any monetary liability. In addition, five incidents occurred in the past twelve months where outside parties attempted to impersonate County employees in order to gain information or access to the County's network. In January 2020, a County user's internet browser was remotely hijacked during use. The affected computer was taken offline and the offending domain was blacklisted in the County's firewall. There were no breaches or loss of data associated with these incidents and no monetary liability was incurred by the County. Following these incidents, the County installed significant protections at all of its workstations and continues to monitor for suspicious email activity.

In November 2019, the County Sheriff's Office experienced a ransomware attack via email. No data was breached or lost, but certain files were encrypted by the ransomware. Once identified, the malicious email was quarantined and the workstations of affected users were removed from the network. Shared files that the affected users had access to were taken offline and restored from backups prior to the attack. A security patch addressed the vulnerability. The County Sheriff's Office modified its internal protections for automatically quarantining email attachments and is in the process of adding several advance threat protection options to its enterprise licensing agreement. There was no direct monetary loss related to the incident, other than lost productivity during mitigation efforts.

No assurances can be given that the County's security and operational control measures will be successful in guarding against any and each cyber threat and attack. The results of any attack on the County's computer and information technology systems could impact its operations and damage the County's digital networks and systems, and the costs of remedying any such damage could be substantial.

Medical Services

The provision of health care within the County has been impacted by federal and State legislation. In 2010, Congress passed the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, the "Affordable Care Act"). In connection therewith, the State expanded health care coverage through the California Medical Assistance Program ("Medi-Cal") and provides subsidized health insurance through the State's health insurance marketplace ("Covered California"). In June 2013, the State Legislature enacted Assembly Bill 85 (2013) ("AB 85"). AB 85 modifies distributions from the State's 1991 Realignment Local Revenue Fund. Pursuant to AB 85, a portion of the savings that counties obtain through the implementation of healthcare reform is redirected to the State.

AB 85 permits counties in California to choose between two health care realignment formulas. On January 14, 2014, the County Board adopted a resolution to select the "cost savings formula" because it expects that the County will receive larger health care funding with this selected formula. Under AB 85, the County is required to redirect certain amounts to the State each year. The County was required to redirect approximately \$15.7 million for Fiscal Year 2017-18, \$15.7 million for Fiscal Year 2018-19 and approximately \$16.1 million for Fiscal Year 2019-20. Pursuant to the Governor's May Revision, the County

will be required to redirect approximately \$[16.1] million to the State for Fiscal Year 2020-21. [To be confirmed after May Revision.]

The County's updated eligibility criteria for its Medically Indigent Services Program ("MISP") became effective December 1, 2014. The updated criteria exclude undocumented persons from obtaining coverage and requires MISP applicants to exhaust other health care resources (*e.g.*, Medi-Cal, Covered California, etc.) absent a showing of good cause.

In December 2014, for the purpose of discharging the County's statutory indigent care obligations, the County entered into a fee for service medical agreement (a "Fee for Service Medical Agreement") with Fresno Community Hospital and Medical Center, doing business as Community Medical Centers ("CMC") and a Fee for Service Medical Agreement with the Central California Faculty Medical Group. Under the Fee for Service Medical Agreements, CMC and Central California Faculty Medical Group serve as providers of medical services for purposes of discharging the County's statutory obligations to provide indigent medical care. Effective May 16, 2015, the Central California Faculty Medical Group assigned the agreement to University Faculty Associates, Inc.

Defined Benefit Retirement Program

General. The following information concerning the Fresno County Employees' Retirement Association (the "Association") has been excerpted from publicly available sources, which the County believes to be reliable, or otherwise obtained from the Association. Neither the assets of the County's pension plan held with the Association nor any other assets of the Association secure or are available to pay principal of or interest on the Notes or on any obligations of the County or any other Participating Employers (defined herein) who are members of the Association. The Association issues publicly available reports, including its financial statements, required supplementary information and actuarial valuations for the herein described defined benefit retirement program (the "System"). The reports are available on the Association's website: <http://fresnocountyretirement.org/>. Information on such site is not incorporated herein by reference. The County has not reviewed such reports for completeness or accuracy and makes no representations in connection therewith.

The Association was established on January 1, 1945 under provisions of the County Employees Retirement Law of 1937 (the "1937 Act") to provide for defined benefit pension benefits, including retirement, disability, death and survivor benefits, for substantially all full-time employees and permanent part-time employees who work 50% or more for the County and other Participating Employers (herein defined) who are members of the Association. As used in this section, " – Defined Benefit Retirement Program," the term "employees" refers to the portion of employees of the County and other Participating Employers who are members of the Association.

The Association is a cost-sharing multiple-employer plan. In addition to the County, the employers participating in the Association are the following governmental agencies: Fresno-Madera Area Agency on Aging, the Clovis Veterans Memorial District, the Fresno Mosquito and Vector Control District, and the Superior Court of California, County of Fresno (collectively, the "Participating Employers"). The Association is not considered a component unit of the County in the County's audited financial statements. The Association is a legally separate entity with a separate governing board (the "Board of Retirement"). The Association is governed by a nine-member Board of Retirement. The Board of Retirement consist of the Auditor-Controller/Treasurer-Tax Collector, who is a publicly-elected official, two general members of the Association, who are employees of a Participating Employer, elected by the general members in an active member election, one safety member of the Association, who is an employee of a Participating Employer, elected by the safety members in an active member election, one retired member of the Association elected by the retired members in a retired member election, four members who are appointed

by the County Board who are qualified electors of the County but are not connected with County government in any capacity except that one member may be a County Supervisor. In addition, one alternate member of the Board of Retirement is an elected retired member, elected by the retired members in a separate retired member election, and one alternate member may be an elected safety member (who is an employee of a Participating Employer) under certain conditions (which conditions do not presently exist). Pursuant to the State Constitution, the members of the Board of Retirement are to discharge their duties with respect to the System solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the System. The Board of Retirement's duty to its participants and their beneficiaries shall take precedence over any other duty, including any duty to the County.

Information contained in this section “ – Defined Benefit Retirement Program,” regarding the Association was obtained from, or otherwise relates to, the Association's Actuarial Experience Study, Analysis of Actuarial Experience During the Period July 1, 2015 through June 30, 2018, dated April 9, 2019 (the “2018 Experience Study”), the Association's Actuarial Valuation and Review as of June 30, 2019, dated December 6, 2019 (the “2019 Actuarial Valuation”), the Association's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2019, dated December 18, 2019 (the “Association 2019 CAFR”), the Association's Governmental Accounting Standards 67 Actuarial Valuation as of June 30, 2019, dated November 4, 2019 (the “2019 GAS 67 Actuarial Valuation”), and the Association's Governmental Accounting Standards 68 Actuarial Valuation Based on June 30, 2019 Measurement Date for Employer Reporting as of June 30, 2020 (the “2020 GAS 68 Actuarial Valuation”), which reports are the most recent analysis of actuarial experience, actuarial valuation and comprehensive annual financial report available to the County as of the date of this Official Statement. The County has not obtained any updates to such reports since their respective dates.

The information contained in this section “– Defined Benefit Retirement Program,” relies on information produced by the Association, independent accountants, and The Segal Company, the Association's current actuarial consultant (the “Association's Actuarial Consultant”). The Association's Actuarial Consultant has prepared the Association's annual actuarial reports for the years ended June 30, 2009 through June 30, 2019. The actuarial assessments in such actuarial reports contain “forward looking” information that reflects the judgment of the Association and the Association's Actuarial Consultant. Those actuarial assessments are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future, and will change with the future experience of the Association and the Participating Employers.

Membership. The projected total compensation for employees of all Participating Employers covered by the Association for the year ended June 30, 2019, the date of the most recent actuarial valuation on behalf of the Association, was approximately \$457,758,858. The following Table 10 sets forth the Association's membership on June 30, 2019.

TABLE 10
FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Membership as of June 30, 2019⁽¹⁾

| | |
|----------------------------|---------------|
| Active Members | 7,676 |
| Inactive Vested Members | 3,873 |
| Service Retired Members | 6,219 |
| Disability Retired Members | 417 |
| Beneficiaries | <u>1,015</u> |
| Total Membership | <u>19,200</u> |

Source: Fresno County Employees' Retirement Association – Actuarial Valuation and Review as of June 30, 2019.

Retirement Tiers. The County has implemented five mandatory retirement tiers that include nine pension plans for qualifying County employees who are members of the Association. The largest group of qualifying County employees either are general members (3,070) or safety members (452), who are in a member retirement tier known as the Tier 5 retirement benefit (“Tier 5”). The next largest group of qualifying County employees either are general members (2,679) or safety members (435), who are in a member retirement tier known as the Tier 1 retirement benefit (“Tier 1”). Tier 1 offers to certain general members a retirement benefit that is approximately 2.5% of final compensation per year of service credit at age 55 and a maximum retirement benefit of approximately 3.27% of final compensation per year of service credit at age 60. Tier 1 offers to certain safety members a retirement benefit that is approximately 2.5% of final compensation per year of service credit at age 50 and a maximum retirement benefit of 3.275% of final compensation per year of service credit at age 55. Compared to Tier 1, the Tier 2 retirement benefit (“Tier 2”) has a lower average contribution rate for active general members and active safety members, respectively. Tier 2 offers to certain general members a lower retirement benefit established at 2% of final compensation per year of service credit at age 55 and a maximum retirement benefit of approximately 2.42% of final compensation per year of service credit at age 63. Tier 2 offers to certain safety members a lower retirement benefit of approximately 2.29% of final compensation per year of service at age 50 and a maximum retirement benefit of 3.0% of final compensation per year of service credit at age 55. Compared to Tier 1, the third retirement tier (“Tier 3”) has a lower average contribution rate for active members. Tier 3 does not have any safety members. Tier 3 offers to certain general members a retirement benefit that ranges from 2% at 55 to approximately 3.13% of final compensation per year of service credit at age 65. Tier 3 retirement benefits are calculated using a three-year final average compensation. See Note 12 to the County’s audited financial statements attached hereto as Appendix C – “County of Fresno General Purpose Financial Statements for the Fiscal Year ended June 30, 2019”.

In March 2012, the County Board adopted a fourth retirement tier (“Tier 4”) for new employees of the County who are hired, and elective officers of the County who commence services in their elective offices, respectively, on or after June 11, 2012, and in either case, who thereafter would be new members of the Association. Tier 4 offers to those general members a retirement benefit that ranges from 1.92% of the three-year final average compensation per year of service credit at age 60 to 2.43% of the three-year final average compensation per year of service credit at age 65. Tier 4 offers to those safety members a retirement benefit that is 2.00% of three-year final average compensation per year of service credit at age 50 and approximately 2.62% of final compensation per year of service credit at age 55.

In addition, the County’s ordinance provides that employees of the County who are hired and elective officers of the County who commence services in their elective offices on or after June 11, 2012 who are enrolled after such date as general members or safety members in Tier 4, or any later adopted retirement tier, as adopted by resolution of the County Board, and the respective beneficiaries thereof, will not receive cost of living adjustments (“COLA”) to certain retirement benefits under the 1937 Act; the

relevant retirement benefits in the 1937 Act would be retirement allowances, optional death allowances, or annual death allowances payable to or on account of any member; furthermore, such employees' (including such elective officers') compensation under Tier 4 will be based upon the highest paid "three year final average compensation," as adopted by such resolution of the County Board, and as provided by the 1937 Act.

As a result of PEPRA (defined herein), the County has a fifth retirement tier ("Tier 5"), effective as of January 2013, which is mandatory for new employees, including elective officers, of the County who are, generally, employed for the first time by any public employer on or after January 1, 2013 and who become members of the Association. Tier 5 offers to those general members a retirement benefit that ranges from 1.00% at age 52 to 2.50% at age 67. Tier 5 (Safety Option Plan Two) offers to those safety members a retirement benefit that ranges from 2.00% at age 50 to 2.70% at age 57. Tier 5 retirement benefits are calculated in accordance with PEPRA (defined herein) using a formula calculated from an eligible employee's 36 consecutive month final average compensation. Employees of the County who are subject to PEPRA, and their respective beneficiaries, do not receive cost of living adjustments to retirement allowances, optional death allowances, or annual death allowances payable to or on account of any member; furthermore, for such employees, compensation under Tier 5 is based upon the highest paid average annual compensation during a period of at least 36 consecutive months, as provided by PEPRA (defined herein). See " – California Public Employees' Pension Retirement Act of 2013" herein.

California Public Employees' Pension Reform Act of 2013 and Related Changes in State Law. In September 2012, the Governor approved Assembly Bill 340, the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), which specified that certain provisions of the 1937 Act do not apply to members who are subject to PEPRA because they were first employed on or after January 1, 2013. In September 2013, the Governor approved Assembly Bill 1380 (2013), which amended various provisions of the 1937 Act to coordinate and subordinate that law with PEPRA.

Since January 1, 2013, PEPRA has applied to all State and local public retirement systems and their participating employers, including the Association and the County, respectively, except the University of California and those charter cities and counties whose retirement systems are not governed by State statute. The County and the Association have implemented PEPRA.

Among other things, PEPRA established new retirement formulas for new members of the Association who are, generally, employed for the first time by any public employer on or after January 1, 2013 ("PEPRA Members") and prohibits public employers from offering defined benefit formulas to PEPRA Members that exceed the benefits authorizes under PEPRA. See " – Retirement Tiers" herein. In addition, PEPRA amended existing laws to redefine final compensation for purposes of pension benefits ("Pensionable Compensation") for PEPRA Members. PEPRA increased the retirement age for PEPRA General Members and limits the annual pension benefit payouts for all PEPRA members.

PEPRA generally mandates equal sharing of normal costs between the County and PEPRA Members employed thereby and that PEPRA Members pay at least 50% of normal costs and that employers not pay any of the required employee contribution for PEPRA Members. According to the 2019 Actuarial Valuation, effective Fiscal Year 2020-21, the average active member contribution rate for General Members in Tier 5 is 7.30%, which amount is not age-graded and is a flat rate regardless of age of entry, and the average active member contribution rate for Safety Members in Tier 5 is 11.96%, which amount is not age graded and is a flat rate regardless of age of entry.

Funding Practices of the Association

General. The 1937 Act requires the Association to commission an actuarial valuation at least every three years. The Association's practice has been to conduct an actuarial valuation (including a review of economic assumptions) on an annual basis as of June 30 of each year, which is the end of the Association's fiscal year and to conduct a demographic experience study (*i.e.*, review of non-economic actuarial assumptions) every three years. The valuation must be completed by an enrolled actuary, covering the mortality, service, and compensation experience of the members and beneficiaries, and must evaluate the valuation assets and actuarially determined liabilities of the Association. The 1937 Act requires the Board of Retirement, upon the basis of the investigation, valuation, and recommendation of the enrolled actuary, to recommend to the Board of Supervisors at least 45 days prior to the beginning of the succeeding fiscal year such changes in the rates of interest, in the rates of contributions of the County's employee members, and in County appropriations as necessary. Once the Board of Retirement recommends any such changes the 1937 Act requires the Participating Employers (including the County) to implement such changes. The Association's Actuarial Consultant's most recent actuarial valuation is as of June 30, 2019. The Association's Actuarial Consultant's last actuarial experience study was completed in April 2019 for the three-year period ending June 30, 2018. For the Association's next actuarial experience study, a new 3-year cycle will be used covering the three fiscal years ending June 30, 2019 through 2021.

Net Pension Liability. The Association became subject to the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 67 ("GASB 67"), Financial Reporting for Pension Plans, beginning with the fiscal year ended June 30, 2014. The Association's Participating Employers, including the County, became subject to the provisions of GASB Statement No. 68 ("GASB 68"), Accounting and Financial Reporting for Pensions, beginning with the fiscal year ended June 30, 2015. These accounting standards require governments to recognize their long-term obligation for pension benefits as a liability on their balance sheets, and to recognize their annual pension expense as a comprehensive measurement of the annual cost of pension benefits. These accounting standards also expand note disclosures and required supplementary information in governments' financial reporting with respect to pension plans and their Participating Employers. These GASB rules define pension liability and expense for financial reporting purposes. They do not apply to contribution amounts for pension funding purposes. Participating Employers and the Association may continue to develop and adopt funding policies under current practices.

For purposes of financial reporting, pursuant to GASB 67, the funded status and unfunded actuarial accrued liability (the "UAAL") of the pension plan are not presented in the notes or required supplementary information for financial reporting purposes. However, the UAAL continues to be calculated by the Association's Actuary and set forth in valuation reports and is used to determine a Participating Employer's actuarially determined contribution for the upcoming fiscal year. UAAL represents the excess of the actuarial accrued liability (a standard disclosure measure of the present value of pension benefits to a certain date (*i.e.*, the "as of date" of the valuation), based on applicable actuarial assumptions, including the pension plan's assumed rate of return) over the actuarial value of assets (determined by smoothing values over a certain number of years to reduce volatility), and represents the costs that are not covered by the actuarial value of assets and allocated to the "as of" date for current Association members and their beneficiaries. Pursuant to GASB 67, the UAAL has been replaced by the Net Pension Liability ("NPL") for financial reporting purposes. The Association's 2019 GAS 67 Actuarial Valuation reports that NPL represents the excess of the Total Pension Liability ("TPL") (the same actuarial cost method (entry age cost method) and the same type of discount (expected return on assets) as the Association uses for funding) over fiduciary net position (plan assets valued at fair market value, and that NPL is similar to UAAL but uses market value assets).

At June 30, 2019, the Association's 2019 GAS 67 Actuarial Valuation reports service costs of \$108.090 million, TPL of \$6.064 billion, fiduciary net position of \$4.934 billion and NPL of \$1.130 billion, which results in a fiduciary net position as percentage of total pension liability of 81.37%. The Association's NPL decreased from \$1.820 billion as of June 30, 2018 to \$1.130 billion as of June 30, 2019 primarily due to changes in actuarial assumptions, offset to some extent by the return on market value of assets during Fiscal Year 2018-19 that was lower than the assumed rate of 7.00%. The Association's 2019 GAS 67 Actuarial Valuation further reports that the Association's NPL as of June 30, 2019 was measured using new actuarial assumptions and the NPL would have been higher by about \$67.9 million if measured using prior assumptions.

At June 30, 2019, the County reported \$1.101 billion as its proportionate share of the Association's NPL of \$1.820 billion, referenced above. The County's portion of the Association's NPL was measured as of June 30, 2018 and the TPL used to calculate such NPL was determined by an actuarial valuation as of that date. The County's proportion of the Association's NPL was based on a projection of the County's long-term share of contributions to the Association's pension plan relative to the projected contributions of all Association participants, actuarially determined. See Note 12 to the County's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2019 attached hereto as Appendix C.

For the fiscal year ended June 30, 2019, the County recognized a credit to pension expense of \$57.285 million. Pension expense represents the change in the NPL during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions of methods, and plan benefits. See Note 12 to the County's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2019 attached hereto as Appendix C.

Subsequent to the release of the Association's 2019 GAS 67 Actuarial Valuation, the Association released its 2020 GAS 68 Actuarial Valuation. The 2020 GAS 68 Actuarial Valuation provides that the Association's NPL will be \$1.130 billion at June 30, 2020, of which the County's proportionate share will be \$1.055 billion. The 2020 GAS 68 Actuarial Valuation also provides, for a measurement date of June 30, 2019 and a reporting date of June 30, 2020, a pension expense for the County of \$240,176,609. The County will review these calculations in connection with the preparation of its audited financial statements for Fiscal Year 2019-20.

The 2020 GAS 68 Actuarial Valuation reports, for a measurement date of June 30, 2019 and a reporting date of June 30, 2020, the TPL of the System, the fiduciary net position of the System, and the NPL of the System as follows:

Total Pension Liability

| | |
|--|------------------------|
| 1. Service Cost | \$ 108,089,840 |
| 2. Interest | 410,338,790 |
| 3. Change of benefit terms | 0 |
| 4. Differences between expected and actual experience | 12,058,316 |
| 5. Changes of assumptions | (67,930,738) |
| 6. Benefit payments, including refunds of member contributions | <u>(280,032,239)</u> |
| 7. Net change in Total Pension Liability | \$ 182,523,968 |
| 8. Total Pension Liability – Beginning of Fiscal Year | <u>5,881,850,685</u> |
| 9. Total Pension Liability – End of Fiscal Year | <u>\$6,064,374,653</u> |

Fiduciary Net Position

| | |
|---|------------------------|
| 10. Contributions – Employers | \$ 225,491,692 |
| 11. Contributions - Employees | 40,463,120 |
| 12. Net investment income | 254,693,657 |
| 13. Benefit payments, including refunds of member contributions | (280,032,239) |
| 14. Administrative expense | (5,980,558) |
| 15. Other | <u>0</u> |
| 16. Net Change in Fiduciary Net Position | \$ 234,635,672 |
| 17. Fiduciary Net Position – Beginning of Fiscal Year | 4,699,871,406 |
| 18. Fiduciary Net Position – End of Fiscal Year | <u>\$4,934,507,078</u> |
| 19. Net Pension Liability (item 9 minus item 18) | <u>\$1,129,867,575</u> |

Significant Accounting Policies.

Basis of Accounting. The Association’s financial statements are prepared using the accrual basis of accounting. Investment income is recognized when it is earned and expenses are recognized in the period in which they are incurred. Employee and employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds of prior contributions are recognized when due and payable under the provisions of the retirement plan.

Deposits and Investments. Cash and cash equivalents with the Association’s fiscal agent include deposits in the County Treasurer’s commingled cash and investment pool and investments held by Northern Trust, the Association’s custodian bank. Investments with such custodian bank are comprised of foreign currencies, cash held in a short-term investment fund and other short-term, highly liquid investments. Short-term investments considered cash equivalents are recorded at cost, which approximates fair value. The County Treasurer’s commingled cash and investment pool operates in accordance with appropriate State laws and regulations and is governed by an investment policy formally adopted by the County. See “Investment Pool” herein.

The pension plan’s investments are reported at fair value. The fair values of equity and fixed income securities are derived from quoted market prices. The fair values of private market investments are estimated from fair values provided by the real estate investment funds, futures investment managers, and alternative investment managers. All investment purchases and sales are recorded on the trade date.

Income Taxes. The Internal Revenue Service (the “IRS”) has ruled that pension plans such as the Association qualify under Section 401(a) of the Internal Revenue Code of 1986, as amended (the “Code”), which prevents the Association from being subjected to taxation under present income tax laws. In 1988

and 2016, the Association's pension plan was determined by the IRS to be tax qualified. In accordance with this determination, the Association states in Note 2 to the Association 2019 CAFR that no provisions for income taxes have been made in the basic financial statements accompanying the Association's 2019 CAFR, as the Association is exempt from federal and state income taxes under provisions of the IRC, Section 401(a), and the California Revenue and Taxation Code, Section 23701, respectively.

Capital Assets. Capital assets are valued at historical cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of three years for computer equipment, five years for office equipment, 10 years for furniture, 15 years for software (accounting general ledger and pensions administration system) and 30 years for buildings. Depreciation expense is reported as part of administrative expenses.

Use of Estimates. The Association's preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires its management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Determination of Pension Benefits. Pension benefits are funded in advance by Participating Employer and employee contributions and are based upon several factors, including the retirement benefit tier, a participating employee's age at the time of retirement, years of service, average pensionable or retirement compensation for, depending on the retirement benefit tier, the highest paid "one year final average compensation", the highest paid "three year final average compensation" or the highest paid "average annual compensation during a period of at least 36 consecutive months" of employment, the retirement allowance payment option selected by the participant, and whether the participant was employed as a safety member or as a general member of the Association. Disability and death benefits are additionally based upon whether the disability was service connected and whether the death occurred before or after retirement. Members' contributions to the System, including interest, are 100% vested at all times. Employees do not have a vested interest in their respective Participating Employer's contributions unless and until they actually retire from their employing agency, and may only receive the Participating Employer's contributions in the form of retirement benefits, which are payable as and when due. Employees vest in the System after five years of service, and may leave their contributions on deposit and defer their retirement if they terminate their employment without retiring. Employees with less than five years of service may leave their contributions on deposit if they terminate their employment without retiring, but do not vest in the System unless and until they earn sufficient time to meet the five-year minimum, or establish reciprocity with other qualifying retirement systems.

Retirement Contributions. Contributions are made by the members and the Participating Employers, including the County, at rates determined by the Association's Actuarial Consultant and approved by the Board of Retirement and the County Board. Member contribution rates vary according to classification (safety or general member), all pursuant to Articles 6 and 6.8 of the 1937 Act, and PEPRA, respectively. For members who are not subject to PEPRA, Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates, which is determined so that the accumulation of a member's basic contributions made in a given year until a certain age will be sufficient to fund an annuity at that age that is equal to rates established by the County Board pursuant to the 1937 Act. In addition, as a result of the Settlement Agreement (herein defined), general members and safety members who are in Tier 1 are required to make additional basic contributions in order to receive their respective settlement benefit. Pursuant to Section 7522.30(a) of the Government Code, general members and safety members who are in Tier 5, as members who are subject to PEPRA, are required to contribute at least 50% of the normal cost rate. In addition, there are certain additional requirements that would have to be met, including agreement through the collective bargaining process for represented employees, subject to certain conditions, if new Association members were to pay a greater contribution

rate. Participating Employer contribution rates are determined pursuant to Section 31453 of the 1937 Act, which also applies to employee contribution rates.

The 1937 Act requires the Association to apply the County’s contributions to its obligations under the System first, to satisfy the County’s current fiscal year liabilities, as determined by the Association’s Actuarial Consultant, attributable to members’ service during such fiscal year, which is commonly known as the “normal cost” and service disability pensions, second, to pay for County contributions for death benefits, and third, to satisfy the UAAL.

The following Table 11 sets forth the Participating Employer rates and the average Member rates as of June 30, 2019.

TABLE 11
COUNTY OF FRESNO
CONTRIBUTION RATES TO BE PAID TO THE
FRESNO COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION
(As of June 30, 2019 for Fiscal Year 2020-21)

| Retirement Tier | Participating Employer Contribution Rate | Average Member Contribution Rate |
|-----------------|---|-------------------------------------|
| General Tier 1 | 62.85% | 9.88% |
| General Tier 2 | 59.58 | 6.89 |
| General Tier 3 | 59.93 | 7.99 |
| General Tier 4 | 51.85 | 7.23 |
| General Tier 5 | 49.28 | 7.30 |
| Safety Tier 1 | 86.75 | 12.53 |
| Safety Tier 2 | 87.91 | 11.40 |
| Safety Tier 4 | 73.62 | 10.22 |
| Safety Tier 5 | 69.73 | 11.96 |
| All Categories | 60.84 | 9.18 |

Source: Actuarial Valuation and Review as of June 30, 2019.

The County’s and its employee members’ contribution rates are determined as a percentage of payroll. The Association’s Participating Employer rates provide for both normal cost and a payment or credit to amortize any unfunded or overfunded actuarial accrued liabilities. In the 2019 Actuarial Valuation, the Association’s Actuarial Consultant has continued with the Board of Retirement’s funding policy to amortize the Association’s outstanding balance of the UAAL established as of June 30, 2003 over a declining period with 14 years remaining as of June 30, 2019. Any new UAAL as a result of assumption changes, method changes and actuarial gains or losses identified in the annual valuation as of June 30, 2011 and later will be amortized over a 15-year period. Any new UAAL as a result of plan amendments will be amortized over a period of 15 years. Any new UAAL as a result of “golden handshakes” or early retirement incentive programs will be amortized over a period of up to five years. The UAAL shall be amortized over “closed” amortization periods so that the amortization period for each layer decreases by one year with each actuarial valuation. The contribution rates and amounts are further determined by the Association’s Actuarial Consultant using the “entry age normal cost” method. This method currently produces a Participating Employer contribution rate consisting of amounts for (a) normal cost and (b) amortization of the outstanding balance of the UAAL established as of June 30, 2003 over a declining 20-year period, of which 14 years remain as of June 30, 2019; (c) amortization period for UAAL established on each subsequent valuation as a result of actuarial gains or losses, changes in actuarial assumptions or plan amendments over a declining 15-year period. Employees’ contributions are funded and recognized

currently through payroll deductions in amounts recommended by the Association’s Actuarial Consultant. Historically, a portion of the contributions were financed through undistributed earnings, if any, or increases in employer and employee contribution rates. In addition to their normal contributions established by statute and, with respect to Tier 1, by the Settlement Agreement, general members of Tier 1, Tier 2 and Tier 3 and safety members of Tier 1 and Tier 2 pay one-half of the total normal cost necessary to fund their cost-of-living benefits. In accordance with PEPRA, contribution rates for Tier 5 General Members and Tier 5 Safety Members will be a single-rate and not an age-based rate. See “- Significant Accounting Policies – Determination of Pension Benefits” “ – Retirement Tiers” and “ – California Public Employee’s Pension Reform Act of 2013” herein.

The 2019 Actuarial Valuation calculates the aggregate employer rate as 60.84% of payroll, which increased from the 55.08% of payroll for 2018. This increase is primarily due to the June 30, 2004 combined amortization layer becoming fully amortized and investment return (after smoothing) being less than the 7.00% return assumption, partially offset by the effect of amortizing the prior year’s UAAL over a larger than expected projected total payroll and changes in actuarial assumptions.

The following Table 12 sets forth the aggregate contribution of all of the Participating Employers in the System, the percentage of contributions made in relation to the actuarially determined contributions, covered employee payroll and the contributions as a percentage of covered employee payroll for the Fiscal Years ended June 30, 2015 through 2019.

TABLE 12
FRESNO COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION
ANNUAL PARTICIPATING EMPLOYER CONTRIBUTIONS
AND PERCENTAGE CONTRIBUTED
Fiscal Years Ended June 30, 2015 through 2019
(\$ in thousands)

| Fiscal Year Ended June 30 | Actuarially Determined Participating Employer Contributions⁽¹⁾ | Percentage Contributed | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|----------------------------------|--|-------------------------------|------------------------|---|
| 2015 | \$184,213 | 100% | \$351,109 | 52.47% |
| 2016 | 191,529 | 100 | 370,318 | 51.72 |
| 2017 | 198,472 | 100 | 386,345 | 51.37 |
| 2018 | 210,535 | 100 | 403,018 | 52.24 |
| 2019 | 225,492 | 100 | 423,092 | 53.30 |

Source: Fresno County Employees’ Retirement Association – Comprehensive Annual Financial Report as of June 30, 2019.

⁽¹⁾ Reflects the aggregate contributions of all Participating Employers in the System.

The 2019 Actuarial Valuation states that the aggregate employer contributions for the Participating Employers for the Fiscal Year ended June 30, 2019 totaled approximately \$225,491,692 and the aggregate employer contributions for the Fiscal Year ended June 30, 2018 were \$210,534,894.

The 2019 Actuarial Valuation states that, as of June 30, 2019, the net assets at actuarial value were approximately \$4,971,225,226, the net assets at valuation value (*i.e.*, the actuarial value excluding any non-valuation reserves) were approximately \$4,971,225,226, and the net assets at market value were approximately \$4,934,507,078. The 2019 Actuarial Valuation also states, as of June 30, 2019, the rate of return on the actuarial value of net assets was 3.93%, the rate of return on the valuation value of net assets

was 3.93%, and the rate of return on the market value of net assets was 5.43% for Fiscal Year 2018-19. See Table 17 – “Fresno County Employees’ Retirement Association – Investment Results Based on Market Value” herein.

The 2019 Actuarial Valuation states that, as of June 30, 2019, the actuarial accrued liability was approximately \$6,086,654,000 and the unfunded actuarial accrued liability (calculated using the valuation value of plan assets) was approximately \$1,115,429,000. Based on the 2019 Actuarial Valuation, the employers’ funded ratio (*i.e.*, the ratio of valuation value of assets of the Association over the actuarial accrued liability) is 81.67% as of June 30, 2019.

The actuarial value of the System Assets and the actuarial accrued liability reflect amounts received by the Association from the County in connection with the prior issuance of the County’s pension obligation bonds. The County applied a portion of the proceeds of its Taxable Pension Obligation Bonds, Series 1998 (the “1998 Series A Bonds”), Taxable Pension Obligation Bonds, Series 2004A (the “2004 Series A Bonds”), Taxable Pension Obligation Bonds, Series 2004B (the “2004 Series B Bonds”) and Taxable Pension Obligation Refunding Bonds, 2015 Series A (the “2015 Series A Bonds”) to reduce its UAAL. The County applied a portion of the proceeds of the Taxable Pension Obligation Bonds, Refunding Series 2002 (the “2002 Refunding Bonds”) to refund a portion of the 1998 Series A Bonds. The 1998 Series A Bonds, the 2002 Refunding POBs and the 2015 Series A Bonds are no longer outstanding. The 2004 Series A Bonds are outstanding in the principal amount of \$153,023,000 and the 2004 Series B Bonds are outstanding in the principal amount of \$75,000,000.

In April 2003, subsequent to the County’s issuance of the Series 2002 Refunding Bonds and partial refunding of the 1998 Series A Bonds, the United States Department of Health and Human Services (the “DHHS”) through the State Controller’s Office (the “SCO”) provided guidance to California counties, including the County, that the cost of refinanced pension obligation bonds would be an allowable and allocable cost for federal reimbursement only for the aggregate debt service cost of the refinanced pension obligation bonds that is less than the aggregate debt service cost of the pension obligation bonds they replace. As a result, the SCO determined that, in Fiscal Year 2015-16, the County’s aggregate debt service costs attributable to the Series 2002 Refunding POBs exceeded the County’s aggregate debt service cost of the 1998 Series A Bonds for the applicable federal and state programs, and that reimbursement of such excess amounts would be disallowed under the applicable federal programs; the SCO informed the County that the SCO would treat the County’s reimbursement claims related to 2002 Refunding Bond debt service costs for state programs the same as the DHHS would treat the County’s reimbursement claims related to 2002 Refunding Bond debt service costs for federal programs. The County uses a portion of revenue from applicable federal and state programs to pay one fiscal year in advance the County’s Series 2002 Refunding POBs debt service costs for those programs. The total amount of the expected federal and state disallowed reimbursement claims is estimated to be approximately \$37.7 million (excluding interest that continues to accrue on unpaid amounts) for the County’s debt service costs of the Series 2002 Refunding POBs between Fiscal Year 2015-16 through Fiscal Year 2018-19. The County Board, in prior fiscal years, designated a total of approximately \$38 million for the County’s payment of these expected federal and state disallowed reimbursement claims. The County has paid the SCO the federal and state reimbursement disallowances of the County’s 2002 Refunding Bond costs in the amount of approximately \$14.7 million, leaving a balance of approximately \$23.3 million of such designated amount. The County is attempting to resolve this matter with the DHHS and the SCO for the remaining expected federal and state reimbursement disallowances of the County’s 2002 Refunding Bond debt service costs for Fiscal Years 2016-17 through 2018-19, as well as the amounts attributable to the timing of the County’s fiscal year 2014-15 revenues from federal and state programs that the County used to pay in advance the County’s 2002 Refunding POB debt service costs for Fiscal Year 2015-16 for the applicable federal and state programs; the total of all outstanding amounts subject to expected state and federal disallowances of these remaining reimbursement claims is approximately \$23.3 million (excluding interest that continues to accrue on such unpaid amounts).

The following Table 13 sets forth the County’s actuarially determined annual contribution and actual contributions related thereto for Fiscal Years 2014-15 through 2018-19 and County’s actual contributions as a percentage of total governmental funds expenditures for such fiscal years.

TABLE 13
COUNTY OF FRESNO
EMPLOYER CONTRIBUTION STATUS
Fiscal Years 2014-15 through 2018-19
(\$ in thousands)

| <u>Fiscal Year</u> | <u>Actuarially Determined County Contribution</u> | <u>Actual County Contribution</u> | <u>Actual County Contribution as Percentage of Total Governmental Funds Expenditures⁽¹⁾</u> |
|--------------------|---|---|--|
| 2014-15 | \$153,542 | \$160,968 | 12.39% |
| 2015-16 | 171,577 | 172,912 | 12.69 |
| 2016-17 | 178,220 | 178,233 | 12.52 |
| 2017-18 | 184,317 | 189,161 | 12.35 |
| 2018-19 | 196,073 | 202,752 | 12.54 |

Source: County of Fresno – Auditor-Controller/Treasurer-Tax Collector.

⁽¹⁾ The County’s Total Governmental Funds reflects funds on deposit for general government functions in the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Fund and certain other non-major governmental funds. See “General Fund Financial Statements” herein and Appendix C – “County of Fresno General Purpose Financial Statements for the Fiscal Year ended June 30, 2019” attached to this Official Statement.

Pension Related Payments

The County’s contributions to the Association depend upon a variety of factors, including investment performance, actuarial assumptions, and potential changes in benefits. The County has always made its required contributions. These payments, along with debt service payments on the County’s pension obligation bonds, are substantial and constitute a significant portion of the County’s budget.

The following Table 14 sets forth the estimated Employer Contributions and POB debt service for Fiscal Years 2019-20 through 2026-27. The estimates and related assumptions are “forward-looking” in nature and are not to be construed as representations of fact or representations that in fact the various estimates shown will be the correct amounts for the years indicated. Rather, these reflect good faith estimates by the County taking into account a variety of assumptions, a number of which are discussed herein. Accordingly, prospective investors are cautioned to review these estimates as general opinions of orders of magnitude and not as precise amounts.

TABLE 14
COUNTY OF FRESNO
ESTIMATED COUNTY EMPLOYER CONTRIBUTIONS AND
ESTIMATED PENSION OBLIGATION BOND RELATED PAYMENTS⁽¹⁾
Fiscal Years 2020-21 through 2027-28

| <u>Fiscal Year</u> | <u>County's Estimated Employer Contributions</u> | <u>County's Estimated Pension Obligation Bonds Debt Service</u> | <u>Total</u> |
|--------------------|--|---|---------------|
| 2020-21 | \$207,837,260 | \$35,2908,52 | \$243,128,112 |
| 2021-22 | 211,994,005 | 37,263,587 | 249,257,592 |
| 2022-23 | 216,233,886 | 39,268,018 | 255,501,904 |
| 2023-24 | 220,558,563 | 41,402,452 | 261,961,015 |
| 2024-25 | 224,969,735 | 43,547,802 | 268,517,537 |
| 2025-26 | 226,469,129 | 45,759,052 | 275,228,181 |
| 2026-27 | 234,058,512 | 48,056,727 | 282,115,239 |
| 2027-28 | 238,739,682 | 50,550,040 | 289,289,722 |

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

⁽¹⁾ Assumes 2% growth in employer contributions each year and employer contributions do not include the Courts employees.

The following Table 15 sets forth the combined total of the County's employer contribution rates and the debt service payment rates on its outstanding pension obligation bonds for each of the Association's membership tiers as a percentage of covered payroll for Fiscal Years 2019-20 and 2020-21.

TABLE 15
FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
CONTRIBUTION RATES AND DEBT SERVICE PAYMENTS
ON PENSION OBLIGATION BONDS
Fiscal Year Ended June 30, 2020 through 2021

| <u>Year Ended</u> | <u>General</u> | | | | | <u>Safety</u> | | | |
|-------------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | <u>Tier 1</u> | <u>Tier 2</u> | <u>Tier 3</u> | <u>Tier 4</u> | <u>Tier 5</u> | <u>Tier 1</u> | <u>Tier 2</u> | <u>Tier 4</u> | <u>Tier 5</u> |
| June 30, 2020 | 64.80% | 62.02% | 61.98% | 53.03% | 51.16% | 92.18% | 92.62% | 77.56% | 74.83% |
| June 30, 2021 | 70.77% | 67.50% | 67.85% | 59.77% | 57.20% | 95.39% | 96.55% | 82.26% | 78.37% |

Source: County of Fresno – Auditor-Controller/Treasurer-Tax Collector.

Unfunded Actuarial Accrued Liability and Unrecognized Gains/Losses as of June 30, 2019. The 2019 Actuarial Valuation states the UAAL increased from \$1.091 billion as of June 30, 2018 to \$1.115 billion as of June 30, 2019 when determined on a valuation (smoothed) value of assets basis. On a market value basis, the UAAL decreased from \$1.194 billion to \$1.152 billion from June 30, 2018 to June 30, 2019. The funded ratio on a valuation value of assets basis has increased from 81.49% to 81.67%, while on a market value basis, the funded ratio has increased from 79.74% to 81.07%.

The 2019 Actuarial Valuation states that the net total unrecognized investment losses as of June 30, 2019 were approximately \$36.7 million compared to the net total unrecognized investment losses of \$103.1 million as of June 30, 2018. The 2019 Actuarial Valuation also states that these investment losses will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, and will offset any investment gains that may occur after June 30, 2019. The 2019 Actuarial Valuation further states that, unless offset by future investment gains or other favorable experience, the

recognition of the \$36.7 million market losses is expected to have an impact on the Association's future funded ratio and contribution rate requirements. The unrecognized investment losses represent approximately 0.7% of the market value of assets. If the deferred losses were recognized immediately in the valuation value of assets, the funded percentage would decrease from 81.7% to 81.1%. If the deferred losses were recognized immediately in the valuation value of assets, the aggregate employer contribution rate would increase from 60.84% of payroll to 61.54% of payroll. The valuation value of assets is based on the market value of assets as of the valuation date, as provided by the Association. The Association uses a valuation value of assets that differs from market value to gradually reflect six-month changes in the market value of assets in determining contribution requirements. The valuation value of assets is determined by reducing the actuarial value of assets by the value of non-valuation reserves. The actuarial value of assets is determined by recognizing any difference between actual and expected market return over the last nine semi-annual accounting periods. The actuarial value of assets is further adjusted, if necessary, to be within 30% of the market value of assets.

Actuarial Assumptions. The Association's Actuarial Consultant considers various factors in determining the assumptions to be used in calculating funding ratios. The actuarial assumptions used do not determine the "actual cost" of the retirement plan. Demographic assumptions are based on a study of the actual history of retirement, rates of termination/separation of employment, years of life expectancy after retirement, disability and other factors. This experience study is done once every three years. The most recent experience study was the 2018 Experience Study, which provides the proposed actuarial assumptions to be used effective with the June 30, 2019 actuarial valuation. In addition, the Association's Actuarial Consultant considers certain economic factors assumptions in determining the assumptions to be used in calculating funding ratios. The actuarial assumptions have a significant impact on the determination of the ratio of assets of the Association that are set aside to pay plan benefits by the Association. Significant actuarial assumptions of the Association's Actuarial Consultant for the 2019 Actuarial Valuation include: (a) a rate of return on the investment of present and future assets of 7.00% per year (net of administration and investment expenses); (b) an inflation assumption of 2.75%; (c) projected across-the-board salary increases of 0.50% plus merit and longevity increases based on age that vary between 1.5% and 8.5% for safety members and 1.1% and 8.5% for general members and (d) projected cost of living adjustments of 2.75% of retirement income per year, subject to a 3.00% maximum change per year for General members in Tiers 1, 2 and 3 and Safety members in Tiers 1 and 2, and 0.00% for General members in Tier 4 and Tier 5 and Safety members in Tier 4 and Tier 5. The Board of Retirement may modify such assumptions based in part on analyses of experience and recommended changes submitted by the Association's Actuarial Consultant. These assumptions were based upon recommendations by the Association's Actuarial Consultant in the 2018 Experience Study and approved by the Board of Retirement on April 17, 2019.

The Board of Retirement may approve the use of different assumptions to calculate the actuarially determined contribution based upon any action such as, among other things, salary or staff reductions approved by Participating Employers. In the event a Participating Employer approves any such action, such Participating Employer's actuarially determined contribution may differ from the amounts projected in the Association's Actuarial Consultant's next actuarial valuation.

The following Table 16 sets forth certain economic actuarial assumptions for the Fiscal Years ended June 30, 2015 through June 30, 2019.

TABLE 16
FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
ECONOMIC ACTUARIAL ASSUMPTIONS
Fiscal Years ended June 30, 2015 through June 30, 2019

| <u>Actuarial Assumption</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Interest | 7.25% | 7.00% | 7.00% | 7.00% | 7.00% |
| Inflation | 3.25 | 3.00 | 3.00 | 3.00 | 2.75 |
| Employee Account Interest Credit Rate | 3.00 | 3.00 | 3.00 | 3.00 | 2.75 |

Source: Fresno County Employees' Retirement Association Actuarial Valuations and Review as of June 30, 2015 through 2019.

Historical Funding Progress. The following Table 17 sets forth the schedule of funding progress as of the ten most recent actuarial valuation dates. Table 17 includes amounts contributed to the Association from proceeds of its pension obligation bonds. See “ – Retirement Contributions” above. Funding progress is measured by a comparison of System Assets which have been set aside by the Association to pay plan benefits with plan liabilities. See Table 11 – “Schedule of Annual Required Employer Contributions and Percentage Contributed” herein, which sets forth the aggregate ARC to be contributed by the County and other Participating Employers, as determined by the Association’s Actuarial Consultant, and the percentage actually contributed.

TABLE 17
FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF FUNDING PROGRESS
Fiscal Years ended June 30, 2010 through June 30, 2019
(\$ in thousands)

| <u>Actuarial Valuation Date</u> | <u>(1) Valuation Value of Assets</u> | <u>(2) Actuarial Accrued Liability (AAL)</u> | <u>(3) Unfunded (Overfunded) AAL (2) – (1)</u> | <u>(4) Funded Ratio (1)/(2)</u> | <u>(5) Covered Payroll</u> | <u>(6) Unfunded (Overfunded) AAL Percentage of Covered Payroll (3)/(5)</u> |
|---------------------------------|--------------------------------------|--|--|---------------------------------|----------------------------|--|
| 6/30/10 | \$2,983,044 | \$4,092,464 | \$1,109,420 | 72.9% | \$408,861 | 271.3% |
| 6/30/11 | 3,114,483 | 4,237,961 | 1,123,478 | 73.5 | 398,976 | 281.6 |
| 6/30/12 | 3,305,045 | 4,345,402 | 1,040,357 | 76.1 | 365,596 | 284.6 |
| 6/30/13 | 3,518,982 | 4,694,780 | 1,175,798 | 75.0 | 370,079 | 317.7 |
| 6/30/14 | 3,824,221 | 4,876,754 | 1,052,533 | 78.4 | 373,774 | 281.6 |
| 6/30/15 | 4,092,647 | 5,074,333 | 981,686 | 80.7 | 383,775 | 255.8 |
| 6/30/16 | 4,278,001 | 5,472,149 | 1,194,148 | 78.2 | 402,535 | 296.7 |
| 6/30/17 | 4,529,508 | 5,643,444 | 1,113,936 | 80.3 | 413,760 | 269.2 |
| 6/30/18 | 4,802,958 | 5,893,909 | 1,090,951 | 81.5 | 431,678 | 252.7 |
| 6/30/19 | 4,971,225 | 6,086,654 | 1,115,429 | 81.7 | 457,759 | 243.7 |

Source: Fresno County Employees' Retirement Association – Actuarial Valuation and Review as of June 30, 2019.

The following Table 18 sets forth the value of the Association’s assets as of the actuarial valuation dates in 2010 through 2019 based on the valuation value, actuarial value and market value of assets.

TABLE 18
FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
ASSET VALUE COMPARISON
(\$ in thousands)

| <u>Valuation Date</u> | <u>Valuation Value of Assets</u> | <u>Actuarial Value of Assets⁽¹⁾</u> | <u>Market Value of Assets⁽¹⁾</u> |
|-----------------------|----------------------------------|--|---|
| 6/30/10 | \$2,983,044 | \$3,028,181 | \$2,586,687 |
| 6/30/11 | 3,114,483 | 3,151,541 | 3,167,177 |
| 6/30/12 | 3,305,045 | 3,333,856 | 3,148,513 |
| 6/30/13 | 3,518,982 | 3,539,367 | 3,499,451 |
| 6/30/14 | 3,824,221 | 3,828,862 | 4,050,128 |
| 6/30/15 | 4,092,647 | 4,093,377 | 4,032,119 |
| 6/30/16 | 4,278,001 | 4,278,161 | 4,009,496 |
| 6/30/17 | 4,529,508 | 4,529,508 | 4,407,222 |
| 6/30/18 | 4,802,958 | 4,802,958 | 4,699,871 |
| 6/30/19 | 4,971,225 | 4,971,225 | 4,934,507 |

Sources: Fresno County Employees' Retirement Association – Actuarial Valuation and Review as of June 30, 2010 through 2019.

⁽¹⁾ Includes non-valuation reserves: supplemental COLA, contingency reserve and retiree health insurance reserve.

The actuarial value of assets has been based on a five-year smoothed market method since the Fiscal Year ended June 30, 1996. This method spreads the difference between the market investment return achieved by the investment portfolio of the Association and the assumed investment return over a five-year period. The Board of Retirement adopted a modified version of the smoothed market method, setting a 30 percent corridor around the market value of assets effective with the actuarial valuation as of June 30, 2009.

Transfers of Investment Earnings by the Association. The Board of Retirement annually directs the crediting of the Association's investment earnings to reserves, some of which are part of valuation assets, and some of which are not part of valuation assets pursuant to the Association's Interest Crediting and Undistributed Earnings Policy, as amended on February 19, 2020 (the "Interest Crediting and Undistributed Earnings Policy"). Valuation assets are those used to fund vested benefits and are those assets used in calculating the funded ratio and the UAAL. The Interest Crediting and Undistributed Earnings Policy states that interest is credited every six months. The Interest Crediting and Undistributed Earnings Policy further states that its objectives are to (1) maintain consistency between the reserving structure accounts and the actuarial funding policies of the Association, (2) assure that the reserve values track the market value of assets over the long term, (3) to the extent possible, maintain reasonable stability in the both interest crediting and contribution rates by avoiding charging short-term losses to reserves and (4) assure that unfunded liabilities associated with the vested benefits granted by Association's Participating Employers are funded before the Board of Retirement funds any new discretionary non-vested benefits.

The Interest Crediting and Undistributed Earnings Policy states that the general policy of the Board of Retirement is to direct that investments earnings, when available ("Available Earnings"), be transferred to the following Association reserves, effectively, in the following order. First, Available Earnings are used to credit interest on member accounts at a rate equal to one-half of the cost-of-living increase percentage provided to Association members that have retired on or before April 1 of that calendar year. See " – Significant Accounting Policies – Determination of Pension Benefits" herein. Second, Available Earnings are used to credit interest at the assumed valuation interest rate on the valuation and non-valuation reserves (except for the contingency and undistributed earnings reserves). Third, Available Earnings are used for a Contra Tracking Account (the "Contra Tracking Account") to track any shortfalls of Available Earnings relative to earnings required to credit full interest to valuation reserves, and in subsequent years, use Available Earnings remaining after crediting such reserve interest to restore any prior shortfalls as tracked

in the Contra Tracking Account. Fourth, Available Earnings are used to maintain a 1% Statutory Contingency Reserve. The Board of Retirement may at its discretion maintain an additional Board Contingency Reserve of up to 2% based on current financial circumstances. One such circumstance to consider would be deferred market value actuarial losses not yet recognized in the actuarial value of the Association's assets. Fifth, any Available Earnings remaining after crediting of interest as set forth above (such remaining amount being the "Undistributed Earnings") is allocated in the following order of priority: (i) the funding of current and/or additional benefits under the Settlement Agreement (See "–Health Benefits" herein); (ii) restoring any negative ancillary benefit reserve accounts to \$0 (See "–Health Benefits" herein); and (iii) the funding of various discretionary uses, being the transfer to a reserve or designation to pay additional ancillary benefit such as Supplemental COLA and Additional Retiree Health Insurance as permitted by law, the transfer to a valuation reserve for reduction of UAAL for statutory benefits, the transfer to a reserve or designation for other uses as permitted by law and retention of the amounts in the Undistributed Earnings Reserve. Decisions of the Board of Retirement regarding allocation of excess earnings may cause the UAAL to increase or decrease and thus impact the amount of contributions of Participating Employers, including the County, in future years. The Interest Crediting and Undistributed Earnings Policy requires that the Board of Retirement, prior to utilizing Undistributed Earnings as set forth in clause (iii) above, to obtain from the Association's actuary an analysis of the impact of such actions on future annual costs, on the Association's contribution rates, UAAL, and funding ratio, and the advice of its legal counsel.

The 1937 Act permits the Association to use any excess earnings to pay certain supplemental benefits to retirees or credit them to the Association's valuation assets. The Board of Retirement historically has transferred excess earnings primarily to two reserves: (1) a retiree health benefit reserve (the "Health Benefit Reserve") from which the Association pays a cash benefit to all retirees and beneficiaries, which may be used for any purpose; and (2) a reserve established for a supplemental targeted adjustment for a cost of living adjustment ("Supplemental COLA"). Both the Health Benefit Reserve and the reserve for Supplemental COLA (the "Supplemental COLA Reserve") are excluded from valuation assets and are not included as assets when calculating the Association's UAAL. When earnings are excluded from valuation assets, those amounts are not available to decrease an UAAL because they are not available to pay vested benefits. The Board of Retirement determined to cease making payments from the Supplemental COLA Reserve beginning August 1, 2016. For a discussion of health benefits, if any, see "–Health Benefits" herein.

Reserve Levels. The 2019 Actuarial Valuation states that, as of June 30, 2019, there was \$0 on deposit in the Retiree Health Benefit Reserve, which is a non-valuation reserve. The Interest Crediting and Undistributed Earnings Policy permits transfer of amounts to the non-valuation Retiree Health Benefit Reserve only after amounts have been allocated to various other accounts and funds, including valuation accounts and funds.

Investment Policy. The Board of Retirement has exclusive control and fiduciary responsibility of the investment of the Association's retirement fund. Pursuant to the State Constitution, the members of the Board of Retirement are required to diversify the investments of the Association so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so. Except as otherwise expressly restricted by the State Constitution and by law, the Board of Retirement may, in its discretion, invest, or delegate the authority to invest the assets of the Association's retirement fund through the purchase, holding, or sale of any form or type of investment financial instrument, or financial transaction when prudent in the informed opinion of the Board of Retirement. The Association has established a series of policies, procedures and guidelines, grouped together as the "Investment Policy and Guidelines & Performance" (the "Association Investment Policy"), which was most recently amended September 5, 2018 (Appendix D to the Association Investment Policy was updated as of April 2019), to guide the Association's investment program. Under the Association Investment Policy, the Board of Retirement has directed the investment consultant to report on the investment returns and market conditions

on a quarterly basis and make recommendations on investment policy revisions for the Board of Retirement’s consideration as necessary. The Association Investment Policy includes a Strategic Asset Allocation with targets along with the allowable ranges, which shall serve as the guideline for maintaining Association’s retirement fund investment allocations (Appendix A to the Association Investment Policy). In order to transition from the beginning target to the ending target, as specified in the Strategic Asset Allocation targets (Appendix A to the Association Investment Policy), the Association Investment Policy includes an Asset Allocation Glidepath (Appendix B to the Association Investment Policy), which shall serve as the basis for interim quarterly targets to each asset class.

The following Table 19 sets forth the target allocations based on the Association’s Investment Policy (as described above) and the actual allocations for the Association’s investment portfolio for quarter ended December 31, 2019.

TABLE 19
FRESNO COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION
INVESTMENT ASSET ALLOCATION
As of December 31, 2019

| <u>Association’s Portfolio</u> | <u>Target Allocations</u> | <u>Actual Allocations</u> |
|--------------------------------|---------------------------|---------------------------|
| Domestic Equity | 23.0% | 20.8% |
| International Equity | 22.0 | 22.1 |
| Global Fixed Income | 26.0 | 26.0 |
| Real Estate | 5.0 | 4.8 |
| Hedge Funds | 7.0 | 6.1 |
| Private Equity | 6.0 | 5.2 |
| Private Credit | 8.0 | 6.1 |
| Infrastructure | 3.0 | 3.2 |
| Cash and Equivalents | 0.0 | 3.8 |
| Other | <u>0.0</u> | <u>1.9</u> |
| | <u>100.0%</u> | <u>100.0%</u> |

Source: Fresno County Employees’ Retirement Association – Investment Performance Review for the period ended December 31, 2019, prepared by Verus Investments.

The Association’s assets are exclusively managed by external professional investment management firms. The Board of Retirement monitors the performance of the managers with the assistance of an external investment consultant. The following Table 20 sets forth the annualized rate of return on the Association’s investments in the portfolio for the Fiscal Years ended June 30, 2010 through June 30, 2019 based upon the valuation value, actuarial value and market value of the Association’s investments, as reported by the Association’s Actuarial Consultant.

TABLE 20
FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT RESULTS
Fiscal Year ended June 30, 2010 through June 30, 2019

| Fiscal Year Ended June 30 | Annualized Rates of Return (Valuation Value) | Annualized Rates of Return (Actuarial Value) | Annualized Rates of Return (Market Value) |
|--------------------------------------|---|---|--|
| 2010 | 4.31% | 3.44% | 14.98% |
| 2011 | 4.84 | 4.78 | 22.34 |
| 2012 | 6.01 | 5.94 | (0.44) |
| 2013 | 6.96 | 6.91 | 11.95 |
| 2014 | 8.98 | 9.03 | 16.63 |
| 2015 | 7.31 | 7.29 | (0.10) |
| 2016 | 4.97 | 4.97 | (0.11) |
| 2017 | 6.36 | 6.35 | 10.44 |
| 2018 | 6.49 | 6.49 | 7.11 |
| 2019 | 3.93 | 3.93 | 5.43 |

Sources: Fresno County Employees' Retirement Association – Actuarial Valuation and Review as of June 30, 2019.

Health Benefits. The Board of Retirement has exclusive rights to determine how undistributed earnings were lawfully used prior to the adoption of a settlement agreement in December 2000 relating to a retirement benefits formula for Tier 1 (the “Settlement Agreement”). However, under the Settlement Agreement, the Board of Retirement has taken the position that additional costs associated with the benefits provided under the settlement are to be funded first from undistributed earnings to the extent any are available. See “Transfers of Investment Earnings by the Association” herein. There were no undistributed earnings available as of June 30, 2019.

Pursuant to the Settlement Agreement, all retirees and beneficiaries who are parties to the agreement would receive an increase in monthly paid health insurance benefits of \$3.00 per full year of service. The Settlement Agreement provides this benefit to general members and safety members who are enrolled in Tier 1. The County Board extended this benefit to general members who are enrolled in Tier 2 and Tier 3, and to Safety Members who are enrolled in Tier 2 and Tier 4. There are 7,701 members receiving this benefit and the monthly cost is approximately \$420,000 (reflecting an average of \$54 per pay period and an average of 18 years of service). The Board of Retirement and its outside counsel have determined that there is no cap on such benefit under the Settlement Agreement.

On October 23, 2014, the Association reported to the Board of Supervisors that approximately \$8.68 million of proceeds from the 2004 Series A Bonds that should have been allocated to the vested Health Benefit Reserve were instead allocated to the non-vested Health Benefit Reserve. As a result, some non-vested health benefits have been paid out of such funds. The Board of Retirement determined to suspend paying benefits from the non-vested Health Benefit Reserve as of November 1, 2014, not to seek recovery of these discretionary payments from individual retirees, to correct the reserve amounts as of July 1, 2013 (for Fiscal Year 2013-14) and to carry the resulting deficit in the non-vested Health Benefit Reserve going forward as a negative ancillary benefit reserve account. See “ – Transfers of Investment Earnings by the Association” herein.

Post-Retirement Healthcare Benefits. The County does not fund any post-retirement healthcare benefits (“OPEB”) to its employees or retirees. The County has contracts for fully insured healthcare plans for certain retirees. The premium for these plans are paid entirely by the participating retirees and the

County does not incur any costs in connection therewith. Accordingly, the County does not have any normal costs or UAAL associated with OPEB, nor would retirees benefit from any “implicit subsidy” derived from obtaining post-retirement healthcare coverage at an active employee rate. Statement No. 75 of the Governmental Standards Accounting Board, which covers accounting and financial reporting by employers of post-retirement healthcare benefits other than pensions adopted in June 2015 does not apply to the County.

Litigation

Litigation regarding the County Jail. In December 2011, *Quentin Hall, et al. v. Margaret Mims, et al.*, United States District Court Eastern District of California Case No. 1:11-cv-02047-LJO-BAM was filed by seven current or former inmates at the County Jail, who sought to be class representatives for a class action lawsuit concerning various conditions at the County Jail. The plaintiffs alleged that the Sheriff and the County, among others, violated the Eighth Amendment and Fourteenth Amendment of the United States Constitution, the Americans with Disabilities Act, and Section 504 of the Rehabilitation Act of 1973 based on alleged system-wide deficiencies in the delivery of medical care, mental health care, and dental care at the County Jail. The plaintiffs also alleged that County Jail’s correctional staffing and inmate housing arrangements violate their constitutional right to be protected from violence. The parties negotiated a consent decree and remedial plan that was approved by the District Court on November 2, 2015. As part of the settlement, the County agreed to pay \$900,000 in attorneys’ fees to plaintiffs’ counsel in addition to \$40,000 per year during the term of the consent decree for monitoring costs. The consent decree had a four year term, but has been extended on a quarter to quarter basis as progress is not completed on the remedial plan. The legal costs of monitoring were increased to \$60,000 annually, paid in quarterly installments of \$15,000 through the remainder of the decree period. The County does not anticipate additional large expenditures for increased operations or staffing costs to be part of the consent decree going forward.

Litigation regarding Fresno County Sheriff’s Foundation’s Gun Range. In April 2015, a Pacific Gas and Electric Company (“PG&E”) underground high-pressure natural gas transmission pipeline located at a gun firing range owned by the County Sheriff’s Foundation and operated by the Fresno County Sheriff ruptured and caused an explosion. An employee of the County’s Public Works Department, together with several jail inmates, were working at the location when the explosion occurred. One inmate died and several others were injured. The event is being investigated by a several entities, including the County Sheriff’s Office, the California Public Utilities Commission, PG&E, the City of Fresno Fire Department, and California State Division of Occupational Safety and Health. The County has received a number of personal injury and property damage claims, and has its own damage claims arising from the incident. Additional claims may be filed as investigation of the incident proceeds. While it remains too early to assess the value of the claims due to the stay of the civil actions, the County has asserted that all personal injury claims filed to date against the County are covered by the County’s workers compensation insurance because all of the injured persons were working for the County when the explosion occurred. The civil actions are stayed pending final appellate resolution before the Workers Compensation Appeals Board of the issue of workers compensation coverage, and the bankruptcy of PG&E. If the County is held responsible for the explosion and successful in its assertion that its workers compensation policy covers this incident, the County’s financial liability for those claims will be limited to a \$500,000 self-insured retention under the worker’s compensation policy. The County has not determined what the financial impact on it could be if the County’s workers compensation policy does not cover the County’s financial liability for personal injury. The County has a \$750,000 self-insured retention and \$25 million in excess insurance coverage for liability claims. PG&E filed bankruptcy in January 2019 in response to potential liabilities against it as a result of wildfires throughout the State. This bankruptcy action is pending and it is presently unknown what the impact of this bankruptcy action will have on the pending civil actions.

Insurance

The County is exposed to various risks of loss including tort liability, errors and omissions, injuries to employees, and theft, damage, and destruction of assets. The County has established the Risk Management Fund (the "Risk Management Fund"), an Internal Service Fund, to account for and finance its partial and fully uninsured risks of loss. The Risk Management Fund is operated through a combination of self-insurance and insurance purchased by the County to protect itself from claims and losses associated with commercial general liability, medical malpractice, workers' compensation, vehicle and property damage. The Risk Management Fund is also used to account for County unemployment and wellness programs, and for County-wide employee medical, prescription, dental and vision insurance coverage provided through a contract with SJVIA (as herein defined). Additional employee benefits, including disability and life insurance, as well as health insurance for retirees, are also accounted for in the Risk Management Fund.

The County is a member of the San Joaquin Valley Insurance Authority ("SJVIA"), a joint powers authority that the County created with the County of Tulare. The SJVIA serves as a purchasing coalition for the purpose of jointly purchasing health insurance. The County has achieved efficiencies in administrative and fixed costs with the use of the SJVIA. The SJVIA is governed by a seven-member Board of Directors that consists of four members appointed by the County Board and three members appointed by County of Tulare. The County's Auditor-Controller/Treasurer-Tax Collector acts as Auditor-Treasurer of the SJVIA. Currently, the County and the County of Tulare are the only entities participating in the SJVIA. Additional local agencies may join the SJVIA upon approval by its Board of Directors.

Commercial general liability coverage is self-insured up to a maximum of \$750,000 per claim. Coverage above \$750,000, up to a maximum amount of \$25,000,000, is provided through a risk pool agreement with the Public Risk Innovation Solutions and Management ("PRISM") Program. PRISM was formerly known as the California State Association of Counties Excess Insurance Authority (the "CSAC-EIA"). The risk pool is reinsured through commercial companies from \$5,000,000 to \$25,000,000 per claim.

The County's property coverage is provided through PRISM and includes several layers of insurance coverage. The primary limit is \$25,000,000 for all-risk, flood and earthquake coverage. The program also provides excess additional layers of insurance coverage with limits that vary based on the type of loss: \$600,000,000 in all-risk coverage, \$225,000,000 for flood coverage (\$200,000,000 in high hazard areas), and \$25,000,000 for earthquake coverage. Boiler and machinery coverage is included up to \$100,000,000. These limits on these excess layers of coverage are not exclusive to the County but apply to groups of participants in PRISM. There are also several all-risk coverage excess layers of insurance sub-limits within the property coverage policy subject to deductibles that are self-insured by the County.

Cyber liability coverage is self-insured up to a maximum of \$100,000 per claim. Coverage above \$100,000 is provided through a risk pool agreement with PRISM. Policy limits vary based on the type of loss.

The County is fully self-insured for its medical malpractice exposure arising from providing public medical and mental health services. Prior to October 7, 1996, the County operated an acute hospital. The medical staff and resident physicians were covered by the University of California at San Francisco. The non-physician staff was covered by the County's self-insurance plan. After that date, the operation of the hospital was contracted to a local private non-profit hospital. The medical malpractice exposure arising from County operation of the hospital will diminish over time. On March 25, 2014, medical and mental health services for the County's correctional facilities was contracted to a third-party provider, who is required to maintain its own medical malpractice coverage for exposure under the contract. The current

provider of these services is California Forensic Medical Group, doing business as Wellpath. The County employs several physicians and nurses to provide medical services for the County’s mental and public health programs. It also employs forensic pathologists and autopsy technicians for coroner services. These medical professionals are covered by the County’s self-insured medical malpractice program.

Self-insured workers’ compensation coverage is provided up to a maximum of \$500,000 per incident. Coverage above \$500,000 is provided by participation in a risk pool agreement with PRISM that provides statutory coverage. The risk pool is reinsured through commercial companies from \$5,000,001 to the statutory limit.

Annual contributions are made by the County to the workers’ compensation, general liability and medical malpractice programs based upon actuarially recommended funding levels. The reserve for each program includes the estimated liability for claims filed against the County as well as the estimated cost of claims incurred but not reported, as projected by an independent actuary. Contributions to the fire and property, unemployment and vehicle damage programs are based on actual historical claim loss experience.

Settled claims for all programs have not exceeded the commercial coverage in any of the past three fiscal years. The claims liability of \$84,395,000 reported in the Risk Management Fund at June 30, 2019 is based on the requirement that claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The ending balance was equal to the beginning Fiscal Year 2018-19 liability of \$80,615,000, plus Fiscal Year 2018-19 claims provision and changes in estimates of \$38,423,000, minus claim payments of \$34,643,000.

The following Table 21 sets forth the Risk Management Fund’s claims liability amount for self-insurance in Fiscal Years 2014-15 through 2018-19.

TABLE 21
COUNTY OF FRESNO
RISK MANAGEMENT FUND CLAIMS LIABILITY – SELF INSURANCE
Fiscal Years 2014-15 through 2018-19
(\$ in thousands)

| <u>Fiscal Year</u> | <u>Beginning of Fiscal-Year Liability</u> | <u>Current-Year Claims Provision and Changes in Estimates</u> | <u>Claim Payments</u> | <u>Balance at Fiscal Year-End</u> |
|------------------------|---|---|-----------------------|-----------------------------------|
| 2014-15 | \$87,620 | \$11,215 | \$(13,030) | \$85,805 |
| 2015-16 | 85,805 | 12,066 | (17,635) | 80,236 |
| 2016-17 | 80,236 | 16,381 | (18,910) | 77,707 |
| 2017-18 | 77,707 | 22,366 | (19,458) | 80,615 |
| 2018-19 | 80,615 | 38,423 | (34,643) | 84,395 |
| 2019-20 ⁽¹⁾ | | | | |

Source: County of Fresno Comprehensive Annual Financial Report for Fiscal Years 2014-15 through 2018-19.

⁽¹⁾ Estimated.

Indebtedness

Debt Management Policy. The County established the Debt Advisory Committee (“DAC”) in 1993. The DAC is responsible for reviewing all potential financings issued by the County and making appropriate recommendations to the County Board. The DAC consists of two members from the County

Board, the County Administrative Officer, the Auditor-Controller/Treasurer-Tax Collector and County Counsel.

The County Board adopted the County's Debt Policy ("Debt Policy") in 2006 to help ensure the financial stability of the County, to reduce the County's costs of borrowing, and to protect the County's good credit quality through proper debt management. In 2018, the County Board revised the Debt Policy and renamed it as the County's Debt Management Policy ("Debt Management Policy"). The Debt Management Policy provides general guiding policy principles to assist County decision makers and staff with respect to their debt management decisions and actions, as well as identify approved County financing methods and limitations on County debt. Such general guiding policy principles include, but are not limited to, the following: (1) the proposed debt issuance should not be expected to cause financial instability or uncertainty for the County and the County will not incur debt in such a way that will unduly burden current or future taxpayers, ratepayers, or residents; (2) the proposed debt issuance should be expected to preserve the County's good reputation in the financing markets and the County's creditworthiness; (3) the total amount of all outstanding debt, after taking into account proposed debt, shall be reasonable for the County's current and foreseeable future anticipated needs; (4) the County will incur debt only for certain reasons; (5) the proposed debt issuance should be similar to the type of debt that has been successfully issued by California counties of similar size and the amount of debt should not materially exceed the amount of debt of other California counties similar to the County; and (6) the proposed debt issuance should not expose the County to any legal or financial risk greater than that which the County would normally assume in other, similar financing transactions.

The County has never failed to pay any note, long term indebtedness or lease obligation as and when due.

Short-Term Financing. The County has a cash management program for its General Fund through the issuance of tax and revenue anticipation notes. Tax and revenue anticipation notes provide cash flows to meet County General Fund expenditures during the period prior to the collection of property taxes. The County has not issued tax and revenue anticipation notes since Fiscal Year 2015-16. The following Table 22 sets forth the principal amounts of the County's tax and revenue anticipation notes issued for Fiscal Years 2009-10 through 2018-19.

TABLE 22
COUNTY OF FRESNO
TAX AND REVENUE ANTICIPATION NOTES
Fiscal Years 2009-10 through 2018-19

| <u>Fiscal Year</u> | <u>Amount</u> |
|--------------------|---------------|
| 2009-10 | \$95,000,000 |
| 2010-11 | 86,000,000 |
| 2011-12 | 78,000,000 |
| 2012-13 | 82,000,000 |
| 2013-14 | 63,000,000 |
| 2014-15 | 65,000,000 |
| 2015-16 | No Issuance |
| 2016-17 | No Issuance |
| 2017-18 | No Issuance |
| 2018-19 | No Issuance |

Source: County of Fresno – Auditor-Controller/Treasurer-Tax Collector.

Long Term Debt. The following Table 23 is a summary of long-term debt obligations payable from the County’s General Fund.

TABLE 23
COUNTY OF FRESNO
SUMMARY OF LONG-TERM DEBT OBLIGATIONS
Payable from the General Fund
As of June 1, 2020

| | <u>Interest Rates</u> | <u>Final Maturity Date</u> | <u>Original Principal Amount (\$ in thousands)</u> | <u>Principal Amount Outstanding (\$ in thousands)</u> |
|---|-----------------------|----------------------------|--|---|
| Fresno County Taxable Pension Obligation Bonds Series 2004A ⁽¹⁾ | 5.365 – 5.67% | 2032 | \$153,023 | \$153,023 |
| Fresno County Taxable Pension Obligation Bonds Series 2004B | 5.56 | 2033 | 75,000 | 75,000 |
| Fresno County Financing Authority Lease Revenue Refunding Bonds, Series 2012A | 3.00 | 2022 | 22,425 | 4,610 |
| Fresno County Financing Authority Lease Revenue Refunding Bonds, Series 2016 | 3.00 – 5.00 | 2030 | <u>37,270</u> | <u>28,540</u> |
| Total | | | <u>\$287,718</u> | <u>\$261,175</u> |

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

⁽¹⁾ Represents the portion of the 2004 Series A Bonds which are capital appreciation bonds. Yields to maturity on the capital appreciation bonds range from 5.365% to 5.67%. Principal amounts shown in the table for capital appreciation bonds are initial amounts issued and do not reflect accreted value.

The following Table 24 sets forth the debt service obligations in each fiscal year for the County’s Pension Obligation Bonds and Lease Revenue Bonds.

TABLE 24
COUNTY OF FRESNO
Pension Obligation Bonds and Lease Revenue Bonds Annual Debt Service

| Fiscal Year | Pension Obligation Bonds | | | | Lease Revenue Refunding Bonds | | | | Total Debt Service |
|-----------------------|-------------------------------|---|-------------------------------|------------------------------|---|--|--------------------------------|-------------------------------|--------------------|
| | 2004 Series A Bonds Principal | 2004 Series A Bonds Interest ⁽¹⁾ | 2004 Series B Bonds Principal | 2004 Series B Bonds Interest | 2012 Series A Refunding Bonds Principal | 2012 Series A Refunding Bonds Interest | 2016 Refunding Bonds Principal | 2016 Refunding Bonds Interest | |
| 2021 | \$ 12,266,556.00 | \$ 18,854,295.90 | -- | \$ 4,170,000.00 | \$1,820,000.00 | \$111,000.00 | \$ 2,275,000.00 | \$1,290,500.00 | \$ 40,787,351.90 |
| 2022 | 12,230,704.10 | 20,862,883.25 | -- | 4,170,000.00 | 1,870,000.00 | 55,650.00 | 2,385,000.00 | 1,176,750.00 | 42,750,987.35 |
| 2023 | 12,162,116.75 | 22,935,901.15 | -- | 4,170,000.00 | 920,000.00 | 13,800.00 | 2,505,000.00 | 1,057,500.00 | 43,764,317.90 |
| 2024 | 12,109,098.85 | 25,123,353.00 | -- | 4,170,000.00 | -- | -- | 2,635,000.00 | 932,250.00 | 44,969,701.85 |
| 2025 | 12,016,647.00 | 27,361,155.25 | -- | 4,170,000.00 | -- | -- | 2,765,000.00 | 800,500.00 | 47,113,302.25 |
| 2026 | 11,963,844.75 | 29,625,206.85 | -- | 4,170,000.00 | -- | -- | 2,900,000.00 | 662,250.00 | 49,321,301.60 |
| 2027 | 11,969,793.15 | 31,916,933.40 | -- | 4,170,000.00 | -- | -- | 3,050,000.00 | 517,250.00 | 51,623,976.55 |
| 2028 | 11,863,066.60 | 34,516,973.40 | -- | 4,170,000.00 | -- | -- | 3,200,000.00 | 364,750.00 | 54,114,790.00 |
| 2029 | 11,893,026.60 | 37,127,711.25 | -- | 4,170,000.00 | -- | -- | 3,360,000.00 | 204,750.00 | 56,755,487.85 |
| 2030 | 11,837,288.75 | 39,819,668.00 | -- | 4,170,000.00 | -- | -- | 3,465,000.00 | 103,950.00 | 59,395,906.75 |
| 2031 | 11,800,332.00 | 42,624,675.40 | -- | 4,170,000.00 | -- | -- | -- | -- | 58,595,007.40 |
| 2032 | 11,755,324.60 | 35,630,050.30 | -- | 4,170,000.00 | -- | -- | -- | -- | 51,555,374.90 |
| 2033 | 9,154,949.70 | -- | \$12,800,000.00 | 3,814,160.00 | -- | -- | -- | -- | 25,769,109.70 |
| 2034 | -- | -- | 62,200,000.00 | 1,729,160.00 | -- | -- | -- | -- | 63,929,160.00 |
| Totals ⁽²⁾ | \$153,022,748.85 | \$366,398,807.15 | \$75,000,000.00 | \$55,583,320.00 | \$4,610,000.00 | \$180,450.00 | \$28,540,000.00 | \$7,110,450.00 | \$690,445,776.00 |

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

(1) Includes compounded interest on Capital Appreciation Bonds.

(2) Totals may not add due to rounding.

Civil Assessments. The County entered into a Memorandum of Understanding, dated July 1, 2005 (“Memorandum of Understanding”), with the Superior Court of California of the County of Fresno (the “Superior Court”), and an agreement dated as of March 13, 2007 with the Superior Court and the Judicial Council of California, which was then acting by and through the Administrative Office of the Courts (the “AOC”) (the “Agreement,” and, together with the Memorandum of Understanding, the “MOU”). Under the MOU, the County receives the net amount of certain civil assessments imposed against defendants who failed to appear in court for an authorized proceeding (the “Civil Assessments”). The Superior Court collects the Civil Assessments and pays those monies to the AOC, which, in turn, pays those monies to the County pursuant to the terms and conditions of the MOU. Presently, up to 50% of the balance, if any, received by the County from the AOC in accordance with the MOU from Civil Assessments up to \$500,000 per court fiscal year for up to a 20-year period, which is expected to end June 30, 2029, may be used by the County to pay a substantial portion of the base rental payments due under the Lease Agreement (the “2016 Lease Agreement”) entered into in connection with the issuance of the Fresno County Financing Authority Lease Revenue Refunding Bonds, Series 2016 (the “Series 2016 Lease Revenue Refunding Bonds”). The amount of Base Rental Payments for the Series 2016 Lease Revenue Refunding Bonds in Fiscal Year 2020-21 is approximately \$3,565,000.

Civil assessment fees have declined in recent years as a result of State legislation such as amnesty programs for traffic citations and other civil assessment fees. Additionally, as of 2017, the Department of Motor Vehicles can no longer suspend or withhold drivers’ licenses for failure to pay citations, which has caused a reduction in collections. There can be no assurances that the County will continue to receive Civil Assessments. Notwithstanding any insufficiency or delay of any Civil Assessments received by the County, the County is liable for the Base Rental Payments due under the 2016 Lease Agreement.

The following Table 25 sets forth the amount of Civil Assessments received by the County in Fiscal Years 2014-15 through 2019-20.

**TABLE 25
COUNTY OF FRESNO
CIVIL ASSESSMENT REVENUES
Fiscal Years 2014-15 through 2019-20**

| <u>Fiscal Year</u> | <u>Amount of Civil Assessments⁽¹⁾</u> |
|------------------------|--|
| 2014-15 | \$5,427,097 |
| 2015-16 | 4,507,027 |
| 2016-17 | 2,311,215 |
| 2017-18 | 2,535,376 |
| 2018-19 | 2,702,051 |
| 2019-20 ⁽²⁾ | 1,692,987 |

Source: Judicial Council of California, Administrative Office of the Courts – Report of Revenues – Superior Court of California of the County of Fresno.

⁽¹⁾ See text above for a description of the amounts available to pay a portion of the Base Rental Payments due under the 2007 Lease Agreement.

⁽²⁾ Civil Assessment revenues for Fiscal Year 2019-20 reflect revenues collected through 2nd Quarter of Fiscal Year 2019-20.

Lease Obligations. As of June 30, 2019, the County was the lessee under certain capital leases in effect with respect to real property and equipment used by the County. The following Table 26 sets forth the minimum lease payments in Fiscal Years 2019-20 through 2022-23 required by the County under capital leases as of June 30, 2019.

TABLE 26
COUNTY OF FRESNO
MINIMUM CAPITAL LEASE PAYMENTS
As of June 30, 2019
(\$ in thousands)

| Government Activities (Fiscal Year ended June 30) | Total Payments | Imputed Interest | Present Value of Net Minimum Lease Payments |
|--|---------------------------|-----------------------------|--|
| 2020 | \$1,244 | \$131 | \$1,113 |
| 2021 | 1,073 | 76 | 997 |
| 2022 | 788 | 33 | 755 |
| 2023 | <u>295</u> | <u>6</u> | <u>289</u> |
| Total | <u>\$3,400</u> | <u>\$246</u> | <u>\$3,154</u> |

Source: County of Fresno, Comprehensive Annual Financial Report as of June 30, 2019.

Direct and Overlapping Debt

Set forth in the following Table 27 on the following page is a direct and overlapping bonded indebtedness report as of May 1, 2020 (the “Debt Report”) which was compiled by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. The County has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith. The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the County. Such long-term obligations generally are not payable from revenues of the County (except as indicated) nor are they necessarily obligations secured by land within the County. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE 27
COUNTY OF FRESNO
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
As of May 1, 2020

2019-20 Assessed Valuation: \$86,787,810,797 (includes unitary utility valuation)

| <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | <u>% Applicable</u> | <u>Debt 5/1/20</u> |
|---|---------------------|------------------------|
| Merced Community College District School Facilities Improvement District No. 2 | 2.684% | \$ 177,274 |
| State Center Community College District | 83.256 | 129,604,615 |
| West Hills Community College District and School Facilities Improvement Districts | 26.611-99.586 | 36,978,552 |
| Central Unified School District | 100. | 151,667,733 |
| Clovis Unified School District | 100. | 345,203,326 |
| Fresno Unified School District | 100. | 541,355,093 |
| Kings Canyon Joint Unified School District | 91.146 | 69,244,220 |
| Sanger Unified School District | 100. | 174,284,481 |
| Other Unified School Districts | Various | 274,250,017 |
| High School and School Districts | Various | 47,843,074 |
| City of Selma | 100. | 3,840,000 |
| Hospital Districts | 100. | 22,290,000 |
| Coalinga-Huron Recreation and Park District | 100. | 9,135,000 |
| California Statewide Community Development Authority | | |
| Community Facilities District No. 2012-01 | 100. | 4,125,000 |
| City Community Facilities Districts | 100. | 3,075,000 |
| 1915 Act Bonds (Estimated) | 100. | <u>5,550,452</u> |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | | \$1,818,623,837 |

| <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u> | | | |
|---|-------------|----------|------------------------------------|
| Fresno County General Fund Obligations | 100. | % | \$ 33,150,000⁽¹⁾ |
| Fresno County Pension Obligation Bonds | 100. | | 228,022,749 |
| College Community College District General Fund Obligations | Various | | 7,818,715 |
| Central Unified School District Certificates of Participation | 100. | | 30,947,550 |
| Clovis Unified School District General Fund Obligations | 100. | | 8,045,000 |
| Fresno Unified School District General Fund Obligations | 100. | | 14,380,000 |
| Sanger Unified School District Certificates of Participation | 100. | | 39,720,000 |
| Other School District General Fund Obligations | Various | | 38,164,428 |
| City of Clovis General Fund Obligations | 100. | | 7,992,401 |
| City of Fresno General Fund and Judgment Obligations | 100. | | 155,960,313 |
| City of Fresno Pension Obligation Bonds | 100. | | 116,160,000 |
| Other City General Fund Obligations | 100. | | 11,068,087 |
| Coalinga Regional Medical Center General Fund Obligations | 100. | | 3,990,000 |
| Clovis Memorial Water District General Fund Obligations | 100. | | <u>3,470,000</u> |
| TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | \$698,889,243 |

| | | | |
|---|------|---|--------------|
| <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u> | 100. | % | \$53,540,425 |
|---|------|---|--------------|

| | |
|----------------------------|--------------------------------------|
| COMBINED TOTAL DEBT | \$2,571,053,505⁽²⁾ |
|----------------------------|--------------------------------------|

- (1) Excludes issue to be sold.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2019-20 Assessed Valuation:

| | |
|---|--------------|
| Total Overlapping Tax and Assessment Debt | 2.10% |
| Combined Direct Debt (\$261,172,749) | 0.30% |
| Combined Total Debt | 2.96% |

Ratios to Redevelopment Incremental Valuation (\$6,041,748,942):

| | |
|--|-------|
| Total Overlapping Tax Increment Debt | 0.89% |
|--|-------|

General Fund Financial Statements

Except as noted below, the County’s accounting policies and audited financial statements conform to generally accepted accounting principles and standards for public financial reporting established by GASB.

The County’s basis of accounting for its governmental type funds and agency funds is the modified accrual basis with revenues being recorded when available and measurable and expenditures being recorded when services or goods are received and with all unpaid liabilities being accrued at year end. The accrual basis of accounting is utilized in the Proprietary Funds and the Pension Trust Fund. All of the financial statements contained in this Official Statement, other than the General Fund Cash Flow Schedules, have been prepared as described above.

Funds are accounted for by the County are categorized as follows:

| <u>Governmental Funds</u> | <u>Proprietary Funds</u> | <u>Fiduciary Funds</u> |
|---------------------------|--------------------------|------------------------|
| General Fund | Enterprise Funds | Trust Funds |
| Special Revenue Funds | Internal Service Funds | Agency Funds |
| Capital Projects Funds | | |
| Debt Service Fund | | |

Treasury Investment Pool

The Board, acting under Section 27000.1 of the California Government Code (the “California Government Code”), has delegated to the Auditor-Controller/Treasurer-Tax Collector responsibility to invest all monies deposited into the County treasury. Amounts held in the treasury are invested in the Pooled Investment Fund of the County (the “Treasury Investment Pool”), which invests in securities according to the Investment Policy of the County Auditor-Controller/Treasurer-Tax Collector (the “Treasury Investment Policy”) as authorized by Sections 53635 and 53635.2 et. al. of the California Government Code. From time to time bills are proposed in the State Legislature that would modify the currently authorized investments and place restrictions on the ability of local agencies to invest in various securities. Therefore, there can be no assurances that the current investments in the Treasury Investment Pool will not vary from the investments described herein or as may be authorized in the future by the California Government Code.

The Auditor-Controller/Treasurer-Tax Collector only invests in securities legally allowed by California Government Code and authorized by the Treasury Investment Policy. The objectives of the Treasury Investment Policy, listed in priority order, are safety, liquidity, return on investment, and local community reinvestment, all while meeting the daily cash flow demands of the County treasury. The Treasury Investment Policy stipulates that the average weighted maturity of the Treasury Investment Pool shall not exceed 3.5 years. The County has established a treasury oversight committee. The Auditor-Controller/Treasurer-Tax Collector provides the County Board with a monthly Investment Inventory Report and a monthly transactions report. In addition, the County has hired an independent consultant to perform quarterly compliance reports and a certified public accounting firm to perform independent annual audits of the Treasury Investment Pool. The County believes that the Treasury Investment Pool is prudently invested and that investments therein are scheduled to mature at the times and in the amounts that are necessary to meet the County’s expenditures and other scheduled withdrawals.

The Treasury Investment Policy allows for purchase of a variety of securities with limitations as to exposure, maturity and rating, varying with each security type. The composition of the Treasury Investment Pool will change over time as old investments mature and as new investments are made. Although the market value of certain of the securities in the Treasury Investment Pool are less than the County’s net book value for

those securities, the County does not anticipate that it will realize any losses with respect to such investments since the County intends to hold such investments until their maturity. However, unexpected withdrawals from the Treasury Investment Pool could force the sale of some investments prior to maturity and lead to realization of losses with respect to those investments. Such unexpected withdrawals occur infrequently and thus are considered unlikely by the County, based on historical withdrawal patterns relating to the Treasury Investment Pool. The Treasury Investment Pool represents monies entrusted to the Auditor-Controller/Treasurer-Tax Collector by the County, schools and special districts within the County.

State law requires that all monies of the County, school districts, and certain special districts be held by the Auditor-Controller/Treasurer-Tax Collector. As of March 31, 2020, 21.86% of the amounts in the Treasury Investment Pool, exclusive of the amounts resulting from County short-term borrowing, are attributable to the County. Approximately 45.68% of the amounts in the Treasury Investment Pool are attributable to school districts, which are required by law to make deposits in the Treasury Investment Pool. Monies deposited in the Treasury Investment Pool by the participants represent an individual interest in all assets and investments in the Treasury Investment Pool based upon the amount deposited. All income is distributed to the participants based upon their average daily balance.

As of March 31, 2020, Treasury Investment Pool market-to-book value analysis indicated a less than 2.5% appreciation because of fluctuations in interest rates. Current liquidity in the Treasury Investment Pool, consisting of cash, investments in mutual funds and investments in cash equivalents, is approximately 9.8% as of March 31, 2020. The Auditor-Controller/Treasurer-Tax Collector calculates and apportions interest quarterly. The weighted average years-to-maturity for the month ended March 31, 2020 was 2.11 years.

Derivatives such as inverse-floating rate securities are not held in the Treasury Investment Pool. The Treasury Investment Pool also does not own any reverse repurchase agreements, nor has the County engaged in securities lending. The Treasury Investment Pool has not purchased and does not own any securities, such as collateralized debt obligations or collateralized loan obligations, that are backed by or derived from sub-prime or Alt-A mortgages.

As of March 31, 2020, approximately 31.1% of the Treasury Investment Pool's portfolio was comprised of securities with a maturity of less than one year, 18.0% was invested in securities with maturities ranging from one to two years, 16.1% was invested in securities with maturities ranging from two to three years, 18.0% was invested in securities with maturities ranging from three to four years and 16.8% was invested in securities with maturities ranging from four to five years.

The value of the various investments in the Treasury Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments in the Treasury Investment Pool will not vary from the values described herein.

As of March 31, 2020, the market value of on the Treasury Investment Pool was \$4,177,799,967, the amortized book value was \$4,075,938,325, the book yield was 2.0% and the effective duration was 1.94 years. The following Table 28 reflects various information with respect to the Treasury Investment Pool as of the close of business on March 31, 2020. As described above, a wide range of investments are authorized under California Government Code, but they are further limited by the current Treasury Investment Policy. For additional information concerning County investments, see Appendix C – “County of Fresno General Purpose Financial Statements for the Fiscal Year ended June 30, 2019” attached to this Official Statement.

TABLE 28
COUNTY OF FRESNO
Pooled Investment Fund of the County
As of March 31, 2020

| | Net Market Value (\$ in thousands) | Percentage of Total Value |
|---|---------------------------------------|------------------------------|
| INVESTMENTS | | |
| Bank Accounts (Cash) | \$ 41,635 | 1.02% |
| Federal Agency Securities | 2,133,646 | 50.36 |
| Medium Term Notes | 934,549 | 22.60 |
| U.S. Treasury Securities | 353,819 | 8.55 |
| Commercial Paper | 199,326 | 4.89 |
| Mutual Funds | 1,000 | 0.02 |
| Local Agency Investment Funds | 75,000 | 1.84 |
| Bank Money Market Accounts | 280,331 | 6.88 |
| Municipal Bonds | <u>158,494</u> | <u>3.83</u> |
| TOTAL CASH AND INVESTMENTS⁽¹⁾ | <u>\$4,177,780</u> | <u>100.00%</u> |

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

⁽¹⁾ Amounts may not total due to rounding. The County determines the market value of its County Investment Pool monthly.

The Teeter Plan

The County has adopted the Teeter Plan, which is an alternate procedure authorized in Chapter 3, Part 8, Division 1 of the Revenue and Taxation Code of the State (comprising Sections 4701 through 4717, inclusive) (the “Teeter Law”), commonly referred to as the “Teeter Plan,” for distribution of certain property tax and assessment levies on the secured roll.

Pursuant to the Teeter Law, the County Board adopted Resolution No. 93-572 on October 12, 1993 adopting the Teeter Plan. Generally, the Teeter Plan provides for a tax distribution procedure by which secured roll taxes (and assessments in those instances specifically authorized by the County Board) are distributed to taxing agencies within Fresno County included in the Teeter Plan based on the tax levy, rather than based on actual tax collections, in advance of the date on which the County receives such tax collections. The County then receives all future delinquent tax payments, penalties and interest, and a complex tax redemption distribution system for all participating taxing agencies is avoided.

In addition, pursuant to the Teeter Law, the County is required to establish a tax losses reserve fund to cover losses which may occur in the amount of tax liens as a result of special sales of tax-defaulted property (*i.e.*, if the sale price of the property is less than the amount owed). The amount required to be on deposit in the tax losses reserve fund is, at the election of the County, one of the following amounts: (1) an amount not less than 1% of the total amount of taxes and assessments levied on the secured roll for a particular year for entities participating in the Teeter Plan or (2) an amount not less than 25% of the total delinquent secured taxes and assessments calculated as of the end of the fiscal year for entities participating in the Teeter Plan. The County’s tax losses reserve fund is currently fully funded in accordance with the County’s election to be governed by the first alternative in the amount of \$8,222,558. Accordingly, any additional penalties and interest that otherwise would be credited to the tax losses reserve fund are available to be credited to the County’s General Fund.

Community Facilities District

The County has established one non-contiguous county-wide community facilities district for law enforcement services in the unincorporated area of the County pursuant to the Mello-Roos Community Facilities Act of 1982. See “Constitutional and Statutory Limitations on Taxes, Revenues and Appropriations – Proposition 218” in the forepart of this Official Statement.

STATE OF CALIFORNIA BUDGET AND SUPPLEMENTAL FINANCIAL INFORMATION

The following information concerning the State’s budgets has been obtained from publicly available information which the County believes to be reliable; however, the County takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information. Information about the State Budget is regularly available at various State-maintained websites. Text of the State budget may be found at the Department of Finance website, www.dof.ca.gov, under the heading “California Budget.” An impartial analysis of the State’s budget is posted by the Legislative Analyst’s Office (the “LAO”) at www.lao.ca.gov. In addition, certain State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov and the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System, emma.msrb.org. The information referred to on the website of the State Treasurer is prepared by the State and not by the County, and the County takes no responsibility for the continued accuracy of the internet address of the State Treasurer or for the accuracy, if any, or timeliness of information posted there, and such information is not incorporated herein by these references.

State Budget for Fiscal Year 2019-20

On June 27, 2019, the Governor approved the State Budget Act for Fiscal Year 2019-20 (the “Fiscal Year 2019-20 State Budget Act”), which estimates Fiscal Year 2018-19 State General Fund total resources of \$149.5 billion (inclusive of \$11.4 billion in fund balance from Fiscal Year 2017-18), total expenditures of \$142.7 billion and a year-end surplus of \$6.8 billion, of which \$1.4 billion would be reserved for the liquidation of encumbrances and \$5.4 billion would be deposited in a reserve for economic uncertainties. The Fiscal Year 2019-20 State Budget Act projects Fiscal Year 2019-20 State General Fund total resources of \$150.6 billion (inclusive of \$6.8 billion in fund balance from Fiscal Year 2018-19), total expenditures of \$147.8 billion and a year-end surplus of \$2.8 billion, of which \$1.4 billion would be reserved for the liquidation of encumbrances and \$1.4 billion would be deposited in a reserve for economic uncertainties. In addition, the Fiscal Year 2019-20 State Budget Act projected that as of the end of Fiscal Year 2019-20, there will be \$16.5 billion on deposit in the State’s Rainy Day Fund. The Fiscal Year 2019-20 State Budget Act prioritizes one-time investments and minimizes ongoing commitments to avoid putting the State at a fiscal disadvantage in the future.

Features of the Fiscal Year 2019-20 State Budget Act affecting counties in general include, but are not limited to, the following:

1. The Fiscal Year 2019-20 State Budget Act dedicates \$750 million in one-time funding to local governments to increase housing production, including \$250 million for planning grants to help local jurisdictions work through the Regional Housing Needs Assessment 6th Cycle and \$500 million for housing-related infrastructure.
2. The Fiscal Year 2019-20 State Budget Act includes \$650 million in one-time State General Fund moneys for siting emergency shelters, navigation centers, and supportive housing.
3. The Fiscal Year 2019-20 State Budget Act includes \$357.6 million for the In-Home Supportive Services (“IHSS”) program in Fiscal Year 2019-20. The Fiscal Year 2019-20 State Budget Act also

includes an adjustment to the county IHSS Maintenance of Effort (“MOE”) downward to \$1.56 billion along with a reduction of the inflation factor to 4% (down from 7%) in Fiscal Year 2019-20. In connection with these adjustments, counties will be subject to a one-time 1991 Realignment withholding, effective October 1, 2019, if they fail to meet certain requirements related to collective IHSS bargaining agreements. The language authorizing the withholding will become inoperative on January 1, 2021.

4. The Fiscal Year 2019-20 State Budget Act includes \$134 million in one-time General Fund moneys to be provided to counties to replace voting systems and improve election technology.

5. The Fiscal Year 2019-20 State Budget Act includes approximately \$40 million in relief to local governments impacted by natural disasters, with a significant amount of this funding provided directly to counties, including \$15 million for disaster-impacted counties. The Fiscal Year 2019-20 State Budget Act also includes \$19.2 million for local disaster and emergency preparedness plans.

6. The Fiscal Year 2019-20 State Budget Act includes \$2.1 billion for Medi-Cal county eligibility determination activities based on projected growth in the California Consumer Price Index.

7. The Fiscal Year 2019-20 State Budget Act includes an increase of \$56 million for local county child support agencies in Fiscal Year 2019-20. This funding will be provided through an interim methodology for Fiscal Year 2019-20.

8. The Fiscal Year 2019-20 State Budget Act includes \$112.8 million to continue the Community Corrections Performance Incentive Grant Program.

State Budget for Fiscal Year 2020-21

On January 10, 2020, the Governor released the 2020-21 Proposed State Budget. The 2020-21 Proposed State Budget proposed a multi-year plan that at the time was projected to result in balanced General Fund budgets with positive operating reserves through Fiscal Year 2023-24. However, the 2020-21 Proposed State Budget preceded the COVID-19 pandemic and therefore did not take into account the adverse impacts it will have on the State’s financial condition. The State subsequently determined that the projections of revenues and expenditures in the 2020-21 Proposed State Budget are no longer operative and will be significantly revised. The State Director of Finance issued a Budget Letter on March 24, 2020, informing all State departments that the Department of Finance will reevaluate all budget changes for the May Revision to the 2020-21 Proposed State Budget (the “2020-21 May Revision”), subject to the availability of funding. See “Financial and Economic Information – COVID-19 and Potential Impact on County Finances”.

May Revision to the Fiscal Year 2020-21 Proposed State Budget. On May 14, 2020, the Governor released his 2020-21 May Revision to the Fiscal Year 2020-21 Proposed State Budget (the “May Revision”). The May Revision reflects the current and projected impacts of the Pandemic on the State’s economy, including a projected decline of \$41 billion in general fund revenues. This decline in revenues, among other things such as increased costs in health and human services programs, lead to a projected budget deficit of approximately \$54 billion prior to the implementation of the budget proposals in the May Revision. The May Revision projects Fiscal Year 2020-21 State General Fund total available resources of \$139.0 billion (being revenues and transfers of \$137.4 billion and prior year’s balance of \$1.6 billion), total expenditures of \$133.9 billion and a year-end surplus of \$5.1 billion (\$3.2 billion of which would be reserved for the liquidation of encumbrances and \$2.0 billion of which would be deposited in a reserve for economic uncertainties), and \$8.4 billion being on deposit in the State’s Rainy Day Fund. In addition, the May Revision projects \$450 million being on deposit in the Safety Net Reserve.

Features of the May Revision affecting counties in general include, but are not limited to, the following:

1. The May Revision includes a distribution of approximately \$1.3 billion in CARES Act funds to California counties for public health, behavioral health and other health and human services programs.

2. The May Revision realigns responsibility for juvenile offenders from the Division of Juvenile Justice to counties. The May Revision proposes to stop intake of juvenile offenders effective January 1, 2021 and begin closure of all three state juvenile facilities while directing a portion of the State's savings to county probation departments to support local juvenile detention facilities.

3. The May Revision updates revenue assumptions for health and human services under the 1991 Realignment and 2011 Realignment due to a projected 13% reduction in sales tax and vehicle license fee revenues from Fiscal Year 2018-19 to 2019-20. These changes result in, among other things, a reduction in base funding for social services, protective services and health services under 1991 Realignment and 2011 Realignment of approximately \$735 million. The May Revision also updates revenue assumptions for the 2011 Public Safety Realignment, resulting in a reduction in base funding for community corrections under 2011 Public Safety Realignment of \$214 million.

4. The May Revision includes \$14.7 billion in funding for IHSS, of which \$4.3 billion in from the State general fund. The May Revision freezes IHSS county administration funding at the 2019-20 level. Although this freeze is not expected to occur if sufficient federal funds are available.

5. The May Revision includes an increase of \$82.3 million for California Work Opportunity and Responsibility to Kids ("CalWORKs") county administration for increased enrollment in the program and other services.

6. The May Revision proposes delaying the California Advancing and Innovating Medi-Cal program indefinitely, which included \$40 million in direct funding for counties under the program.

In addition, in order to enact a balanced budget, the State has taken a number of actions in the May Revision to address the Pandemic and its effect on the State's finances and operations, including the following:

1. The May Revision cancels \$6.1 billion in program expansions and spending increases, including canceling or reducing one-time expenditures included in the Fiscal Year 2019-20 State Budget Act.

2. The May Revision redirects \$2.4 billion in extraordinary payments to CalPERS to temporarily offset the State's obligations to CalPERS in Fiscal Years 2020-21 and 2021-22.

3. The May Revision draws down \$16.2 billion from the State's Rainy Day Fund over three years and allocates the Safety Net Reserve to offset increased costs in health and human services programs over the next two years. The May Revision reflects the withdrawal of \$8.3 billion in Fiscal Year 2020-21 (including \$7.8 billion from the Rainy Day Fund and \$450 million from the Safety Net Reserve).

4. The May Revision includes the borrowing and transfer of \$4.1 billion from special funds.

5. The May Revision temporarily suspends net operating losses and temporarily limits the amount of credits a taxpayer can use in a given tax year to \$5 million. These limitations are expected to generate new revenue of \$4.4 billion in Fiscal Year 2020-21, \$3.3 billion in Fiscal Year 2021-22, and \$1.5 billion in Fiscal Year 2022-23 to increase funding for schools and community colleges and maintain core services.

LAO Analysis of the May Revision. On May __, 2020, the Legislative Analyst’s Office (the “LAO”) released a series of analyses of the May Revision entitled “The 2020-21 May Revision: LAO Analyses” (as originally released, the “LAO Analyses”). [To be updated with release of LAO Analysis.]

Additional Information; Future State Budgets

Information about the State budget and State spending for subdivisions of the State, such as the County, which receive the majority of their revenues through the State, is regularly available at various State-maintained websites. Text of the State budget may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading “California Budget”. Various analyses of the State budget may be found at the website of the LAO at www.lao.ca.gov. In addition, certain State official statements, many of which contain a summary of the current and past State budgets and the impact of those State budgets on counties in the State, may be through the website of the MSRB’s EMMA System, emma.msrb.org. The information presented in these websites is not incorporated by reference in this Official Statement.

The County receives a significant portion of its funding from the State. Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the County and other counties in the State. The County cannot predict what actions will be taken in the current year or future years by voters in the State, the State Legislature, and the Governor to address future State budget deficits or surpluses. Future State budgets will be affected by national and State economic conditions and other factors over which the County has no control. To the extent that the State budget process results in reduced revenues to the County, the County will be required to make adjustments to its budgets.

Potential Impact of State Budget on County’s Financial Condition

No assessment can be made by the County as to the significance of budgetary problems that may be encountered by the State in this Fiscal Year. Moreover, no prediction can be made by the County as to whether the State will encounter further budgetary problems in this or in any future Fiscal Years, and if it were to do so, the measures that would be taken by the State to balance its budget as required by law are not known. The County cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the County has no control.

DEMOGRAPHIC INFORMATION

General

The County was established April 19, 1856 from parts of Tulare, Mariposa and Merced Counties. Later boundary adjustments took parts of the original Fresno County, adding them to Madera, San Benito and Kings Counties. Fresno County is located in the approximate center of the San Joaquin Valley, about equidistant between the San Francisco and Los Angeles metropolitan areas. The County is the sixth largest county in the State. The County covers approximately 6,011 square miles, including 334 square miles of water. The County’s population was approximately 1,018,241 as of July 1, 2019. The City of Fresno is the County seat.

The County is organized as a charter county under State law. The County charter was adopted on April 19, 1933. As required by State and federal mandate, the County is responsible at the local level for activities involving public welfare, health and justice (including jails) and for the maintenance of public records. The County also provides services such as law enforcement and public works to cities within the

County on a cost-recovery contract basis. The County also operates recreational and cultural facilities serving both the incorporated and unincorporated areas of the County.

The County is governed by a five member County Board. Supervisors are elected by district to serve four-year terms on a staggered basis. The County Counsel and CAO are appointed by the County Board and serve at the pleasure of the County Board. The County Administrative Officer is responsible for the operation and functioning of the County. The County’s elected officials are the Assessor/Recorder, Auditor-Controller/Treasurer-Tax Collector, County Clerk, District Attorney and Sheriff-Coroner-Public Administrator. In addition, the County’s appointed Registrar of Voters is consolidated with the County Clerk.

Population

The following Table 29 sets forth the estimates of the County’s population for calendar years 2014 through 2019.

**TABLE 29
COUNTY OF FRESNO
POPULATION ESTIMATES
2014 through 2019**

| <u>Year</u> <u>(as of January 1)</u> | <u>Population</u> |
|---|-------------------|
| 2014 | 964,929 |
| 2015 | 975,169 |
| 2016 | 984,202 |
| 2017 | 993,773 |
| 2018 | 1,004,260 |
| 2019 | 1,015,195 |

Source: California Department of Finance.

Major Industries

The County’s economy has a strong agricultural base, though industry has been developing rapidly in recent years. There are numerous manufacturing firms located in the County producing many steel products, materials made from concrete and glass, canned foods, paper goods, and commercial and scientific equipment.

The following Table 30 sets forth the employment by industry in the County.

**TABLE 30
COUNTY OF FRESNO
EMPLOYMENT BY INDUSTRY
2019 Annual Averages**

| <u>Industry</u> | <u>2019 Annual Average Employment</u> | <u>2019 Percentage of County Employment⁽¹⁾</u> | <u>2019 Percentage of County Total Labor Force⁽¹⁾</u> |
|--|--|--|---|
| Government | 74,900 | 17.91% | 16.61% |
| Health Care Services and Social Assistance | 68,800 | 16.46 | 15.26 |
| Agriculture (Total Farm) | 44,000 | 10.52 | 9.76 |
| Retail Trade | 38,600 | 9.23 | 8.56 |
| Professional and Business Services | 33,000 | 7.89 | 7.32 |
| Leisure and Hospitality | 35,600 | 8.16 | 7.90 |
| Manufacturing | 26,200 | 6.26 | 5.81 |
| Wholesale Trade | 14,600 | 3.49 | 3.24 |
| Construction, Natural Resources and Mining | 19,200 | 4.59 | 4.26 |
| Finance and Insurance | 9,600 | 2.30 | 2.13 |
| Real Estate and Rental and Leasing | 4,900 | 1.17 | 1.09 |
| Transportation, Warehousing and Utilities | 16,600 | 3.97 | 3.68 |

Source: State of California Employment Development Department, 2019 Benchmark.

⁽¹⁾ Percentages based on data as of March 2020.

Labor Force

The following Table 31 sets forth employment by industry group and labor force figures for the County and employment and the unemployment rate in the County from 2014 through 2018.

TABLE 31
COUNTY OF FRESNO
INDUSTRY EMPLOYMENT, EMPLOYMENT AND UNEMPLOYMENT
ANNUAL AVERAGES
2015 through 2019
(in thousands)

| Industry Employment | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| <i>Mining and Logging</i> | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| <i>Total Farm</i> | 47.3 | 46.9 | 46.1 | 44.2 | 44.0 |
| <i>Construction</i> | 14.9 | 16.0 | 17.4 | 18.7 | 18.9 |
| <i>Manufacturing</i> | 25.4 | 25.2 | 25.6 | 25.9 | 26.2 |
| <i>Wholesale Trade</i> | 13.8 | 14.0 | 14.1 | 14.3 | 14.6 |
| <i>Retail Trade</i> | 37.5 | 38.8 | 38.9 | 39.2 | 38.6 |
| <i>Transportation, Warehousing and Utilities</i> | 12.3 | 12.8 | 13.1 | 14.7 | 16.6 |
| <i>Information</i> | 3.9 | 3.8 | 3.6 | 3.6 | 3.5 |
| <i>Finance and Insurance</i> | 8.4 | 8.7 | 9.0 | 9.2 | 9.6 |
| <i>Real Estate and Rental and Leasing</i> | 4.6 | 4.6 | 4.8 | 5.0 | 4.9 |
| <i>Professional and Business Services</i> | 31.8 | 32.4 | 31.1 | 32.5 | 33.0 |
| <i>Educational and Health Services</i> | 60.0 | 63.9 | 67.2 | 69.3 | 72.8 |
| <i>Leisure and Hospitality</i> | 31.4 | 32.8 | 33.8 | 34.5 | 35.6 |
| <i>Other Services</i> | 11.5 | 11.7 | 11.8 | 11.9 | 11.9 |
| <i>Government</i> | <u>68.7</u> | <u>71.0</u> | <u>72.6</u> | <u>74.5</u> | <u>74.9</u> |
| <i>Total Wage and Salary Employment⁽¹⁾⁽²⁾</i> | <u>371.8</u> | <u>382.8</u> | <u>389.2</u> | <u>397.7</u> | <u>405.3</u> |
| <i>Civilian Labor Force⁽³⁾</i> | 440.1 | 444.6 | 444.9 | 446.7 | 450.8 |
| <i>Civilian Employment</i> | 395.3 | 402.4 | 406.9 | 412.8 | 418.1 |
| <i>Unemployment</i> | 44.8 | 42.2 | 37.9 | 33.9 | 32.7 |
| <i>Unemployment Rate</i> | 10.2% | 9.5% | 8.5% | 7.6% | 7.2% |

Source: State of California Employment Development Department. 2019 Benchmark.

⁽¹⁾ Totals may not equal sum of component parts due to rounding.

⁽²⁾ Based on place of work.

⁽³⁾ Based on place of residence.

Personal Income

The following Table 32 sets forth the per capita personal income for the County, the State and the United States of America from 2014 through 2018.

TABLE 32
PER CAPITA PERSONAL INCOME
Calendar Years 2014 through 2018

| <u>Year</u> | <u>County of Fresno</u> | <u>State of California</u> | <u>United States of America</u> |
|-------------|-------------------------|----------------------------|---------------------------------|
| 2014 | \$37,434 | \$49,985 | \$46,049 |
| 2015 | 39,725 | 52,651 | 47,669 |
| 2016 | 40,327 | 57,739 | 49,870 |
| 2017 | 41,137 | 60,156 | 51,885 |
| 2018 | 43,084 | 63,557 | 54,446 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Commercial Activity

The following Table 33 sets forth taxable sales in the County for calendar years 2015 through 2018 and for the nine-month period ended September 2019.

TABLE 33
COUNTY OF FRESNO
TAXABLE SALES
Calendar Years 2015 through and 2019
(\$ in thousands)

| <u>Type of Business</u> | <u>2015</u> <u>Annual</u> | <u>2016</u> <u>Annual</u> | <u>2017</u> <u>Annual</u> | <u>2018</u> <u>Annual</u> | <u>2019</u> <u>(as of Sept. 2019)</u> |
|--|------------------------------|------------------------------|------------------------------|------------------------------|--|
| Retail and Food Services | | | | | |
| Motor Vehicle and Parts Dealers | \$ 2,109,953 | \$ 2,257,850 | \$ 2,278,278 | \$ 2,274,327 | \$ 1,783,773 |
| Home Furnishings and Appliance Stores | 485,767 | 499,702 | 514,677 | 528,234 | 404,116 |
| Building Materials, Garden Equipment and Supplies | 835,778 | 885,807 | 966,216 | 1,019,028 | 781,223 |
| Food and Beverage Stores | 618,901 | 614,736 | 663,117 | 699,267 | 535,927 |
| Gasoline Stations | 1,104,257 | 1,012,809 | 1,114,149 | 1,244,916 | 907,673 |
| Clothing and Clothing Accessories Stores | 583,358 | 617,080 | 621,378 | 708,052 | 538,614 |
| General Merchandise Stores | 1,418,500 | 1,444,145 | 1,475,214 | 1,522,758 | 1,088,644 |
| Food Services and Drinking Places | <u>1,254,679</u> | <u>1,356,591</u> | <u>1,423,611</u> | <u>1,472,393</u> | <u>1,160,414</u> |
| Total Retail and Food Services | <u>\$ 9,356,246</u> | <u>\$ 9,678,468</u> | <u>\$ 10,067,448</u> | <u>\$ 10,566,360</u> | <u>\$ 8,122,328</u> |
| All Other Outlets | <u>4,833,183</u> | <u>4,505,629</u> | <u>4,688,303</u> | <u>4,819,896</u> | <u>3,735,880</u> |
| Total All Outlets ⁽¹⁾ | <u>\$ 14,189,429</u> | <u>\$14,184,097</u> | <u>\$ 14,755,751</u> | <u>\$ 15,386,256</u> | <u>\$11,858,208</u> |

Source: California Department of Tax and Fee Administration, Taxable Sales in California.

⁽¹⁾Total may not equal sum of component parts due to rounding.

Construction Activity

The following Table 34 sets forth a summary of building permit valuations for the County for calendar years 2015 through 2019.

TABLE 34
COUNTY OF FRESNO
BUILDING PERMIT VALUATIONS⁽¹⁾
2015 through 2019
(\$ in thousands)

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Valuations: | | | | | |
| Residential | \$ 646,970 | \$ 772,029 | \$ 673,605 | \$818,012 | \$905,682 |
| Nonresidential | <u>428,292</u> | <u>409,795</u> | <u>353,350</u> | <u>497,052</u> | <u>468,732</u> |
| Total | <u>\$1,075,262</u> | <u>\$1,181,824</u> | <u>\$1,026,955</u> | <u>\$1,315,064</u> | <u>\$1,374,414</u> |
| New Dwelling Units: | | | | | |
| Single Family | 2,153 | 2,559 | 1,886 | 2,560 | 2,786 |
| Multiple Family | <u>343</u> | <u>339</u> | <u>1,135</u> | <u>290</u> | <u>532</u> |
| Total | <u>2,496</u> | <u>2,898</u> | <u>3,021</u> | <u>2,850</u> | <u>3,318</u> |

Sources: California Homebuilding Foundation.

⁽¹⁾ Amounts not adjusted for inflation. Amounts not seasonally adjusted.

Agricultural Production

The County's economy is based on agriculture, and the County for many years has led the nation in the value of annual agricultural production. The County's agricultural diversity is reflected by the fact that it is one of the highest producing counties in dollar value of commercially produced crops in the State. Agriculture is a significant industry and a major employer in the County. Additional information regarding the State's agricultural production may be obtained on the California Department of Food and Agriculture's website, www.cdfa.ca.gov, which the County believes to be reliable; however, the County takes no responsibility as to the accuracy, completeness or fairness thereof and has not independently verified such information. Any information on such website is not incorporated herein by reference.

The City of Fresno is the major agri-business, crop processing and shipping center for the eight county San Joaquin Valley, which generally accounts for about one-half of California's total agricultural production. The State is presently experiencing a severe drought. In order to address the water shortage the Governor issued an executive order to expedite approvals for voluntary water transfers to assist the State's agricultural industry, formed a task force to review water allocations, water transfers and regional drought impacts, and declared a state of emergency with respect to the water supply in the State. A report from University of California at Davis studied the possible adverse effects that the drought, reduced water availability and reduced crop revenue may have on the economy of the State's Central Valley, which includes the County. Counties in the State with significant agricultural economies, including the County, may face increased challenges if drought conditions continue for another year or more at the same level. An extended drought may lead to losses in farm income and employment and make or impair the ability of farmers to use short-term water supply measures.

The following Table 35 sets forth the gross production value of agricultural products in the County for calendar years 2008 through 2018.

TABLE 35
COUNTY OF FRESNO
GROSS PRODUCTION VALUE OF AGRICULTURAL PRODUCTS
2008 through 2018

| <u>Year</u> | <u>Total</u> |
|-------------|-----------------|
| 2008 | \$5,627,909,000 |
| 2009 | 5,347,381,000 |
| 2010 | 5,944,758,000 |
| 2011 | 6,811,533,700 |
| 2012 | 6,587,266,000 |
| 2013 | 6,443,236,500 |
| 2014 | 7,039,436,000 |
| 2015 | 6,665,915,000 |
| 2016 | 6,187,919,100 |
| 2017 | 7,028,024,100 |
| 2018 | 7,887,583,790 |

Source: County of Fresno Agricultural Commissioner.

The following Table 36 sets forth the gross production value by category of various agricultural products from calendar year 2014 through 2018.

TABLE 36
COUNTY OF FRESNO
GROSS PRODUCTION VALUE OF VARIOUS COMMODITIES
2014 through 2018
(\$ in thousands)

| <u>Crops</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Field | \$ 321,504 | \$235,683 | \$ 230,614 | \$ 323,047 | \$342,442 |
| Seed | 33,883 | 23,446 | 21,491 | 27,765 | 37,219 |
| Vegetable | 1,192,387 | 1,251,412 | 1,105,362 | 990,326 | 1,520,149 |
| Fruit & Nut | 3,478,342 | 3,403,549 | 3,247,839 | 4,033,301 | 4,357,961 |
| Nursery | 62,725 | 46,637 | 116,186 | 38,247 | 51,061 |
| Livestock and Poultry | 1,257,911 | 1,139,142 | 954,223 | 1,007,996 | 989,912 |
| Livestock and Poultry Products | 642,863 | 491,952 | 417,091 | 505,849 | 462,802 |
| Apiary | 72,480 | 70,745 | 90,378 | 95,584 | 122,141 |
| Industrial | 7,341 | 3,349 | 4,735 | 5,909 | 3,896 |
| Total | <u>\$7,039,861</u> | <u>\$6,665,915</u> | <u>\$6,187,919</u> | <u>\$7,028,024</u> | <u>\$7,887,583</u> |

Source: County of Fresno Agricultural Commissioner.

Transportation

Two major railroads, a modern system of highways and a growing airport complex have contributed to the industrial, commercial and residential growth of Fresno County. Santa Fe and Southern Pacific provide main line rail freight service to the area. Amtrak has passenger service daily. Fresno Yosemite International Airport in the City of Fresno provides regularly scheduled passenger and freight service to major metropolitan centers in the nation and Mexico.

Freeway 99 is a north-south artery that passes through the heart of Fresno County and the San Joaquin Valley, connecting many of the San Joaquin Valley's major cities. Interstate Highway 5 runs in a north-south direction through the western part of Fresno County and the San Joaquin Valley. Both Freeway 99 and Interstate Highway 5 are major north-south routes between the Cities of Los Angeles, San Francisco and Sacramento. Freeway 41, Freeways 168 and 180 serve the Fresno metropolitan area and connect it to the eastern and western parts of the County. The deep-water Port of Stockton is located 122 miles north of Fresno on Freeway 99.

Port of Entry

The City of Fresno is an inland United States Port of Entry. At a port of entry, imported goods may be cleared locally by the Fresno Customs Director. This permits the importation of goods from foreign countries directly to the Fresno metropolitan area, permitting straight-through direct shipment from point of origin outside the United States to a final destination of Fresno.

Utilities

In the City of Fresno and throughout most of the County, electricity, natural gas, and telephone service are supplied by Pacific Gas and Electric Company and AT&T California. Southern California Edison Co. also provides utility service in parts of the County. Other utilities servicing various geographical areas of the County are Verizon, Ponderosa Telephone Company and Southern California Gas Company.

Education

The largest public education systems in the County are the Fresno Unified School District and the Clovis Unified School District. The Fresno County Superintendent of Schools also maintains special schools at various locations in the County. There are also a variety of private schools in the County.

Post-secondary public instruction is available at two community college districts that offer academic and vocational courses in a two-year curriculum. State Center Community College District includes three community colleges: Fresno City College, Reedley College, and Clovis Community College. West Hills Community College District administers West Hills College in Coalinga, West Hills College in Lemoore, and Firebaugh, North District Center.

California State University, Fresno is one of 23 campuses in the California State University system. The university had a Fall 2018 enrollment of 24,995 students. It offers a variety of bachelor's and doctoral degrees and two different teaching credentials. In addition, Fresno Pacific University is central California's only private church-related senior college of the liberal arts and sciences.

Community Services and Recreation

The County has six general acute care hospitals with emergency rooms (one of which is a level one trauma center), one veteran's hospital, two surgical hospitals and one rehabilitation hospital. The County also has 31 skilled nursing facilities, eight congregate living facilities, and 47 intermediate care facilities, and 83 primary care clinics providing services to the poor and underserved. The Fresno County Public Library maintains a Central Library in the City of Fresno and 37 branches.

The Fresno Bee is published daily and the Fresno Business Journal is published weekly in the City of Fresno. San Francisco and Los Angeles newspapers are available daily. There are numerous television and radio stations located in the Fresno area.

The County of Fresno operates Kearney Park, adjacent to the City of Fresno, Choinumni Park, Courthouse Park, Laton-Kingston Park, Los Gatos Creek Park, Skaggs Bridge Park and Winton Park. The County operates recreational areas at Lost Lake and Avocado Lake in the Sierra foothills. In addition, there is located three undeveloped parks within the County's boundaries; two are located at Kings River and the third at China Creek.

The Fresno Art Museum, Fresno Philharmonic Orchestra, Community Theater, and several additional museums contribute to the cultural and social attractiveness of the Fresno metropolitan area. California State University Fresno, State Center Community College District, and West Hills College regularly schedule special events.

The City of Fresno, focal point of routes leading to recreational areas on the western slopes of the Sierra Nevada, is less than two hour's drive from three national parks – Yosemite, Kings Canyon and Sequoia – and from the John Muir Wilderness area, the largest wilderness area in California. Complete recreational facilities for boating, sailing, hunting, fishing, skiing, hiking, backpacking, camping and picnicking are available on the western slope of the Sierra Nevada. The foothills contain numerous lakes and reservoirs for water sports. Among these are Millerton Lake, Huntington Lake, Shaver Lake and the Pine Flat Reservoir. Snow skiing is available at Badger Pass and China Peak within or adjacent to the County. The valley and foothill areas of the County offer golfing and game bird and deer hunting. The Fresno County Blossom Trail and the Fresno County Fruit Trail run through several cities in the County including Kingsburg, Reedley and Sanger, provides tourists and residents the opportunity to view blossoming flowers on the various fruit orchards within the County.

The City of Fresno features various sports and recreational venues at Chukchansi Park Stadium and the Save Mart Center. Chukchansi Park Stadium is the home of the Fresno Grizzlies, a Triple A minor league affiliate of the Washington Nationals and provides for special events and concerts. Located in downtown Fresno, the stadium has capacity for 10,650 people. The Save Mart Center is a sports and entertainment complex and the home of the Fresno State Bulldogs basketball team. The center contains a 16,500 seat arena for basketball that can be expanded to 18,000 seats for special events.

Conventions and other special events are held at Selland Arena and the Exhibit Hall at the Fresno Convention Center. Selland Arena contains 7,200 seats and hosts many concerts and family shows as well as the Fresno Monsters ice hockey team of the Western States Hockey League. The arena was built in 1966 and has had more than ten million patrons attend its facilities. The Exhibit Hall is a convention center that contains 66,000 square feet of uninterrupted exhibit space with an additional 16,000 square feet of available exhibit space in its first and second floor lobbies. The Exhibit Hall has hosted numerous events including tradeshow, conventions, conferences, political rallies, dinner banquets and wedding receptions.

APPENDIX B

**COUNTY OF FRESNO
CASH FLOW STATEMENTS**

COUNTY OF FRESNO
FY 2018-19 CASH FLOWS
12 Month Actuals

| | ACTUAL JULY | ACTUAL AUGUST | ACTUAL SEPTEMBER | ACTUAL OCTOBER | ACTUAL NOVEMBER | ACTUAL DECEMBER | ACTUAL JANUARY | ACTUAL FEBRUARY | ACTUAL MARCH | ACTUAL APRIL | ACTUAL MAY | ACTUAL JUNE | TOTAL |
|----------------------------------|--------------------|--------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| BEGINNING CASH | 205,225,039 | 129,983,840 | 92,898,792 | 77,906,704 | 83,050,022 | 49,073,470 | 189,605,592 | 148,201,510 | 114,723,915 | 125,391,471 | 195,570,604 | 139,664,754 | |
| RECEIPTS: | | | | | | | | | | | | | |
| PROPERTY TAXES | - | - | - | - | - | 49,263,603 | - | - | 4,796,735 | 44,041,935 | - | 5,128,595 | 103,230,868 |
| OTHER TAXES | 1,846,445 | 2,247,900 | 4,031,934 | 4,432,281 | 3,701,302 | 66,618,730 | 5,288,545 | 3,456,782 | (2,614,461) | 70,505,421 | 2,567,085 | 21,911,069 | 183,993,033 |
| LICENSES, PERMITS AND FRANCHISES | 72,338 | 587,029 | 56,990 | 67,018 | 1,837,556 | 371,030 | 702,668 | 831,297 | 288,963 | 3,754,702 | 549,716 | 768,520 | 9,887,827 |
| FINES, FORFEITS, AND PENALTIES | (151,707) | 339,292 | 595,756 | 233,235 | 508,389 | 558,037 | 438,525 | 350,007 | 292,931 | 622,484 | 676,009 | 683,252 | 5,146,210 |
| USE OF MONEY AND PROPERTY | 138,516 | 15,844 | 991,092 | 591,925 | 29,475 | 853,115 | 539,263 | (263,993) | 41,057 | 80,036 | 85,558 | 825,683 | 3,927,571 |
| INTERGOVERNMENTAL REVENUES | 28,593,337 | 19,807,773 | 18,861,167 | 18,487,647 | 16,565,404 | 14,213,089 | 11,256,982 | 8,148,632 | 28,432,375 | 22,876,999 | 16,055,635 | 7,056,863 | 210,355,903 |
| CHARGES FOR SERVICES | 152,885 | 3,333,543 | 4,287,491 | 4,492,376 | 3,661,942 | 3,791,121 | 4,339,374 | 2,051,076 | 4,195,460 | 2,934,053 | 7,778,579 | 7,119,790 | 48,137,690 |
| OTHER REVENUES | 219,710 | 2,036,059 | 795,197 | 738,543 | 376,308 | 882,366 | 1,071,230 | 1,247,228 | 494,535 | 1,588,171 | 631,389 | (1,538,203) | 8,542,533 |
| INTRAFUND TRANSFERS | 50,356,905 | 50,805,627 | 66,323,918 | 91,713,193 | 74,626,722 | 115,784,594 | 91,497,827 | 66,557,667 | 87,888,556 | 59,121,039 | 51,107,630 | 133,987,313 | 939,770,991 |
| DEBT SERVICE (POB/LRB) | 2,527,278 | 2,534,598 | 2,712,062 | 2,552,566 | 3,752,844 | 2,789,783 | 2,632,038 | 2,637,638 | 2,719,085 | 2,661,862 | 3,819,596 | 2,699,764 | 34,039,114 |
| CAPITAL PROJECTS | - | - | - | - | - | - | - | - | - | - | - | - | - |
| TRAN PROCEEDS | | | | | | | | | | | | | - |
| TOTAL RECEIPTS | 83,755,707 | 81,707,665 | 98,655,607 | 123,308,784 | 105,059,942 | 255,125,468 | 117,766,452 | 85,016,334 | 126,535,236 | 208,186,702 | 83,271,197 | 178,642,646 | 1,547,031,740 |
| DISBURSEMENTS: | | | | | | | | | | | | | |
| SALARIES AND BENEFITS | 49,983,507 | 50,471,748 | 53,858,660 | 50,544,460 | 79,860,934 | 52,030,316 | 54,689,271 | 53,276,392 | 52,790,128 | 56,049,034 | 78,047,841 | 52,798,187 | 684,400,478 |
| SERVICES AND SUPPLIES | 63,127,287 | 62,991,798 | 55,012,046 | 65,903,736 | 54,698,429 | 60,881,345 | 88,672,422 | 63,127,023 | 54,751,667 | 76,198,677 | 57,962,303 | 77,303,481 | 780,630,214 |
| OTHER CHARGES | 642,850 | 353,932 | 3,707,267 | 315,924 | 60,522 | 3,089,367 | 182,950 | 58,028 | 4,286,253 | 4,229,762 | 562,735 | 335,942 | 17,825,532 |
| OTHER FINANCING USES | 63,621 | 4,961,864 | 955,150 | 1,352,346 | 4,346,610 | (1,952,390) | 15,558,716 | 1,747,724 | 3,774,810 | 1,048,763 | 1,676,172 | 6,200,223 | 39,733,609 |
| CAPITAL ASSETS | 13,371 | 13,371 | 107,572 | 49,000 | 69,999 | 544,219 | 67,175 | 284,622 | 264,822 | 471,361 | 855,214 | 2,496,776 | 5,237,502 |
| DEBT SERVICE (POB/LRB) | 45,166,270 | - | 7,000 | - | - | 489 | - | 140 | - | 62 | - | 350 | 45,174,311 |
| CAPITAL PROJECTS | - | - | - | - | - | - | - | - | - | 9,910 | 72,782 | 19,920 | 102,612 |
| TRAN REPAYMENT | | | | | | | | | | | | | - |
| TOTAL DISBURSEMENTS | 158,996,906 | 118,792,713 | 113,647,695 | 118,165,466 | 139,036,494 | 114,593,346 | 159,170,534 | 118,493,929 | 115,867,680 | 138,007,569 | 139,177,047 | 139,154,879 | 1,573,104,258 |
| ENDING CASH | 129,983,840 | 92,898,792 | 77,906,704 | 83,050,022 | 49,073,470 | 189,605,592 | 148,201,510 | 114,723,915 | 125,391,471 | 195,570,604 | 139,664,754 | 179,152,521 | |

COUNTY OF FRESNO
FY 2019-20 PROJECTED CASH FLOWS
2 Month Estimates

| | Actuals JULY | Actuals AUGUST | Actuals SEPTEMBER | Actuals OCTOBER | Actuals NOVEMBER | Actuals DECEMBER | Actuals JANUARY | Actuals FEBRUARY | Actuals MARCH | Actuals APRIL | Estimated MAY | Estimated JUNE | TOTAL |
|----------------------------------|--------------------|--------------------|----------------------|--------------------|---------------------|---------------------|--------------------|---------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| BEGINNING CASH | 179,152,521 | 121,497,204 | 96,333,422 | 87,744,740 | 87,923,436 | 22,265,305 | 166,577,271 | 155,289,209 | 134,756,095 | 117,798,535 | 207,800,469 | 152,954,445 | |
| RECEIPTS: | | | | | | | | | | | | | |
| PROPERTY TAXES | 686,102 | - | - | (197,694) | - | 52,211,416 | - | - | - | 45,735,599 | - | 1,128,595 | 99,564,018 |
| OTHER TAXES | (2,521,015) | 5,661,306 | 2,662,817 | 3,334,914 | 2,689,942 | 64,886,481 | 11,155,096 | 364,795 | 9,990,314 | 68,255,065 | 2,567,085 | 11,911,069 | 180,957,869 |
| LICENSES, PERMITS AND FRANCHISES | (298,474) | 925,996 | 427,792 | 436,097 | 456,116 | 375,933 | 809,727 | 574,501 | 367,515 | 4,890,353 | 549,716 | 768,520 | 10,283,792 |
| FINES, FORFEITS, AND PENALTIES | (172,787) | 478,338 | 359,721 | 386,749 | 529,691 | 586,723 | 361,599 | 301,952 | 343,422 | 342,334 | 676,009 | 683,252 | 4,877,003 |
| USE OF MONEY AND PROPERTY | 76,790 | 35,973 | 830,330 | 69,242 | (20,492) | 650,981 | 242,697 | 16,724 | 447,776 | 53,213 | 85,558 | 325,683 | 2,814,475 |
| INTERGOVERNMENTAL REVENUES | 22,012,586 | 17,106,534 | 10,615,612 | 23,132,746 | 4,432,909 | 20,253,056 | 22,408,767 | 16,215,758 | 18,913,835 | 17,119,606 | 16,055,635 | 7,056,863 | 195,323,907 |
| CHARGES FOR SERVICES | 391,472 | 3,712,379 | 4,100,970 | 4,426,444 | 2,497,170 | 6,183,938 | 4,652,772 | 2,320,734 | 2,713,056 | 9,814,904 | 7,778,579 | 7,119,790 | 55,712,208 |
| OTHER REVENUES | 118,208 | 2,207,140 | 708,170 | 678,688 | 632,820 | 620,348 | 437,858 | 527,685 | 1,266,171 | 507,552 | 631,389 | (1,538,203) | 6,797,826 |
| INTRAFUND TRANSFERS | 66,910,967 | 62,798,181 | 97,581,202 | 88,141,338 | 64,387,731 | 113,674,038 | 92,938,647 | 79,572,880 | 106,256,950 | 91,004,757 | 51,107,630 | 133,967,313 | 1,048,351,634 |
| DEBT SERVICE (POB/LRB) | 2,854,410 | 2,936,683 | 3,057,695 | 2,854,828 | 4,141,431 | 3,134,867 | 8,074,389 | 2,839,640 | 3,064,936 | 3,135,920 | 3,819,596 | 2,699,764 | 42,614,159 |
| CAPITAL PROJECTS | - | - | - | - | - | - | 17,864,063 | - | - | - | - | - | 17,864,063 |
| COVID REIMBURSEMENTS | - | - | - | - | - | - | - | - | - | - | 5,500,000 | 2,300,000 | 7,800,000 |
| TRAN PROCEEDS | - | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL RECEIPTS | 90,058,259 | 95,652,530 | 120,344,309 | 123,263,352 | 79,747,318 | 262,577,781 | 158,945,615 | 102,734,669 | 143,363,975 | 240,858,303 | 88,771,197 | 166,442,646 | 1,672,960,954 |
| DISBURSEMENTS: | | | | | | | | | | | | | |
| SALARIES AND BENEFITS | 53,629,262 | 57,938,233 | 55,109,701 | 57,937,977 | 83,130,788 | 55,900,096 | 58,721,168 | 56,431,853 | 56,788,325 | 59,777,718 | 81,950,233 | 55,438,096 | 732,753,450 |
| SERVICES AND SUPPLIES | 60,373,613 | 61,527,910 | 66,898,003 | 62,811,233 | 59,490,418 | 57,179,134 | 90,839,276 | 65,208,932 | 93,121,576 | 82,403,264 | 56,241,926 | 101,876,516 | 857,971,801 |
| OTHER CHARGES | 238,252 | 837,136 | 3,718,206 | 243,263 | 284,014 | 3,530,607 | 20,891 | 142,647 | 3,951,808 | 3,724,818 | 568,362 | 339,301 | 17,599,306 |
| OTHER FINANCING USES | 8,400 | 188,816 | 3,174,963 | 1,093,466 | 1,363,608 | 989,398 | 20,087,478 | 983,406 | 2,485,844 | 1,372,460 | 1,692,934 | 6,262,225 | 39,702,998 |
| CAPITAL ASSETS | 50,650 | 50,650 | 50,650 | 882,383 | 1,135,528 | 624,074 | 375,939 | 405,043 | 1,141,680 | 727,456 | 863,766 | 3,521,744 | 9,829,563 |
| DEBT SERVICE (POB/LRB) | 33,390,000 | - | - | - | - | - | - | - | - | - | - | - | 33,390,000 |
| CAPITAL PROJECTS | 23,399 | 473,567 | (18,532) | 116,334 | 1,093 | 42,506 | 188,925 | 95,902 | 132,302 | 51,653 | - | - | 1,107,149 |
| COVID EXPENDITURES | - | - | - | - | - | - | - | - | 2,700,000 | 2,800,000 | 2,300,000 | 3,300,000 | 11,100,000 |
| TRAN REPAYMENT | - | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL DISBURSEMENTS | 147,713,576 | 121,016,312 | 128,932,991 | 123,084,656 | 145,405,449 | 118,265,815 | 170,233,677 | 123,267,783 | 160,321,535 | 150,857,369 | 143,617,221 | 170,737,883 | 1,703,454,267 |
| ENDING CASH | 121,497,204 | 96,333,422 | 87,744,740 | 87,923,436 | 22,265,305 | 166,577,271 | 155,289,209 | 134,756,095 | 117,798,535 | 207,800,469 | 152,954,445 | 148,659,208 | |

COUNTY OF FRESNO
FY 2020-21 PROJECTED CASH FLOWS
12 Month Estimates

| | Estimated JULY | Estimated AUGUST | Estimated SEPTEMBER | Estimated OCTOBER | Estimated NOVEMBER | Estimated DECEMBER | Estimated JANUARY | Estimated FEBRUARY | Estimated MARCH | Estimated APRIL | Estimated MAY | Estimated JUNE | TOTAL |
|----------------------------------|--------------------|---------------------|------------------------|----------------------|-----------------------|-----------------------|----------------------|-----------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| BEGINNING CASH | 148,659,208 | 185,369,754 | 163,767,320 | 155,418,039 | 152,737,963 | 83,497,486 | 223,893,029 | 186,891,811 | 130,548,283 | 146,920,630 | 197,826,811 | 121,074,215 | |
| RECEIPTS: | | | | | | | | | | | | | |
| PROPERTY TAXES | - | - | - | - | - | 49,521,109 | - | - | - | 44,298,999 | 5,000,000 | 5,222,111 | 104,042,219 |
| OTHER TAXES | (3,296,645) | 5,131,145 | 2,042,702 | 2,734,961 | 2,070,640 | 66,133,075 | 10,789,749 | (324,261) | 9,590,023 | 69,602,717 | 10,644,098 | 12,268,401 | 187,386,605 |
| LICENSES, PERMITS AND FRANCHISES | (307,428) | 953,776 | 440,626 | 449,180 | 469,799 | 387,211 | 834,019 | 591,736 | 378,540 | 5,037,064 | 566,207 | 791,576 | 10,592,306 |
| FINES, FORFEITS, AND PENALTIES | (177,971) | 492,688 | 370,513 | 398,351 | 545,582 | 604,325 | 372,447 | 311,011 | 353,725 | 352,604 | 696,289 | 703,750 | 5,023,313 |
| USE OF MONEY AND PROPERTY | 79,094 | 37,052 | 855,240 | 71,319 | (21,107) | 670,510 | 249,978 | 17,226 | 461,209 | 54,809 | 88,125 | 335,453 | 2,898,909 |
| INTERGOVERNMENTAL REVENUES | 22,012,586 | 17,106,534 | 10,615,612 | 23,132,746 | 4,432,909 | 20,253,056 | 22,408,767 | 16,215,758 | 19,481,250 | 17,119,606 | 16,055,635 | 7,056,863 | 195,891,322 |
| CHARGES FOR SERVICES | 391,472 | 3,712,379 | 4,100,970 | 4,426,444 | 2,497,170 | 6,183,938 | 4,652,772 | 2,320,734 | 2,794,448 | 9,814,904 | 7,778,579 | 7,119,790 | 55,793,600 |
| OTHER REVENUES | 118,208 | 2,207,140 | 708,170 | 678,688 | 632,820 | 620,348 | 437,858 | 527,685 | 1,304,156 | 507,552 | 631,389 | (1,538,203) | 6,835,811 |
| INTRA-FUND TRANSFERS | 66,910,967 | 62,788,161 | 98,581,202 | 88,141,338 | 64,387,731 | 113,674,038 | 92,938,647 | 79,572,880 | 109,444,659 | 91,004,757 | 51,107,330 | 133,967,313 | 1,052,539,343 |
| DEBT SERVICE (POB/LRB) | 2,690,844 | 2,735,641 | 2,884,879 | 2,703,697 | 3,947,138 | 2,962,325 | 2,824,307 | 2,738,639 | 2,879,556 | 2,897,863 | 3,819,596 | 2,699,764 | 35,784,247 |
| CAPITAL PROJECTS | - | - | - | - | - | - | - | - | - | - | - | - | - |
| COVID REIMBURSEMENTS | 3,300,000 | 10,200,000 | 5,700,000 | 3,200,000 | 3,200,000 | 3,200,000 | 3,200,000 | - | - | - | - | - | 32,000,000 |
| TRAN PROCEEDS (with PREMIUM) | 101,974,000 | - | - | - | - | - | - | - | - | - | - | - | 101,974,000 |
| TOTAL RECEIPTS | 193,695,126 | 105,364,536 | 126,299,912 | 125,936,725 | 82,162,682 | 264,209,936 | 138,708,544 | 101,971,407 | 146,687,566 | 240,690,874 | 96,387,548 | 168,646,818 | 1,790,761,674 |
| DISBURSEMENTS: | | | | | | | | | | | | | |
| SALARIES AND BENEFITS | 54,433,701 | 58,807,306 | 55,936,347 | 58,807,047 | 84,377,750 | 56,738,597 | 59,601,986 | 57,278,331 | 57,640,150 | 60,674,384 | 83,179,487 | 56,269,668 | 743,744,752 |
| SERVICES AND SUPPLIES | 54,906,455 | 61,372,295 | 68,496,089 | 64,368,451 | 61,014,428 | 58,680,031 | 95,376,775 | 69,490,127 | 65,019,944 | 83,227,297 | 56,804,345 | 75,795,281 | 814,551,519 |
| OTHER CHARGES | 240,635 | 845,507 | 3,755,388 | 245,696 | 286,854 | 3,565,913 | 21,100 | 144,073 | 3,991,328 | 3,762,066 | 574,046 | 342,694 | 17,775,299 |
| OTHER FINANCING USES | 8,484 | 190,704 | 3,206,713 | 1,104,401 | 1,377,244 | 999,292 | 20,288,353 | 993,240 | 2,510,702 | 1,386,185 | 1,709,863 | 6,324,847 | 40,100,028 |
| CAPITAL ASSETS | 51,157 | 51,157 | 51,157 | 891,207 | 1,146,883 | 630,315 | 379,698 | 409,093 | 1,153,097 | 734,731 | 872,404 | 3,556,961 | 9,927,859 |
| DEBT SERVICE (POB/LRB) | 37,144,150 | - | 3,500 | - | - | 245 | 41,850 | 70 | - | 31 | - | 175 | 37,190,021 |
| CAPITAL PROJECTS | - | - | - | - | - | - | - | - | - | - | - | - | - |
| COVID EXPENDITURES | 10,200,000 | 5,700,000 | 3,200,000 | 3,200,000 | 3,200,000 | 3,200,000 | - | - | - | - | - | - | 28,700,000 |
| TRAN REPAYMENT (with INTEREST) | - | - | - | - | - | - | - | 30,000,000 | - | 40,000,000 | 30,000,000 | 2,991,667 | 102,991,667 |
| TOTAL DISBURSEMENTS | 156,984,581 | 126,966,970 | 134,649,193 | 128,616,801 | 151,403,160 | 123,814,393 | 175,709,761 | 158,314,935 | 130,315,219 | 189,784,693 | 173,140,145 | 145,281,294 | 1,794,981,144 |
| ENDING CASH | 185,369,754 | 163,767,320 | 155,418,039 | 152,737,963 | 83,497,486 | 223,893,029 | 186,891,811 | 130,548,283 | 146,920,630 | 197,826,811 | 121,074,215 | 144,439,739 | |

APPENDIX C

**COUNTY OF FRESNO
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2019**



**COUNTY OF FRESNO
STATE OF CALIFORNIA**

**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

**For the Fiscal Year Ended
June 30, 2019**



**COMPILED UNDER THE DEPARTMENT OF:
Auditor-Controller/Treasurer-Tax Collector**

**Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector**

County of Fresno
Comprehensive Annual Financial Report
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For Fiscal Year Ended June 30, 2019

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INTRODUCTORY SECTION

- Letter of Transmittal
- Certificate of Achievement
- Organizational Chart
- List of Principal Officials



County of Fresno
Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

December 30, 2019

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

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

The Comprehensive Annual Financial Report (CAFR) of the County of Fresno (County) for the fiscal year ended June 30, 2019, is hereby submitted in accordance with the provisions of Sections 25250 and 25253 of the Government Code of the State of California.

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

The County's financial statements have been audited by the certified public accounting firm of Brown Armstrong Accountancy Corporation. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2019 are free of material misstatement. The independent certified public accounting firm has issued an unmodified ("clean") opinion on the County's financial statements as of and for the fiscal year ended June 30, 2019. The auditor's report is located at the beginning of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The County was created from parts of Merced, Tulare and Mariposa counties in 1856 and is a political subdivision chartered by the State of California (the State). It is the sixth largest county in the State in terms of area, occupying over 6,000 square miles in the heart of the San Joaquin Valley and has a population of 1,018,241 as of January 1, 2019. There are 15 incorporated cities within the County: Fresno, Clovis, Sanger, Reedley, Selma, Coalinga, Parlier, Kerman, Kingsburg, Mendota, Orange Cove, Firebaugh, Huron, Fowler, and San Joaquin. The largest employment categories include public administration, retail trade,

transportation, accommodation & food services, education & health services, administrative services, agriculture, and manufacturing.

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

Board of Supervisors

| | | | | |
|-----------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|
| Brian Pacheco District 1 | Steve Brandau District 2 | Sal Quintero District 3 | Buddy Mendes District 4 | Nathan Magsig District 5 |
|-----------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|

Jean M. Rousseau, CPA
County Administrative Officer

Daniel C. Cederborg
County Counsel

| Public Protection | Health & Public Assistance | Public Ways & Facilities | Education | Culture & Recreation | General Government |
|---|---|---|--|--|---|
| Margaret Mims Sheriff-Coroner | Delfino Neira Director Social Services | Stephen E. White Director/Public Works & Planning | Raman Bath County Librarian | Steven E. White Director/Public Works & Planning | Paul Dictos, CPA Assessor-Recorder |
| Lisa A. Smittcamp District Attorney- Public Administrator | David Pomaville Director Public Health | Melissa Cregan Agricultural Commissioner/Sealer of Weights & Measures | Karmjot Randhawa Cooperative Extension | | Oscar J. Garcia, CPA Auditor-Controller/ Treasurer-Tax Collector |
| Kirk Haynes Chief Probation Officer | Dawan Utecht, Director Behavioral Health Public Guardian | | | | Paul Nerland Director Human Resources |
| Elizabeth Diaz Public Defender | Kari Gilbert Director Child Support Services | | | | Robert W. Bash Director of Internal Services-Chief Information Officer |
| | | | | | Brandi L. Orth County Clerk/Registrar of Voters |

The County, with an average of 7,187 full-time equivalent employees, provides a full range of services to its residents as the above organizational chart depicts. Included in reported operations are various component units that provide specific services County-wide or to distinct geographic areas within the County. They include, among others, County Service Areas (CSAs), Fresno County Financing Authority (FCFA), Fresno County Tobacco Funding Corporation, and San Joaquin Valley Insurance Authority. While these entities are legally separate from the County, the County has some financial accountability for them, their governing bodies are substantially the same as the County's Board, and in most cases, provide services exclusively to the County.

For financial planning and control, the Board adopts an annual appropriated budget for the County. Activities of the General Fund, Special Revenue Funds, Capital Projects Fund, and the Debt Service Fund are included in the annual budget. Budgetary control is exercised at the department level in both the General and Special Revenue Funds. The legal level of control is at the object level except for capital assets, which are controlled at the sub-object level. Project-length financial plans are adopted for capital improvements. The County also maintains an encumbrance accounting system to assist with budgetary control. Budget-to-actual comparisons are provided in this report for each major governmental fund and each nonmajor special revenue fund for which an appropriated annual budget has been adopted.

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

ECONOMIC OVERVIEW

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

California has the largest labor market in the United States with a labor force of 19,567,500 persons as of June 30, 2019. The employed labor force at June 30, 2019, was 19,401,300 persons on a seasonally adjusted basis. This number demonstrates a slight decline in the California labor market. The State-wide unemployment rate is 3.5% or 690,900 persons. The County of Fresno has experienced a similar decline in labor force and employment with a corresponding increase in unemployment. The County of Fresno labor force consisted of 452,800 persons as of June 30, 2019. Unemployment in the County has increased by .02% from the prior year, and is at a rate of 7% as of June 30, 2019.

The County's economy continues to have moderate growth in property tax and sales tax revenues. The net assessed value of the Property Tax Secured Roll increased to \$73,986,387,678 in the 2018-2019 fiscal year. Property tax revenues increased by 6.1% from fiscal year 2017-2018 to fiscal year 2018-2019, while sales tax revenues increased by 6% over the same time period. This movement indicated a steady and continued recovery in the County's economy.

The housing market in the County continues to show significant growth. The median home price within the County was up to \$287,000 during the month of September 2019; this represents an increase of \$20,000 or 7.49%, as compared to the median home prices in September 2018 of \$267,000. Furthermore, housing sales decreased by 2.5% in September compared to the same period last year. The current Unsold Inventory Index, which is a measure in number of months, of current housing inventory, based on current sales volume, maintained at 3.1 months in September 2019 and in September 2018. A six to seven-month supply is considered typical in a normal market.

The County remained one of the leading agricultural counties in the State and nation. Total gross agricultural production in 2018 increased by 12.23% from 2017. This is largely due to a 53.50% increase in the value of vegetables along with an increase in seed crops, fruit and nut crops, and field products. The number one crop in value was once again Almonds (\$1,178,182,069) followed by Grapes (\$1,106,858,236). Fruit and nut crops provide 55.25% (\$4,357,961,000) of the gross agricultural production value followed by Vegetables at 19.27% (\$1,520,149,000) and Livestock, et al. at 18.42% (\$1,452,714,000).

While agriculture currently accounts for 9.88% of wage and salary employment, other important sources of employment include: government 19.22%; educational and health services trade 18.77%; transportation and utilities 17.25%; social assistance 6.83%; leisure and hospitality services 8.05%; professional and business services 7.97%; manufacturing 6.49%; and construction 5%.

MAJOR INITIATIVES, SERVICE EFFORTS AND ACCOMPLISHMENTS

Current Financial Planning

The County maintains the largest road system in the State covering over 3,488 miles of roads. The 2019-2020 Road Fund adopted budget totals \$97.7 million, which reflects an decrease of -1% from the prior year adopted budget. Major projects anticipated for fiscal year 2019-2020 include participation in the Federal Transportation Improvement Program, which includes \$135 million of Highway Bridge Program funding. Participation in this effort includes increasing staff to manage the more than 20 projects over the next ten years. The 2019-2020 road maintenance programs include \$39.54 million dedicated to pavement seals and maintenance overlays; contracted preventative maintenance; routine maintenance; traffic signs and striping; and traffic safety and operations.

In April 2006, the County issued subordinate Tobacco Settlement Asset-Backed Bonds in the amount of \$39,015,131 to fund future capital projects. As of June 30, 2019, all bond proceeds have been allocated to future capital expenditures. The West Annex Jail project will be three floors with 300 medium/maximum security beds and will be located next to the North Annex Jail. It will replace outdated linear cells with new generation pods to allow greater observation and supervision of inmates along with providing program space for special needs inmates, specifically those with behavioral health issues. Groundbreaking on this project occurred on January 25, 2018 and is expected to be completed in late 2020.

Long-term Financial Planning

The County's budget is strongly influenced by the State's fiscal budget. The State passed the fiscal year 2020 State budget of \$208.9 billion on June 30, 2019, an increase of 2% over the revised prior year budget. The budget includes an approximately \$5.1 billion increase in general fund expenditures from the prior year's adopted budget, which is due to allocating \$10 billion in discretionary spending to reserves, ongoing spending, and one-time spending. Ongoing spending includes \$2.7 billion dedicated programmatic spending on universities, CalWorks, IHSS, and health.

The County's fiscal year 2019-2020 adopted budget is \$3.7 billion, which is \$366.7 million greater than the prior year. The increase is due to \$52 million in carryover fund balance due to greater than anticipated revenues along with unused appropriations. During a restructure of fund balance, \$31 million in available one-time monies were revealed; this will assist adding to the County's reserves and its capital infrastructure needs.

RELEVANT FINANCIAL POLICIES

Investments

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

Investments authorized under this policy include U.S. Treasury and agency obligations, bankers' acceptances, commercial paper, certificates of deposit, repurchase agreements, medium-term notes, the State's Local Agency Investment Fund (LAIF), mutual funds, and mortgage-backed securities. The policy further restricts investments such that the average weighted maturity of the Pool cannot exceed 1,278 days or 3½ years unless an investment is matched to a specific cash flow.

General Fund, Fund Balance Classifications

During budget preparations, the County establishes various Commitments and Assignments of fund balance within the General Fund to provide for unforeseen expenditures or emergencies that may arise during the course of the fiscal year, and to accumulate funds in the General Fund for designated uses. General Fund Assignments differ from Commitments in that the Board can transfer Assignments during the fiscal year to finance unanticipated expenditures, while Commitments can only be used for the specific purpose for which they were established and are not available to finance current year expenditures except in cases where the Board declares an emergency as defined by Government Code 29127. The Board can approve increases to Commitments and Assignments during the fiscal year.

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

Budget

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

Appropriations within the adopted budget will be controlled by the Board at the object level, except for capital assets. Transfers of appropriations between funds and departments require approval from the Board. Transfers of appropriations between expenditure objects, e.g., Salaries and Employee Benefits, Services and

Supplies, Other Charges, and Capital Assets, within a department are permitted with the approval of the County Administrative Officer.

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

Debt Limitations

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

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

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement

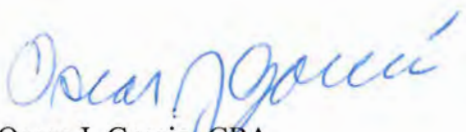
The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2018. The County has received this prestigious award for over thirty years. In order to be awarded a Certificate of Achievement, the County is required to publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the Government Finance Officers Association to determine its eligibility for another certificate.

Acknowledgments

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

Respectfully submitted,



Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

County of Fresno
California

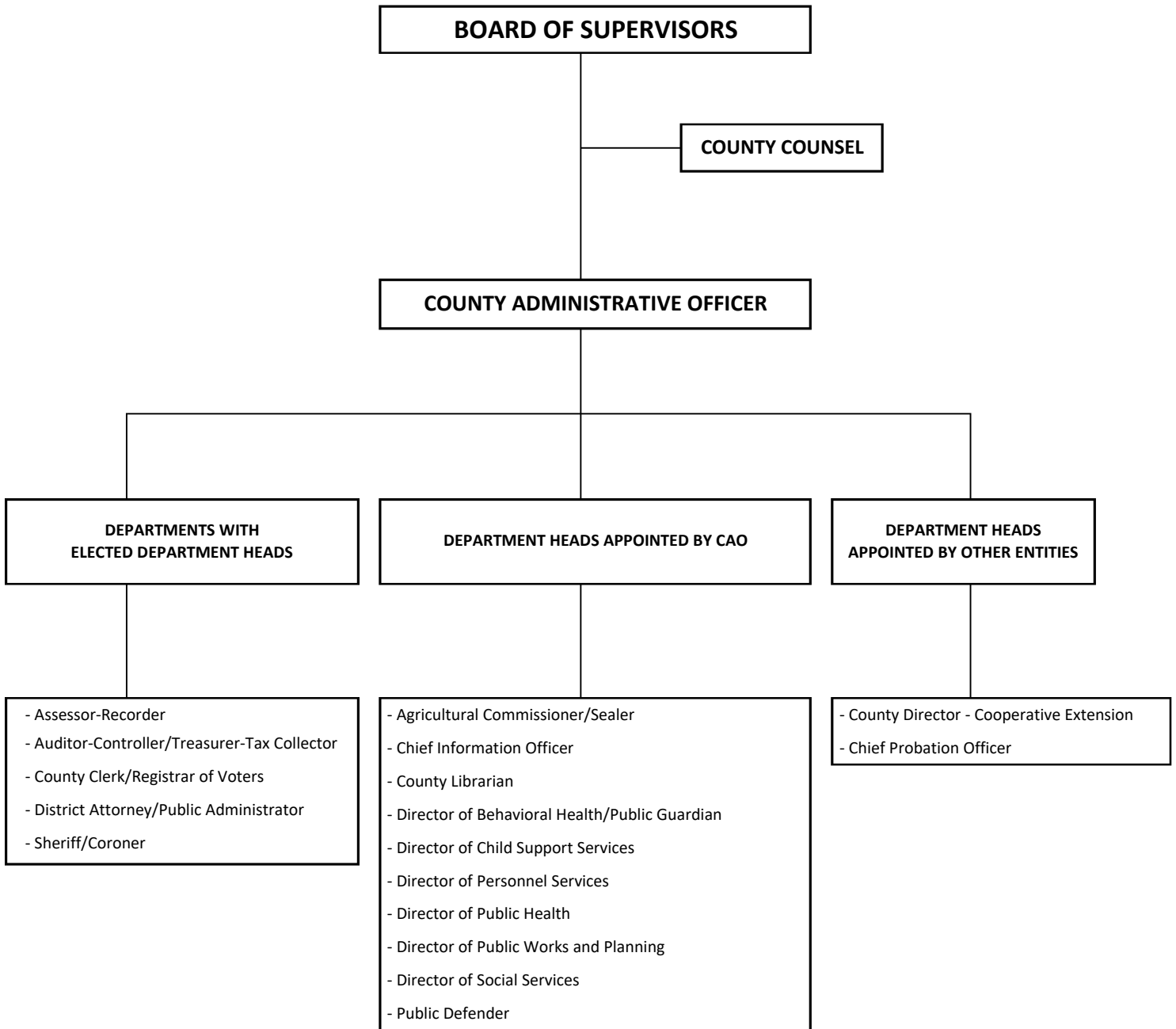
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrell

Executive Director/CEO

COUNTY OF FRESNO ORGANIZATIONAL CHART



**County of Fresno
List of Principal Officials
June 30, 2019**

ELECTED OFFICIALS

Board of Supervisors:

| | |
|--|----------------------|
| Supervisor, District 1 | Brian Pacheco |
| Supervisor, District 2 | Steve Brandau |
| Supervisor, District 3 | Sal Quintero |
| Vice-Chairman Supervisor, District 4..... | Buddy Mendes |
| Chairman Supervisor, District 5 | Nathan Magsig |
| Assessor-Recorder | Paul Dictos, CPA |
| Auditor-Controller/Treasurer-Tax Collector | Oscar J. Garcia, CPA |
| County Clerk/Registrar of Voters | Brandi L. Orth |
| District Attorney/Public Administrator..... | Lisa A. Smittcamp |
| Sheriff/Coroner | Margaret Mims |

APPOINTED OFFICIALS

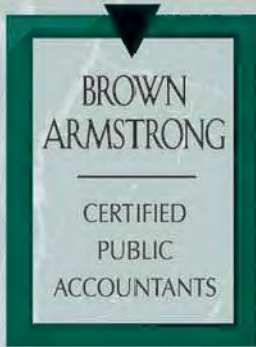
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|-------------------------------------|-----------------------|
| County Administrative Officer | Jean M. Rousseau, CPA |
| County Counsel..... | Daniel C. Cederborg |

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FINANCIAL SECTION

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



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Fresno, California (the County), as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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STOCKTON OFFICE

1919 GRAND CANAL BLVD
SUITE C6
STOCKTON, CA 95207
TEL 888.565.1040

WWW.BACPAS.COM

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of and for the fiscal year ended June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
December 30, 2019

County of Fresno
Management's Discussion and Analysis
June 30, 2019
(amounts expressed in thousands)

The County of Fresno's (County) management's discussion and analysis is designed to present a narrative overview of the financial activities of the County and an analysis of the County's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section. All dollar amounts are expressed in thousands unless otherwise indicated.

FINANCIAL HIGHLIGHTS

- At the close of the 2018-2019 fiscal year, the assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources of the County by \$316,056. The residual of this difference is referred to as "net position." The County has an unrestricted net position of \$(395,529). The County's net position also includes a restricted net position of \$1,596 representing assets that may only be used for specific purposes, and \$709,989 representing the County's net investment in capital assets.
- The County's long-term liabilities decreased by \$133,660. Long-term liabilities totaled \$1,945,930 at June 30, 2019.
- The primary government's total net position increased to \$316,056. The governmental activities net position is \$212,771 and business-type activities net position is \$103,285.
- As of June 30, 2019, the County's governmental funds reported combined ending fund balances of \$801,876, which is an increase of \$25,039 in comparison to the prior year. Approximately 87.44% of combined fund balances, or \$701,183, is either nonspendable or restricted for specific uses; 12.56%, or \$100,693, is unassigned to meet the County's current and future uses.
- The total fund balance in the County's primary operating fund, the General Fund, at year-end was \$204,118. Approximately \$103,425 is either nonspendable or restricted for specific uses. The remaining \$100,693, which approximates to 7.05% of the General Fund's total expenditures for the year, is unrestricted.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

County of Fresno
Management's Discussion and Analysis
June 30, 2019
(amounts expressed in thousands)

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

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

Component units are included in our basic financial statements and can be blended or discretely presented. Blended component units consist of legally separate entities for which the County is financially accountable and have substantially the same governing board as the County or provide services entirely to the County. The County's blended component units include the CSAs, the Fresno County Tobacco Funding Corporation, and the Fresno County Financing Authority. Discretely presented component units are legally separate entities, which have some financial accountability to the County Board of Supervisors (Board); though the entity's governing board is substantially different from the County Board. As of June 30, 2019, the County had no discretely presented component units.

The government-wide financial statements can be found on pages 15-16 of this report.

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

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

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

The County maintains thirty individual governmental funds, six of which are considered to be major governmental funds. Information for the General Fund, Debt Service, Behavioral Health-MH, Social Services, Local Health and Welfare, and 2011 Realignment Fund is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures

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and Changes in Fund Balances. Data for the other, nonmajor governmental funds are combined into a single, aggregated presentation. Summary fund data by fund type and individual fund data for these nonmajor governmental funds is provided as other supplementary information in the form of *combining statements* found on pages 80-112 of this report.

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

The governmental funds financial statements can be found on pages 17-20 of this report

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

Proprietary funds provide the same type of information as the government-wide financial statements; however, information is provided in more detail and includes cash flow statements. The Landfills' and CSAs' operations are considered to be major funds of the County. The County's six internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided as supplementary information in the form of combining statements which can be found on pages 115-122 of this report.

The proprietary funds financial statements can be found on pages 21-24 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. The accounting used for fiduciary funds, except for the agency funds, is much like that used for proprietary funds. Individual fund data for agency funds is provided as supplementary information in the form of combining statements. These statements can be found on page 124 of this report.

The fiduciary fund financial statements can be found on pages 25-26 of this report.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the financial statements and should be read in conjunction with them. The notes can be found on pages 27-68 of this report.

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Required Supplementary Information includes the Budgetary Comparison Schedules for the General Fund, Behavioral Health-MH, Social Services, Local Health and Welfare, 2011 Realignment Fund and nonmajor special revenue funds. Additionally, this section includes the Fresno County Employees' Retirement Association (FCERA) Schedule of the County's Proportionate Share of the Net Pension Liability, which provides information regarding the County's portion of the net pension liability, along with the Schedule of County Contributions, which provides information on the actuarially determined contribution amounts for the last 10 fiscal years. Required supplementary information can be found on pages 69-76 of this report.

The combining and individual fund statements and schedules referred to earlier provide information for nonmajor governmental funds, internal service funds, and fiduciary funds, and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 80-122 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$316,056 at June 30, 2019.

Summary of Net Position
June 30, 2019 and 2018

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|---------------------|-----------------------------|------------------|-------------------|--------------------|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Assets: | | | | | | |
| Current and other assets | \$ 1,176,491 | \$ 1,142,861 | \$ 97,220 | \$ 90,523 | \$ 1,273,711 | \$ 1,233,384 |
| Capital assets | 840,492 | 751,654 | 62,473 | 61,569 | 902,965 | 813,223 |
| Total assets | <u>2,016,983</u> | <u>1,894,515</u> | <u>159,693</u> | <u>152,092</u> | <u>2,176,676</u> | <u>2,046,607</u> |
| Deferred Outflows of Resources: | | | | | | |
| Deferred from refunding of debt | 12,934 | 12,792 | - | - | 12,934 | 12,792 |
| Deferred pensions | 356,922 | 233,058 | 2,766 | 1,807 | 359,688 | 234,865 |
| Total deferred outflows of resources | <u>369,856</u> | <u>245,850</u> | <u>2,766</u> | <u>1,807</u> | <u>372,622</u> | <u>247,657</u> |
| Liabilities: | | | | | | |
| Other liabilities | 177,285 | 180,514 | 4,464 | 3,929 | 181,749 | 184,443 |
| Long-term liabilities | 1,892,033 | 2,025,770 | 53,897 | 53,820 | 1,945,930 | 2,079,590 |
| Total liabilities | <u>2,069,318</u> | <u>2,206,284</u> | <u>58,361</u> | <u>57,749</u> | <u>2,127,679</u> | <u>2,264,033</u> |
| Deferred Inflows of Resources: | | | | | | |
| Deferred pensions | 104,750 | 110,870 | 813 | 860 | 105,563 | 111,730 |
| Total deferred inflows of resources | <u>104,750</u> | <u>110,870</u> | <u>813</u> | <u>860</u> | <u>105,563</u> | <u>111,730</u> |
| Net Position: | | | | | | |
| Net investment in capital assets | 647,516 | 558,579 | 62,473 | 61,569 | 709,989 | 620,148 |
| Restricted | - | - | 1,596 | 1,178 | 1,596 | 1,178 |
| Unrestricted | (434,745) | (735,368) | 39,216 | 32,543 | (395,529) | (702,825) |
| Total net position | <u>\$ 212,771</u> | <u>\$ (176,789)</u> | <u>\$ 103,285</u> | <u>\$ 95,290</u> | <u>\$ 316,056</u> | <u>\$ (81,499)</u> |

The largest portion of the County's net position, \$709,989, represents its investment in capital assets (e.g. land, land improvements, buildings, equipment, infrastructure, intangible assets, construction in progress), less any outstanding debt used to acquire those assets. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the County uses these capital assets to provide services to citizens. Restricted net position balance of \$1,596 represents resources that are subject to external restrictions on how they may be used. The remaining balance for unrestricted net position, \$(395,529), may be used to meet the County's ongoing obligation to citizens and creditors.

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Current and other assets increased from \$1,233,384 to \$1,273,711 or 3.27%. This increase is primarily due to an increase in accounts and loans receivable to the County along with an increase to due from other governmental units.

Capital assets increased by \$89,742 from \$813,223 to \$902,965, or 11.04% from the prior year. The increase was primarily due to the increase in depreciable assets, with a corresponding increase in non-depreciable assets (construction in progress). The corresponding depreciation to those previously non-depreciable assets slightly increased the net book value of the assets.

Long-term liabilities decreased by \$133,660, from \$2,079,590 to \$1,945,930, or 6.4% from the prior year. This is primarily due to a decrease of Net Pension Liability by the amount of \$110,611.

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

Summary of Changes in Net Position
For the Fiscal Years Ended June 30, 2019 and 2018

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|---------------------|-----------------------------|------------------|-------------------|--------------------|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 89,025 | \$ 109,929 | \$ 25,039 | \$ 19,069 | \$ 114,064 | \$ 128,997 |
| Operating grants and contributions | 919,835 | 910,539 | 367 | 452 | 920,202 | 910,991 |
| General Revenues: | | | | | | |
| Property taxes | 262,330 | 260,350 | 796 | 765 | 263,126 | 261,115 |
| Sales taxes | 58,264 | 51,043 | - | - | 58,264 | 51,043 |
| Motor vehicle in lieu taxes | 258,594 | 215,224 | - | - | 258,594 | 215,224 |
| Franchise taxes | 16,192 | 10,756 | - | - | 16,192 | 10,756 |
| Gain (Loss) on sale of capital assets | - | - | (2,529) | (402) | (2,529) | (402) |
| Investment earnings | 32,538 | 3,615 | 4,007 | 172 | 36,545 | 3,787 |
| Miscellaneous | 2,934 | (11,683) | 3,202 | 3,803 | 6,136 | (7,880) |
| Total revenues | <u>1,639,712</u> | <u>1,549,773</u> | <u>30,882</u> | <u>23,859</u> | <u>1,670,594</u> | <u>1,573,631</u> |
| Expenses: | | | | | | |
| General government | 235,530 | 249,527 | - | - | 235,530 | 249,527 |
| Public protection | 266,178 | 253,651 | - | - | 266,178 | 253,651 |
| Public ways and facilities | 36,765 | 51,318 | - | - | 36,765 | 51,318 |
| Health, sanitation & public assistance | 659,419 | 711,112 | - | - | 659,419 | 711,112 |
| Education | 18,288 | 27,573 | - | - | 18,288 | 27,573 |
| Culture and recreation | 2,122 | 3,451 | - | - | 2,122 | 3,451 |
| Interest on long-term debt | 35,302 | 36,402 | - | - | 35,302 | 36,402 |
| County Service Areas, other | - | - | 8,265 | 9,350 | 8,265 | 9,350 |
| Landfill | - | - | 14,726 | 17,219 | 14,726 | 17,219 |
| Total expenses | <u>1,253,604</u> | <u>1,333,035</u> | <u>22,991</u> | <u>26,569</u> | <u>1,276,595</u> | <u>1,359,603</u> |
| Increase (decrease) in net position before transfers | 386,108 | 216,738 | 7,891 | (2,710) | 393,999 | 214,028 |
| Transfers | 252 | 240 | (252) | (240) | - | - |
| Increase (decrease) in net position | <u>386,360</u> | <u>216,978</u> | <u>7,639</u> | <u>(2,950)</u> | <u>393,999</u> | <u>214,028</u> |
| Net position beginning of year | (176,789) | (383,422) | 95,290 | 94,917 | (81,499) | (288,505) |
| Prior period adjustment | 3,200 | (10,345) | 356 | 3,323 | 3,556 | (7,022) |
| Net position end of year | <u>\$ 212,771</u> | <u>\$ (176,789)</u> | <u>\$ 103,285</u> | <u>\$ 95,290</u> | <u>\$ 316,056</u> | <u>\$ (81,499)</u> |

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Governmental activities. Governmental activities increased the County's net position by \$386,360, which accounts for the majority of the total increase in net position of the County, which is a \$169,382 increase in net position from fiscal year 2017-2018. Revenue related to charges for services decreased by \$20,904 due to a decrease in service levels. Operating grant revenue increased by \$9,296, primarily due to the increase in Healthcare Sales Tax revenues. Property taxes increased by \$1,980. This increase in property taxes is due to a slight increase in assessed values and a slightly decreased property tax delinquency rate. Sales tax revenues increased by \$7,221 due to greater distribution of Bradley-Burns State tax revenues.

Expenses for general government decreased by \$13,997, and public protection increased by \$12,527, primarily due to increased costs for salaries and benefits along with an overall increase in expenditures for internal service funds. Health, sanitation, and public assistance decreased by \$51,693. Expenses for public ways and facilities decreased by \$14,553, due to decreased expenditures for road building and repairing activities.

One point to keep in mind when analyzing the increases/decreases noted above is the application of the accrual basis of accounting for the County's governmental activities. Governmental activities budget and subsequently issue fund financial statements that reflect their budget and accounting practices under the modified accrual basis of accounting. Under this approach, capital asset purchases and debt principal payments are expensed. Further, revenues are accrued if measurable and available within the County's availability period (established at 60 days for general revenue or 180 days for grant revenue). In contrast, the Statement of Activities (summarized here as "Summary of Changes in Net Position") is reported under the full accrual basis of accounting, which capitalizes capital asset purchases, reduces liabilities by principal payments and recognizes revenues regardless of if they are available within the 60 to 180 day period. See the reconciliation on page 20, which further explains the difference between changes in the County's fund balance under the modified accrual basis and changes in net position under the accrual basis of accounting.

Business-type activities. Business-type activities increased the County's net position by \$7,639. Combined with the prior period adjustment increasing the net position by \$356, the result is a net \$7,995 increase in net position from business-type activities, which is attributable an increase in service charges.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

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At June 30, 2019, the County's governmental funds reported combined ending fund balances of \$801,876, an increase of \$25,039 in comparison with the prior fiscal year. Approximately 12.56% of this total amount, or \$100,693, constitutes fund balance that is available for appropriation in the upcoming year. The remainder of the fund balance, totaling \$701,183, is restricted; this includes \$5,876 "not in spendable form" for items that are not expected to be converted into cash, such as long-term receivables and imprest cash balances, that are long-term in nature and thus do not represent available spendable resources. The remainder of the fund balance also includes \$695,307 restricted for programs at various levels.

General Fund. The General Fund is the chief operating fund of the County. At June 30, 2019, unassigned fund balance of the General Fund was \$100,693, while total fund balance was \$204,118. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 7.05% of total fund expenditures less transfers, while total fund balance represents 14.29% of that same amount.

The fund balance of the County's General Fund decreased \$1,499 during the current fiscal year primarily due to the increase in expenditures related to the general government.

Revenues for the General Fund without transfers totaled \$560,650, which represents a 6.2% decrease from fiscal year 2017-2018. Tax revenue increased by \$8,567, however aid from other governmental agencies decreased by \$46,030.

Expenditures without other financing sources (uses) for the General Fund totaled \$1,428,000 in fiscal year 2018-2019, which represents an increase of 4.28% from fiscal year 2017-2018. The primary cause for the increase is an overall increase in public protection and assistance.

Debt Service Fund. The Debt Service Fund is a major governmental fund. Fund balance decreased by \$12,277 from \$69,646 to 57,369, or 17.63%. This decrease is due to a reduction in transfers in during fiscal year 2018-2019.

Behavioral Health-MH Fund. The Behavioral Health-MH Fund was established during fiscal year 2014-2015, as this fund was previously reported in the General Fund. This fund was created pursuant to the Mental Health Services Act. This fund received \$59,984 in revenues without transfers and distributed \$60,480 to the General Fund. The fund balance decreased by \$428, or 0.41%, from fiscal year 2017-2018. The fund balance decrease was primarily attributable to increased distributions to the General Fund.

Social Services Fund. The Social Services Fund was established during fiscal year 2014-2015, as these funds were previously reported in the General Fund. This fund was created primarily to house welfare assistance and administration revenues. This fund received \$356,055 in revenues without transfers and distributed \$362,376 to the General Fund. The fund balance decreased by \$6,318, or 10.38%, from fiscal year 2017-2018. The fund balance decrease was primarily attributable to a decrease in revenues from other governmental agencies.

Local Health and Welfare Fund. The Local Health and Welfare Fund existed as a nonmajor special revenue fund in previous fiscal years. This fund was created pursuant to Assembly Bill 1288 of 1991. This fund received \$260,810 in revenues without transfers and distributed \$283,743 to the General Fund which, when combined with the \$57,478 in restricted fund balance from the prior year, resulted in \$50,103 in restricted fund balance for fiscal year 2018-2019.

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2011 Realignment Fund. The 2011 Realignment Fund was established in fiscal year 2011-2012. This fund was created pursuant to Assembly Bill 118, which realigned particular Public Safety and Health programs. This fund received \$204,113 in revenues without transfers in and distributed \$182,484 to the General Fund which, when combined with the \$81,700 in restricted fund balance from the prior year, resulted in \$103,255 in restricted fund balance for fiscal year 2018-2019.

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

Landfills have \$75,750 in net position at June 30, 2019, and the CSAs have \$27,535. The Landfills' and CSAs' unrestricted net positions are \$38,635 and \$581, respectively; this comprises 51.0% and 2.1%, respectively, of their total net positions. Overall, net position increased by \$7,995 for the combined Landfills and CSAs funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The total change in fund balance between the original budget and the final amended budget was a decrease of \$5,324. Some of the significant differences between the original budget and the final amended budget are briefly summarized as follows:

- The Department of Social Services' CalWORKS program's appropriations increased by \$11,912 primarily due to increases in contracted services for support & care of persons.
- The Interest and Miscellaneous Expenditures Department's appropriations increased by \$4,389 primarily due to an increase in operating transfers out to other funds.
- The Department of Child Support Services appropriations increased by \$920, which is primarily due to increased contracted services and facility operation & maintenance charges.

The actual General Fund revenue balance of \$560,650 was \$60,699, or 9.77%, lower than what was expected. The primary reason for the revenue deficit was a decrease in aid from other governmental agencies and other miscellaneous revenues. Actual General Fund expenditures fell below the total budget estimates by \$258,706, or 15.34%. The savings were achieved by an array of continuous efforts to manage the County's budget effectively.

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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

As of June 30, 2019, the County's investment in capital assets for its governmental and business-type activities was \$902,965. This investment in capital assets includes infrastructure, infrastructure in progress, land, land easements, buildings and improvements, equipment, intangible assets, intangible in progress, and construction in progress. The total increase in the County's investment in capital assets for the current period was \$89,742.

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

- Construction of road projects.
- Construction of the West Annex Jail.
- Various improvement projects.

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

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

County of Fresno's Capital Assets
(Net of depreciation)
As of June 30, 2019 and 2018

| | Governmental | | Business-type | | Total | |
|-------------------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
| | Activities | | Activities | | | |
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Assets: | | | | | | |
| Infrastructure | \$ 327,455 | \$ 316,382 | \$ - | \$ - | \$ 327,455 | \$ 316,382 |
| Infrastructure in progress | 14,546 | 18,371 | - | - | 14,546 | 18,371 |
| Land | 17,000 | 17,000 | 9,183 | 9,183 | 26,183 | 26,183 |
| Land easements | 41,838 | 41,838 | - | - | 41,838 | 41,838 |
| Buildings and Improvements | 342,497 | 301,753 | 41,732 | 39,176 | 384,229 | 340,929 |
| Equipment | 36,224 | 32,272 | 2,335 | 1,242 | 38,559 | 33,514 |
| Construction in progress | 60,811 | 23,797 | 9,223 | 11,968 | 70,034 | 35,765 |
| Intangible assets | 121 | 241 | - | - | 121 | 241 |
| | <u>\$ 840,492</u> | <u>\$ 751,654</u> | <u>\$ 62,473</u> | <u>\$ 61,569</u> | <u>\$ 902,965</u> | <u>\$ 813,223</u> |

For more detailed information on capital asset activity, refer to the relevant disclosures (Note 8) in the notes to the basic financial statements.

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Infrastructure Assets

The County capitalizes and depreciates the value of bridges, streets, and traffic lights using the straight-line depreciation method. Right-of-way is treated as a non-depreciable asset, labeled as land easements. During fiscal year 2018-2019, the County added infrastructure totaling \$23,122. Accumulated depreciation for infrastructure increased by \$12,049.

Long-term liabilities

At June 30, 2019, the County had total long-term liabilities outstanding of \$1,945,930, compared to \$2,079,590 for the prior fiscal year. This amount includes \$1,892,033 from governmental activities, which was comprised of \$47,222 in compensated absences; \$3,154 in capital leases; \$84,395 in liability for self-insurance; \$389,833 in bonds payable; \$251,935 from accreted interest; \$23,000 from an adverse judgment; and \$1,092,494 in net pension liability. This combined with \$53,897 from business activities, which was comprised of \$42,287 in closure and post-closure care; \$2,780 in bonds payable; \$62 in loans payable; \$301 in compensated absences; and \$8,467 in net pension liability. Please refer to Note 9 and Note 11 on pages 47 through 55 for further information on the County's long-term debt.

Economic Factors and Next Year's Budget and Rates

- The national, state, and local economies have seen solid gains in their recovery from the recession. Fresno County has seen upward trends in property taxes, as well as in program-related revenues. However, high unemployment and overall uncertainty about the economic policies of the government continue to persist, although nonfarm unemployment has decreased. Additionally, while new construction activity in the housing market has occurred, housing inventory remains low, leading to higher median home prices.
- Due to the County being heavily dependent on agriculture, it experiences chronically high unemployment, which places continual pressure on the County to provide adequate social and medical services. In addition, certain types of crime are considered high profile and public protection is a high priority to citizens.
- With an improved economy, the County is moving in a positive direction to take its first steps toward improving financial stability. Property tax revenues have seen increases, although sales tax revenues have significantly decreased from prior year due to the decreased statewide sales tax rate. At the same time, the portion of the County's budget that relies on this revenue continues to experience increased costs due to general inflation, medical insurance, workers' compensation, retirement increases, and increases in service demands.
- Realignment funds support the County's public safety, social services, health, and mental health programs. These are comprised of vehicle license fees and sales taxes. Realignment funds increased significantly pursuant to Assembly Bill 118, which realigned additional programs and reassigned responsibility of overseeing and providing core services to local governments. While Realignment funds continue to increase, specific program-related revenue continues to fall to compensate.

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To the extent these factors were known, or could be estimated, they were considered in preparing the County's budget for fiscal year 2019-2020. The County will adjust its budget as necessary to deal with further expected State budget actions.

Request for Information

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

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County of Fresno
Statement of Net Position
June 30, 2019
(amounts expressed in thousands)

| | Primary Government | | |
|---------------------------------------|--------------------|-------------------|-------------------|
| | Governmental | Business-type | Total |
| | Activities | Activities | |
| ASSETS | | | |
| Cash and investments | \$ 842,900 | \$ 51,830 | \$ 894,730 |
| Restricted cash and investments | 43,852 | 42,279 | 86,131 |
| Receivables, net: | | | |
| Accounts | 37,538 | 3,099 | 40,637 |
| Taxes | 30,228 | - | 30,228 |
| Interest | 4,745 | 526 | 5,271 |
| Loans | 46,434 | - | 46,434 |
| Internal balances | 514 | (514) | - |
| Due from other governmental units | 170,280 | - | 170,280 |
| Capital Assets, net: | | | |
| Land | 17,000 | 9,183 | 26,183 |
| Land easements | 41,838 | - | 41,838 |
| Buildings and improvements | 342,497 | 41,732 | 384,229 |
| Equipment | 36,224 | 2,335 | 38,559 |
| Construction in progress | 60,811 | 9,223 | 70,034 |
| Infrastructure | 327,455 | - | 327,455 |
| Infrastructure in progress | 14,546 | - | 14,546 |
| Intangible | 121 | - | 121 |
| Total assets | <u>2,016,983</u> | <u>159,693</u> | <u>2,176,676</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Prepaid expenses | 12,934 | - | 12,934 |
| Deferred pensions | 356,922 | 2,766 | 359,688 |
| Total deferred outflows of resources | <u>369,856</u> | <u>2,766</u> | <u>372,622</u> |
| LIABILITIES | | | |
| Accounts payable | 82,723 | 457 | 83,180 |
| Salaries and benefits payable | 29,463 | 143 | 29,606 |
| Interest payable | 2,503 | 94 | 2,597 |
| Due to other governmental units | 21,698 | - | 21,698 |
| Deposits and other liabilities | 5,479 | 3,770 | 9,249 |
| Unearned revenue | 35,419 | - | 35,419 |
| Noncurrent liabilities: | | | |
| Due within one year | 100,540 | 1,554 | 102,094 |
| Due beyond one year | 1,791,493 | 52,343 | 1,843,836 |
| Total liabilities | <u>2,069,318</u> | <u>58,361</u> | <u>2,127,679</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred pensions | 104,750 | 813 | 105,563 |
| Total deferred inflows of resources | <u>104,750</u> | <u>813</u> | <u>105,563</u> |
| NET POSITION | | | |
| Net investment in capital assets | 647,516 | 62,473 | 709,989 |
| Restricted for: | | | |
| Debt service | - | 1,596 | 1,596 |
| Unrestricted | (434,745) | 39,216 | (395,529) |
| Total net position | <u>\$ 212,771</u> | <u>\$ 103,285</u> | <u>\$ 316,056</u> |

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

County of Fresno
Statement of Activities
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| Functions / Programs: | Program Revenues | | | | Net (Expense) Revenue and Changes in Net | | |
|--|---------------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|-------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | |
| General government | \$ 235,530 | \$ 35,067 | \$ 41,566 | \$ - | \$ (158,897) | \$ - | \$ (158,897) |
| Public protection | 266,178 | 27,279 | 291,826 | - | 52,927 | - | 52,927 |
| Public ways and facilities | 36,765 | 6,074 | 54,347 | - | 23,656 | - | 23,656 |
| Health, sanitation and public assistance | 659,419 | 16,716 | 531,769 | - | (110,934) | - | (110,934) |
| Education | 18,288 | 3,034 | 327 | - | (14,927) | - | (14,927) |
| Culture and recreation | 2,122 | 855 | - | - | (1,267) | - | (1,267) |
| Interest and fiscal charges | 35,302 | - | - | - | (35,302) | - | (35,302) |
| Total governmental activities | <u>1,253,604</u> | <u>89,025</u> | <u>919,835</u> | <u>-</u> | <u>(244,744)</u> | <u>-</u> | <u>(244,744)</u> |
| Business activities: | | | | | | | |
| Water/Sewer services | 8,265 | 6,761 | - | - | - | (1,504) | (1,504) |
| Landfill | 14,726 | 18,278 | 367 | - | - | 3,919 | 3,919 |
| Total business-type activities | <u>22,991</u> | <u>25,039</u> | <u>367</u> | <u>-</u> | <u>-</u> | <u>2,415</u> | <u>2,415</u> |
| Total primary government | <u>\$ 1,276,595</u> | <u>\$ 114,064</u> | <u>\$ 920,202</u> | <u>\$ -</u> | <u>(244,744)</u> | <u>2,415</u> | <u>(242,329)</u> |
| General revenues: | | | | | | | |
| Property tax | | | | | 262,330 | 796 | 263,126 |
| Sales tax | | | | | 58,264 | - | 58,264 |
| Franchise tax | | | | | 16,192 | - | 16,192 |
| Unrestricted motor vehicle in-lieu taxes | | | | | 258,594 | - | 258,594 |
| Other | | | | | 2,934 | 3,202 | 6,136 |
| Gain/(Loss) on sale of capital assets | | | | | - | (2,529) | (2,529) |
| Unrestricted investment earnings | | | | | 32,538 | 4,007 | 36,545 |
| Transfers in (out) | | | | | 252 | (252) | - |
| Total general revenues and transfers | | | | | <u>631,104</u> | <u>5,224</u> | <u>636,328</u> |
| Change in net position | | | | | <u>386,360</u> | <u>7,639</u> | <u>393,999</u> |
| Net position - beginning | | | | | (176,789) | 95,290 | (81,499) |
| Prior period adjustments | | | | | 3,200 | 356 | 3,556 |
| Net position - beginning restated | | | | | <u>(173,589)</u> | <u>95,646</u> | <u>(77,943)</u> |
| Net position - ending | | | | | <u>\$ 212,771</u> | <u>\$ 103,285</u> | <u>\$ 316,056</u> |

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

**County of Fresno
Balance Sheet
Governmental Funds
June 30, 2019
(amounts expressed in thousands)**

| | General Fund | Debt Service | Behavioral Health - MH | Social Services | Local Health and Welfare | 2011 Realignment | Other Governmental Funds | Total Governmental Funds |
|--|----------------|---------------|---------------------------|--------------------|--------------------------------|---------------------|--------------------------------|--------------------------------|
| ASSETS & DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | |
| Assets | | | | | | | | |
| Cash and investments | \$ 119,007 | \$ 44,623 | \$ 99,625 | \$ 69,409 | \$ 46,131 | \$ 91,964 | \$ 233,665 | \$ 704,424 |
| Restricted cash and investments | 17,727 | 12,525 | - | - | - | - | 9,337 | 39,589 |
| Receivables, net: | | | | | | | | |
| Accounts | 15,943 | - | 6,022 | 11,362 | - | 117 | 3,500 | 36,944 |
| Taxes | 30,228 | - | - | - | - | - | - | 30,228 |
| Interest | 886 | 221 | 599 | 379 | 303 | 490 | 1,085 | 3,963 |
| Loans | 46,434 | - | - | - | - | - | - | 46,434 |
| Due from other funds | 59,866 | - | 1,245 | 4 | 3,669 | 2,232 | 820 | 67,836 |
| Due from other governmental units | 67,454 | - | - | 48,059 | - | 24,312 | 20,540 | 160,365 |
| Advances to other funds | 383 | - | - | - | - | - | - | 383 |
| Total assets | 357,928 | 57,369 | 107,491 | 129,213 | 50,103 | 119,115 | 268,947 | 1,090,166 |
| Deferred outflows of resources: | | | | | | | | |
| Prepaid expense | 12,858 | - | - | - | - | - | 76 | 12,934 |
| Total deferred outflows of resources | 12,858 | - | - | - | - | - | 76 | 12,934 |
| Total assets and deferred outflows of resources | \$ 370,786 | \$ 57,369 | \$ 107,491 | \$ 129,213 | \$ 50,103 | \$ 119,115 | \$ 269,023 | \$ 1,103,100 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES | | | | | | | | |
| Liabilities | | | | | | | | |
| Accounts payable | \$ 58,679 | \$ - | \$ - | \$ - | \$ - | \$ 6 | \$ 11,882 | \$ 70,567 |
| Salaries and benefits payable | 26,567 | - | - | - | - | - | 1,674 | 28,241 |
| Due to other governmental units | 114 | - | - | 6,405 | - | - | 8,663 | 15,182 |
| Due to other funds | 9,927 | - | 4,251 | 36,304 | - | 15,854 | 9,456 | 75,792 |
| Deposits and other liabilities | 43 | - | - | - | - | - | 4,773 | 4,816 |
| Unearned Revenue | 111 | - | - | 31,962 | - | - | 3,326 | 35,399 |
| Total liabilities | 95,441 | - | 4,251 | 74,671 | - | 15,860 | 39,774 | 229,997 |
| Deferred inflows of resources: | | | | | | | | |
| Unavailable property taxes | 29,793 | - | - | - | - | - | - | 29,793 |
| Unavailable HARP loan | 41,434 | - | - | - | - | - | - | 41,434 |
| Total deferred inflows of resources | 71,227 | - | - | - | - | - | - | 71,227 |
| Fund balances: | | | | | | | | |
| Nonspendable | 5,840 | - | - | - | - | - | 36 | 5,876 |
| Restricted | 6,205 | 57,369 | 103,240 | 54,542 | 50,103 | 103,255 | 229,213 | 603,927 |
| Committed | 91,380 | - | - | - | - | - | - | 91,380 |
| Unassigned | 100,693 | - | - | - | - | - | - | 100,693 |
| Total fund balances | 204,118 | 57,369 | 103,240 | 54,542 | 50,103 | 103,255 | 229,249 | 801,876 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 370,786 | \$ 57,369 | \$ 107,491 | \$ 129,213 | \$ 50,103 | \$ 119,115 | \$ 269,023 | \$ 1,103,100 |

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

County of Fresno
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019
(amounts expressed in thousands)

| | |
|--|-------------|
| Fund balances - total governmental funds | \$ 801,876 |
| Amounts reported for net position of governmental activities are different because: | |
| Capital assets are not recorded in governmental fund types but are recorded in government-wide statements to conform with generally accepted accounting principles. | 797,912 |
| Deferred outflows of resources are not recorded in governmental fund types but are recorded in the government-wide statements. | 339,429 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. This amount is net of internal service fund activity. | (1,748,362) |
| Unmatured interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. This amount is net of internal service fund activity. | (2,503) |
| Deferred inflows of resources are not recorded in governmental fund types but are recorded in the government-wide statements. | (99,616) |
| Because the focus of governmental funds is not short-term financing, some assets will not be available to pay current period expenditures. Those assets are offset by deferred revenues in the governmental funds. This amount is net of internal service fund activity. | 71,227 |
| Internal service funds are used by management to charge the cost of fleet services, information systems, printing and mailing services, facility services, security, risk management and communications to individual funds. The assets, deferred outflows, liabilities, and deferred inflows of the internal service funds are included in the statement of net position. | 52,808 |
| Net position of governmental activities | \$ 212,771 |

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

County of Fresno
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | General Fund | Debt Service | Behavioral Health - MH | Social Services | Local Health and Welfare | 2011 Realignment | Other Governmental Funds | Total Governmental Funds |
|---|-------------------|------------------|------------------------|------------------|--------------------------|-------------------|--------------------------|--------------------------|
| Revenues | | | | | | | | |
| Taxes | \$ 280,009 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 40,585 | \$ 320,594 |
| Licenses and permits | 13,143 | - | - | - | - | - | 3,049 | 16,192 |
| Fines, forfeitures and penalties | 5,339 | - | - | - | - | - | 5,069 | 10,408 |
| Use of money and property | 6,520 | 2,306 | 4,707 | 2,624 | 2,620 | 4,059 | 9,702 | 32,538 |
| Aid from other governmental agencies: | | | | | | | | |
| State | 100,772 | - | 55,277 | 108,606 | 258,190 | 200,054 | 81,252 | 804,151 |
| Federal | 96,790 | - | - | 244,078 | - | - | 31,812 | 372,680 |
| Other | 992 | 2,086 | - | 311 | - | - | 34 | 3,423 |
| Charges for services | 47,978 | - | - | 436 | - | - | 14,581 | 62,995 |
| Other revenues | 9,107 | 11,770 | - | - | - | - | 5,153 | 26,030 |
| Total revenues | <u>560,650</u> | <u>16,162</u> | <u>59,984</u> | <u>356,055</u> | <u>260,810</u> | <u>204,113</u> | <u>191,237</u> | <u>1,649,011</u> |
| Expenditures | | | | | | | | |
| Current: | | | | | | | | |
| General government | 43,206 | - | - | - | - | 74 | 2,855 | 46,135 |
| Public protection | 431,489 | - | - | - | - | - | - | 431,489 |
| Public ways and facilities | 2,406 | - | - | - | - | - | 37,611 | 40,017 |
| Health, sanitation, and public assistance | 901,629 | - | - | - | - | - | 1,403 | 903,032 |
| Education | 200 | - | - | - | - | - | 27,618 | 27,818 |
| Culture and recreation | 2,998 | - | - | - | - | - | - | 2,998 |
| Capital outlay | 46,072 | - | - | - | - | - | 60,643 | 106,715 |
| Debt service: | | | | | | | | |
| Principal | - | 47,690 | - | - | - | - | - | 47,690 |
| Interest and fiscal charges | - | 11,132 | - | - | - | - | - | 11,132 |
| Total expenditures | <u>1,428,000</u> | <u>58,822</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>74</u> | <u>130,130</u> | <u>1,617,026</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(867,350)</u> | <u>(42,660)</u> | <u>59,984</u> | <u>356,055</u> | <u>260,810</u> | <u>204,039</u> | <u>61,107</u> | <u>31,985</u> |
| Other Financing Sources (Uses) | | | | | | | | |
| Proceeds from sale of capital assets | 121 | - | - | - | - | - | - | 121 |
| Transfers in | 938,515 | 32,769 | - | 3 | 15,558 | - | 25,568 | 1,012,413 |
| Transfers (out) | (67,399) | (2,386) | (60,480) | (362,376) | (283,743) | (182,484) | (54,683) | (1,013,551) |
| Total other financing sources (uses) | <u>871,237</u> | <u>30,383</u> | <u>(60,480)</u> | <u>(362,373)</u> | <u>(268,185)</u> | <u>(182,484)</u> | <u>(29,115)</u> | <u>(1,017)</u> |
| Net change in fund balances | 3,887 | (12,277) | (496) | (6,318) | (7,375) | 21,555 | 31,992 | 30,968 |
| Fund balances - beginning | 205,617 | 69,646 | 103,668 | 60,860 | 57,478 | 81,700 | 197,868 | 776,837 |
| Prior period adjustment | (5,386) | - | 68 | - | - | - | (611) | (5,929) |
| Fund balances - beginning restated | <u>200,231</u> | <u>69,646</u> | <u>103,736</u> | <u>60,860</u> | <u>57,478</u> | <u>81,700</u> | <u>197,257</u> | <u>770,908</u> |
| Fund balances - ending | <u>\$ 204,118</u> | <u>\$ 57,369</u> | <u>\$ 103,240</u> | <u>\$ 54,542</u> | <u>\$ 50,103</u> | <u>\$ 103,255</u> | <u>\$ 229,249</u> | <u>\$ 801,876</u> |

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

County of Fresno
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

Net change in fund balances - total governmental funds \$ 30,968

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities, the cost of these assets
is allocated over their estimated useful lives and reported as
depreciation expense.

| | | |
|--|------------|--------|
| Expenditures for general capital assets, infrastructure and other related capital asset adjustments | \$ 106,715 | |
| Less - current year depreciation expense | (25,817) | 80,898 |

Interest is expended in the governmental funds when paid, while interest
on long-term debt is accrued in the Statement of Net Position. This is the amount
by which the current year accrued interest decreased from
the prior year's reported total.

877

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of the governmental funds.
Neither transaction, however, has any effect on net position. This amount
is net of internal service fund activity.

27,689

Some expenses reported in the Statement of Activities do not require
the use of current financial resources and therefore are not reported
as expenditures in the governmental funds. This amount is net of
internal service fund activity.

227,994

Certain revenues are deferred because they are not available within
the County's 180 day availability period. However, they are recognized in the
government-wide financial statements. Amounts at the beginning of the
fiscal year are netted with those at the end of the fiscal year.

This amount is net of internal service fund activity.

(1,825)

Internal service funds are used by management to charge the cost of fleet
services, information systems, printing and mailing services, facility services,
security, risk management and communications to individual funds.

The net expense of certain activities of the internal service funds
is reported with governmental activities.

19,759

Change in net position of governmental activities

\$ 386,360

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

County of Fresno
Statement of Net Position
Proprietary Funds
June 30, 2019
(amounts expressed in thousands)

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|--|---|--------------------------------|------------|----------------------------|
| | Solid Waste Enterprise | County Service Areas, Other | Total | Internal Service Funds |
| | | | | |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 46,342 | \$ 5,488 | \$ 51,830 | \$ 138,476 |
| Restricted cash and cash equivalents | 40,683 | 1,596 | 42,279 | 4,263 |
| Accounts receivable (net of allowance) | 2,280 | 819 | 3,099 | 327 |
| Interest receivable | 474 | 52 | 526 | 782 |
| Due from other funds | 765 | 273 | 1,038 | 14,148 |
| Due from other governmental units | - | - | - | 9,915 |
| Total current assets | 90,544 | 8,228 | 98,772 | 167,911 |
| Noncurrent assets: | | | | |
| Accounts receivable | - | - | - | 267 |
| Nondepreciable: | | | | |
| Land | 7,956 | 1,227 | 9,183 | - |
| Construction in progress | 544 | 8,679 | 9,223 | 8,011 |
| Nondepreciable: | | | | |
| Buildings and improvements | 65,490 | 34,836 | 100,326 | 11,611 |
| Equipment | 15,358 | 4,572 | 19,930 | 67,253 |
| Less accumulated depreciation | (52,233) | (23,956) | (76,189) | (44,295) |
| Intangible | - | - | - | 20,563 |
| Less accumulated amortization | - | - | - | (20,563) |
| Total noncurrent assets | 37,115 | 25,358 | 62,473 | 42,847 |
| Total assets | 127,659 | 33,586 | 161,245 | 210,758 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred pensions | 1,939 | 827 | 2,766 | 17,493 |
| Total deferred outflows of resources | 1,939 | 827 | 2,766 | 17,493 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 43 | 414 | 457 | 12,156 |
| Salaries and benefits payable | 140 | 3 | 143 | 1,222 |
| Due to other funds | 932 | 237 | 1,169 | 6,061 |
| Due to other governmental units | - | - | - | 6,516 |
| Advances from other funds | - | 383 | 383 | - |
| Liability for self-insurance | - | - | - | 24,338 |
| Interest payable | - | 94 | 94 | - |
| Deposits and other liabilities | 3,748 | 22 | 3,770 | 663 |
| Loans payable | - | 3 | 3 | - |
| General obligation bonds payable | - | 235 | 235 | - |
| Unearned Revenue | - | - | - | 20 |
| Compensated leave and absences | 136 | 49 | 185 | 1,202 |
| Accrued closure/post-closure liability | 1,131 | - | 1,131 | - |
| Capital lease obligations | - | - | - | 1,112 |
| Total current liabilities | 6,130 | 1,440 | 7,570 | 53,290 |
| Noncurrent liabilities: | | | | |
| Liability for self-insurance | - | - | - | 60,057 |
| Compensated leave and absences | 57 | 59 | 116 | 1,382 |
| General obligation bonds payable | - | 2,545 | 2,545 | - |
| Loans payable | - | 59 | 59 | - |
| Accrued closure/post-closure liability | 41,156 | - | 41,156 | - |
| Capital lease obligations | - | - | - | 2,038 |
| Net pension liability | 5,935 | 2,532 | 8,467 | 53,542 |
| Total noncurrent liabilities | 47,148 | 5,195 | 52,343 | 117,019 |
| Total liabilities | 53,278 | 6,635 | 59,913 | 170,309 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred pensions | 570 | 243 | 813 | 5,134 |
| Total deferred inflows of resources | 570 | 243 | 813 | 5,134 |
| NET POSITION | | | | |
| Net investment in capital assets | 37,115 | 25,358 | 62,473 | 39,430 |
| Restricted for: | | | | |
| Debt service | - | 1,596 | 1,596 | - |
| Unrestricted | 38,635 | 581 | 39,216 | 13,378 |
| Total net position | \$ 75,750 | \$ 27,535 | \$ 103,285 | \$ 52,808 |

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

County of Fresno
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|--|---|-----------------------------------|------------|----------------------------|
| | Solid Waste | County Service Areas, Other | | Internal Service Funds |
| | | Total | | |
| Operating revenues: | | | | |
| Charges for services | \$ 18,278 | \$ 6,761 | \$ 25,039 | \$ 211,655 |
| Other revenues | 455 | 2,737 | 3,192 | 16,255 |
| Total operating revenues | 18,733 | 9,498 | 28,231 | 227,910 |
| Operating expenses: | | | | |
| Salaries and benefits | 3,226 | 1,630 | 4,856 | 33,549 |
| Insurance | 71 | 128 | 199 | 128,221 |
| Professional services | 2,648 | 747 | 3,395 | 17,390 |
| General and administrative | 3,761 | 2,018 | 5,779 | 19,588 |
| Repairs and maintenance | 22 | 1,570 | 1,592 | 6,999 |
| Rents and leases | 24 | 1 | 25 | 10,049 |
| Parts and supplies | 259 | 7 | 266 | 6,829 |
| Accrued closure/post-closure | 1,325 | - | 1,325 | - |
| Utilities | 124 | 717 | 841 | 11,210 |
| Depreciation | 3,096 | 1,238 | 4,334 | 1,670 |
| Total operating expenses | 14,556 | 8,056 | 22,612 | 235,505 |
| Operating income (loss) | 4,177 | 1,442 | 5,619 | (7,595) |
| Nonoperating revenues (expenses): | | | | |
| Gain (loss) on sale of capital assets | (2,469) | (60) | (2,529) | 1,595 |
| Use of money and property | 3,641 | 366 | 4,007 | 5,797 |
| Interest expense | - | (209) | (209) | - |
| Tax revenues | - | 796 | 796 | - |
| Insurance recoveries | 1 | 9 | 10 | 18,572 |
| Closure/post-closure expense/fees | (170) | - | (170) | - |
| Grants and other revenues | 367 | - | 367 | - |
| Total nonoperating revenues (expenses) | 1,370 | 902 | 2,272 | 25,964 |
| Net income (loss) before transfers | 5,547 | 2,344 | 7,891 | 18,369 |
| Transfers in (out) | | | | |
| Transfers in | 170 | 4 | 174 | 3,317 |
| Transfers out | (352) | (74) | (426) | (1,927) |
| Total transfer in (out) | (182) | (70) | (252) | 1,390 |
| Change in net position | 5,365 | 2,274 | 7,639 | 19,759 |
| Net position - beginning | 71,249 | 24,041 | 95,290 | 23,920 |
| Prior period adjustment | (864) | 1,220 | 356 | 9,129 |
| Net position - beginning restated | 70,385 | 25,261 | 95,646 | 33,049 |
| Net position - ending | \$ 75,750 | \$ 27,535 | \$ 103,285 | \$ 52,808 |

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

County of Fresno
Combining Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|--|---|-----------------------------------|------------------|----------------------------|
| | Solid Waste | County Service Areas, Other | | Internal Service Funds |
| | | Total | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from users | \$ 17,621 | \$ 12,030 | \$ 29,651 | \$ 225,189 |
| Cash paid to suppliers | 984 | (12,954) | (11,970) | (168,456) |
| Cash paid to employees | (3,546) | (1,756) | (5,302) | (36,247) |
| Cash paid for claims | - | - | - | (34,601) |
| Net cash provided by (used in) operating activities | <u>15,059</u> | <u>(2,680)</u> | <u>12,379</u> | <u>(14,115)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Tax revenues | - | 795 | 795 | - |
| Transfers from other funds | 170 | 4 | 174 | 3,317 |
| Transfers to other funds | (352) | (74) | (426) | (1,927) |
| Advances paid to/returned to other funds | - | 372 | 372 | - |
| Cash paid to closure/post-closure liability | (2,335) | - | (2,335) | - |
| Net cash provided by (used in) non-capital financing activities | <u>(2,517)</u> | <u>1,097</u> | <u>(1,420)</u> | <u>1,390</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition of capital assets | (9,500) | (113) | (9,613) | (1,282) |
| Insurance recoveries | - | - | - | 18,536 |
| Principal paid on long-term liabilities | - | (235) | (235) | - |
| Interest paid on long-term liabilities | - | (204) | (204) | 17 |
| Net cash (used in) capital and related financing activities | <u>(9,500)</u> | <u>(552)</u> | <u>(10,052)</u> | <u>17,271</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Use of money and property received | 3,487 | 315 | 3,802 | 5,626 |
| Net cash provided by (used in) investing activities | <u>3,487</u> | <u>315</u> | <u>3,802</u> | <u>5,626</u> |
| Net increase (decrease) in cash and cash equivalents | 6,529 | (1,820) | 4,709 | 10,172 |
| Cash and cash equivalents - beginning | 80,496 | 8,904 | 89,400 | 132,567 |
| Cash and cash equivalents - ending | <u>\$ 87,025</u> | <u>\$ 7,084</u> | <u>\$ 94,109</u> | <u>\$ 142,739</u> |
| Reconciliation of cash and cash equivalents to the statement of net position: | | | | |
| Cash and cash equivalents in cash and investments | 46,342 | 5,488 | 51,830 | 138,476 |
| Cash and cash equivalents in restricted cash and investments | 40,683 | 1,596 | 42,279 | 4,263 |
| Total | <u>\$ 87,025</u> | <u>\$ 7,084</u> | <u>\$ 94,109</u> | <u>\$ 142,739</u> |

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

County of Fresno
Combining Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|--|---|-----------------------------------|------------------|----------------------------|
| | Solid Waste | County Service Areas, Other | Total | Internal Service Funds |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ 4,177 | \$ 1,442 | \$ 5,619 | \$ (7,595) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | |
| Landfill closure and post closure costs | 1,325 | - | 1,325 | - |
| Pension expense | (309) | (132) | (441) | (2,786) |
| Depreciation expense | 3,096 | 1,238 | 4,334 | 1,670 |
| Decrease (increase) in accounts receivable | (2,114) | 25 | (2,089) | (58) |
| Decrease (increase) in due from other funds | 26 | (3) | 23 | (1,807) |
| Decrease (increase) in due from other governmental units | - | 9 | 9 | (856) |
| Decrease (increase) in inventory of supplies and CIP | 8,197 | (5,128) | 3,069 | (5,720) |
| (Decrease) increase in accounts payable | (617) | (32) | (649) | 1,073 |
| (Decrease) increase in salaries and benefits payable | (11) | 6 | (5) | 88 |
| (Decrease) increase in deposits held for others | 976 | - | 976 | - |
| (Decrease) increase in due to other funds | 340 | 80 | 420 | (2,537) |
| (Decrease) increase in due to other governmental units | (27) | (185) | (212) | 631 |
| (Decrease) increase in liability for self-insurance | - | - | - | 3,782 |
| Total adjustments | <u>10,882</u> | <u>(4,122)</u> | <u>6,760</u> | <u>(6,520)</u> |
| Net cash provided by (used in) operating activities | <u>\$ 15,059</u> | <u>\$ (2,680)</u> | <u>\$ 12,379</u> | <u>\$ (14,115)</u> |

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

County of Fresno
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019
(amounts expressed in thousands)

| | <u>Investment Trust</u> | <u>Agency</u> |
|---------------------------------------|-------------------------|-------------------|
| ASSETS | | |
| Cash and investments | \$ 2,816,980 | \$ 112,779 |
| Accounts receivable | 7,867 | 7,298 |
| Taxes Receivable | - | 53 |
| Interest receivable | - | 887 |
| Property held by public administrator | - | 3,616 |
| Total assets | <u>\$ 2,824,847</u> | <u>\$ 124,633</u> |
| LIABILITIES | | |
| Due to other taxing units | \$ - | \$ 44,065 |
| Due to other governmental units | 4,643 | 20,355 |
| Fiduciary liabilities | - | 60,213 |
| Total liabilities | <u>4,643</u> | <u>\$ 124,633</u> |
| NET POSITION | | |
| Net position held in trust | <u>\$ 2,820,204</u> | |

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

County of Fresno
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2019
(amounts expressed in thousands)

| | Investment Trust |
|---------------------------------------|---------------------|
| ADDITIONS | |
| Contributions: | |
| Contributions to pooled investments | \$ 10,245,704 |
| Total contributions | 10,245,704 |
| Interest and investment revenue: | |
| Use of money and property | 108,282 |
| Total interest and investment revenue | 108,282 |
| Total additions | 10,353,986 |
| DEDUCTIONS | |
| Distributions from pooled investments | 10,049,093 |
| Total deductions | 10,049,093 |
| Change in net position | 304,893 |
| Net position - beginning | 2,515,311 |
| Net position - ending | \$ 2,820,204 |

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

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County of Fresno
Notes to the Basic Financial Statements
June 30, 2019
(amounts expressed in thousands)

NOTE 1 - The Financial Reporting Entity

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

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

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

The basic financial statements include blended component units. The blended component units, although legally separate entities are, in substance, part of the County's operations and data from these units is combined with data of the primary government.

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

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

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

County of Fresno
Notes to the Basic Financial Statements
June 30, 2019
(amounts expressed in thousands)

The Fresno County Financing Authority (FCFA) was formed to finance the construction, installation and equipping of the County facilities. The bonds issued by the FCFA are recorded in the County's Debt Service Fund. The FCFA and the County have a financial and operational relationship (FCFA is financially accountable to the County), which requires that the FCFA's financial statements be blended into the County's financial statements. A five-member board, appointed by the Board, determines the FCFA's policies.

The Fresno County Tobacco Funding Corporation (FCTFC) is reported in the County's Debt Service Fund. The FCTFC and the County have a financial relationship, which requires that the FCTFC's financial statements be blended into the County's financial statements. The FCTFC's Board consists of members of the Board or members appointed by the Board. A separate financial report can be reviewed at the Auditor-Controller/Treasurer-Tax Collector's office.

Discretely Presented Component Unit: Discretely presented component units are legally separate entities, which have some financial accountability to the Board; though the entity's governing board is substantially different from the Board. As of June 30, 2019, the County had no discretely presented component units.

NOTE 2 - Summary of Significant Accounting Policies

(A) Basis of Presentation

Government-wide Financial Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore are clearly identifiable to a particular function. Program revenues include: 1) charges paid by the recipients of goods or services offered by the programs, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues. When both restricted and unrestricted net position is available for use, restricted resources are used prior to depleting unrestricted resources.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2019
(amounts expressed in thousands)

Fund Financial Statements

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

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

The County reports six major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out the basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes the following services: public protection; public ways and facilities; health and sanitation; public assistance; education; and recreation.
- The *Debt Service Fund* accounts for all activities involving the issuance and payment of debt. This includes receipt of bond issuance proceeds, the distribution of those proceeds, along with the payment of principal and interest to extinguish the debt.
- The *Behavioral Health – Mental Health (MH) Fund* is used to account for health services mandated under the California Mental Health Act. Revenue is derived primarily from state grants.
- The *Social Services Fund* accounts for a variety of public assistance and social service programs that are funded primarily from federal and state grants.
- The *Local Health and Welfare Fund* is used to account for proceeds of sales tax and vehicle license fees designated for State & local programs that were realigned to counties in 1991 (1991 Realignment). In addition, the fund is used to deposit County general fund revenues to satisfy the mandated Maintenance of Effort (MOE) county contribution for mental health and health programs.
- The *2011 Realignment Fund* is utilized to account for funds provided by the State pursuant to Assembly Bill 118, which required counties to use County Local Revenue Fund 2011 exclusively for specific public safety services related to appropriate rehabilitative, housing, and supervision services to youth offenders.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2019
(amounts expressed in thousands)

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

- The *Solid Waste Enterprise Fund* is used to account for the County's operation of one transfer station, three disposal sites located in various areas of the County, one planning joint powers agreement, and one administrative fund.
- The *County Service Areas, Other Fund* is used to account for special districts, governed by the Board, which include County Service Areas (CSAs), Lighting Districts, Waterworks Districts, and one administrative fund.

The County reports the following additional fund types:

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

Fiduciary Funds are utilized to account for funds held by the County for other entities. The Investment Trust Fund accounts for the investments of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts; other special districts governed by local boards; regional boards; and authorities. The Investment Trust Fund also accounts for tax collections passed through to cities within the County. This fund reports the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand. The Agency Funds account for assets held by the County as an agent for various local governments. Refer to Note 12 for more information on Fresno County Employees' Retirement Association (FCERA).

(B) Basis of Accounting

The Government-Wide, Proprietary, and Internal Service Funds are reported using the economic resources measurement focus and the accrual basis of accounting. The Investment Trust Fund and other Agency Funds do not use a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations. Using the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property taxes are accrued when their receipt is within sixty days after the end of the accounting period, to be both measurable and available. Sales taxes, interest, certain state and federal grants, and charges for services are accrued when their receipt occurs within one hundred eighty days after the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated

County of Fresno
Notes to the Basic Financial Statements
June 30, 2019
(amounts expressed in thousands)

absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

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

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

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

(C) Budgeting

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

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

Budgetary control is exercised at the department level in both the General and Special Revenue funds. Some Special Revenue funds benefit multiple departments, while most operate under a single department. The legal level of control is at the object level except for capital assets, which are controlled at the sub-object level. All amendments, expenditures that exceed appropriations and transfers of appropriations between levels within the same department, or between departments, within any fund are authorized by the County Administrative Office and must be approved by the Board. The Board must also approve supplemental appropriations financed by unanticipated revenues.

The General Fund, Behavioral Health-MH, Social Services, Local Health and Welfare, and 2011 Realignment Budgetary Comparison Schedules are part of Required Supplementary Information on pages 69-73.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2019
(amounts expressed in thousands)

(D) Cash and Cash Equivalents

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

(E) Restricted Cash and Investments

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

(F) Investments

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

(G) Receivables

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

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

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the State Government Code along with Revenue and Taxation Code. Pursuant to Article XIII A (known as Proposition 13) of the State Constitution, the County is permitted to levy a maximum tax of 1 percent of full cash value. For fiscal year 2018-19, the County recorded \$262,330 in property taxes that were used to finance general governmental services.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2019
(amounts expressed in thousands)

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

(H) Prepaid Items

Prepaid items consist primarily of cash aid provided by social services programs for various public support and care needs, such as EBTs. Issuances are calculated at fiscal month end and recorded as prepaid items for the following period.

(I) Capital Assets

Capital assets, including infrastructure, are recorded at historical cost, or at estimated historical cost, if the actual cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. Certain donated property uses the entry price measurement, also known as acquisition value, which measures the price that would be paid to acquire that asset with equivalent service potential in an orderly market transaction at the acquisition date.

The County defines capital assets as assets with an initial, individual, cost of more than \$5 for equipment and \$100 for buildings, infrastructure and intangible assets. Capital assets also have an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (applicable to assets procured under capital leases) using the straight-line method over the asset's estimated life (or capital lease period) in the government-wide financial statements and proprietary fund financial statements. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

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

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

County of Fresno
Notes to the Basic Financial Statements
June 30, 2019
(amounts expressed in thousands)

(J) Deferred Outflows and Inflows of Resources

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

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

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

(K) Liability for Earned Compensated Absences

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

(L) Allocation of Pension and Net Pension Liability

The County reports a net pension liability in its proprietary and government-wide financial statements, resulting from the application of GASB Statement No. 68. The County has allocated this liability amongst the governmental and business-type activities based on calculated shares of pension contributions as of the first year of implementation (fiscal year 2015). For the sake of comparability and consistency, the County has elected to utilize that basis to allocate; should there be a material operational shift (wherein projected contributions from the various funds change substantially), the allocation methodology will be updated and an accounting estimate adjustment will be made and disclosed.

(M) Bond Issuance Costs and Discounts

In the government-wide financial statements and the proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of Net Position. Bond discounts, as well as issuance costs, due to the implementation of GASB Statement No. 65, are expensed in the period in which they are incurred. Bonds payable are reported net of the applicable bond discount or premium.

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

County of Fresno
Notes to the Basic Financial Statements
June 30, 2019
(amounts expressed in thousands)

(N) Fund Balance

In the fund financial statements, in accordance with GASB Statement No. 54, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the County is bound to constraints on how specific amounts can be spent. The Board, the County's highest decision-making authority, establishes, modifies, or rescinds fund balance commitments by passage of an ordinance or resolution. Ordinances and resolutions are considered of equal authority with respect to fund balance. Please refer to Note 14 for more information on fund balance.

(O) Special Assessments

The total amount of special assessments for special districts paid on June 30, 2019, was \$68,399. Special assessments take many forms and are authorized to exist under various state codes such as Streets and Highways, Government, Health and Safety, Water, Public Utilities, and others. Certain special assessments may be authorized to be bonded. They can include both debt collection activity and fees for services provided by the special district. The County is not liable for this. Rather, the County acts solely as an agent for the special district, which is liable for the debt or providing the services. Accordingly, this liability is not reflected in these financial statements. The assessments are added to the tax bill in accordance with several state codes as mentioned herein such as Proposition 218.

(P) Use of Estimates

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

(Q) Recently Issued Accounting Pronouncements

During the fiscal year ended June 30, 2019, the County implemented the following GASB Statements:

The GASB has issued Statement No. 83 - *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for legally enforceable liabilities associated with the retirement of tangible capital assets. The requirements of this statement are effective for periods beginning after June 15, 2018.

The GASB has issued Statement No. 88 - *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. This statement will improve the information that is disclosed in notes to government financial statements related to debt and clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2019
(amounts expressed in thousands)

The following GASB Statements will be implemented and are currently being analyzed to determine the potential impact on the County's future financial statements:

The GASB has issued Statement No. 84 – *Fiduciary Activities*. The requirements of this statement are effective for periods beginning after December 15, 2018.

The GASB has issued Statement No. 87 – *Leases*. The requirements of the statement are effective for reporting periods beginning after June 15, 2019.

The GASB has issued Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

The GASB has issued Statement No. 90 – *Majority Equity Interests*. This statement is an amendment of GASB Statements No. 14 and No. 61. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

The GASB has issued Statement No. 91 – *Conduit Debt Obligations*. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2019
(amounts expressed in thousands)

NOTE 3 - Cash and Investments

Cash and investments as of June 30, 2019 are classified in the accompanying basic financial statements as follows:

| | |
|---------------------------------|---------------------|
| Statement of Net Position: | |
| Cash and investments | \$ 894,730 |
| Restricted cash and investments | 86,131 |
| Fiduciary Funds: | |
| Cash and investments | 2,929,759 |
| Total cash and investments | <u>\$ 3,910,620</u> |

Cash and investments as of June 30, 2019 consist of the following:

| | |
|---|---------------------|
| Cash on hand | \$ 3,584 |
| Imprest cash | 126 |
| Postage funds | 358 |
| Total cash & cash equivalents | <u>\$ 4,068</u> |
| Deposits with financial institutions | 79,746 |
| Investments (pooled) | 3,769,638 |
| Total pooled cash and investments | <u>3,853,452</u> |
| Debt Investments (fiscal agents) | 12,958 |
| External Investments (fiscal agents) | 44,210 |
| Total cash, investments, and investments with fiscal agents | <u>\$ 3,910,620</u> |

The following represents a condensed statement of net position for the Treasury Investment Pool as of June 30, 2019.

| | |
|--|---------------------|
| <u>Statement of Net Position</u> | |
| Cash and investments | \$ 3,922,607 |
| Less: transitory items/warrants payable | <u>(69,155)</u> |
| Net position held in trust for pool participants | <u>\$ 3,853,452</u> |
| Equity of internal pool participants | \$ 923,693 |
| Equity of external pool participants (voluntary and involuntary) | 2,929,759 |
| | <u>\$ 3,853,452</u> |

County of Fresno
Notes to the Basic Financial Statements
June 30, 2019
(amounts expressed in thousands)

The following represents a condensed statement changes in net position for the Treasury Investment Pool as of June 30, 2019.

Statement of Changes in Net Position

| | |
|---|----------------------------|
| Net position at July 1, 2018 | \$ 3,534,046 |
| Net change in investments by pool participants | <u>319,406</u> |
| Net position held in trust for pool participants at June 30, 2019 | <u><u>\$ 3,853,452</u></u> |

Investments authorized by the California Government Code (CGC) and the County of Fresno Treasury Investment Pool Investment Policy (IP)

The following table identifies the investment types that are authorized for the County by CGC, or the IP, where more restrictive. The table also identifies the more restrictive provisions of the CGC or the IP that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investment of debt proceeds held by bond trustees that are governed by the provisions of the County’s debt agreements, rather than the general provisions of either the CGC or the IP.

| Authorized Investment Types | Maximum Percentage Of Portfolio | Maximum Maturity |
|--|--|-------------------------|
| U.S. Treasury Bills, Notes and Bonds | 100% | 5 Years |
| U.S. Government Agency Obligations | 100% | 5 Years |
| Bankers’ Acceptances | 40% | 180 Days |
| Commercial Paper | 40% | 270 Days |
| Negotiable Certificates of Deposit | 30% | 13 Months |
| Non-negotiable Certificates of Deposit | 50% | 13 Months |
| Repurchase Agreements | 15% | Overnight/Weekend |
| Local Agency Investment Fund | \$65,000 | Daily Liquidity |
| Medium Term Notes | 30% | 5 Years |
| Mutual Funds | 20% | Daily Liquidity |
| Mortgage-Backed Securities | 10% | 5 Years |

Investment Authorized by Debt Agreements

The County and its component units have \$12,958 in investments held by bond trustees pledged to the payment or security of certain debt issues. These funds are invested in accordance with bond covenants and are pledged for payment of principal, interest, and specified capital improvements.

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Interest Rate Risk

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

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

Pooled Investments in County Treasury:

| | Totals | Remaining Maturity (in months) | | | |
|--|---------------------|---------------------------------------|----------------------------|----------------------------|----------------------------|
| | | 12 months or less | 13 to 24 months | 25 to 36 months | 37 to 60 months |
| U.S. Government Agency Obligations | \$ 1,851,516 | \$ 409,298 | \$ 249,320 | \$ 416,054 | \$ 776,844 |
| Medium-Term Corporate Notes | 827,121 | 84,090 | 127,038 | 221,668 | 394,325 |
| U.S. Treasury Notes | 328,592 | 95,261 | 189,661 | 20,013 | 23,657 |
| Municipal Bonds | 94,689 | - | 25,108 | 23,772 | 45,809 |
| Mutual Fund | 290,000 | 290,000 | - | - | - |
| Bank Accounts | 530,689 | 530,689 | - | - | - |
| Total | <u>\$ 3,922,607</u> | <u>\$ 1,409,338</u> | <u>\$ 591,127</u> | <u>\$ 681,507</u> | <u>\$ 1,240,635</u> |
| Less: Outstanding Warrants Still Invested | (69,155) | | | | |
| Total Financial Statement Pooled Investments | <u>\$ 3,853,452</u> | | | | |

Investments with Fiscal Agents:

| | Totals | Remaining Maturity (in months) | | | |
|--------------------------------------|------------------|---------------------------------------|----------------------------|----------------------------|----------------------------|
| | | 12 months or less | 13 to 24 months | 25 to 36 months | 37 to 60 months |
| Cash Balance | \$ 3,569 | \$ 3,569 | \$ - | \$ - | \$ - |
| Federated Government Obligation Fund | 490 | 490 | - | - | - |
| Money Market Mutual Funds | 8,899 | 8,899 | - | - | - |
| Total | <u>\$ 12,958</u> | <u>\$ 12,958</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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Credit Risk

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

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

Pooled Investments in County Treasury:

| Investment Type | Total | Minimum Legal Rating | Exempt from Disclosure | Ratings as of the Year End 6/30/2019 | | | |
|------------------------------------|---------------------|----------------------------|------------------------------|--------------------------------------|-----------------|-------------|-------------------|
| | | | | A1/P1 A-AAA | B-BBB | C-CCC | Not Rated |
| U.S. Government Agency Obligations | \$ 1,851,516 | N/A | \$ - | \$ 1,851,516 | \$ - | \$ - | \$ - |
| Medium-Term Corporate Notes | 827,121 | A3 | - | 806,380 | 20,741 | - | - |
| U.S. Treasury Notes | 328,592 | N/A | - | 328,592 | - | - | - |
| Municipal Bonds | 94,689 | N/A | - | 94,689 | - | - | - |
| Mutual Fund | 290,000 | N/A | - | 225,000 | - | - | 65,000 |
| Bank Accounts | 530,689 | N/A | - | - | - | - | 530,689 |
| Total | <u>\$ 3,922,607</u> | | <u>\$ -</u> | <u>\$ 3,306,177</u> | <u>\$20,741</u> | <u>\$ -</u> | <u>\$ 595,689</u> |

Investments with Fiscal Agents:

| Investment Type | Total | Minimum Legal Rating | Exempt from Disclosure | Ratings as of the Year End 6/30/2019 | | | |
|--------------------------------------|------------------|----------------------------|------------------------------|--------------------------------------|-------------|-------------|-------------|
| | | | | A1/P1 A-AAA | B-BBB | C-CCC | Not Rated |
| Cash Balance | \$ 3,569 | N/A | \$ - | \$ 3,569 | \$ - | \$ - | \$ - |
| Federated Government Obligation Fund | 490 | N/A | - | 490 | - | - | - |
| Money Market Mutual Funds | 8,899 | N/A | - | 8,899 | - | - | - |
| Total | <u>\$ 12,958</u> | | <u>\$ -</u> | <u>\$ 12,958</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Concentration of Credit Risk

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

| Issuer | Investment Type | Reported Amount |
|---------------------------------------|---------------------------|-----------------|
| Federal Farm Credit Bank | Federal Agency Securities | \$ 418,460 |
| Federal Home Loan Bank | Federal Agency Securities | 769,013 |
| Federal National Mortgage Association | Federal Agency Securities | 523,896 |

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Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that the County will not be able to recover its deposits or will not be able to recover collateral securities in the possession of an outside party if a depository institution fails. The custodial credit risk for *investments* is the risk that the County will not be able to recover the value of its investment or collateral securities held by another party if the counterparty (e.g., broker-dealer) to a transaction fails. The CGC and IP do not contain legal or policy requirements that would limit exposure to custodial credit risk for deposits or investments, other than the following provision applicable to *deposits*: to guarantee the safety of the public funds, any deposits must be collateralized in accordance with CGC Section 53652 et.al.

As of June 30, 2019, all of the County's deposits with financial institutions in excess of Federal Depository Insurance Corporation (FDIC) limits were held in fully collateralized accounts, as permitted by the CGC. As of June 30, 2019, all of the County's investments were held with the County's custodian or by a broker-dealer (counterparty) other than the broker-dealer used by the County to purchase the securities.

Investment in State Investment Pool

The County is a voluntary participant in the LAIF that is regulated by the CGC under the oversight of the Treasurer of the State. The fair value of the County's investments in this pool is reported in the accompanying financial statements at amounts based upon the County's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawals is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the County's position in the LAIF pool. A copy of the most recent annual report of the State's Pooled Money Investment Board, which manages the LAIF pool, is available at the following link: <http://www.treasurer.ca.gov/pmia-laif/reports/annual.asp>

GASB Statement No. 79 established specific criteria used to determine whether a qualifying external investment pool might elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. The statement also establishes additional note disclosures for qualifying investment pools. There was no material impact on the County's financial statements due to the implementation of GASB Statement No. 79.

Fair Value Measurements

In fiscal year 2016, the County implemented GASB Statement No. 72, *Fair Value Measurement and Application*. The statement provides guidance on fair value measurements under accounting principles generally accepted in the United States of America (GAAP) and recognizes them within a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

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The County judges its investment pricing based upon Interactive Data with the exception of Commercial Paper, which is priced from the Union Bank statement. Both entities use evaluated pricing models to determine values.

The County's pooled investments have the following recurring fair value measurements as of June 30, 2019:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Fair Value Measurements Using</u> | | |
|--|-------------------|--------------------------------------|-------------------|---------------------|
| | | <u>Quoted Prices in</u> | <u>Other</u> | <u>Unobservable</u> |
| | | <u>Active Markets</u> | <u>Observable</u> | <u>Inputs</u> |
| | | <u>(Level 1)</u> | <u>(Level 2)</u> | <u>(Level 3)</u> |
| U.S. Government Agency Obligations | \$ 1,851,516 | \$ - | \$ 1,851,516 | \$ - |
| Medium-Term Corporate Notes | 827,121 | - | 827,121 | - |
| U.S. Treasury Notes | 328,592 | - | 328,592 | - |
| Municipal Bonds | 94,689 | - | 94,689 | - |
| Total Investments Measured at Fair Value | \$ 3,101,918 | \$ - | \$ 3,101,918 | \$ - |
| Investments at Net Asset Value: | | | | |
| Mutual Fund | 290,000 | | | |
| Bank Account | 530,689 | | | |
| | \$ 3,922,607 | | | |

NOTE 4 - Restricted Cash and Investments

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

| | |
|---|-----------|
| Governmental activities: | |
| General Fund: | |
| EBT/other social services accounts | \$ 16,178 |
| Letter of credit | 1,549 |
| Debt Service: | |
| Bond repayment | 12,525 |
| Capital Projects: | 9,337 |
| Internal Service Funds: | 4,263 |
| Total | \$ 43,852 |
| Business-type activities: | |
| Enterprise funds: | |
| Solid Waste Enterprise: | |
| American Avenue post-closure care - other | \$ 39,816 |
| Corrective action | 867 |
| Subtotal | 40,683 |
| CSAs: | |
| Bond repayment/construction | 1,596 |
| Subtotal | 1,596 |
| Total | \$ 42,279 |

County of Fresno
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NOTE 5 - Receivables

Taxes and accounts receivable balances for the General, Debt Service, Nonmajor Governmental, Internal Service, and Proprietary funds are stated net of allowances for uncollectible accounts.

At June 30, 2019, the General Fund had a HARP loans allowance of \$846 while the Internal Services Risk Management fund had an allowance of \$77. The total for uncollectible accounts was \$923.

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

Loans Receivable

The County engages in affordable housing programs and housing assistance rehabilitation programs designed to encourage construction or improvement of housing for persons with low to moderate incomes. Under these programs, loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with County terms. Since the County does not expect to collect these loans in the near term, they have been offset by deferred inflows in the fund financials statements. The amount not expected to be collected within the next fiscal year is \$42,279.

The County Board approved a loan for \$5,000 from the General Fund to the San Joaquin Valley Insurance Authority (SJVIA) to assist with cash flow needs. The borrowed funds, including accrued interest at the County Treasury pool rate, are to be repaid no later than December 31, 2021.

The County established a County Service Area (CSA) Revolving Fund to provide temporary financial assistance to CSAs that have or are projected to have short-term financial deficits. Currently, there are \$413 in receivables due January 31, 2027.

NOTE 6 - Interfund Transactions and Balances

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

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

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The composition of interfund balances as of June 30, 2019 was as follows:

| Receivable Fund | Payable Fund | | | | | | Total |
|------------------------|---------------------|-----------------|----------------|---------------|---------------|------------------|------------------|
| | General Fund | Major Govt. | Nonmajor Govt. | Solid Waste | CSAs | Internal Service | |
| General Fund | \$ - | \$ 2,105 | \$ 58 | \$ 138 | \$ 171 | \$ 7,455 | \$ 9,927 |
| Major Governmental | 51,364 | 5,045 | - | - | - | - | 56,409 |
| Nonmajor Governmental | 7,805 | - | 762 | - | 53 | 836 | 9,456 |
| Solid Waste Enterprise | 314 | - | - | 576 | - | 42 | 932 |
| CSAs | 77 | - | - | - | 49 | 111 | 237 |
| Internal Service | 306 | - | - | 51 | - | 5,704 | 6,061 |
| Totals | \$ 59,866 | \$ 7,150 | \$ 820 | \$ 765 | \$ 273 | \$ 14,148 | \$ 83,022 |

The following schedule briefly summarizes the County's transfer activity for the fiscal year ended June 30, 2019:

| Transfers From | Transfers To | | | | | | Total |
|------------------------|---------------------|------------------|------------------|---------------|-------------|------------------|---------------------|
| | General Fund | Major Govt. | Nonmajor Govt. | Solid Waste | CSAs | Internal Service | |
| General Fund | \$ - | \$ 43,459 | \$ 20,453 | \$ 170 | \$ - | \$ 3,317 | \$ 67,399 |
| Major Governmental | 886,598 | 4,871 | - | - | - | - | 891,469 |
| Nonmajor Governmental | 49,564 | - | 5,115 | - | 4 | - | 54,683 |
| Solid Waste Enterprise | 352 | - | - | - | - | - | 352 |
| CSAs | 74 | - | - | - | - | - | 74 |
| Internal Service Funds | 1,927 | - | - | - | - | - | 1,927 |
| Totals | \$ 938,515 | \$ 48,330 | \$ 25,568 | \$ 170 | \$ 4 | \$ 3,317 | \$ 1,015,904 |

Transfers are comprised principally of transfers between the General Fund and special revenue funds and are related to State/Local Program Realignment (Assembly Bill 1288), Vehicle License Fees, and to debt service transfers to pay principal and interest payments on pension obligation bonds. In addition, significant transfers occurred between the various special revenue funds and the General Fund due to the County's budgetary practice of receiving revenues in the special revenue funds but budgeting for and spending expenditures in the General Fund. Resources are subsequently transferred to reimburse the General Fund.

The following schedule briefly summarizes the County's advances between funds for the fiscal year ended June 30, 2019:

| | To Other Funds | From Other Funds |
|--------------|-----------------------|-------------------------|
| General Fund | \$ 383 | \$ - |
| CSAs | - | 383 |
| | \$ 383 | \$ 383 |

Advances from the General Fund to the CSAs are specifically for construction projects, wherein the County has entered into grant agreements with the State to fund specific projects and is spending funding upfront with reimbursement trailing from the grant agreements. While the expenditures and expected revenue are budgeted for and spent out of the General Fund, they are truly construction expenditures of the CSAs, and therefore are reported in that fund, with advances representing the amount owed to the General Fund.

County of Fresno
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NOTE 7 – Tax Abatements

The County provides property tax abatements through the California Land Conservation (Williamson) Act of 1965. The program enrolls land in Williamson Act or Farmland Security Zone contracts within established agricultural preserves whereby the land is restricted to agricultural or qualified recreational uses in exchange for reduced property tax assessments. Participation in the program is voluntary. Enrollment of new land in the Williamson Act or the Farmland Security Zone programs has been placed on hold until such time that the State of California re-instates full subvention payment for partial replacement of local property tax revenue foregone resulting from the participation in the Williamson Act Program. The Williamson Act Program is administered according to the statute and the County of Fresno's Interim Program Guidelines adopted by the Board of Supervisors. The Development Services Division of the Public Works and Planning Department is responsible for administering the County's Williamson Act Program.

The Fresno County Assessor administers the property tax reduction that parcels enrolled in the program receive. Parcels enrolled in the Williamson Act Program are assessed for property tax purposes at a rate consistent with their actual use, rather than the market value of the property. The minimum contract term for the Williamson Act is ten years and for the Farmland Security Zone is twenty years. Both the Williamson Act and the Farmland Security Zone contracts automatically renew until a notice of non-renewal or a certificate of cancellation is recorded. Under the non-renewal process, the annual tax assessment gradually increases over a defined period until the assessment reflects the market value of the property. Under the cancellation process, a onetime cancellation fee is assessed based upon a certain percentage of the unrestricted, current fair market value of the property.

No other commitments were made by the County as part of the Williamson Act or Farmland Security Zone contracts. For the fiscal year ended June 30, 2019, the Williamson Act Program tax abatements were \$40,674.

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NOTE 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

| | <u>Balance</u> <u>July 1, 2018</u> | <u>Additions</u> | <u>Retirements</u> | <u>Adjustments</u> | <u>Balance</u> <u>June 30, 2019</u> |
|--|---------------------------------------|-------------------|--------------------|--------------------|--|
| Governmental activities | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | \$ 17,000 | \$ - | \$ (23) | \$ 23 | \$ 17,000 |
| Land easements | 41,838 | - | - | - | 41,838 |
| Construction in progress | 23,797 | 40,049 | (6,621) | 3,586 | 60,811 |
| Infrastructure in progress | 18,371 | 15,772 | (19,403) | (194) | 14,546 |
| Total capital assets, not being depreciated | <u>101,006</u> | <u>55,821</u> | <u>(26,047)</u> | <u>3,415</u> | <u>134,195</u> |
| Capital assets, being depreciated | | | | | |
| Buildings and improvements | 517,097 | 51,450 | (1,803) | 2,856 | 569,600 |
| Equipment | 117,446 | 10,498 | (12,659) | 785 | 116,070 |
| Infrastructure | 618,999 | 23,122 | - | - | 642,121 |
| Intangible | 45,408 | - | - | 318 | 45,726 |
| Total capital assets, being depreciated | <u>1,298,950</u> | <u>85,070</u> | <u>(14,462)</u> | <u>3,959</u> | <u>1,373,517</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (215,344) | (11,759) | - | - | (227,103) |
| Equipment | (85,174) | (8,284) | 16,769 | (3,157) | (79,846) |
| Infrastructure | (302,617) | (12,049) | - | - | (314,666) |
| Intangible | (45,167) | (372) | - | (66) | (45,605) |
| Total accumulated depreciation | <u>(648,302)</u> | <u>(32,464)</u> | <u>16,769</u> | <u>(3,223)</u> | <u>(667,220)</u> |
| Total capital assets, being depreciated, net | <u>650,648</u> | <u>52,606</u> | <u>2,307</u> | <u>736</u> | <u>706,297</u> |
| Governmental activities capital assets, net | <u>\$ 751,654</u> | <u>\$ 108,427</u> | <u>\$ (23,740)</u> | <u>\$ 4,151</u> | <u>\$ 840,492</u> |
| Business-type activities | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | \$ 9,183 | - | - | - | \$ 9,183 |
| Construction in progress | 11,968 | 4,796 | (7,991) | 450 | 9,223 |
| Total capital assets, not being depreciated | <u>21,151</u> | <u>4,796</u> | <u>(7,991)</u> | <u>450</u> | <u>18,406</u> |
| Capital assets, being depreciated | | | | | |
| Buildings and improvements | 92,243 | 8,065 | - | 18 | 100,326 |
| Equipment | 19,085 | 1,245 | (413) | 13 | 19,930 |
| Total capital assets, being depreciated | <u>111,328</u> | <u>9,310</u> | <u>(413)</u> | <u>31</u> | <u>120,256</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (53,540) | (2,612) | - | (2,442) | (58,594) |
| Equipment | (17,370) | (1,722) | - | 1,497 | (17,595) |
| Total accumulated depreciation | <u>(70,910)</u> | <u>(4,334)</u> | <u>-</u> | <u>(945)</u> | <u>(76,189)</u> |
| Total capital assets being depreciated, net | <u>40,418</u> | <u>4,976</u> | <u>(413)</u> | <u>(914)</u> | <u>44,067</u> |
| Business-type activities capital assets, net | <u>\$ 61,569</u> | <u>\$ 9,772</u> | <u>\$ (8,404)</u> | <u>\$ (464)</u> | <u>\$ 62,473</u> |

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Depreciation

Depreciation expense was charged to governmental functions as follows:

| | |
|--|-----------|
| General government | \$ 10,438 |
| Public protection | 2,998 |
| Public ways and facilities | 10,669 |
| Health, sanitation, and public assistance | 904 |
| Education | 1,051 |
| Culture and recreation | 10 |
| Depreciation on capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets | 6,394 |
| Total depreciation expense - governmental functions | \$ 32,464 |

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

| | |
|--|----------|
| Solid waste enterprise | \$ 3,096 |
| County service areas, other | 1,238 |
| Total depreciation expense - business-type functions | \$ 4,334 |

NOTE 9 - Leases

Operating Leases

The County conducts some of its operations from leased facilities. The total rental expense for the fiscal year ended June 30, 2019, for operating leases was \$13,447.

The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2019:

| Fiscal Year Ended June 30 | Governmental Activities |
|--------------------------------------|------------------------------------|
| 2020 | \$ 10,867 |
| 2021 | 9,520 |
| 2022 | 8,545 |
| 2023 | 6,034 |
| 2024 | 5,065 |
| 2025-2029 | 19,672 |
| 2030-2034 | 15,605 |
| 2035-2039 | 12,670 |
| Total | \$ 87,978 |

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Capital Leases

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

The following is a schedule of future minimum lease payments under capital leases together with the present value of future minimum lease payments as of June 30, 2019:

| Governmental Activities Fiscal Year Ended June 30 | Total Payments | Imputed Interest | Net Present Value of Minimum Lease Payments |
|--|---------------------------|-----------------------------|--|
| 2020 | \$ 1,244 | \$ 131 | \$ 1,113 |
| 2021 | 1,073 | 76 | 997 |
| 2022 | 788 | 33 | 755 |
| 2023 | 295 | 6 | 289 |
| Total | <u>\$ 3,400</u> | <u>\$ 246</u> | <u>\$ 3,154</u> |

The following is a schedule of property under capital leases segregated by major class at June 30, 2019:

| | Governmental Activities |
|--------------------------|------------------------------------|
| Equipment | \$ 28,771 |
| Accumulated depreciation | (25,696) |
| Net | <u>\$ 3,075</u> |

NOTE 10 – Service Concession Arrangements (SCA)

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

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

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

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NOTE 11 - Long-Term Liabilities

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

The following is a schedule of long-term liabilities for governmental activities for the fiscal year ended June 30, 2019:

| | Balance | | | Balance | Amounts |
|--|---------------------|-------------------|---------------------|----------------------|-------------------|
| | July 1, 2018 | Additions | Deductions | June 30, 2019 | due within |
| | | | | | one year |
| Earned compensated absences | \$ 45,160 | \$ 48,482 | \$ (46,420) | \$ 47,222 | \$ 20,840 |
| Capital lease obligations (Note 9) | 3,258 | 1,460 | (1,564) | 3,154 | 1,113 |
| Liability for self-insurance (Note 13) | 80,615 | 38,422 | (34,642) | 84,395 | 24,337 |
| Adverse Judgment (Note 16) | 29,628 | - | (6,628) | 23,000 | 23,000 |
| Bonds payable | 437,967 | - | (48,134) | 389,833 | 31,250 |
| Accreted interest | 226,887 | 25,048 | - | 251,935 | - |
| Net pension liability (Note 12) | 1,202,255 | - | (109,761) | 1,092,494 | - |
| General long-term debt payable | <u>\$ 2,025,770</u> | <u>\$ 113,412</u> | <u>\$ (247,149)</u> | <u>\$ 1,892,033</u> | <u>\$ 100,540</u> |

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

The following is a schedule of long-term liabilities for business-type activities for the year ended June 30, 2019:

| | Balance | | | Balance | Due within |
|-----------------------------|---------------------|------------------|-------------------|----------------------|-------------------|
| | July 1, 2018 | Additions | Deductions | June 30, 2019 | one year |
| | | | | | |
| Earned compensated absences | \$ 280 | \$ 21 | \$ - | \$ 301 | \$ 185 |
| Bonds | 3,000 | - | (220) | 2,780 | 235 |
| Loans | 67 | - | (5) | 62 | 3 |
| Closure and post-closure | 41,156 | 1,131 | - | 42,287 | 1,131 |
| Net pension liability | 9,317 | - | (850) | 8,467 | - |
| Totals | <u>\$ 53,820</u> | <u>\$ 1,152</u> | <u>\$ (1,075)</u> | <u>\$ 53,897</u> | <u>\$ 1,554</u> |

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

| <u>Fiscal Year Ended June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Payment</u> |
|----------------------------------|------------------|-----------------|----------------------|
| 2020 | \$ 31,250 | \$ 9,270 | \$ 40,520 |
| 2021 | 16,362 | 8,833 | 25,195 |
| 2022 | 16,486 | 8,663 | 25,149 |
| 2023 | 15,587 | 8,502 | 24,089 |
| 2024-2028 | 74,677 | 40,420 | 115,097 |
| 2029-2033 | 138,266 | 37,048 | 175,314 |
| 2034-2038 | 53,765 | 11,627 | 65,392 |
| 2039-2043 | - | - | - |
| 2044-2048 | 19,496 | - | 19,496 |
| 2049-2053 | - | - | - |
| 2054-2058 | 19,519 | - | 19,519 |
| 2059-2060 | - | - | - |
| Sub-total | 385,408 | 124,363 | 509,771 |
| Less: Original issue premium | 5,290 | - | 5,290 |
| Original issue discount | (865) | - | (865) |
| Total | \$ 389,833 | \$ 124,363 | \$ 514,196 |

Pension Obligation Bonds

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

The portion of the County's taxable Pension Obligation Bonds, Series 1998 that were not refunded have various maturity dates between 2002 and 2008. The interest rates range from 6.01% to 6.26%. The County's taxable Pension Obligation Bonds, Refunding Series 2002 include both serial and term bonds. The serial bonds have various maturity dates between 2009 and 2014 with interest rates ranging between 6.06% and 6.45%. The term bonds mature in 2018 with an interest rate of 6.67% and a mandatory sinking fund redemption commencing in 2016. The 1998 Pension obligation bonds that were refunded in 2002 have matured.

In March 2004, the County issued Series 2004A and 2004B Pension Obligation Bonds for \$327,898 and \$75,000, respectively. These were issued to fund a portion of the County's unfunded accrued actuarial liability in the retirement system. The Series 2004A Pension Obligation Bonds include current interest bonds, term bonds, and capital appreciation bonds. The Series 2004B bonds were issued as auction rate bonds. The debt matures between 2005 and 2033. In September 2006, the Series 2004B Pension Obligation

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Bonds were converted from auction rate to fixed rate securities. The Series 2004A Pension Obligation Bonds (Fixed Rate Bonds) maturing in August 2019 (totaling \$26,765) were refunded from the issuance of Series 2015A Taxable Pension Obligation Refunding Bonds.

In September 2015, the County issued \$27,255 in Series 2015A Taxable Pension Obligation Refunding Bonds, maturing in fiscal year 2020. The Taxable Pension Obligation Refunding Bonds generated a net present value savings (net of all costs) of \$2,018 or 7.5% of the refunded bond par amount. This financing refunded, on a current basis, a portion of the Series 2004A Pension Obligation Bonds totaling \$26,765.

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

Lease Revenue Bonds

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

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

On April 16, 2007, the FCFA issued \$55,350 in lease revenue bonds for the construction of a juvenile court and offices for joint occupancy and use by the County and the County of Fresno Superior Court. The Series 2007 Bonds consist of \$25,605 in serial bonds maturing between 2010 and 2021 with interest rates ranging from 4.0% to 4.125%, and \$29,745 in term bonds maturing between 2023 and 2030 with interest rates ranging between 4.3% and 4.75%. These bonds were refunded from the issuance of Series 2016 Lease Revenue Refunding Bonds.

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

In June 2016, the County issued \$37,270 in Series 2016 Lease Revenue Refunding Bonds, maturing between 2017 and 2030, with interest rates ranging from 3.0% to 5.0%. The Series 2016 Lease Revenue Refunding Bonds generated present value savings (net of all costs) of \$5,946 or 14.2% of the refunded par amount. This was an advance, in-substance defeasance of the Series 2007 Lease Revenue Bonds, refunding that bond series in its entirety.

Tobacco Settlement Asset-Backed Bonds

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

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

Capital Appreciation and Series Bonds

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

The following schedule represents the capital appreciation bonds issued by the County and the California County Tobacco Securitization Agency:

Pension Obligation Bonds

| Series | Maturity Date | Interest Rate | Initial Principal Amount | Accreted Value June 30, 2019 | Accreted Value at Maturity |
|--------|------------------|------------------|-----------------------------|---------------------------------|-------------------------------|
| 2004A | August 15, 2033 | 1.3% to 5.67% | \$ 327,898 | \$ 522,941 | \$ 711,250 |
| | | | Less principal | (327,898) | |
| | | | Accreted interest | \$ 195,043 | |

Tobacco Securitization Tax Bonds

| Series | Maturity Date | Interest Rate | Initial Principal Amount | Accreted Value June 30, 2019 | Accreted Value at Maturity |
|--------|------------------|------------------|-----------------------------|---------------------------------|-------------------------------|
| 2006A | June 1, 2046 | 6.50% | \$ 16,606 | \$ 38,479 | \$ 216,420 |
| 2006B | June 1, 2046 | 6.65% | 2,890 | 6,825 | 39,920 |
| 2006C | June 1, 2055 | 7.00% | 9,757 | 24,091 | 286,800 |
| 2006D | June 1, 2055 | 7.75% | 9,762 | 26,511 | 409,500 |
| Total | | | \$ 39,015 | \$ 95,906 | \$ 952,640 |
| | | | Less principal | (39,015) | |
| | | | Accreted interest | \$ 56,891 | |
| | | | Total accreted | \$ 251,934 | |

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Limited Obligation Improvement Bonds

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

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

| <u>Fiscal Year Ended June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Payment</u> |
|----------------------------------|------------------|-----------------|----------------------|
| 2020 | \$ 235 | \$ 178 | \$ 413 |
| 2021 | 250 | 162 | 412 |
| 2022 | 270 | 145 | 415 |
| 2023 | 285 | 126 | 411 |
| 2024-2028 | 1,740 | 307 | 2,047 |
| Total | <u>\$ 2,780</u> | <u>\$ 918</u> | <u>\$ 3,698</u> |

Loans Payable

CSA No. 49, as part of funding for a Surface Water Treatment Plant, received a \$80 loan payable from the California Department of Public Health. The note is to be repaid in semi-annual installments beginning in fiscal year 2015. As of June 30, 2019, the special district's unpaid loan balance was \$62.

Landfill Closure and Post-Closure Costs

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

The County owns a solid waste landfill which is currently operating, the American Avenue Disposal Site, as well as two landfills which ceased accepting waste in fiscal years 1991 and 2010, the Southeast Regional Disposal Site and the Coalinga Disposal Site, respectively. Southeast Regional completed its closure activities during fiscal year 1999 and began post-closure activities, which are still ongoing as of June 30, 2019. Coalinga completed its closure activities during fiscal year 2017 and began post-closure activities in fiscal year 2018.

The \$42,287 reported as landfill closure and post-closure care liability at June 30, 2019, represents the cumulative amount reported to date based on the landfill capacity used to date. The County will recognize the remaining estimated cost of closure and post-closure care of \$37,006 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all remaining closure and post-closure care as of June 30, 2019. The total current cost of landfill closure and post-closure care is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

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

| Landfill | Capacity used at June 30, 2019 | Estimated Years Remaining | Total Estimated Liability June 30, 2019 | Liability Recognized June 30, 2019 | Remaining Liability to be Recognized |
|--------------------|---|--------------------------------------|--|---|---|
| American Avenue | 49.28% | 30 | \$ 72,961 | \$ 35,954 | \$ 37,007 |
| Coalinga | 49.30% | | 2,953 | 2,953 | - |
| Southeast Regional | 100.00% | - | 3,380 | 3,380 | - |
| Total | | | <u>\$ 79,294</u> | <u>\$ 42,287</u> | <u>\$ 37,007</u> |

The increase from fiscal year 2017-2018 in the closure and post-closure care liability for American Avenue was reported as an operating expense in 2018-2019. Closure and post-closure costs for Southeast Regional and Coalinga Disposal Sites are reported as non-operating expenses. The County is required by state and federal laws to finance closure and post-closure care. Amounts collected from current users for these costs are reported in restricted cash and investments. Regarding the American Avenue Site, the County expects that future user fees and interest earnings over the remaining landfill lives will fund the closure and post-closure liabilities. Regarding the Southeast Regional and Coalinga Disposal Sites, the County expects any ongoing costs to be funded from interest earnings and from quarterly payments from waste haulers and cities by agreement.

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

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

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Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the County performed calculations of excess investment earnings on various bonds, and at June 30, 2019, does not expect to incur a liability.

NOTE 12 - Pensions

Plan Description - The County of Fresno provides pension benefits to eligible employees through a cost sharing multiple-employer defined benefit pension plan (pension plans) administered by the Fresno County Employees Retirement Association (FCERA). FCERA is governed by the Board of Retirement under the County Employees Retirement Law of 1937 (CERL). Readers should refer to the 1937 Act for more complete information. Members of the pension plans include all permanent employees working full-time or at least 50% part-time for the County and the following entities: Superior Court of California-County of Fresno, Clovis Veterans Memorial District, Fresno Mosquito and Vector Control District, and Fresno/Madera Area Agency on Aging (FMAAA). Employees become eligible for membership commencing with the pay period following the date of employment in a permanent position.

FCERA is a contributory defined pension plan established on January 1, 1945 under the provisions of the 1937 Act and provides service retirement, disability, death, and survivor benefits for employees of the County of Fresno and participating entities. The County of Fresno Board of Supervisors and governing boards of participating entities adopt resolutions, as permitted by State of California Government Code 31450 (County Employees Retirement Law of 1937 (CERL), which affect the benefits of FCERA members. FCERA is governed by the California Constitution, CERL, and the bylaws, policies and procedures adopted by FCERA Board of Retirement.

FCERA issues a stand-alone financial report that can be reviewed at the FCERA website: <https://fresnocountyretirement.org/financial/#cafr> or FCERA's office, located at 7772 North Palm Avenue, Fresno, CA, 93711.

FCERA administers nine (9) pension plans for General and Safety members. Due to the passage of the Public Employee Pension Reform Act (PEPRA), the County established two (2) new tiers for General and Safety members: General Tier V and Safety Tier V. PEPRA changed the benefits that may be offered to employees hired on or after January 1, 2013 including increasing the minimum retirement age, increasing the percentage for member contributions, and excluding certain types of compensation as pensionable. PEPRA also created limits on the pensionable compensation. The cumulative effect of PEPRA changes will be to reduce the County's long-term retirement costs.

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Summary of Pension Plans and Eligible Participants

General Members

- Tier I General members hired on or before June 30, 2005 and General members of certain bargaining units hired after June 30, 2005.
- Tier II General Members of certain bargaining units hired after June 30, 2005 and General Tier I members hired on or before June 30, 2005 who elect to transfer to Tier II.
- Tier III General Members of certain bargaining units hired after December 17, 2007 and eligible Tier II members hired on or before December 17, 2007 who elect to transfer to Tier III.
- Tier IV General Members hired on or after June 11, 2012.
- Tier V General Members hired on or after January 1, 2013.

Safety Members

- Tier I Safety members hired on or before June 30, 2005 and Safety members of certain bargaining units hired after June 30, 2005.
- Tier II Safety members of certain bargaining units hired after June 30, 2005 and Safety Tier I members hired on or before June 30, 2005 who elect to transfer to Tier II.
- Tier III Not offered.
- Tier IV Safety members hired on or after June 11, 2012.
- Tier V Safety members hired on or after January 1, 2013.

Benefits Provided

All pension plans provide benefits in accordance with CERL regulations upon retirement, disability, or death of members. Retirement benefits are based upon years of service, final average compensation, and retirement age. Employees terminating before accruing five (5) years of service credit forfeit the right to receive retirement benefits unless they establish reciprocity with another eligible public agency within the prescribed time period. Non-vested employees who terminate service are entitled to withdraw their accumulated contribution plus accrued interest. Employees who terminate service after earning five (5) years of retirement service credit, may leave their contributions on deposit and elect to take a deferred retirement. The difference between expected and actual experience for vested and non-vested benefits may result in an increase or decrease to pension expense and net pension liability.

Service related disability benefits are based upon final average compensation or retirement benefits (if eligible). Non-service related disability benefits are based upon (1) years of service and final average compensation or (2) retirement benefits (if eligible). Death benefits are based upon a variety of factors including whether the employee was retired or not.

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Annual cost-of-living adjustments (COLA) after retirement are provided to General Member Tiers I, II, and III and Safety Member Tiers I and II. General and Safety Member Tiers IV and V are not eligible for COLA increases. COLAs are granted to eligible retired members effective in April of each year based upon the Bureau of Labor statistics Consumer Price Index, West Region as of the preceding January 1 and is subject to an annual maximum of three percent (3%).

Specific details for retirement, disability, or death benefit calculations and COLA information are available in the FCERA Comprehensive Annual Financial Report (CAFR). The FCERA CAFR is available at <https://fresnocountyretirement.org/financial/#cafr>.

Contributions

The FCERA Board of Retirement is authorized under Article 16 of the Constitution of the State to establish and amend retirement contributions for active employees and participating employers. Contributions are made by the members and the employers at rates recommended by FCERA's independent actuary and approved by the Board of Retirement and the County of Fresno Board of Supervisors. Employee contribution rates vary according to age and classification (safety or general) and, depending on Tier, are designed to provide funding for approximately one-fourth to one-half of the regular retirement benefits and one-half of all cost of living benefits. Members are required to contribute between 8.13% and 16.19% of their annual covered salary. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of CERL. Employer contribution rates are determined pursuant to Section 31453 of CERL and are designed to provide funding for the remaining regular retirement and cost of living benefits, as well as all regular disability and survivor's benefits.

Employer and employee contributions and active members are as follows:

| <u>Retirement Plan</u> | <u>Employer Contribution Rates</u> | <u>Employee Contribution Rates</u> | <u>Active Members</u> |
|------------------------|--|--|---------------------------|
| General Tier I | 56.69% | 9.88% | 2,890 |
| General Tier II | 53.91% | 7.10% | 115 |
| General Tier III | 53.87% | 8.00% | 619 |
| General Tier IV | 44.92% | 7.08% | 261 |
| General Tier V | 43.05% | 7.17% | 2,635 |
| | | | |
| Safety Tier I | 83.37% | 13.31% | 475 |
| Safety Tier II | 83.81% | 11.64% | 59 |
| Safety Tier IV | 68.75% | 10.08% | 60 |
| Safety Tier V | 66.02% | 11.92% | 344 |
| All Categories | 55.81% | 9.31% | 7,458 |

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Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the County reported a pension liability of \$1,100,961 for its proportionate share of the net pension liability (NPL). The NPL was measured as of June 30, 2018, and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of that date. The County's proportion of the NPL was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan (FCERA) participants, actuarially determined.

For the fiscal year ended June 30, 2019, the County recognized a credit to pension expense of (\$57,285). Pension expense represents the change in the NPL during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions of methods, and plan benefits. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual | \$ - | \$ 103,511 |
| Experience changes in assumptions | 68,587 | - |
| Net difference between projected and actual earnings on retirement plan investments | 85,099 | - |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 3,250 | 2,052 |
| Contributions by County subsequent to the actuarial measurement date | 202,752 | - |
| | \$ 359,688 | \$ 105,563 |

Deferred outflows of resources of \$359,688 and deferred inflows of resources of \$105,563, above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

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\$202,752 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Fiscal Year | |
|-----------------------|------------------|
| Ending June 30 | Amount |
| 2020 | \$ 91,868 |
| 2021 | 14,811 |
| 2022 | (47,541) |
| 2023 | (7,765) |
| Thereafter | - |
| | <u>\$ 51,373</u> |

Actuarial Assumptions

The total pension liability in the June 30, 2019 Governmental Accounting Standards (GAS) 68 Actuarial Valuation – based on the June 30, 2018 measurement date - was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

| | |
|---|---|
| Inflation | 3.00% per year. |
| Employee Contribution Crediting Rate | 3.00% compounded semi-annually. |
| Administrative Expenses | 1.10% of payroll, 0.94% allocated to the employers and 0.16% allocated to the members based on the components of the total average contribution rate (before expenses) for the employer and member. |
| Salary increases | General Members: 4.5% to 11.5%; and Safety Members: 4.9% to 11.50%, varies by service, including inflation. |
| COLA increases | Investment rate of return 3.00% maximum for retiree COLA increase applicable to General Member Tiers I, II and III and Safety Member Tiers I and II. |
| Post-Retirement mortality Healthy | For General Members and all Beneficiaries: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with two-dimensional scale MM2015D; set forward one year for females. For Safety Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with two-dimensional scale MM2015D, set back two years. |

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| | |
|----------------------------------|---|
| Disabled | <p>For General Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with two-dimensional scale MM2015D, set forward eight years.</p> <p>For Safety Members: Headcount-Weighted RP-2014 Mortality projected with 20 years with two-dimensional scale MM2015D set forward seven years.</p> <p>The above mortality tables contain about a 20% margin, based on actual to expected deaths, to reflect future mortality improvement, based on a review of mortality experience as of the measurement date.</p> |
| Contribution Rates | <p>For General Members and all Beneficiaries: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with two-dimensional scale MM2015D, set forward one year for females, weighted 35% males and 65% females for members and weighted 65% male and 35% female for beneficiaries.</p> <p>For Safety Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with two-dimensional scale MM2015D, set back two years weighted 80% male and 20% female.</p> <p>For Safety Beneficiaries; Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with two-dimensional scale MM2015D; set forward one year for females, weighted 20% male and 80% female.</p> |
| Actuarial Cost Method | <p>Entry Age Cost Method. Entry Age is age at the member's hire date. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation.</p> |
| Expected Remaining Service Lives | <p>Average expected service lives of all employees is determined by:</p> <ul style="list-style-type: none">- Calculating each active employee's expected remaining service life as the present value of \$1 per year of future services at zero percent interest.- Setting remaining service life to zero for each nonactive or retired member.- Dividing the sum of the above amounts by the total number of active employees, nonactive and retired members. |

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The information and analysis used in selecting each assumption that has a significant effect on the actuarial valuation is shown in the July 1, 2012 through June 30, 2015 Actuarial Experience Study and June 30, 2016 Economic Actuarial Assumptions Report both dated March 10, 2016.

The long-term expected rate of return on pension plan investments (7.00%) was determined using a building block method in which expected future real return (expected return, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return through weighting the expected future real rates of return by the targeted asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin. The target allocation and best estimated of arithmetic real rates of returns for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------------------|--------------------------|---|
| Large Cap U.S. Equity | 14.00% | 5.80% |
| Small Cap U.S. Equity | 3.00% | 6.52% |
| Developed International Equity | 12.00% | 6.89% |
| Emerging Markets Equity | 7.00% | 8.88% |
| U.S. Core Fixed Income | 5.00% | 0.76% |
| High Yield Fixed Income | 5.00% | 3.55% |
| Global Bonds | 7.00% | 0.41% |
| Bank Loans | 5.00% | 2.34% |
| TIPS | 4.00% | 0.41% |
| Emerging Market Debt | 5.00% | 4.52% |
| Real Estate | 5.00% | 4.48% |
| Commodities | 3.00% | 4.14% |
| Infrastructure | 3.00% | 3.80% |
| Hedge Funds | 8.00% | 4.40% |
| Private Credit | 8.00% | 7.70% |
| Private Equity | 6.00% | 9.00% |
| Total | <u>100.00%</u> | |

Discount Rate

The discount rate used to measure the total pension liability (TPL) was 7.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and employer contributions will be made at the rates equal to the actuarially determined contribution rates. Employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based upon these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. The long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the TPL as of June 30, 2016.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2019
(amounts expressed in thousands)

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the NPL of FCERA, as of June 30, 2019, which is allocated to all employers and is calculated using the discount rate of 7.00%. Additionally, the table reflects the County’s proportionate share of net pension liability should it be calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate.

| | 6.00% | 7.00% | 8.00% |
|--|--------------|--------------|--------------|
| County's proportionate share of the NPL | \$ 1,857,319 | \$ 1,100,961 | \$ 480,624 |

Pension Fund Fiduciary Net Position

Detailed information about the pension fund’s fiduciary net position is available in the separately issued FCERA GAS 68 Actuarial Valuation Report.

NOTE 13 - Risk Management

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

The Risk Management Fund provides coverage of the general liability, workers' compensation, medical malpractice, and property-other programs. Property-other consists of fire, bond, and miscellaneous insurance and damaged vehicle loss programs. General liability coverage is self-insured up to a maximum of \$750 per claim. Excess coverage up to \$5,000 per claim is provided through a risk pool agreement with the California State Association of Counties (CSAC) Excess Insurance Authority.

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

Pollution liability coverage is self-insured for \$75 per claim and excess coverage up to a maximum of \$10,000 is provided through a risk pool agreement with CSAC Excess Insurance Authority.

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

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

County of Fresno
Notes to the Basic Financial Statements
June 30, 2019
(amounts expressed in thousands)

Property-other is self-insured up to a deductible of \$25 per claim with a maximum of \$800,000 in all risk excess coverage per annual occurrence, and \$600,000 in flood limits per annual occurrence. Flood and earthquake coverage each have maximums in excess insurance of \$25,000. Excess insurance is provided through a risk pool agreement with CSAC.

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

County departmental contributions to the workers' compensation, general liability, and medical malpractice programs are based on actuarial recommendations. The reported actuarial liabilities for workers' compensation, general liability, and medical malpractice assume a long-term annual rate of return of 1.5 percent. The undiscounted actuarial liability for these programs is \$83,321. Reserves for self-insurance for these programs include estimated liability amounts for claims filed against the County for their programs, as well as the estimated amount of claims incurred but not reported, as computed by the actuary. Contributions to the property damage, unemployment, and vehicle damage programs are based on actual historical claim loss experience.

Claims liability of \$84,395 reported in the Risk Management Fund at June 30, 2019, is based on the requirement that claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The claims liability includes all allocated loss adjustment expenses. While the ultimate amount of claims is dependent on future developments, management is of the opinion that the claims liability at June 30, 2019, is adequate to cover such claims. Changes in the Risk Management Fund's claims liability amount during the last two fiscal years were as follows:

| | June 30, 2019 | June 30, 2018 |
|--|----------------------|----------------------|
| Beginning of fiscal year liability | \$ 80,615 | \$ 77,707 |
| Current year claims provision and changes in estimates | 38,423 | 22,366 |
| Claim payments | <u>(34,643)</u> | <u>(19,458)</u> |
| Balance at fiscal year-end | <u>\$ 84,395</u> | <u>\$ 80,615</u> |

County of Fresno
Notes to the Basic Financial Statements
June 30, 2019
(amounts expressed in thousands)

NOTE 14 - Fund Balance

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2019, fund balance for governmental funds are made up of the following:

- **Nonspendable Fund Balance** – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, such as prepaid items and amounts available for loans.
- **Restricted Fund Balance** – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- **Committed Fund Balance** – includes amounts that can only be used for the specific purposes determined by a formal action of the County’s highest level of decision-making authority, the County’s Board. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally, which is achieved by the County’s Board approving the commitment with a 4/5 majority vote.
- **Assigned Fund Balance** – comprises amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the County’s Board or (b) a body (for example, a budget or finance committee) or official to which the County’s Board has delegated the authority to assign amounts to be used for specific purposes.
- **Unassigned Fund Balance** – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

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

County of Fresno
Notes to the Basic Financial Statements
June 30, 2019
(amounts expressed in thousands)

Fund balances for all the major and nonmajor governmental funds as of June 30, 2019, were distributed as follows:

| | General Fund | Debt Service | Behavioral Health - MH | Social Services | Local Health and Welfare | 2011 Realignment Fund | Other Governmental Funds | Total |
|--|-------------------|------------------|---------------------------|--------------------|-----------------------------|-----------------------------|--------------------------------|-------------------|
| Nonspendable: | | | | | | | | |
| Postage/imprest cash | \$ 427 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 36 | \$ 463 |
| SJVIA loan | 5,000 | - | - | - | - | - | - | 5,000 |
| CSA loans | 413 | - | - | - | - | - | - | 413 |
| Subtotal | <u>5,840</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>36</u> | <u>5,876</u> |
| Restricted for: | | | | | | | | |
| General government | 1,296 | - | - | - | - | - | 30,412 | 31,708 |
| Public protection | 4,626 | - | - | - | - | 103,255 | 36,407 | 144,288 |
| Public ways and facilities | 1 | - | - | - | - | - | 38,786 | 38,787 |
| Health, sanitation & public assistance | 282 | - | 103,240 | 54,542 | 50,103 | - | 34,607 | 242,774 |
| Education | - | - | - | - | - | - | 38,485 | 38,485 |
| Capital projects | - | - | - | - | - | - | 50,516 | 50,516 |
| Debt service | - | 57,369 | - | - | - | - | - | 57,369 |
| Subtotal | <u>6,205</u> | <u>57,369</u> | <u>103,240</u> | <u>54,542</u> | <u>50,103</u> | <u>103,255</u> | <u>229,213</u> | <u>603,927</u> |
| Committed to: | | | | | | | | |
| General government: | | | | | | | | |
| Reserve | 54,000 | - | - | - | - | - | - | 54,000 |
| Third party | 23,287 | - | - | - | - | - | - | 23,287 |
| SJVIA | 3,000 | - | - | - | - | - | - | 3,000 |
| Public protection: | | | | | | | | |
| Sheriff vehicle replacement | 600 | - | - | - | - | - | - | 600 |
| Rowell lease payoff | 10,000 | - | - | - | - | - | - | 10,000 |
| Eagle 2 replacement | 200 | - | - | - | - | - | - | 200 |
| Public ways and facilities: | | | | | | | | |
| CSA revolving fund | 293 | - | - | - | - | - | - | 293 |
| Subtotal | <u>91,380</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>91,380</u> |
| Unassigned | | | | | | | | |
| | <u>100,693</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>100,693</u> |
| Total | <u>\$ 204,118</u> | <u>\$ 57,369</u> | <u>\$ 103,240</u> | <u>\$ 54,542</u> | <u>\$ 50,103</u> | <u>\$ 103,255</u> | <u>\$ 229,249</u> | <u>\$ 801,876</u> |

County of Fresno
Notes to the Basic Financial Statements
June 30, 2019
(amounts expressed in thousands)

NOTE 15 – Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- Net Investment in Capital Assets groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- Restricted Net Position reflects net position that is subject to constraints either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel a government to honor.
- Unrestricted Net Position represents net position of the County that is not restricted for any project or purpose.

NOTE 16 - Contingent Liabilities and Commitments

The County is subject to various lawsuits and claims involving public liability and other actions incidental to the ordinary course of County operations. Taken together, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable financial loss to the County, a liability for litigation of \$23,000, representing the County's best estimate of the ultimate loss, has been accrued in the government-wide Statement of Net Position. Refer to Note 11 for more information on these and other long-term liabilities.

A number of lawsuits and claims are pending against the County for which the financial loss to the County has been determined to be reasonably possible. The County intends to vigorously defend itself against these lawsuits. The County has recorded actuarially determined reserves in the internal service funds to adequately cover estimated potential material adverse losses at June 30, 2019.

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

County of Fresno
Notes to the Basic Financial Statements
June 30, 2019
(amounts expressed in thousands)

NOTE 17 – Deficit Fund Equity

The County has an internal service fund with a deficit net position caused by presenting their proportionate share of net pension liability due to the implementation of GASB Statement No. 68.

| <u>Internal Service Funds</u> | <u>Deficit Net Position</u> |
|-------------------------------|-----------------------------|
| Security Services | \$3,340 |

NOTE 18 – Joint Venture

A joint venture is defined by GASB Statement No. 14, *The Financial Reporting Entity*, as “a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain either (a) an ongoing financial interest, or (b) an ongoing financial responsibility.” The County participates in the following joint venture:

San Joaquin Valley Insurance Authority (SJVIA) - On September 29, 2009, the Counties of Tulare and Fresno entered into a Joint Exercise of Powers Agreement by which they created the SJVIA as a separate public agency charged with the responsibility of providing health and medical benefits for over 9,000 Fresno and Tulare County employees. Independently audited financial statements can be obtained from the Fresno County Auditor-Controller’s Office, 2281 Tulare Street #105, Fresno, California 93721.

NOTE 19 – Prior Period Adjustments

A prior period adjustment, decreasing net position by \$3,200, was made in the governmental activities affecting various funds. In the General Fund, an adjustment was made to recognize the duplication of one receivable accrual amount and one due to other fund amount, each of which had been duplicated in the prior fiscal year. Another adjustment was made in the Behavior Health/Mental Health to recognize reclassification of interest between the General Fund and their Special Revenue Fund. Another adjustment was made in the Internal Service Fund to account for GASB 68 pension adjustments.

The business-type activities had additional prior period adjustments increasing net position by \$356. These adjustments were due to adjusting beginning balances for closure and post-closure liability along with various asset related adjustments.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2019
(amounts expressed in thousands)

The following table outlines the change in net position affected by prior period adjustments in the government-wide financial statements:

| | Governmental Activities | Business-type Activities | Totals |
|--|------------------------------------|-------------------------------------|-------------------|
| Net position, stated at June 30, 2018 | \$ (176,789) | \$ 95,290 | \$ (81,499) |
| General Fund - correction of duplicate accrual | (5,386) | - | (5,386) |
| Behavioral/Mental Health - interest reclassification | (543) | - | (543) |
| CSA Special Revenue Fund - assets | - | 1,220 | 1,220 |
| Solid Waste - closure/post closure, assets | - | (864) | (864) |
| Internal Service Funds - GASB 68 pension adj. | 9,129 | - | 9,129 |
| Net position, restated at June 30, 2018 | (173,589) | 95,646 | (77,943) |
| Change in net position | 386,360 | 7,639 | 393,999 |
| Net position at June 30, 2019 | <u>\$ 212,771</u> | <u>\$ 103,285</u> | <u>\$ 316,056</u> |

NOTE 20 - Subsequent Events

In accordance with accounting standards generally accepted in the United States, subsequent events have been evaluated through December 30, 2019, the date in which the financial statements have been issued.

On July 7, 2019, the County amended a lease agreement with Pontiac 3 & 5, LLC, for tenant improvements, increasing the office space from 23,580 square feet to 95,534 square feet and reducing the warehouse space from 65,227 square feet to 0 square feet. Additionally, the lease agreement was amended to renew the lease for one (1) nineteen-year period upon completion of the tenant improvement with a total not to exceed \$87,787.

On August 23, 2019, County staff discovered flooding in the North Annex Jail. The flooding was determined to be in the courtroom area and spread through the staff dining area and a corrections office locker room. On September 10, 2019, to prevent the potential for further damages, an emergency declaration was made by the Director of Internal Services/Chief Information Officer, in conjunction with the County Administrative Officer, which allowed service contractors to conduct remediation and restoration activities immediately. The current estimated costs of the remediation is \$1,000.

During the week of September 16, 2019, the County's recommended budgets for the fiscal year 2019-20 were submitted to the Board and were approved.

On September 24, 2019, the County approved the sale of the real property known as the University Medical Center Campus, in as-is condition, to CMG Construction Management (CMG) to provide housing affordable to persons and families of low or moderate income. Escrow is expected to close on or about December 30, 2019, in which the 33-acre property will be sold to CMG for \$4,000 with a \$500 refundable deposit, and CMG will enter into an agreement to lease the property back to the County for a term no longer than four years, during which time the County will begin moving its existing offices from the property and pay its pro rata share of operating costs for a total of approximately \$1,922.

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

County of Fresno
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget |
|--|--------------------|--------------------|-------------------|-------------------------------|
| Resources (inflows): | | | | |
| Taxes and special assessments | \$ 262,213 | \$ 262,213 | \$ 280,009 | \$ 17,796 |
| Licenses and permits | 13,721 | 13,721 | 13,143 | (578) |
| Fines, forfeitures and penalties | 5,361 | 5,361 | 5,339 | (22) |
| Use of money and property | 2,802 | 2,802 | 6,520 | 3,718 |
| Aid from other governmental agencies: | | | | |
| State | 108,566 | 110,714 | 100,772 | (9,942) |
| Federal | 122,322 | 129,414 | 96,790 | (32,624) |
| Other | 3,592 | 3,617 | 992 | (2,625) |
| Charges for current services | 49,243 | 49,694 | 47,978 | (1,716) |
| Other revenues | 38,521 | 43,813 | 9,107 | (34,706) |
| Total resources | <u>606,341</u> | <u>621,349</u> | <u>560,650</u> | <u>(60,699)</u> |
| Charges to appropriations (outflows): | | | | |
| General government | 58,521 | 59,819 | 43,206 | 16,613 |
| Public protection | 465,572 | 482,046 | 431,489 | 50,557 |
| Public ways and facilities | 3,828 | 3,828 | 2,406 | 1,422 |
| Health, sanitation and public assistance | 1,093,663 | 1,136,343 | 901,629 | 234,714 |
| Education | 251 | 251 | 200 | 51 |
| Culture and recreation | 4,410 | 4,419 | 2,998 | 1,421 |
| Capital Outlay | - | - | 46,072 | (46,072) |
| Total charges to appropriations | <u>1,626,245</u> | <u>1,686,706</u> | <u>1,428,000</u> | <u>258,706</u> |
| Excess (deficiency) of revenues over (under) appropriations | <u>(1,019,904)</u> | <u>(1,065,357)</u> | <u>(867,350)</u> | <u>(319,405)</u> |
| Other financing sources (uses) | | | | |
| Proceeds from sale of capital assets | - | 117 | 121 | 4 |
| Transfers in | 1,028,684 | 1,075,437 | 938,515 | (136,922) |
| Transfers out | (40,815) | (47,556) | (67,399) | (19,843) |
| Total other financing sources (uses) | <u>987,869</u> | <u>1,027,998</u> | <u>871,237</u> | <u>(156,761)</u> |
| Net change in fund balance | (32,035) | (37,359) | 3,887 | 41,246 |
| Fund balance - beginning | \$ 205,617 | \$ 205,617 | \$ 205,617 | \$ - |
| Prior period adjustment | (5,386) | (5,386) | (5,386) | - |
| Fund balance - ending | <u>\$ 168,196</u> | <u>\$ 162,872</u> | <u>\$ 204,118</u> | <u>\$ 41,246</u> |

See accompanying notes to budgetary comparison schedules

County of Fresno
Budgetary Comparison Schedule
Behavioral Health - MH Fund
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | Original Budget | Final Budget | Actual Amount | Variance with Final Budget |
|---|-------------------------|-------------------------|--------------------------|-------------------------------|
| Revenues | | | | |
| Use of money and property | \$ - | \$ - | \$ 4,707 | \$ 4,707 |
| Intergovernmental revenues | 52,492 | 52,492 | 55,277 | 2,785 |
| Total revenues | <u>52,492</u> | <u>52,492</u> | <u>59,984</u> | <u>7,492</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>52,492</u> | <u>52,492</u> | <u>59,984</u> | <u>7,492</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | (91,617) | (95,467) | (60,480) | 34,987 |
| Total other financing sources (uses) | <u>(91,617)</u> | <u>(95,467)</u> | <u>(60,480)</u> | <u>34,987</u> |
| Net change in fund balance | (39,125) | (42,975) | (496) | 42,479 |
| Fund balance - beginning | \$ 103,668 | \$ 103,668 | \$ 103,668 | \$ - |
| Prior period adjustment | - | - | 68 | |
| Fund balance - ending | <u><u>\$ 64,543</u></u> | <u><u>\$ 60,693</u></u> | <u><u>\$ 103,240</u></u> | <u><u>\$ 42,479</u></u> |

See accompanying notes to budgetary comparison schedules

County of Fresno
Budgetary Comparison Schedule
Social Services Fund
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | Original Budget | Final Budget | Actual Amount | Variance with Final Budget |
|---|--------------------|------------------|------------------|-------------------------------|
| Revenues | | | | |
| Fines, forfeitures and penalties | \$ 1 | \$ 1 | \$ - | \$ (1) |
| Use of money and property | 275 | 275 | 2,624 | 2,349 |
| Intergovernmental revenues | 398,745 | 405,683 | 352,995 | (52,688) |
| Charges for current services | 20 | 742 | 436 | (306) |
| Total revenues | <u>399,041</u> | <u>406,701</u> | <u>356,055</u> | <u>(50,646)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>399,041</u> | <u>406,701</u> | <u>356,055</u> | <u>(50,646)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | 3 | 3 |
| Transfers out | (396,328) | (403,447) | (362,376) | 41,071 |
| Total other financing sources (uses) | <u>(396,328)</u> | <u>(403,447)</u> | <u>(362,373)</u> | <u>41,074</u> |
| Net change in fund balance | 2,713 | 3,254 | (6,318) | (9,572) |
| Fund balance - beginning | <u>\$ 60,860</u> | <u>\$ 60,860</u> | <u>\$ 60,860</u> | <u>\$ -</u> |
| Fund balance - ending | <u>\$ 63,573</u> | <u>\$ 64,114</u> | <u>\$ 54,542</u> | <u>\$ (9,572)</u> |

See accompanying notes to budgetary comparison schedules

County of Fresno
Budgetary Comparison Schedule
Local Health and Welfare Fund
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|----------------------|-----------------------------------|
| Revenues | | | | |
| Use of money and property | \$ 730 | \$ 730 | \$ 2,620 | \$ 1,890 |
| Intergovernmental revenues | 232,086 | 245,598 | 258,190 | 12,592 |
| Total revenues | <u>232,816</u> | <u>246,328</u> | <u>260,810</u> | <u>14,482</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>232,816</u> | <u>246,328</u> | <u>260,810</u> | <u>14,482</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 11,159 | 11,159 | 15,558 | 4,399 |
| Transfers out | (280,523) | (303,035) | (283,743) | 19,292 |
| Total other financing sources (uses) | <u>(269,364)</u> | <u>(291,876)</u> | <u>(268,185)</u> | <u>23,691</u> |
| Net change in fund balance | (36,548) | (45,548) | (7,375) | 38,173 |
| Fund balance - beginning | <u>\$ 57,478</u> | <u>\$ 57,478</u> | <u>\$ 57,478</u> | <u>\$ -</u> |
| Fund balance - ending | <u>\$ 20,930</u> | <u>\$ 11,930</u> | <u>\$ 50,103</u> | <u>\$ 38,173</u> |

See accompanying notes to budgetary comparison schedules

County of Fresno
Budgetary Comparison Schedule
2011 Realignment Fund
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | Original Budget | Final Budget | Actual Amount | Variance with Final Budget |
|--|--------------------|------------------|-------------------|-------------------------------|
| Revenues | | | | |
| Use of money and property | \$ - | \$ - | \$ 4,059 | \$ 4,059 |
| Intergovernmental revenues | 183,198 | 183,198 | 200,054 | 16,856 |
| Total revenues | <u>183,198</u> | <u>183,198</u> | <u>204,113</u> | <u>20,915</u> |
| Expenditures | | | | |
| General government | 73 | 73 | 74 | (1) |
| Total charges to expenditures | <u>73</u> | <u>73</u> | <u>74</u> | <u>(1)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>183,125</u> | <u>183,125</u> | <u>204,039</u> | <u>20,916</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers (out) | (184,959) | (193,015) | (182,484) | 10,531 |
| Total other financing sources (uses) | <u>(184,959)</u> | <u>(193,015)</u> | <u>(182,484)</u> | <u>10,531</u> |
| Net change in fund balance | (1,834) | (9,890) | 21,555 | 31,447 |
| Fund balance - beginning | <u>\$ 81,700</u> | <u>\$ 81,700</u> | <u>\$ 81,700</u> | <u>\$ -</u> |
| Fund balance - ending | <u>\$ 79,866</u> | <u>\$ 71,810</u> | <u>\$ 103,255</u> | <u>\$ 31,447</u> |

See accompanying notes to budgetary comparison schedules

County of Fresno
Notes to the Budgetary Comparison Schedules
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

BUDGETARY BASIS OF ACCOUNTING

In accordance with the provisions of Sections 29000 through 29143 and Section 30200 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County is required to prepare a balanced budget for each fiscal year on or before October 2. Budgeted expenditures are enacted into law through the passage of a resolution of adoption. The resolution of adoption specifies the maximum authorized expenditures for each budget unit for that fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County Board of Supervisors (Board).

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

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

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

County of Fresno
Notes to the Budgetary Comparison Schedules
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

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

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

County of Fresno
Required Supplementary Information
For the Fiscal Year Ended June 30, 2019
(amounts in thousands)

Fresno County Employees' Retirement Association – Schedule of the County's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

| | FY 2018 | FY 2017 | FY 2016 | FY 2015 | FY 2014 | FY 2013 |
|--|--------------|--------------|--------------|--------------|------------|--------------|
| County's portion of the net pension liability (asset) | 93.145% | 92.747% | 92.992% | 93.078% | 92.930% | 92.708% |
| County's proportionate share of the net pension liability (asset) | \$ 1,100,961 | \$ 1,211,572 | \$ 1,425,569 | \$ 1,010,008 | \$ 815,975 | \$ 1,252,321 |
| County's covered payroll | \$ 373,992 | \$ 357,538 | \$ 343,435 | \$ 325,382 | \$ 324,102 | \$ 319,905 |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 294.38% | 338.87% | 415.09% | 310.41% | 251.760% | 391.470% |
| Plan fiduciary net position as a percentage of the total pension liability | 79.87% | 77.11% | 72.31% | 78.77% | 82.14% | 72.11% |

*Amounts presented above were determined as of 6/30.
Additional years will be presented as they become available

Fresno County Employee's Retirement System – Schedule of County Contributions

Last 10 Fiscal Years*

| | FY 2019 | FY 2018 | FY 2017 | FY 2016 | FY 2015 | FY 2014 |
|--|------------|------------|------------|------------|------------|------------|
| Actuarially determined contribution | \$ 196,103 | \$ 184,077 | \$ 178,107 | \$ 171,462 | \$ 153,622 | \$ 147,009 |
| Contributions in relation to actuarially determined contribution | 196,073 | 184,317 | 178,220 | 171,577 | 153,542 | 147,091 |
| Contribution deficiency (excess) | \$ 30 | \$ (240) | \$ (113) | \$ (115) | \$ 80 | \$ (82) |
| County's covered payroll | \$ 373,992 | \$ 357,538 | \$ 343,435 | \$ 325,382 | \$ 324,102 | \$ 365,731 |
| Contributions as a percentage of covered payroll | 52.43% | 51.55% | 51.89% | 52.73% | 47.37% | 40.22% |

*Amounts presented above were determined as of 6/30.
Additional years will be presented as they become available

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

**County of Fresno
Nonmajor Governmental Funds**

Capital Projects Fund

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

Special Revenue Funds

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

Road Fund

The road fund is used to finance operations to provide maintenance, rehabilitation, and reconstruction of County roads, bridges, and attendant facilities as authorized by California Streets and Highways Code and to provide for traffic safety.

County Administrative Office (CAO) Indian Gaming

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

County Administrative Office

The County Administrative Office fund was established and is used to receive and distribute discretionary revenues received by the County through payments made for parking, misdemeanor, and felony fees & fines owed.

Auditor Controller Treasurer Tax Collector

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

Assessor Recorder

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

Behavioral Health

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

**County of Fresno
Nonmajor Governmental Funds**

County Clerk Elections

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

Child Support Services

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

District Attorney

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

Probation

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

Public Health

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

Public Works

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

Public Works CDBG

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

Community Facilities Districts

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

Public Facilities Fees

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

**County of Fresno
Nonmajor Governmental Funds**

Sheriff Coroner

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

Inmate Welfare

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

County Free Library

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

Fish and Game

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

Off-Highway License

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

Emergency Medical Services (EMS)

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

Community Corrections Performance Incentive

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

County Service Areas, Other

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

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County of Fresno
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019
(amounts expressed in thousands)

| | Capital Projects Fund | Special Revenue Funds | Total |
|--|--------------------------|--------------------------|-------------------|
| ASSETS | | | |
| Cash and investments | \$ 44,513 | \$ 189,152 | \$ 233,665 |
| Restricted cash and investments | 9,337 | - | 9,337 |
| Receivables, net: | | | |
| Accounts | - | 3,500 | 3,500 |
| Taxes | - | - | - |
| Interest | 53 | 1,032 | 1,085 |
| Due from other funds | 16 | 804 | 820 |
| Due from other governmental units | 4,581 | 15,959 | 20,540 |
| Total assets | <u>58,500</u> | <u>210,447</u> | <u>268,947</u> |
| Deferred outflows of resources: | | | |
| Prepaid Expense | - | 76 | 76 |
| Total deferred outflows of resources | <u>-</u> | <u>76</u> | <u>76</u> |
| Total assets and deferred outflows of resources | <u>\$ 58,500</u> | <u>\$ 210,523</u> | <u>\$ 269,023</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES | | | |
| Liabilities | | | |
| Accounts payable | \$ 7,836 | \$ 4,046 | \$ 11,882 |
| Salaries and benefits payable | - | 1,674 | 1,674 |
| Due to other funds | 148 | 9,308 | 9,456 |
| Due to other governmental units | - | 8,663 | 8,663 |
| Deposits and other liabilities | - | 4,773 | 4,773 |
| Unearned revenue | - | 3,326 | 3,326 |
| Total liabilities | <u>7,984</u> | <u>31,790</u> | <u>39,774</u> |
| Deferred inflows of resources: | | | |
| Unavailable property taxes | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | |
| Nonspendable | - | 36 | 36 |
| Restricted | 50,516 | 178,697 | 229,213 |
| Total fund balances | <u>50,516</u> | <u>178,733</u> | <u>229,249</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 58,500</u> | <u>\$ 210,523</u> | <u>\$ 269,023</u> |

County of Fresno
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | Capital Projects Fund | Special Revenue Funds | Total |
|---|--------------------------|--------------------------|-------------------|
| REVENUES | | | |
| Taxes | \$ - | \$ 40,585 | \$ 40,585 |
| Licenses and permits | - | 3,049 | 3,049 |
| Fines, forfeitures and penalties | 26 | 5,043 | 5,069 |
| Use of money and property | 1,935 | 7,767 | 9,702 |
| Aid from other governmental agencies: | | | |
| State | 24,923 | 56,329 | 81,252 |
| Federal | - | 31,812 | 31,812 |
| Other | - | 34 | 34 |
| Charges for current services | 386 | 14,195 | 14,581 |
| Other revenues | 1,024 | 4,129 | 5,153 |
| Total revenues | <u>28,294</u> | <u>162,943</u> | <u>191,237</u> |
| EXPENDITURES | | | |
| General government | 1,203 | 1,652 | 2,855 |
| Public protection | - | - | - |
| Public ways and facilities | - | 37,611 | 37,611 |
| Health, sanitation, and public assistance | - | 1,403 | 1,403 |
| Education | - | 27,618 | 27,618 |
| Capital outlay | 37,514 | 23,129 | 60,643 |
| Total expenditures | <u>38,717</u> | <u>91,413</u> | <u>130,130</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(10,423)</u> | <u>71,530</u> | <u>61,107</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 24,248 | 1,320 | 25,568 |
| Transfers (out) | - | (54,683) | (54,683) |
| Total other financing sources (uses) | <u>24,248</u> | <u>(53,363)</u> | <u>(29,115)</u> |
| Net change in fund balances | 13,825 | 18,167 | 31,992 |
| Fund balances - beginning | 36,691 | 161,177 | 197,868 |
| Prior period adjustment | - | (611) | (611) |
| Fund balances - beginning restated | 36,691 | 160,566 | 197,257 |
| Fund balances - ending | <u>\$ 50,516</u> | <u>\$ 178,733</u> | <u>\$ 229,249</u> |

County of Fresno
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019
(amounts expressed in thousands)

| | Road Fund | CAO Indian Gaming | County Administrative Office | Auditor Controller Treasurer Tax Collector | Assessor Recorder | Behavioral Health |
|--|------------------|----------------------|------------------------------------|---|----------------------|----------------------|
| ASSETS | | | | | | |
| Cash and investments | \$ 26,698 | \$ 137 | \$ 337 | \$ 8,657 | \$ 25,049 | \$ 21,606 |
| Receivables, net: | | | | | | |
| Accounts | 2,492 | - | 248 | - | 48 | 19 |
| Taxes | - | - | - | - | - | - |
| Interest | 146 | 1 | 3 | 49 | 137 | 127 |
| Due from other funds | 198 | - | - | - | 592 | - |
| Due from other governmental units | 5,847 | - | - | - | - | 37 |
| Total assets | <u>35,381</u> | <u>138</u> | <u>588</u> | <u>8,706</u> | <u>25,826</u> | <u>21,789</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Prepaid Expense | - | - | - | - | - | - |
| Total deferred outflows of resources | - | - | - | - | - | - |
| Total assets and deferred outflows of resources | <u>\$ 35,381</u> | <u>\$ 138</u> | <u>\$ 588</u> | <u>\$ 8,706</u> | <u>\$ 25,826</u> | <u>\$ 21,789</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 2,479 | \$ - | \$ - | \$ - | \$ 27 | \$ - |
| Salaries and benefits payable | 858 | - | - | - | 66 | - |
| Due to other funds | 840 | - | 466 | 328 | 1,281 | 68 |
| Due to other governmental units | 3,627 | - | - | - | 31 | - |
| Deposits and other liabilities | 77 | - | - | - | 2,647 | - |
| Unearned revenue | 27 | - | - | - | - | - |
| Total liabilities | <u>7,908</u> | <u>-</u> | <u>466</u> | <u>328</u> | <u>4,052</u> | <u>68</u> |
| Deferred inflows of resources: | | | | | | |
| Unavailable property taxes | - | - | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - | - | - |
| Fund balances | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | 27,473 | 138 | 122 | 8,378 | 21,774 | 21,721 |
| Total fund balances | <u>27,473</u> | <u>138</u> | <u>122</u> | <u>8,378</u> | <u>21,774</u> | <u>21,721</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 35,381</u> | <u>\$ 138</u> | <u>\$ 588</u> | <u>\$ 8,706</u> | <u>\$ 25,826</u> | <u>\$ 21,789</u> |

County of Fresno
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019
(amounts expressed in thousands)

| | County Clerk Elections | Child Support Services | District Attorney | Probation | Public Health | Public Works |
|--|---------------------------|---------------------------|----------------------|-----------------|-----------------|-----------------|
| ASSETS | | | | | | |
| Cash and investments | \$ 1,327 | \$ 51 | \$ 4,515 | \$ 3,680 | \$ 7,917 | \$ 5,006 |
| Receivables, net: | | | | | | |
| Accounts | - | - | 24 | 21 | 9 | 43 |
| Taxes | - | - | - | - | - | - |
| Interest | 7 | 8 | 25 | 21 | 46 | 27 |
| Due from other funds | - | - | - | - | 7 | 1 |
| Due from other governmental units | - | 1,376 | 770 | - | 975 | - |
| Total assets | <u>1,334</u> | <u>1,435</u> | <u>5,334</u> | <u>3,722</u> | <u>8,954</u> | <u>5,077</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Prepaid Expense | - | - | - | - | - | - |
| Total deferred outflows of resources | - | - | - | - | - | - |
| Total assets and deferred outflows of resources | <u>\$ 1,334</u> | <u>\$ 1,435</u> | <u>\$ 5,334</u> | <u>\$ 3,722</u> | <u>\$ 8,954</u> | <u>\$ 5,077</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 3 | \$ - | \$ 68 |
| Salaries and benefits payable | - | - | - | - | - | - |
| Due to other funds | - | 1,414 | 1,032 | 106 | 1,323 | - |
| Due to other governmental units | - | - | 116 | - | - | 4,810 |
| Deposits and other liabilities | - | - | 1,109 | 4 | - | 199 |
| Unearned revenue | - | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>1,414</u> | <u>2,257</u> | <u>113</u> | <u>1,323</u> | <u>5,077</u> |
| Deferred inflows of resources: | | | | | | |
| Unavailable property taxes | - | - | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | 1,334 | 21 | 3,077 | 3,609 | 7,631 | - |
| Total fund balances | <u>1,334</u> | <u>21</u> | <u>3,077</u> | <u>3,609</u> | <u>7,631</u> | <u>-</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 1,334</u> | <u>\$ 1,435</u> | <u>\$ 5,334</u> | <u>\$ 3,722</u> | <u>\$ 8,954</u> | <u>\$ 5,077</u> |

County of Fresno
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019
(amounts expressed in thousands)

| | Public Works CDBG | Community Facilities Districts | Public Facilities Fees | Sheriff Coroner | Inmate Welfare | County Free Library |
|--|-------------------------|--------------------------------------|---------------------------|--------------------|-------------------|------------------------|
| ASSETS | | | | | | |
| Cash and investments | \$ 3,655 | \$ 7,428 | \$ 5,151 | \$ 7,775 | \$ 10,224 | \$ 36,294 |
| Receivables, net: | | | | | | |
| Accounts | 147 | - | - | 149 | 217 | 11 |
| Taxes | - | - | - | - | - | - |
| Interest | 18 | 37 | 21 | 46 | 54 | 194 |
| Due from other funds | - | - | - | 6 | - | - |
| Due from other governmental units | - | - | - | 3,283 | - | 3,197 |
| Total assets | <u>3,820</u> | <u>7,465</u> | <u>5,172</u> | <u>11,259</u> | <u>10,495</u> | <u>39,696</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Prepaid Expense | - | - | - | - | - | 76 |
| Total deferred outflows of resources | - | - | - | - | - | 76 |
| Total assets and deferred outflows of resources | <u>\$ 3,820</u> | <u>\$ 7,465</u> | <u>\$ 5,172</u> | <u>\$ 11,259</u> | <u>\$ 10,495</u> | <u>\$ 39,772</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 236 |
| Salaries and benefits payable | - | - | - | - | - | 750 |
| Due to other funds | - | - | - | 1,103 | 180 | 195 |
| Due to other governmental units | - | - | - | - | - | 9 |
| Deposits and other liabilities | - | 94 | 562 | - | - | - |
| Unearned revenue | - | - | - | 3,238 | - | 61 |
| Total liabilities | <u>-</u> | <u>94</u> | <u>562</u> | <u>4,341</u> | <u>180</u> | <u>1,251</u> |
| Deferred inflows of resources: | | | | | | |
| Unavailable property taxes | - | - | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances | | | | | | |
| Nonspendable | - | - | - | - | - | 36 |
| Restricted | 3,820 | 7,371 | 4,610 | 6,918 | 10,315 | 38,485 |
| Total fund balances | <u>3,820</u> | <u>7,371</u> | <u>4,610</u> | <u>6,918</u> | <u>10,315</u> | <u>38,521</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 3,820</u> | <u>\$ 7,465</u> | <u>\$ 5,172</u> | <u>\$ 11,259</u> | <u>\$ 10,495</u> | <u>\$ 39,772</u> |

County of Fresno
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019
(amounts expressed in thousands)

| | Fish and Game | Off-Highway License | Emergency Medical Services | Community Corrections Performance Incentive | County Service Areas, Other | Total Special Revenue Funds |
|--|---------------|------------------------|----------------------------------|--|--------------------------------|--------------------------------|
| ASSETS | | | | | | |
| Cash and investments | \$ 8 | \$ 108 | \$ 1,931 | \$ 1,843 | \$ 9,755 | \$ 189,152 |
| Receivables, net: | | | | | | |
| Accounts | - | 5 | 67 | - | - | 3,500 |
| Taxes | - | - | - | - | - | - |
| Interest | - | 1 | 10 | 12 | 42 | 1,032 |
| Due from other funds | - | - | - | - | - | 804 |
| Due from other governmental units | - | - | - | 474 | - | 15,959 |
| Total assets | <u>8</u> | <u>114</u> | <u>2,008</u> | <u>2,329</u> | <u>9,797</u> | <u>210,447</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Prepaid Expense | - | - | - | - | - | 76 |
| Total deferred outflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>76</u> |
| Total assets and deferred outflows of resources | <u>\$ 8</u> | <u>\$ 114</u> | <u>\$ 2,008</u> | <u>\$ 2,329</u> | <u>\$ 9,797</u> | <u>\$ 210,523</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 1,219 | \$ - | \$ 14 | \$ 4,046 |
| Salaries and benefits payable | - | - | - | - | - | 1,674 |
| Due to other funds | - | - | 130 | 831 | 11 | 9,308 |
| Due to other governmental units | - | - | - | - | 70 | 8,663 |
| Deposits and other liabilities | - | - | 35 | - | 46 | 4,773 |
| Unearned revenue | - | - | - | - | - | 3,326 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>1,384</u> | <u>831</u> | <u>141</u> | <u>31,790</u> |
| Deferred inflows of resources: | | | | | | |
| Unavailable property taxes | - | - | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances | | | | | | |
| Nonspendable | - | - | - | - | - | 36 |
| Restricted | 8 | 114 | 624 | 1,498 | 9,656 | 178,697 |
| Total fund balances | <u>8</u> | <u>114</u> | <u>624</u> | <u>1,498</u> | <u>9,656</u> | <u>178,733</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 8</u> | <u>\$ 114</u> | <u>\$ 2,008</u> | <u>\$ 2,329</u> | <u>\$ 9,797</u> | <u>\$ 210,523</u> |

County of Fresno
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | Road Fund | CAO Indian Gaming | County Administrative Office | Auditor Controller Treasurer Tax Collector | Assessor Recorder | Behavioral Health |
|--|------------------|----------------------|------------------------------------|---|-------------------|-------------------|
| Revenues | | | | | | |
| Taxes | \$ 7,320 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | 718 | - | - | - | 5 | - |
| Fines, forfeitures and penalties | - | - | 1,712 | 245 | 21 | 295 |
| Use of money and property | 975 | 5 | 13 | 399 | 1,070 | 997 |
| Aid from other governmental agencies: | | | | | | |
| State | 40,543 | - | - | - | - | - |
| Federal | 13,742 | - | - | - | - | 1,158 |
| Other | 8 | - | - | - | - | - |
| Charges for current services | 1,864 | - | - | - | 3,064 | - |
| Other revenues | - | - | - | - | 3 | 891 |
| Total revenues | <u>65,170</u> | <u>5</u> | <u>1,725</u> | <u>644</u> | <u>4,163</u> | <u>3,341</u> |
| Expenditures | | | | | | |
| General government | - | - | - | - | 1,649 | - |
| Public ways and facilities | 36,395 | - | - | - | - | - |
| Health, sanitation, and public assistance | - | - | - | - | - | - |
| Education | - | - | - | - | - | - |
| Capital outlay | 23,122 | - | - | - | - | - |
| Total expenditures | <u>59,517</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,649</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>5,653</u> | <u>5</u> | <u>1,725</u> | <u>644</u> | <u>2,514</u> | <u>3,341</u> |
| Other financing sources (uses): | | | | | | |
| Transfer in | 444 | - | - | - | 730 | - |
| Transfer out | (875) | - | (1,938) | (1,484) | (3,009) | (4,443) |
| Total other financing sources (uses) | <u>(431)</u> | <u>-</u> | <u>(1,938)</u> | <u>(1,484)</u> | <u>(2,279)</u> | <u>(4,443)</u> |
| Net change in fund balances | 5,222 | 5 | (213) | (840) | 235 | (1,102) |
| Fund balances - beginning | 22,251 | 133 | 335 | 9,218 | 21,539 | 23,434 |
| Prior period adjustment | - | - | - | - | - | (611) |
| Fund balances - beginning restated | 22,251 | 133 | 335 | 9,218 | 21,539 | 22,823 |
| Fund balances - ending | <u>\$ 27,473</u> | <u>\$ 138</u> | <u>\$ 122</u> | <u>\$ 8,378</u> | <u>\$ 21,774</u> | <u>\$ 21,721</u> |

County of Fresno
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | County Clerk Elections | Child Support Services | District Attorney | Probation | Public Health | Public Works |
|--|---------------------------|---------------------------|----------------------|-----------------|-----------------|--------------|
| Revenues | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - | 2,326 |
| Fines, forfeitures and penalties | - | - | - | 26 | 22 | 11 |
| Use of money and property | 23 | 33 | 211 | 143 | 342 | 250 |
| Aid from other governmental agencies: | | | | | | |
| State | - | 7,747 | 2,352 | 1,456 | 1,144 | - |
| Federal | - | 15,038 | - | - | 1,848 | - |
| Other | - | - | - | - | 26 | - |
| Charges for current services | - | - | 753 | - | 919 | - |
| Other revenues | - | - | 900 | 95 | 185 | 178 |
| Total revenues | <u>23</u> | <u>22,818</u> | <u>4,216</u> | <u>1,720</u> | <u>4,486</u> | <u>2,765</u> |
| Expenditures | | | | | | |
| General government | - | - | - | - | - | - |
| Public ways and facilities | - | - | - | - | - | - |
| Health, sanitation, and public assistance | - | - | - | - | - | - |
| Education | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>23</u> | <u>22,818</u> | <u>4,216</u> | <u>1,720</u> | <u>4,486</u> | <u>2,765</u> |
| Other financing sources (uses): | | | | | | |
| Transfer in | - | - | - | - | 7 | - |
| Transfer out | - | (22,826) | (5,260) | (619) | (4,639) | (595) |
| Total other financing sources (uses) | <u>-</u> | <u>(22,826)</u> | <u>(5,260)</u> | <u>(619)</u> | <u>(4,632)</u> | <u>(595)</u> |
| Net change in fund balances | 23 | (8) | (1,044) | 1,101 | (146) | 2,170 |
| Fund balances - beginning | 1,311 | 29 | 4,121 | 2,508 | 7,777 | (2,170) |
| Prior period adjustment | - | - | - | - | - | - |
| Fund balances - beginning restated | 1,311 | 29 | 4,121 | 2,508 | 7,777 | (2,170) |
| Fund balances - ending | <u>\$ 1,334</u> | <u>\$ 21</u> | <u>\$ 3,077</u> | <u>\$ 3,609</u> | <u>\$ 7,631</u> | <u>\$ -</u> |

County of Fresno
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | Public Works CDBG | Community Facilities Districts | Public Facilities Fees | Sheriff Coroner | Inmate Welfare | County Free Library |
|--|----------------------|--------------------------------------|---------------------------|--------------------|-------------------|------------------------|
| Revenues | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 33,209 |
| Licenses and permits | - | - | - | - | - | - |
| Fines, forfeitures and penalties | 1,590 | - | - | 188 | - | 40 |
| Use of money and property | 128 | 310 | 196 | 334 | 394 | 1,339 |
| Aid from other governmental agencies: | | | | | | |
| State | - | - | - | 259 | - | 301 |
| Federal | - | - | - | - | - | 26 |
| Other | - | - | - | - | - | - |
| Charges for current services | - | - | - | 408 | 4,006 | 1,602 |
| Other revenues | 143 | - | - | 218 | - | 1,432 |
| Total revenues | <u>1,861</u> | <u>310</u> | <u>196</u> | <u>1,407</u> | <u>4,400</u> | <u>37,949</u> |
| Expenditures | | | | | | |
| General government | - | - | - | - | - | - |
| Public ways and facilities | - | - | - | - | - | - |
| Health, sanitation, and public assistance | - | - | - | - | - | - |
| Education | - | - | - | - | - | 27,618 |
| Capital outlay | - | - | - | - | - | 7 |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>27,625</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,861</u> | <u>310</u> | <u>196</u> | <u>1,407</u> | <u>4,400</u> | <u>10,324</u> |
| Other financing sources (uses): | | | | | | |
| Transfer in | - | - | - | 1 | - | 138 |
| Transfer out | (679) | - | - | (1,519) | (2,554) | (1,110) |
| Total other financing sources (uses) | <u>(679)</u> | <u>-</u> | <u>-</u> | <u>(1,518)</u> | <u>(2,554)</u> | <u>(972)</u> |
| Net change in fund balances | 1,182 | 310 | 196 | (111) | 1,846 | 9,352 |
| Fund balances - beginning | 2,638 | 7,061 | 4,414 | 7,029 | 8,469 | 29,169 |
| Prior period adjustment | - | - | - | - | - | - |
| Fund balances - beginning restated | 2,638 | 7,061 | 4,414 | 7,029 | 8,469 | 29,169 |
| Fund balances - ending | <u>\$ 3,820</u> | <u>\$ 7,371</u> | <u>\$ 4,610</u> | <u>\$ 6,918</u> | <u>\$ 10,315</u> | <u>\$ 38,521</u> |

County of Fresno
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | Fish and Game | Off-Highway License | Emergency Medical Services | Community Corrections Performance Incentive | County Service Areas, Other | Total Special Revenue Funds |
|--|---------------|------------------------|-------------------------------|--|--------------------------------|--------------------------------|
| Revenues | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ 56 | \$ 40,585 |
| Licenses and permits | - | - | - | - | - | 3,049 |
| Fines, forfeitures and penalties | 2 | - | 891 | - | - | 5,043 |
| Use of money and property | 1 | 6 | 72 | 106 | 420 | 7,767 |
| Aid from other governmental agencies: | | | | | | |
| State | - | 13 | - | 2,489 | 25 | 56,329 |
| Federal | - | - | - | - | - | 31,812 |
| Other | - | - | - | - | - | 34 |
| Charges for current services | - | - | - | - | 1,579 | 14,195 |
| Other revenues | - | - | - | - | 83 | 4,129 |
| Total revenues | <u>3</u> | <u>19</u> | <u>963</u> | <u>2,595</u> | <u>2,163</u> | <u>162,943</u> |
| Expenditures | | | | | | |
| General government | 3 | - | - | - | - | 1,652 |
| Public ways and facilities | - | - | - | - | 1,216 | 37,611 |
| Health, sanitation, and public assistance | - | - | 1,403 | - | - | 1,403 |
| Education | - | - | - | - | - | 27,618 |
| Capital outlay | - | - | - | - | - | 23,129 |
| Total expenditures | <u>3</u> | <u>-</u> | <u>1,403</u> | <u>-</u> | <u>1,216</u> | <u>91,413</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>19</u> | <u>(440)</u> | <u>2,595</u> | <u>947</u> | <u>71,530</u> |
| Other financing sources (uses): | | | | | | |
| Transfer in | - | - | - | - | - | 1,320 |
| Transfer out | - | - | (129) | (3,004) | - | (54,683) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(129)</u> | <u>(3,004)</u> | <u>-</u> | <u>(53,363)</u> |
| Net change in fund balances | - | 19 | (569) | (409) | 947 | 18,167 |
| Fund balances - beginning | 8 | 95 | 1,193 | 1,907 | 8,709 | 161,177 |
| Prior period adjustment | - | - | - | - | - | (611) |
| Fund balances - beginning restated | 8 | 95 | 1,193 | 1,907 | 8,709 | 160,566 |
| Fund balances - ending | <u>\$ 8</u> | <u>\$ 114</u> | <u>\$ 624</u> | <u>\$ 1,498</u> | <u>\$ 9,656</u> | <u>\$ 178,733</u> |

County of Fresno
Budgetary Comparison Schedule
Road Fund
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | Original Budget | Final Budget | Actual Amount | Variance with Final Budget |
|---|--------------------|-----------------|------------------|-------------------------------|
| Revenues | | | | |
| Taxes | \$ 9,821 | \$ 9,821 | \$ 7,320 | \$ (2,501) |
| Licenses and permits | 600 | 600 | 718 | 118 |
| Use of money and property | 348 | 348 | 975 | 627 |
| Intergovernmental revenues | 72,965 | 72,965 | 54,293 | (18,672) |
| Charges for current services | 2,032 | 2,032 | 1,864 | (168) |
| Other revenues | 287 | 287 | - | (287) |
| Total revenues | <u>86,053</u> | <u>86,053</u> | <u>65,170</u> | <u>(20,883)</u> |
| Expenditures | | | | |
| Public ways and facilities | 98,869 | 100,919 | 36,395 | 64,524 |
| Capital outlay | - | - | 23,122 | (23,122) |
| Total expenditures | <u>98,869</u> | <u>100,919</u> | <u>59,517</u> | <u>41,402</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(12,816)</u> | <u>(14,866)</u> | <u>5,653</u> | <u>(62,285)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 958 | 958 | 444 | (514) |
| Transfers out | - | - | (875) | (875) |
| Total other financing sources (uses) | <u>958</u> | <u>958</u> | <u>(431)</u> | <u>(1,389)</u> |
| Net change in fund balance | (11,858) | (13,908) | 5,222 | (63,674) |
| Fund balances - beginning | 22,251 | 22,251 | 22,251 | - |
| Fund balances - ending | <u>\$ 10,393</u> | <u>\$ 8,343</u> | <u>\$ 27,473</u> | <u>\$ (63,674)</u> |

County of Fresno
Budgetary Comparison Schedule
CAO Indian Gaming
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | Original Budget | Final Budget | Actual Amount | Variance with Final Budget |
|---|--------------------|-----------------|------------------|-------------------------------|
| Revenues | | | | |
| Use of money and property | \$ - | \$ - | \$ 5 | \$ 5 |
| Total revenues | <u>-</u> | <u>-</u> | <u>5</u> | <u>5</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>5</u> | <u>5</u> |
| Net change in fund balance | - | - | 5 | 5 |
| Fund balances - beginning | 133 | 133 | 133 | - |
| Fund balances - ending | <u>\$ 133</u> | <u>\$ 133</u> | <u>\$ 138</u> | <u>\$ 5</u> |

County of Fresno
Budgetary Comparison Schedule
County Administrative Office
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--------------------------|---------------------------------------|
| Revenues | | | | |
| Fines, forfeitures and penalties | \$ 1,741 | \$ 1,741 | \$ 1,712 | \$ (29) |
| Use of money and property | 9 | 9 | 13 | 4 |
| Total revenues | <u>1,750</u> | <u>1,750</u> | <u>1,725</u> | <u>(25)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,750</u> | <u>1,750</u> | <u>1,725</u> | <u>(25)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | <u>(1,962)</u> | <u>(1,962)</u> | <u>(1,938)</u> | <u>24</u> |
| Total other financing sources (uses) | <u>(1,962)</u> | <u>(1,962)</u> | <u>(1,938)</u> | <u>24</u> |
| Net change in fund balance | (212) | (212) | (213) | (1) |
| Fund balances - beginning | 335 | 335 | 335 | - |
| Fund balances - ending | <u>\$ 123</u> | <u>\$ 123</u> | <u>\$ 122</u> | <u>\$ (1)</u> |

County of Fresno
Budgetary Comparison Schedule
Auditor-Controller/Treasurer-Tax Collector
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--------------------------|---------------------------------------|
| Revenues | | | | |
| Fines, forfeitures and penalties | \$ 380 | \$ 380 | \$ 245 | \$ (135) |
| Use of money and property | - | - | 399 | 399 |
| Total revenues | <u>380</u> | <u>380</u> | <u>644</u> | <u>264</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>380</u> | <u>380</u> | <u>644</u> | <u>264</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | <u>(2,440)</u> | <u>(2,440)</u> | <u>(1,484)</u> | <u>956</u> |
| Total other financing sources (uses) | <u>(2,440)</u> | <u>(2,440)</u> | <u>(1,484)</u> | <u>956</u> |
| Net change in fund balance | (2,060) | (2,060) | (840) | 1,220 |
| Fund balances - beginning | 9,218 | 9,218 | 9,218 | - |
| Fund balances - ending | <u><u>\$ 7,158</u></u> | <u><u>\$ 7,158</u></u> | <u><u>\$ 8,378</u></u> | <u><u>\$ 1,220</u></u> |

County of Fresno
Budgetary Comparison Schedule
Assessor/Recorder
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | Original Budget | Final Budget | Actual Amount | Variance with Final Budget |
|---|--------------------|------------------|------------------|-------------------------------|
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ 5 | \$ 5 |
| Fines, forfeitures and penalties | - | - | 21 | 21 |
| Use of money and property | 404 | 404 | 1,070 | 666 |
| Charges for current services | 2,801 | 2,801 | 3,064 | 263 |
| Other revenues | - | - | 3 | 3 |
| Total revenues | <u>3,205</u> | <u>3,205</u> | <u>4,163</u> | <u>958</u> |
| Expenditures | | | | |
| General government | 5,120 | 4,370 | 1,649 | 2,721 |
| Total expenditures | <u>5,120</u> | <u>4,370</u> | <u>1,649</u> | <u>2,721</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,915)</u> | <u>(1,165)</u> | <u>2,514</u> | <u>(1,763)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 5,797 | 5,797 | 730 | (5,067) |
| Transfers out | (12,196) | (12,946) | (3,009) | 9,937 |
| Total other financing sources (uses) | <u>(6,399)</u> | <u>(7,149)</u> | <u>(2,279)</u> | <u>4,870</u> |
| Net change in fund balance | (8,314) | (8,314) | 235 | 3,107 |
| Fund balances - beginning | 21,539 | 21,539 | 21,539 | - |
| Fund balances - ending | <u>\$ 13,225</u> | <u>\$ 13,225</u> | <u>\$ 21,774</u> | <u>\$ 3,107</u> |

County of Fresno
Budgetary Comparison Schedule
Behavioral Health
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--------------------------|---------------------------------------|
| Revenues | | | | |
| Fines, forfeitures and penalties | \$ 299 | \$ 299 | \$ 295 | \$ (4) |
| Use of money and property | - | - | 997 | 997 |
| Intergovernmental revenues | 7,743 | 7,743 | 1,158 | (6,585) |
| Other revenues | - | - | 891 | 891 |
| Total revenues | <u>8,042</u> | <u>8,042</u> | <u>3,341</u> | <u>(4,701)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>8,042</u> | <u>8,042</u> | <u>3,341</u> | <u>(4,701)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | <u>(22,091)</u> | <u>(22,091)</u> | <u>(4,443)</u> | <u>17,648</u> |
| Total other financing sources (uses) | <u>(22,091)</u> | <u>(22,091)</u> | <u>(4,443)</u> | <u>17,648</u> |
| Net change in fund balance | (14,049) | (14,049) | (1,102) | 12,947 |
| Fund balances - beginning | 23,434 | 23,434 | 23,434 | - |
| Prior period adjustment | - | - | (611) | - |
| Fund balances - beginning restated | <u>23,434</u> | <u>23,434</u> | <u>22,823</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 9,385</u> | <u>\$ 9,385</u> | <u>\$ 21,721</u> | <u>\$ 12,947</u> |

County of Fresno
Budgetary Comparison Schedule
County Clerk Elections
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--------------------------|---------------------------------------|
| Revenues | | | | |
| Use of money and property | \$ - | \$ - | \$ 23 | \$ 23 |
| Charges for services | 29 | 29 | - | (29) |
| Total revenues | <u>29</u> | <u>29</u> | <u>23</u> | <u>(6)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>29</u> | <u>29</u> | <u>23</u> | <u>(6)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | (25) | (25) | - | 25 |
| Total other financing sources (uses) | <u>(25)</u> | <u>(25)</u> | <u>-</u> | <u>25</u> |
| Net change in fund balance | 4 | 4 | 23 | 19 |
| Fund balances - beginning | <u>1,311</u> | <u>1,311</u> | <u>1,311</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 1,315</u> | <u>\$ 1,315</u> | <u>\$ 1,334</u> | <u>\$ 19</u> |

County of Fresno
Budgetary Comparison Schedule
Child Support Services
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--------------------------|---------------------------------------|
| Revenues | | | | |
| Use of money and property | \$ 15 | \$ 15 | \$ 33 | \$ 18 |
| Intergovernmental revenues | 22,780 | 23,700 | 22,785 | (915) |
| Total revenues | <u>22,795</u> | <u>23,715</u> | <u>22,818</u> | <u>(897)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>22,795</u> | <u>23,715</u> | <u>22,818</u> | <u>(897)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | <u>(22,795)</u> | <u>(23,716)</u> | <u>(22,826)</u> | <u>890</u> |
| Total other financing sources (uses) | <u>(22,795)</u> | <u>(23,716)</u> | <u>(22,826)</u> | <u>890</u> |
| Net change in fund balance | - | (1) | (8) | (7) |
| Fund balances - beginning | 29 | 29 | 29 | - |
| Fund balances - ending | <u>\$ 29</u> | <u>\$ 28</u> | <u>\$ 21</u> | <u>\$ (7)</u> |

County of Fresno
Budgetary Comparison Schedule
District Attorney
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--------------------------|---------------------------------------|
| Revenues | | | | |
| Use of money and property | \$ - | \$ - | \$ 211 | \$ 211 |
| Intergovernmental revenues | 1,764 | 1,921 | 2,352 | 431 |
| Charges for current services | 800 | 800 | 753 | (47) |
| Other revenues | 2,200 | 2,200 | 900 | (1,300) |
| Total revenues | <u>4,764</u> | <u>4,921</u> | <u>4,216</u> | <u>(705)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>4,764</u> | <u>4,921</u> | <u>4,216</u> | <u>(705)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | <u>(5,833)</u> | <u>(5,990)</u> | <u>(5,260)</u> | <u>730</u> |
| Total other financing sources (uses) | <u>(5,833)</u> | <u>(5,990)</u> | <u>(5,260)</u> | <u>730</u> |
| Net change in fund balance | (1,069) | (1,069) | (1,044) | 25 |
| Fund balances - beginning | 4,121 | 4,121 | 4,121 | - |
| Fund balances - ending | <u>\$ 3,052</u> | <u>\$ 3,052</u> | <u>\$ 3,077</u> | <u>\$ 25</u> |

County of Fresno
Budgetary Comparison Schedule
Probation
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--------------------------|---------------------------------------|
| Revenues | | | | |
| Fines, forfeitures and penalties | \$ - | \$ - | \$ 26 | \$ 26 |
| Use of money and property | 2 | 2 | 143 | 141 |
| Intergovernmental revenues | 805 | 805 | 1,456 | 651 |
| Other revenues | 136 | 136 | 95 | (41) |
| Total revenues | <u>943</u> | <u>943</u> | <u>1,720</u> | <u>777</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>943</u> | <u>943</u> | <u>1,720</u> | <u>777</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | <u>(654)</u> | <u>(696)</u> | <u>(619)</u> | <u>77</u> |
| Total other financing sources (uses) | <u>(654)</u> | <u>(696)</u> | <u>(619)</u> | <u>77</u> |
| Net change in fund balance | 289 | 247 | 1,101 | 854 |
| Fund balances - beginning | <u>2,508</u> | <u>2,508</u> | <u>2,508</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 2,797</u> | <u>\$ 2,755</u> | <u>\$ 3,609</u> | <u>\$ 854</u> |

County of Fresno
Budgetary Comparison Schedule
Public Health
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--------------------------|---------------------------------------|
| Revenues | | | | |
| Licenses and permits | \$ 8 | \$ 8 | \$ - | \$ (8) |
| Fines, forfeitures and penalties | 100 | 100 | 22 | (78) |
| Use of money and property | 53 | 53 | 342 | 289 |
| Intergovernmental revenues | 3,310 | 3,310 | 3,018 | (292) |
| Charges for current services | 945 | 945 | 919 | (26) |
| Other revenues | 705 | 705 | 185 | (520) |
| Total revenues | <u>5,121</u> | <u>5,121</u> | <u>4,486</u> | <u>(635)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>5,121</u> | <u>5,121</u> | <u>4,486</u> | <u>(635)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | - | - | 7 | 7 |
| Transfers out | <u>(6,824)</u> | <u>(7,574)</u> | <u>(4,639)</u> | <u>2,935</u> |
| Total other financing sources (uses) | <u>(6,824)</u> | <u>(7,574)</u> | <u>(4,632)</u> | <u>2,942</u> |
| Net change in fund balance | (1,703) | (2,453) | (146) | 2,307 |
| Fund balances - beginning | <u>7,777</u> | <u>7,777</u> | <u>7,777</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 6,074</u> | <u>\$ 5,324</u> | <u>\$ 7,631</u> | <u>\$ 2,307</u> |

County of Fresno
Budgetary Comparison Schedule
Public Works
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|--------------------------|--------------------------|---------------------------------------|
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ 2,326 | \$ 2,326 |
| Fines, forfeitures and penalties | - | - | 11 | 11 |
| Use of money and property | 6 | 6 | - | (6) |
| Charges for current services | - | - | 250 | 250 |
| Other revenues | 273 | 273 | 178 | (95) |
| Total revenues | <u>279</u> | <u>279</u> | <u>2,765</u> | <u>2,486</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>279</u> | <u>279</u> | <u>2,765</u> | <u>2,486</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | <u>(1,288)</u> | <u>(2,163)</u> | <u>(595)</u> | <u>1,568</u> |
| Total other financing sources (uses) | <u>(1,288)</u> | <u>(2,163)</u> | <u>(595)</u> | <u>1,568</u> |
| Net change in fund balance | (1,009) | (1,884) | 2,170 | 4,054 |
| Fund balances - beginning | <u>(2,170)</u> | <u>(2,170)</u> | <u>(2,170)</u> | <u>-</u> |
| Fund balances - ending | <u><u>\$ (3,179)</u></u> | <u><u>\$ (4,054)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 4,054</u></u> |

County of Fresno
Budgetary Comparison Schedule
Public Works - CDBG
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--------------------------|---------------------------------------|
| Revenues | | | | |
| Fines, forfeitures and penalties | \$ 1,014 | \$ 1,014 | \$ 1,590 | \$ 576 |
| Use of money and property | - | - | 128 | 128 |
| Other revenues | - | - | 143 | 143 |
| Total revenues | <u>1,014</u> | <u>1,014</u> | <u>1,861</u> | <u>847</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,014</u> | <u>1,014</u> | <u>1,861</u> | <u>847</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | <u>(1,027)</u> | <u>(1,027)</u> | <u>(679)</u> | <u>348</u> |
| Total other financing sources (uses) | <u>(1,027)</u> | <u>(1,027)</u> | <u>(679)</u> | <u>348</u> |
| Net change in fund balance | (13) | (13) | 1,182 | 1,195 |
| Fund balances - beginning | <u>2,638</u> | <u>2,638</u> | <u>2,638</u> | <u>-</u> |
| Fund balances - ending | <u><u>\$ 2,625</u></u> | <u><u>\$ 2,625</u></u> | <u><u>\$ 3,820</u></u> | <u><u>\$ 1,195</u></u> |

County of Fresno
Budgetary Comparison Schedule
Community Facilities Districts
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--------------------------|---------------------------------------|
| Revenues | | | | |
| Use of money and property | \$ - | \$ - | \$ 310 | \$ 310 |
| Total revenues | <u>-</u> | <u>-</u> | <u>310</u> | <u>310</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>310</u> | <u>310</u> |
| Net change in fund balance | - | - | 310 | 310 |
| Fund balances - beginning | <u>7,061</u> | <u>7,061</u> | <u>7,061</u> | <u>-</u> |
| Fund balances - ending | <u><u>\$ 7,061</u></u> | <u><u>\$ 7,061</u></u> | <u><u>\$ 7,371</u></u> | <u><u>\$ 310</u></u> |

County of Fresno
Budgetary Comparison Schedule
Public Facilities Fees
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--------------------------|---------------------------------------|
| Revenues | | | | |
| Use of money and property | \$ - | \$ - | \$ 196 | \$ 196 |
| Total revenues | <u>-</u> | <u>-</u> | <u>196</u> | <u>196</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>196</u> | <u>196</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (596) | (596) | - | 596 |
| Total other financing sources (uses) | <u>(596)</u> | <u>(596)</u> | <u>-</u> | <u>596</u> |
| Net change in fund balance | (596) | (596) | 196 | 792 |
| Fund balances - beginning | 4,414 | 4,414 | 4,414 | - |
| Fund balances - ending | <u>\$ 3,818</u> | <u>\$ 3,818</u> | <u>\$ 4,610</u> | <u>\$ 792</u> |

County of Fresno
Budgetary Comparison Schedule
Sheriff-Coroner
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--------------------------|---------------------------------------|
| Revenues | | | | |
| Fines, forfeitures and penalties | \$ - | \$ - | \$ 188 | \$ 188 |
| Use of money and property | - | - | 334 | 334 |
| Intergovernmental revenues | 250 | 250 | 259 | 9 |
| Charges for services | 283 | 283 | 408 | 125 |
| Other revenues | 145 | 145 | 218 | 73 |
| Total revenues | <u>678</u> | <u>678</u> | <u>1,407</u> | <u>729</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>678</u> | <u>678</u> | <u>1,407</u> | <u>729</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | - | - | 1 | 1 |
| Transfers out | <u>(1,131)</u> | <u>(2,222)</u> | <u>(1,519)</u> | <u>703</u> |
| Total other financing sources (uses) | <u>(1,131)</u> | <u>(2,222)</u> | <u>(1,518)</u> | <u>704</u> |
| Net change in fund balance | (453) | (1,544) | (111) | 1,433 |
| Fund balances - beginning | <u>7,029</u> | <u>7,029</u> | <u>7,029</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 6,576</u> | <u>\$ 5,485</u> | <u>\$ 6,918</u> | <u>\$ 1,433</u> |

County of Fresno
Budgetary Comparison Schedule
Inmate Welfare
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--------------------------|---------------------------------------|
| Revenues | | | | |
| Use of money and property | \$ - | \$ - | \$ 394 | \$ 394 |
| Charges for current services | 2,900 | 3,049 | 4,006 | 957 |
| Total revenues | <u>2,900</u> | <u>3,049</u> | <u>4,400</u> | <u>1,351</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>2,900</u> | <u>3,049</u> | <u>4,400</u> | <u>1,351</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | <u>(3,237)</u> | <u>(4,041)</u> | <u>(2,554)</u> | <u>1,487</u> |
| Total other financing sources (uses) | <u>(3,237)</u> | <u>(4,041)</u> | <u>(2,554)</u> | <u>1,487</u> |
| Net change in fund balance | (337) | (992) | 1,846 | 2,838 |
| Fund balances - beginning | 8,469 | 8,469 | 8,469 | - |
| Fund balances - ending | <u>\$ 8,132</u> | <u>\$ 7,477</u> | <u>\$ 10,315</u> | <u>\$ 2,838</u> |

County of Fresno
Budgetary Comparison Schedule
County Free Library
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--------------------------|---------------------------------------|
| Revenues | | | | |
| Taxes | \$ 29,044 | \$ 29,044 | \$ 33,209 | \$ 4,165 |
| Fines, forfeitures and penalties | - | - | 40 | 40 |
| Use of money and property | 194 | 194 | 1,339 | 1,145 |
| Intergovernmental revenues | 97 | 170 | 327 | 157 |
| Charges for current services | 1,404 | 1,404 | 1,602 | 198 |
| Other revenues | 367 | 399 | 1,432 | 1,033 |
| Total revenues | <u>31,106</u> | <u>31,211</u> | <u>37,949</u> | <u>6,738</u> |
| Expenditures | | | | |
| Education | 30,334 | 30,447 | 27,618 | 2,829 |
| Capital outlay | - | - | 7 | (7) |
| Total expenditures | <u>30,334</u> | <u>30,447</u> | <u>27,625</u> | <u>2,822</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>772</u> | <u>764</u> | <u>10,324</u> | <u>3,916</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 138 | 138 | 138 | - |
| Transfers out | (1,346) | (1,346) | (1,110) | 236 |
| Total other financing sources (uses) | <u>(1,208)</u> | <u>(1,208)</u> | <u>(972)</u> | <u>236</u> |
| Net change in fund balance | (436) | (444) | 9,352 | 4,152 |
| Fund balances - beginning | <u>29,169</u> | <u>29,169</u> | <u>29,169</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 28,733</u> | <u>\$ 28,725</u> | <u>\$ 38,521</u> | <u>\$ 4,152</u> |

County of Fresno
Budgetary Comparison Schedule
Fish and Game
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | Original Budget | Final Budget | Actual Amount | Variance with Final Budget |
|---|--------------------|-----------------|------------------|-------------------------------|
| Revenues | | | | |
| Fines, forfeitures and penalties | \$ 3 | \$ 3 | \$ 2 | \$ (1) |
| Use of money and property | - | - | 1 | 1 |
| Total revenues | <u>3</u> | <u>3</u> | <u>3</u> | <u>-</u> |
| Expenditures | | | | |
| General Government | 8 | 8 | 3 | 5 |
| Total expenditures | <u>8</u> | <u>8</u> | <u>3</u> | <u>5</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(5)</u> | <u>(5)</u> | <u>-</u> | <u>(5)</u> |
| Net change in fund balance | (5) | (5) | - | (5) |
| Fund balances - beginning | <u>8</u> | <u>8</u> | <u>8</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 3</u> | <u>\$ 3</u> | <u>\$ 8</u> | <u>\$ (5)</u> |

County of Fresno
Budgetary Comparison Schedule
Off-Highway License
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--------------------------|---------------------------------------|
| Revenues | | | | |
| Use of money and property | \$ 1 | \$ 1 | \$ 6 | \$ 5 |
| Intergovernmental revenues | 11 | 11 | 13 | 2 |
| Total revenues | <u>12</u> | <u>12</u> | <u>19</u> | <u>7</u> |
| Expenditures | | | | |
| General Government | <u>11</u> | <u>11</u> | - | <u>11</u> |
| Total expenditures | 11 | 11 | - | 11 |
| Excess (deficiency) of revenues over (under) expenditures | <u>1</u> | <u>1</u> | <u>19</u> | <u>(4)</u> |
| Net change in fund balance | 1 | 1 | 19 | (4) |
| Fund balances - beginning | 95 | 95 | 95 | - |
| Fund balances - ending | <u>\$ 96</u> | <u>\$ 96</u> | <u>\$ 114</u> | <u>\$ (4)</u> |

County of Fresno
Budgetary Comparison Schedule
Emergency Medical Services
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--------------------------|---------------------------------------|
| Revenues | | | | |
| Fines, forfeitures and penalties | \$ 795 | \$ 795 | \$ 891 | \$ 96 |
| Use of money and property | 15 | 15 | 72 | 57 |
| Total revenues | <u>810</u> | <u>810</u> | <u>963</u> | <u>153</u> |
| Expenditures | | | | |
| Health, sanitation, and public assistance | <u>1,477</u> | <u>1,477</u> | <u>1,403</u> | <u>74</u> |
| Total expenditures | <u>1,477</u> | <u>1,477</u> | <u>1,403</u> | <u>74</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(667)</u> | <u>(667)</u> | <u>(440)</u> | <u>79</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | <u>(129)</u> | <u>(129)</u> | <u>(129)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(129)</u> | <u>(129)</u> | <u>(129)</u> | <u>-</u> |
| Net change in fund balance | (796) | (796) | (569) | 79 |
| Fund balances - beginning | 1,193 | 1,193 | 1,193 | - |
| Fund balances - ending | <u>\$ 397</u> | <u>\$ 397</u> | <u>\$ 624</u> | <u>\$ 79</u> |

County of Fresno
Budgetary Comparison Schedule
Community Corrections Performance Incentive
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--------------------------|---------------------------------------|
| Revenues | | | | |
| Use of money and property | \$ - | \$ - | \$ 106 | \$ 106 |
| Intergovernmental revenues | 1,913 | 1,913 | 2,489 | 576 |
| Total revenues | <u>1,913</u> | <u>1,913</u> | <u>2,595</u> | <u>682</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,913</u> | <u>1,913</u> | <u>2,595</u> | <u>682</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | <u>(3,889)</u> | <u>(3,889)</u> | <u>(3,004)</u> | <u>885</u> |
| Total other financing sources (uses) | <u>(3,889)</u> | <u>(3,889)</u> | <u>(3,004)</u> | <u>885</u> |
| Net change in fund balance | (1,976) | (1,976) | (409) | 1,567 |
| Fund balances - beginning | <u>1,907</u> | <u>1,907</u> | <u>1,907</u> | <u>-</u> |
| Fund balances - ending | <u>\$ (69)</u> | <u>\$ (69)</u> | <u>\$ 1,498</u> | <u>\$ 1,567</u> |

County of Fresno
Budgetary Comparison Schedule
County Service Areas, Other
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--------------------------|---------------------------------------|
| Revenues | | | | |
| Taxes | \$ 42 | \$ 42 | \$ 56 | \$ 14 |
| Use of money and property | 83 | 83 | 420 | 337 |
| Intergovernmental Revenues | 600 | 600 | 25 | (575) |
| Charges for services | 1,568 | 1,568 | 1,579 | 11 |
| Other revenues | 86 | 86 | 83 | (3) |
| Total revenues | <u>2,379</u> | <u>2,379</u> | <u>2,163</u> | <u>(216)</u> |
| Expenditures | | | | |
| Public ways and facilities | - | 4,063 | 1,216 | 2,847 |
| Total expenditures | <u>-</u> | <u>4,063</u> | <u>1,216</u> | <u>2,847</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>2,379</u> | <u>(1,684)</u> | <u>947</u> | <u>(3,063)</u> |
| Net change in fund balance | 2,379 | (1,684) | 947 | (3,063) |
| Fund balances - beginning | 8,709 | 8,709 | 8,709 | - |
| Fund balances - ending | <u>\$ 11,088</u> | <u>\$ 7,025</u> | <u>\$ 9,656</u> | <u>\$ (3,063)</u> |

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**County of Fresno
Internal Service Funds**

Internal Service Funds

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

Fleet Services

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

Information Technology Services

Information Technology Services (ITS) provides a wide range of data processing services to County departments and other agencies. The scope of department activities includes computer programming, systems and programming support, on-line teleprocessing services via remote terminal devices, and data entry. As of June 30, 2017, the operations of Graphic Communications Services and Communications were absorbed into this ISF. Therefore, ITS provides printing, duplicating, and mailing services along with the administration, design, installation, and maintenance of the County's telephone system.

Facility Services

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

Security Services

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

Risk Management

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

**County of Fresno
Internal Service Funds**

PeopleSoft Operations

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

County of Fresno
Combining Statement of Net Position
Internal Service Funds
June 30, 2019
(amounts expressed in thousands)

| | Fleet Services | Information Technology Services | Facility Services | Security Services |
|--|------------------|---------------------------------------|----------------------|----------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 11,981 | \$ 15,240 | \$ 6,646 | \$ 788 |
| Restricted cash and cash equivalents | - | - | - | - |
| Accounts receivable (net of allowance) | 37 | 100 | 55 | 69 |
| Interest receivable | 62 | 85 | 30 | 5 |
| Due from other funds | 1,584 | 4,640 | 6,974 | 691 |
| Due from other governmental units | - | - | 55 | 6 |
| Total current assets | <u>13,664</u> | <u>20,065</u> | <u>13,760</u> | <u>1,559</u> |
| Noncurrent assets: | | | | |
| Accounts receivable | - | - | - | - |
| Nondepreciable: | | | | |
| Construction in progress | - | 5,923 | 2,088 | - |
| Depreciable: | | | | |
| Buildings and improvements | 569 | 5,089 | 5,953 | - |
| Equipment | 53,836 | 11,866 | 1,368 | 168 |
| Less accumulated depreciation | (34,825) | (8,520) | (858) | (82) |
| Intangible | 110 | 10,877 | - | - |
| Less accumulated amortization | (110) | (10,877) | - | - |
| Total noncurrent assets | <u>19,580</u> | <u>14,358</u> | <u>8,551</u> | <u>86</u> |
| Total assets | <u>33,244</u> | <u>34,423</u> | <u>22,311</u> | <u>1,645</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred pensions | 1,511 | 8,682 | 3,759 | 1,823 |
| Total deferred outflows of resources | <u>1,511</u> | <u>8,682</u> | <u>3,759</u> | <u>1,823</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 699 | 3,823 | 3,928 | 15 |
| Salaries and benefits payable | 140 | 506 | 274 | 176 |
| Due to other funds | 462 | 100 | 244 | 75 |
| Due to other governmental units | - | - | - | 72 |
| Liability for self-insurance | - | - | - | - |
| Deposits and other liabilities | - | - | - | - |
| Unearned Revenue | - | - | 20 | - |
| Compensated leave and absences | 72 | 623 | 238 | 150 |
| Capital lease obligations | - | 1,112 | - | - |
| Total current liabilities | <u>1,373</u> | <u>6,164</u> | <u>4,704</u> | <u>488</u> |
| Noncurrent liabilities: | | | | |
| Liability for self-insurance | - | - | - | - |
| Compensated leave and absences | 67 | 769 | 216 | 204 |
| Capital lease obligations | - | 2,038 | - | - |
| Net pension liability | 4,624 | 26,573 | 11,505 | 5,581 |
| Total noncurrent liabilities | <u>4,691</u> | <u>29,380</u> | <u>11,721</u> | <u>5,785</u> |
| Total liabilities | <u>6,064</u> | <u>35,544</u> | <u>16,425</u> | <u>6,273</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred pensions | 443 | 2,548 | 1,103 | 535 |
| Total deferred inflows of resources | <u>443</u> | <u>2,548</u> | <u>1,103</u> | <u>535</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 19,580 | 11,208 | 8,551 | 86 |
| Unrestricted | 8,668 | (6,195) | (9) | (3,426) |
| Total net position | <u>\$ 28,248</u> | <u>\$ 5,013</u> | <u>\$ 8,542</u> | <u>\$ (3,340)</u> |

County of Fresno
Combining Statement of Net Position
Internal Service Funds
June 30, 2019
(amounts expressed in thousands)

| | Risk Management | PeopleSoft Operations | Total |
|--|--------------------|--------------------------|------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 101,438 | \$ 2,383 | \$ 138,476 |
| Restricted cash and cash equivalents | 4,263 | - | 4,263 |
| Accounts receivable (net of allowance) | 66 | - | 327 |
| Interest receivable | 587 | 13 | 782 |
| Due from other funds | 2 | 257 | 14,148 |
| Due from other governmental units | 9,854 | - | 9,915 |
| Total current assets | <u>116,210</u> | <u>2,653</u> | <u>167,911</u> |
| Noncurrent assets: | | | |
| Accounts receivable | 267 | - | 267 |
| Nondepreciable: | | | |
| Construction in progress | - | - | 8,011 |
| Depreciable: | | | |
| Buildings and improvements | - | - | 11,611 |
| Equipment | 15 | - | 67,253 |
| Less accumulated depreciation | (10) | - | (44,295) |
| Intangible | - | 9,576 | 20,563 |
| Less accumulated amortization | - | (9,576) | (20,563) |
| Total noncurrent assets | <u>272</u> | <u>-</u> | <u>42,847</u> |
| Total assets | <u>116,482</u> | <u>2,653</u> | <u>210,758</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred pensions | 1,617 | 101 | 17,493 |
| Total deferred outflows of resources | <u>1,617</u> | <u>101</u> | <u>17,493</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 3,691 | - | 12,156 |
| Salaries and benefits payable | 123 | 3 | 1,222 |
| Due to other funds | 5,064 | 116 | 6,061 |
| Due to other governmental units | 6,444 | - | 6,516 |
| Liability for self-insurance | 24,338 | - | 24,338 |
| Deposits and other liabilities | 663 | - | 663 |
| Unearned Revenue | - | - | 20 |
| Compensated leave and absences | 114 | 5 | 1,202 |
| Capital lease obligations | - | - | 1,112 |
| Total current liabilities | <u>40,437</u> | <u>124</u> | <u>53,290</u> |
| Noncurrent liabilities: | | | |
| Liability for self-insurance | 60,057 | - | 60,057 |
| Compensated leave and absences | 102 | 24 | 1,382 |
| Capital lease obligations | - | - | 2,038 |
| Net pension liability | 4,949 | 310 | 53,542 |
| Total noncurrent liabilities | <u>65,108</u> | <u>334</u> | <u>117,019</u> |
| Total liabilities | <u>105,545</u> | <u>458</u> | <u>170,309</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred pensions | 475 | 30 | 5,134 |
| Total deferred inflows of resources | <u>475</u> | <u>30</u> | <u>5,134</u> |
| NET POSITION | | | |
| Net investment in capital assets | 5 | - | 39,430 |
| Unrestricted | 12,074 | 2,266 | 13,378 |
| Total net position | <u>\$ 12,079</u> | <u>\$ 2,266</u> | <u>\$ 52,808</u> |

County of Fresno
Combining Statement of Revenues, Expenses, and Changes in Fund Balance
Internal Service Funds
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | Fleet Services | Information Technology Services | Facility Services | Security Services |
|--|------------------|---------------------------------------|----------------------|----------------------|
| Operating revenues: | | | | |
| Charges for services | \$ 14,261 | \$ 47,655 | \$ 32,206 | \$ 6,588 |
| Other revenues | 82 | 581 | 15,410 | 164 |
| Total operating revenues | <u>14,343</u> | <u>48,236</u> | <u>47,616</u> | <u>6,752</u> |
| Operating expenses: | | | | |
| Salaries and benefits | 2,545 | 15,548 | 7,848 | 4,652 |
| Insurance | 15 | 125 | 321 | 11 |
| Professional services | 133 | 2,158 | 10,401 | 457 |
| General and administrative | 4,134 | 11,171 | 2,459 | 549 |
| Repairs and maintenance | 1,584 | - | 4,754 | 607 |
| Rents and leases | 52 | 9,607 | 28 | 360 |
| Parts and supplies | 5,040 | 1,351 | 376 | 53 |
| Utilities | 67 | 331 | 10,751 | 28 |
| Depreciation | 1,470 | 144 | 53 | - |
| Total operating expenses | <u>15,040</u> | <u>40,435</u> | <u>36,991</u> | <u>6,717</u> |
| Operating income (loss) | <u>(697)</u> | <u>7,801</u> | <u>10,625</u> | <u>35</u> |
| Nonoperating revenues (expenses): | | | | |
| Gain (loss) on sale of capital assets | 285 | 1,310 | - | - |
| Insurance recoveries | - | - | - | - |
| Use of money and property | 516 | 599 | 61 | 52 |
| Total nonoperating revenues (expenses) | <u>801</u> | <u>1,909</u> | <u>61</u> | <u>52</u> |
| Net income (loss) before transfers | <u>104</u> | <u>9,710</u> | <u>10,686</u> | <u>87</u> |
| Transfers in (out) | | | | |
| Transfers in | 1,947 | 366 | 635 | - |
| Transfers out | (517) | (711) | (355) | (208) |
| Total transfer in (out) | <u>1,430</u> | <u>(345)</u> | <u>280</u> | <u>(208)</u> |
| Change in net position | <u>1,534</u> | <u>9,365</u> | <u>10,966</u> | <u>(121)</u> |
| Net position - beginning | 25,940 | (8,801) | (4,515) | (4,154) |
| Prior Period Adjustment | 774 | 4,449 | 2,091 | 935 |
| Net position - beginning restated | <u>26,714</u> | <u>(4,352)</u> | <u>(2,424)</u> | <u>(3,219)</u> |
| Net position - ending | <u>\$ 28,248</u> | <u>\$ 5,013</u> | <u>\$ 8,542</u> | <u>\$ (3,340)</u> |

County of Fresno
Combining Statement of Revenues, Expenses, and Changes in Fund Balance
Internal Service Funds
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | Risk Management | PeopleSoft Operations | Total |
|--|--------------------|--------------------------|------------------|
| Operating revenues: | | | |
| Charges for services | \$ 107,885 | \$ 3,060 | \$ 211,655 |
| Other revenues | 18 | - | 16,255 |
| Total operating revenues | <u>107,903</u> | <u>3,060</u> | <u>227,910</u> |
| Operating expenses: | | | |
| Salaries and benefits | 2,807 | 149 | 33,549 |
| Insurance | 127,745 | 4 | 128,221 |
| Professional services | 2,815 | 1,426 | 17,390 |
| General and administrative | 257 | 1,018 | 19,588 |
| Repairs and maintenance | 54 | - | 6,999 |
| Rents and leases | 2 | - | 10,049 |
| Parts and supplies | 9 | - | 6,829 |
| Utilities | 33 | - | 11,210 |
| Depreciation | 3 | - | 1,670 |
| Total operating expenses | <u>133,725</u> | <u>2,597</u> | <u>235,505</u> |
| Operating income (loss) | <u>(25,822)</u> | <u>463</u> | <u>(7,595)</u> |
| Nonoperating revenues (expenses): | | | |
| Gain (loss) on sale of capital assets | - | - | 1,595 |
| Insurance recoveries | 18,572 | - | 18,572 |
| Use of money and property | 4,485 | 84 | 5,797 |
| Total nonoperating revenues (expenses) | <u>23,057</u> | <u>84</u> | <u>25,964</u> |
| Net income (loss) before transfers | <u>(2,765)</u> | <u>547</u> | <u>18,369</u> |
| Transfers in (out) | | | |
| Transfers in | - | 369 | 3,317 |
| Transfers out | (129) | (7) | (1,927) |
| Total transfer in (out) | <u>(129)</u> | <u>362</u> | <u>1,390</u> |
| Change in net position | <u>(2,894)</u> | <u>909</u> | <u>19,759</u> |
| Net position - beginning | 14,144 | 1,306 | 23,920 |
| Prior Period Adjustment | 829 | 51 | 9,129 |
| Net position - beginning restated | <u>14,973</u> | <u>1,357</u> | <u>33,049</u> |
| Net position - ending | <u>\$ 12,079</u> | <u>\$ 2,266</u> | <u>\$ 52,808</u> |

County of Fresno
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | Fleet Services | Information Technology Services | Facility Services | Security Services |
|--|------------------|---------------------------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from users | \$ 13,800 | \$ 47,242 | \$ 47,320 | \$ 6,394 |
| Cash paid to suppliers | (10,822) | (27,790) | (33,542) | (2,035) |
| Cash paid to employees | (2,772) | (16,868) | (8,439) | (4,948) |
| Cash paid for claims | - | - | - | - |
| Net cash provided by (used in) operating activities | <u>206</u> | <u>2,584</u> | <u>5,339</u> | <u>(589)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfers from other funds | 1,947 | 366 | 635 | - |
| Transfers to other funds | (517) | (711) | (355) | (208) |
| Net cash provided by (used in) noncapital financing activities | <u>1,430</u> | <u>(345)</u> | <u>280</u> | <u>(208)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Sales of capital assets | - | - | 1,008 | - |
| Purchases of capital assets | (2,288) | (2) | - | - |
| Insurance recoveries | - | - | - | - |
| Interest paid on capital debt | - | - | - | - |
| Net cash provided by (used in) capital and related financing activities | <u>(2,288)</u> | <u>(2)</u> | <u>1,008</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Use of money and property received | 513 | 571 | 19 | 55 |
| Net cash provided by (used in) investing activities | <u>513</u> | <u>571</u> | <u>19</u> | <u>55</u> |
| Net increase (decrease) in cash and cash equivalents | (139) | 2,808 | 6,646 | (742) |
| Cash and cash equivalents - beginning | 12,120 | 12,432 | - | 1,530 |
| Cash and cash equivalents - ending | <u>\$ 11,981</u> | <u>\$ 15,240</u> | <u>\$ 6,646</u> | <u>\$ 788</u> |
| Reconciliation of cash and cash equivalents to the statement of net position: | | | | |
| Cash and cash equivalents | \$ 11,981 | \$ 15,240 | \$ 6,646 | \$ 788 |
| Restricted cash and investments | - | - | - | - |
| Total | <u>\$ 11,981</u> | <u>\$ 15,240</u> | <u>\$ 6,646</u> | <u>\$ 788</u> |

County of Fresno
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | Risk Management | PeopleSoft Operations | Total Internal Service Funds |
|--|--------------------|--------------------------|---------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from users | \$ 107,324 | \$ 3,109 | \$ 225,189 |
| Cash paid to suppliers | (91,772) | (2,495) | (168,456) |
| Cash paid to employees | (3,055) | (165) | (36,247) |
| Cash paid for claims | (34,601) | - | (34,601) |
| Net cash provided by (used in) operating activities | <u>(22,104)</u> | <u>449</u> | <u>(14,115)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers from other funds | - | 369 | 3,317 |
| Transfers to other funds | (129) | (7) | (1,927) |
| Net cash provided by (used in) noncapital financing activities | <u>(129)</u> | <u>362</u> | <u>1,390</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Sales of capital assets | - | - | 1,008 |
| Purchases of capital assets | - | - | (2,290) |
| Insurance recoveries | 18,536 | - | 18,536 |
| Interest paid on capital debt | 17 | - | 17 |
| Net cash provided by (used in) capital and related financing activities | <u>18,553</u> | <u>-</u> | <u>17,271</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Use of money and property received | 4,391 | 77 | 5,626 |
| Net cash provided by (used in) investing activities | <u>4,391</u> | <u>77</u> | <u>5,626</u> |
| Net increase (decrease) in cash and cash equivalents | 711 | 888 | 10,172 |
| Cash and cash equivalents - beginning | 104,990 | 1,495 | 132,567 |
| Cash and cash equivalents - ending | <u>\$ 105,701</u> | <u>\$ 2,383</u> | <u>\$ 142,739</u> |
| Reconciliation of cash and cash equivalents to the statement of net position: | | | |
| Cash and cash equivalents | \$ 101,438 | \$ 2,383 | \$ 138,476 |
| Restricted cash and investments | 4,263 | - | 4,263 |
| Total | <u>\$ 105,701</u> | <u>\$ 2,383</u> | <u>\$ 142,739</u> |

County of Fresno
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | Fleet Services | Information Technology Services | Facility Services | Security Services |
|---|----------------|---------------------------------------|----------------------|----------------------|
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Operating income (loss) | \$ (697) | \$ 7,801 | \$ 10,625 | \$ 35 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Pension expense | (241) | (1,383) | (599) | (290) |
| Depreciation expense | 1,470 | 144 | 53 | - |
| Decrease (increase) in accounts receivable | 8 | (40) | (218) | (44) |
| Decrease (increase) in due from other funds | (551) | (954) | (23) | (314) |
| Decrease (increase) in due from other governmental units | - | - | (55) | - |
| Decrease (increase) in inventory of supplies | 634 | (4,590) | (1,768) | - |
| (Decrease) increase in accounts payable | (816) | 1,775 | (44) | 4 |
| (Decrease) increase in salaries and benefits payable | 14 | 63 | 8 | (6) |
| (Decrease) increase in due to other funds | 385 | (232) | (2,641) | (22) |
| (Decrease) increase in due to other governmental units | - | - | 1 | 48 |
| (Decrease) increase in liability for self-insurance | - | - | - | - |
| Total adjustments | 903 | (5,217) | (5,286) | (624) |
| Net cash provided by (used in) operating activities | <u>\$ 206</u> | <u>\$ 2,584</u> | <u>\$ 5,339</u> | <u>\$ (589)</u> |
| Noncash investing, capital, and financing activities | | | | |
| Transfer of capital assets to government | \$ - | \$ - | \$ - | \$ - |
| Sales (Purchase) of capital assets | (2,288) | (2) | 1,008 | - |

County of Fresno
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

| | Risk Management | PeopleSoft Operations | Total Internal Service Funds |
|---|--------------------|--------------------------|---------------------------------|
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Operating income (loss) | \$ (25,822) | \$ 463 | \$ (7,595) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Pension expense | (257) | (16) | (2,786) |
| Depreciation expense | 3 | - | 1,670 |
| Decrease (increase) in accounts receivable | 216 | 20 | (58) |
| Decrease (increase) in due from other funds | 6 | 29 | (1,807) |
| Decrease (increase) in due from other governmental units | (801) | - | (856) |
| Decrease (increase) in inventory of supplies | 4 | - | (5,720) |
| (Decrease) increase in accounts payable | 209 | (55) | 1,073 |
| (Decrease) increase in salaries and benefits payable | 9 | - | 88 |
| (Decrease) increase in due to other funds | (35) | 8 | (2,537) |
| (Decrease) increase in due to other governmental units | 582 | - | 631 |
| (Decrease) increase in liability for self-insurance | 3,782 | - | 3,782 |
| Total adjustments | 3,718 | (14) | (6,520) |
| Net cash provided by (used in) operating activities | \$ (22,104) | \$ 449 | \$ (14,115) |
| Noncash investing, capital, and financing activities | | | |
| Transfer of capital assets to government | \$ - | \$ - | \$ - |
| Sales (Purchase) of capital assets | - | - | (1,282) |

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**County of Fresno
Agency Funds**

Fiduciary Funds

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

Trust Funds:

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

Agency Funds:

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

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

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

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

County of Fresno
Combining Statement of Changes in Assets and Liabilities - Agency Funds
Agency Funds
June 30, 2019
(amounts expressed in thousands)

| | Balance July 1, 2018 | Additions | Deductions | Balance June 30, 2019 |
|---|-------------------------|---------------------|---------------------|--------------------------|
| Property Tax Collection | | | | |
| Assets: | | | | |
| Cash | \$ 57,874 | \$ 1,133,674 | \$ 1,148,423 | \$ 43,125 |
| Taxes receivable | - | 53 | - | 53 |
| Interest receivable | 630 | 257 | - | 887 |
| Total assets | <u>\$ 58,504</u> | <u>\$ 1,133,984</u> | <u>\$ 1,148,423</u> | <u>\$ 44,065</u> |
| Liabilities: | | | | |
| Due to other taxing units | \$ 58,504 | \$ 1,133,984 | \$ 1,148,423 | 44,065 |
| Total liabilities | <u>\$ 58,504</u> | <u>\$ 1,133,984</u> | <u>\$ 1,148,423</u> | <u>\$ 44,065</u> |
| Public Administrator - Guardian | | | | |
| Assets: | | | | |
| Cash and investments | \$ 18,139 | \$ 15,866 | \$ 22,231 | \$ 11,774 |
| Property held by public administrator | 4,081 | - | 465 | 3,616 |
| Total assets | <u>\$ 22,220</u> | <u>\$ 15,866</u> | <u>\$ 22,696</u> | <u>\$ 15,390</u> |
| Liabilities: | | | | |
| Fiduciary liability | \$ 22,220 | \$ 15,866 | \$ 22,696 | \$ 15,390 |
| Total liabilities | <u>\$ 22,220</u> | <u>\$ 15,866</u> | <u>\$ 22,696</u> | <u>\$ 15,390</u> |
| San Joaquin Valley Insurance Authority | | | | |
| Assets: | | | | |
| Cash and investments | \$ 6,682 | \$ 195,353 | \$ 188,978 | \$ 13,057 |
| Accounts receivable | 978 | 6,320 | - | 7,298 |
| Total assets | <u>\$ 7,660</u> | <u>\$ 201,673</u> | <u>\$ 188,978</u> | <u>\$ 20,355</u> |
| Liabilities: | | | | |
| Due to other governmental units | \$ 7,660 | \$ 201,673 | \$ 188,978 | \$ 20,355 |
| Total liabilities | <u>\$ 7,660</u> | <u>\$ 201,673</u> | <u>\$ 188,978</u> | <u>\$ 20,355</u> |
| Other Agency Funds | | | | |
| Assets: | | | | |
| Cash | \$ 27,261 | \$ 1,821,728 | \$ 1,804,166 | \$ 44,823 |
| Total assets | <u>\$ 27,261</u> | <u>\$ 1,821,728</u> | <u>\$ 1,804,166</u> | <u>\$ 44,823</u> |
| Liabilities: | | | | |
| Fiduciary liability | 27,261 | 1,821,728 | 1,804,166 | 44,823 |
| Total liabilities | <u>\$ 27,261</u> | <u>\$ 1,821,728</u> | <u>\$ 1,804,166</u> | <u>\$ 44,823</u> |
| Total Agency Funds | | | | |
| Assets: | | | | |
| Cash and investments | \$ 109,956 | \$ 3,166,621 | \$ 3,163,798 | \$ 112,779 |
| Accounts receivable | 978 | 6,320 | - | 7,298 |
| Taxes receivable | - | 53 | - | 53 |
| Interest receivable | 630 | 257 | - | 887 |
| Property held by public administrator | 4,081 | - | 465 | 3,616 |
| Total assets | <u>\$ 115,645</u> | <u>\$ 3,173,251</u> | <u>\$ 3,164,263</u> | <u>\$ 124,633</u> |
| Liabilities: | | | | |
| Due to other taxing units | \$ 58,504 | \$ 1,133,984 | \$ 1,148,423 | \$ 44,065 |
| Due to other governmental units | 7,660 | 201,673 | 188,978 | 20,355 |
| Fiduciary liability | 49,481 | 1,837,594 | 1,826,862 | 60,213 |
| Total liabilities | <u>\$ 115,645</u> | <u>\$ 3,173,251</u> | <u>\$ 3,164,263</u> | <u>\$ 124,633</u> |



STATISTICAL SECTION

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

Statistical Section

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources:

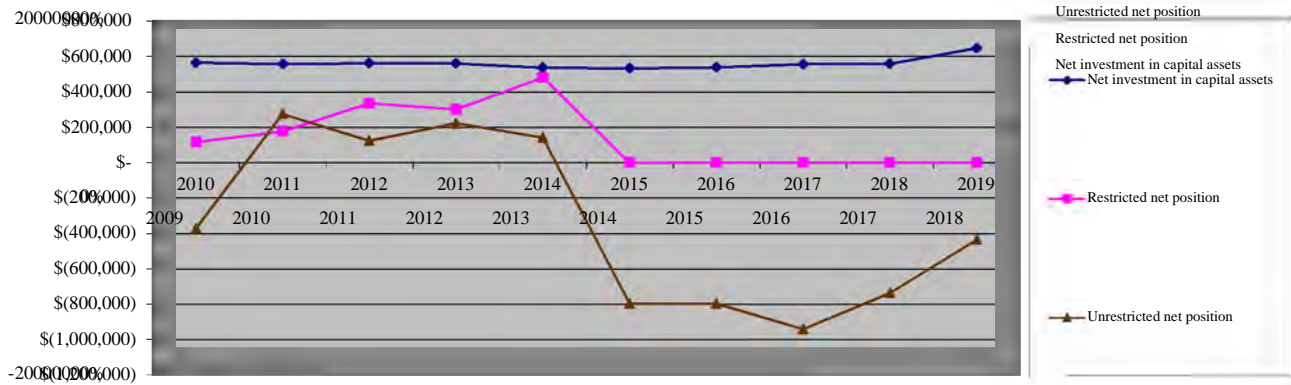
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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

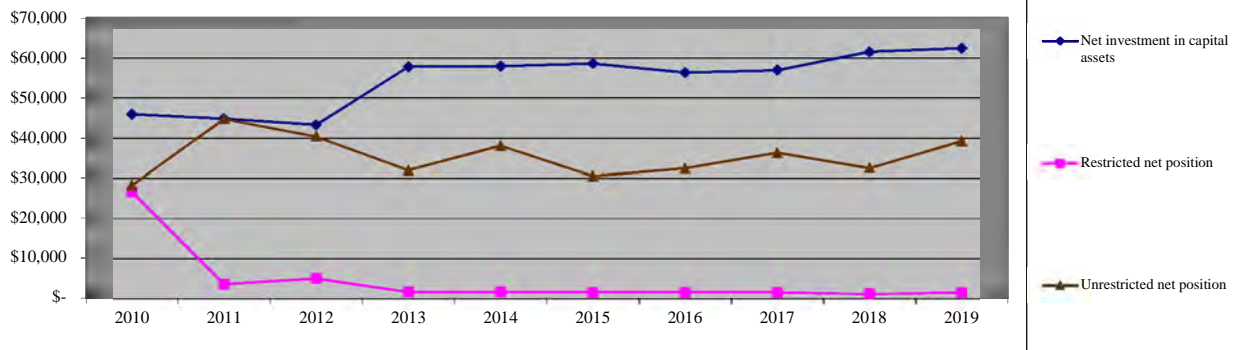
| | Fiscal Year | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 573,855 | \$ 557,748 | \$ 562,279 | \$ 560,544 | \$ 537,359 | \$ 533,674 | \$ 539,314 | \$ 556,268 | \$ 558,579 | \$ 647,516 |
| Restricted net position | 124,661 | 177,153 | 335,573 | 301,425 | 482,088 | - | - | - | - | - |
| Unrestricted net position | 247,181 | 275,332 | 124,904 | 223,627 | 142,637 | (793,620) | (795,311) | (939,690) | (735,368) | (434,745) |
| Total governmental activities net position | 945,697 | 1,010,233 | 1,022,756 | 1,085,596 | 1,162,084 | (259,946) | (255,997) | (383,422) | (176,789) | 212,771 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | 46,012 | 44,875 | 43,336 | 57,836 | 58,001 | 58,661 | 56,353 | 56,970 | 61,569 | 62,473 |
| Restricted net position | 3,189 | 3,654 | 5,090 | 1,690 | 1,646 | 1,588 | 1,588 | 1,589 | 1,178 | 1,596 |
| Unrestricted net position | 46,659 | 44,735 | 40,392 | 32,032 | 38,104 | 30,583 | 32,533 | 36,358 | 32,543 | 39,216 |
| Total business-type activities net position | 95,860 | 93,264 | 88,818 | 91,558 | 97,751 | 90,832 | 90,474 | 94,917 | 95,290 | 103,285 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | 619,867 | 602,623 | 605,615 | 618,380 | 595,360 | 592,335 | 595,667 | 613,238 | 620,148 | 709,989 |
| Restricted net position | 127,850 | 180,807 | 340,663 | 303,115 | 483,734 | 1,588 | 1,588 | 1,589 | 1,178 | 1,596 |
| Unrestricted net position | 293,840 | 320,067 | 165,296 | 255,659 | 180,741 | (763,037) | (762,778) | (903,332) | (702,825) | (395,529) |
| Total primary government net position | \$ 1,041,557 | \$ 1,103,497 | \$ 1,111,574 | \$ 1,177,154 | \$ 1,259,835 | \$ (169,114) | \$ (165,523) | \$ (288,505) | \$ (81,499) | \$ 316,056 |

Note 1: Accrual basis of accounting

Governmental Activities
Governmental Activities



Business-type Activities



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

| | Fiscal Year | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | 24,092 | 21,579 | 22,628 | 18,258 | 15,712 | 22,475 | 31,721 | 33,698 | 36,083 | 35,067 |
| Public protection | 62,780 | 65,412 | 40,711 | 38,244 | 31,486 | 26,476 | 23,462 | 19,745 | 27,462 | 27,279 |
| Public ways and facilities | 11,928 | 14,216 | 12,822 | 10,782 | 8,121 | 2,227 | 6,903 | 15,345 | 9,569 | 6,074 |
| Health, sanitation and public assistance | 27,269 | 28,350 | 33,090 | 16,032 | 22,045 | 20,771 | 16,329 | 18,669 | 29,412 | 16,716 |
| Education | 3,369 | 3,318 | 3,388 | 3,378 | 2,574 | 1,808 | 1,879 | 1,761 | 6,606 | 3,034 |
| Culture and recreation | 1,281 | 1,421 | 1,496 | 1,353 | 899 | 1,023 | 771 | 957 | 1,014 | 855 |
| Operating grants and contributions | 1,085,032 | 786,733 | 715,246 | 690,028 | 770,108 | 812,333 | 622,116 | 652,321 | 910,527 | 919,835 |
| Capital grants and contributions | 13,536 | 10,353 | 3,069 | 187 | - | - | - | - | - | - |
| Subtotal Governmental activities program revenues | 1,229,287 | 931,382 | 832,450 | 778,262 | 850,945 | 887,113 | 703,181 | 742,496 | 1,020,673 | 1,008,860 |
| Business-type activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Water and sewer | 2,483 | 3,033 | 2,695 | 3,456 | 3,478 | 4,001 | 3,980 | 5,897 | 5,032 | 6,761 |
| Landfill | 8,592 | 10,097 | 9,054 | 9,861 | 13,814 | 16,379 | 15,337 | 13,615 | 14,037 | 18,278 |
| Operating grants and contributions | - | - | - | - | 625 | 494 | 304 | - | 452 | 367 |
| Capital grants and contributions | - | - | - | - | - | - | 509 | 336 | - | - |
| Subtotal Business-type activities program revenues | 11,075 | 13,130 | 11,749 | 13,317 | 17,917 | 20,874 | 20,130 | 19,848 | 19,521 | 25,406 |
| Total primary government program revenues | 1,240,362 | 944,512 | 844,199 | 791,579 | 868,862 | 907,987 | 723,311 | 762,344 | 1,040,194 | 1,034,266 |
| General Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | 187,682 | 203,317 | 196,145 | 209,419 | 216,038 | 232,374 | 233,408 | 254,804 | 260,350 | 262,330 |
| Sales taxes | 96,956 | 103,174 | 140,232 | 154,998 | 161,119 | 186,747 | 216,434 | 195,316 | 51,043 | 58,264 |
| Franchise taxes | 4,266 | 4,735 | 4,849 | 4,784 | 14,070 | 22,736 | 17,946 | 17,558 | 10,756 | 16,192 |
| Motor vehicle in-lieu taxes | 40,879 | 36,063 | 35,491 | 34,077 | 37,713 | 58,964 | 230,264 | 223,883 | 215,224 | 258,594 |
| Road use tax | - | - | - | - | - | - | - | - | - | - |
| Tobacco settlement proceeds | 10,205 | 12,089 | 8,352 | 13,213 | 6,657 | - | - | - | - | - |
| Other | 857 | 4,816 | 4,708 | 4,832 | 18,110 | 13,970 | 23,531 | 7,066 | (11,695) | 2,934 |
| Gain/(loss) on bond refunding and sale of capital assets | - | - | - | 338 | - | - | - | - | - | - |
| Unrestricted investment earnings | 6,666 | 5,450 | 5,945 | 14,159 | 14,776 | 9,344 | 14,407 | 2,804 | 561 | 32,538 |
| Miscellaneous | - | 1,072 | - | - | - | - | - | - | - | - |
| Subtotal governmental activities general revenues | 347,511 | 370,716 | 395,722 | 435,820 | 468,483 | 524,135 | 735,990 | 701,431 | 526,239 | 630,852 |
| Business-type activities: | | | | | | | | | | |
| Property tax | 4,175,236 | - | - | - | 671 | 711 | 744 | 773 | 765 | 796 |
| Other | 3,167 | 2,421 | 2,355 | 2,326 | 1,446 | 1,870 | 1,891 | 1,918 | 3,803 | 3,202 |
| Gain/(loss) on sale of capital assets | - | - | - | (19) | - | - | - | 145 | (402) | (2,529) |
| Unrestricted investment earnings | 1,707 | 1,507 | 1,257 | 974 | 1,732 | 638 | 1,837 | 316 | 172 | 4,007 |
| Subtotal business-type activities general revenues | 4,180,110 | 3,928 | 3,612 | 3,281 | 3,849 | 3,219 | 4,472 | 3,152 | 4,338 | 5,476 |
| Total primary government revenues | \$ 5,767,983 | \$ 1,319,156 | \$ 1,243,533 | \$ 1,230,680 | \$ 1,341,194 | \$ 1,435,341 | \$ 1,463,773 | \$ 1,466,927 | \$ 1,570,771 | \$ 1,670,594 |

Note 1: Accrual basis of accounting

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

| | Fiscal Year | | | | | | | | | |
|--|---------------------|--------------------|-------------------|-------------------|------------------|-------------------|------------------|---------------------|-------------------|-------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 38,727 | \$ 41,685 | \$ 51,348 | \$ 52,919 | \$ 45,280 | \$ 34,673 | \$ 72,302 | \$ 72,551 | \$ 247,100 | \$ 235,530 |
| Public protection | 304,096 | 298,354 | 293,106 | 304,365 | 319,197 | 291,148 | 343,711 | 362,779 | 253,532 | 266,178 |
| Public ways and facilities | 43,782 | 54,711 | 48,529 | 41,895 | 43,145 | 45,635 | 78,926 | 127,525 | 51,304 | 36,765 |
| Health, sanitation, and public assistance | 1,088,733 | 770,169 | 751,998 | 686,767 | 787,234 | 760,840 | 869,387 | 940,554 | 710,821 | 659,419 |
| Education | 25,322 | 26,013 | 24,897 | 24,191 | 25,073 | 23,918 | 26,510 | 27,342 | 27,565 | 18,288 |
| Culture and recreation | 2,832 | 2,419 | 2,331 | 2,712 | 2,933 | 2,380 | 2,868 | 3,370 | 3,450 | 2,122 |
| Interest on long-term debt | 44,854 | 44,243 | 44,232 | 42,519 | 40,030 | 40,219 | 41,782 | 36,571 | 36,402 | 35,302 |
| Subtotal governmental activities expenses | <u>1,548,346</u> | <u>1,237,594</u> | <u>1,216,441</u> | <u>1,155,368</u> | <u>1,262,892</u> | <u>1,198,813</u> | <u>1,435,486</u> | <u>1,570,692</u> | <u>1,330,174</u> | <u>1,253,604</u> |
| Business-type activities: | | | | | | | | | | |
| Solid waste enterprise | 15,718 | 14,068 | 14,024 | 14,063 | 6,162 | 5,652 | 6,572 | 7,453 | 9,350 | 8,265 |
| County service areas, other | 5,621 | 5,554 | 5,607 | 6,139 | 17,783 | 21,451 | 17,402 | 16,722 | 17,219 | 14,726 |
| Subtotal business-type activities expenses | <u>21,339</u> | <u>19,622</u> | <u>19,631</u> | <u>20,202</u> | <u>23,945</u> | <u>27,103</u> | <u>23,974</u> | <u>24,175</u> | <u>26,569</u> | <u>22,991</u> |
| Total primary government expenses | <u>1,569,685</u> | <u>1,257,216</u> | <u>1,236,072</u> | <u>1,175,570</u> | <u>1,286,837</u> | <u>1,225,916</u> | <u>1,459,460</u> | <u>1,594,867</u> | <u>1,356,743</u> | <u>1,276,595</u> |
| Extraordinary item - RDA dissolution transaction | - | - | - | (274) | - | - | - | - | - | - |
| Excess (deficiency) before transfers | | | | | | | | | | |
| - governmental activities | (246,248) | (9,422) | (2,359) | 164,060 | 58,714 | 240,358 | 8,377 | (126,765) | 216,738 | 386,108 |
| Transfers | 203 | 96 | 32 | 271 | 302 | (2,724) | 297 | (645) | 240 | 252 |
| Excess (deficiency) before transfers | | | | | | | | | | |
| - business-type activities | (4,281) | (4,261) | (3,033) | 1,564 | (2,969) | (2,501) | 1,437 | (1,175) | (2,710) | 7,891 |
| Transfers | (203) | (96) | (32) | (271) | (302) | 2,724 | (297) | 645 | (240) | (252) |
| Special Items | - | - | - | - | - | - | - | - | - | - |
| Change in net position | | | | | | | | | | |
| Governmental activities | (246,045) | (9,326) | (2,327) | 164,057 | 59,016 | 237,634 | 8,674 | (127,410) | 216,978 | 386,360 |
| Business-type activities | (4,484) | (4,357) | (3,065) | 1,293 | (3,271) | 223 | 331 | (530) | (2,950) | 7,639 |
| Total primary government | <u>\$ (250,529)</u> | <u>\$ (13,683)</u> | <u>\$ (5,392)</u> | <u>\$ 165,350</u> | <u>\$ 55,745</u> | <u>\$ 237,857</u> | <u>\$ 9,005</u> | <u>\$ (127,940)</u> | <u>\$ 214,028</u> | <u>\$ 393,999</u> |

Note 1: Accrual basis of accounting

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

| | Fiscal Year | | | | |
|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2010 | 2011* | 2012 | 2013 | 2014 |
| General Fund | | | | | |
| Reserved | \$ 51,033 | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 179,090 | - | - | - | - |
| <hr/> | | | | | |
| Nonspendable | - | 3,200 | 3,585 | 3,939 | 4,110 |
| Restricted | - | 83,356 | 195,072 | 199,306 | 49,932 |
| Committed | - | - | - | - | - |
| Assigned | - | 39,138 | 33,896 | 57,176 | 23,035 |
| Unassigned | - | 133,154 | 66,022 | 47,117 | 72,338 |
| Total General Fund | <u>\$ 230,123</u> | <u>\$ 258,848</u> | <u>\$ 298,575</u> | <u>\$ 307,538</u> | <u>\$ 149,415</u> |

| | | | | | |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Other Governmental Funds | | | | | |
| Reserved | \$ 127,325 | \$ - | \$ - | \$ - | \$ - |
| Unreserved | (2,664) | - | - | - | - |
| Special revenue funds | 14,169 | - | - | - | - |
| Road Fund | - | - | - | - | - |
| Capital projects fund | (16,833) | - | - | - | - |
| <hr/> | | | | | |
| Nonspendable | - | \$ 1,889 | \$ 854 | \$ 683 | \$ 775 |
| Restricted | - | 93,797 | 97,561 | 123,153 | 391,338 |
| Committed | - | - | - | - | - |
| Assigned | - | 24,407 | 29,357 | 33,597 | 37,391 |
| Unassigned | - | - | - | - | - |
| Total other governmental funds | <u>\$ 124,661</u> | <u>\$ 120,093</u> | <u>\$ 127,772</u> | <u>\$ 157,433</u> | <u>\$ 429,504</u> |

| | Fiscal Year | | | | |
|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| General Fund | | | | | |
| Nonspendable | \$ 43,092 | \$ 47,208 | \$ 49,736 | \$ 8,971 | \$ 5,840 |
| Restricted | 4,985 | 9,398 | 4,255 | - | 6,205 |
| Committed | 18,724 | 21,024 | 63,602 | 68,410 | 91,380 |
| Assigned | 77,493 | 83,021 | 8,654 | - | - |
| Unassigned | 46,239 | 39,520 | 85,193 | 128,236 | 100,693 |
| Total General Fund | <u>\$ 190,533</u> | <u>\$ 200,171</u> | <u>\$ 211,440</u> | <u>\$ 205,617</u> | <u>\$ 204,118</u> |

| | | | | | |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| All Other Governmental Funds | | | | | |
| Nonspendable | \$ 736 | \$ 816 | \$ 702 | \$ 816 | \$ 36 |
| Restricted | 443,609 | 529,190 | 586,978 | 570,404 | 597,722 |
| Committed | - | - | - | - | - |
| Assigned | 37,009 | 36,560 | - | - | - |
| Unassigned | - | - | - | - | - |
| Total other governmental funds | <u>\$ 481,354</u> | <u>\$ 566,566</u> | <u>\$ 587,680</u> | <u>\$ 571,220</u> | <u>\$ 597,758</u> |

Note 1: Modified accrual basis of accounting

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

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

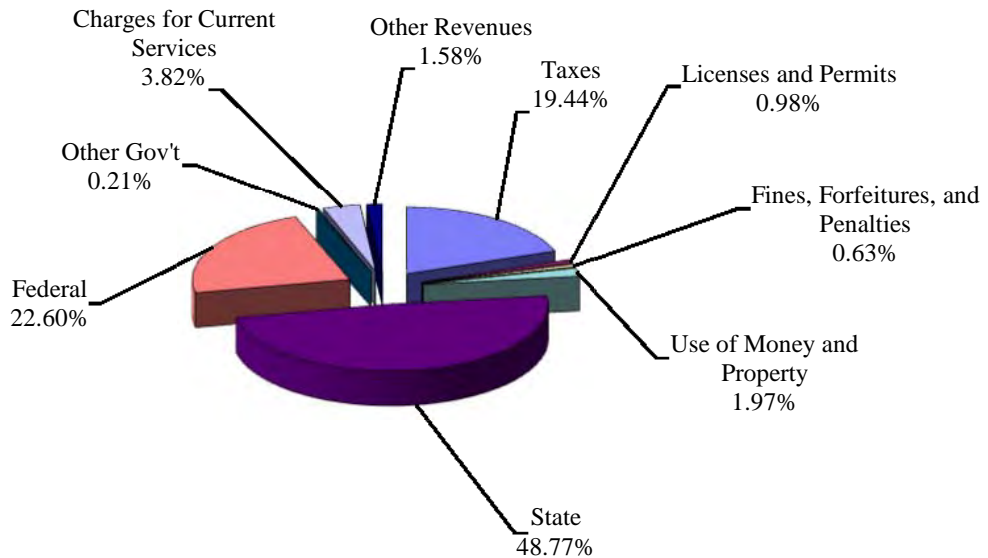
| | Fiscal Year | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 222,538 | \$ 230,422 | \$ 334,763 | \$ 380,541 | \$ 394,370 | \$ 422,029 | \$ 449,842 | \$ 450,120 | \$ 311,393 | \$ 320,594 |
| Licenses and permits | 7,543 | 7,987 | 8,600 | 8,872 | 14,070 | 17,272 | 17,946 | 17,558 | 10,756 | 16,192 |
| Fines, forfeitures and penalties | 12,045 | 10,268 | 9,577 | 9,529 | 14,657 | 13,866 | 13,015 | 11,944 | 10,049 | 10,408 |
| Use of money and property | 8,900 | 5,745 | 6,278 | 14,315 | 12,562 | 8,022 | 12,087 | 2,804 | 561 | 32,538 |
| Aid from other governmental agencies | 1,212,496 | 880,190 | 788,758 | 714,785 | 811,917 | 850,931 | 846,114 | 885,091 | 1,092,732 | 1,180,254 |
| Charges for current services | 92,648 | 98,139 | 83,947 | 66,491 | 68,274 | 55,541 | 56,305 | 63,611 | 64,043 | 62,995 |
| Other revenues | 22,137 | 39,383 | 25,724 | 24,358 | 29,554 | 26,690 | 25,386 | 26,932 | 46,541 | 26,030 |
| Total revenues | 1,578,307 | 1,272,134 | 1,257,647 | 1,218,891 | 1,345,404 | 1,394,351 | 1,420,695 | 1,458,060 | 1,536,075 | 1,649,011 |
| Expenditures | | | | | | | | | | |
| General government | 36,903 | 40,359 | 35,648 | 32,976 | 38,715 | 37,014 | 40,860 | 59,083 | 42,903 | 46,135 |
| Public ways and facilities | 48,087 | 63,448 | 55,691 | 32,807 | 31,106 | 36,880 | 33,901 | 34,876 | 383,305 | 431,489 |
| Public protection | 295,553 | 293,043 | 289,991 | 298,179 | 312,604 | 324,104 | 340,802 | 359,422 | 46,448 | 40,017 |
| Health, sanitation, and public assistance | 1,085,639 | 769,639 | 750,154 | 682,001 | 779,890 | 798,019 | 832,667 | 854,187 | 931,587 | 903,032 |
| Education | 25,864 | 26,275 | 23,898 | 23,891 | 23,708 | 25,152 | 25,350 | 26,205 | 25,881 | 27,818 |
| Culture and recreation | 2,494 | 2,191 | 2,342 | 2,684 | 2,900 | 2,596 | 2,688 | 2,898 | 4,453 | 2,998 |
| Capital outlay | 968 | 7,577 | 2,783 | 16,594 | 18,378 | 21,714 | 30,097 | 31,362 | 35,849 | 106,715 |
| Debt service: | | | | | | | | | | |
| Principal | 19,790 | 25,042 | 24,080 | 30,785 | 30,295 | 32,655 | 36,585 | 40,035 | 44,505 | 47,690 |
| Interest | 29,093 | 24,515 | 27,465 | 25,509 | 22,677 | 20,960 | 19,221 | 15,318 | 13,584 | 11,132 |
| Total expenditures | 1,544,391 | 1,252,089 | 1,212,052 | 1,145,426 | 1,260,273 | 1,299,094 | 1,362,171 | 1,423,386 | 1,528,515 | 1,617,026 |
| Excess (deficiency) of revenues over (under) expenditures | 33,916 | 20,045 | 45,595 | 73,465 | 85,131 | 95,257 | 58,524 | 34,674 | 7,560 | 31,985 |
| Other financing sources (uses): | | | | | | | | | | |
| Bond proceeds | - | - | - | 23,587 | - | - | 64,525 | - | - | - |
| Bond premiums | - | - | - | - | - | - | 6,360 | - | - | - |
| Payment to escrow agent | - | - | - | - | - | - | (43,630) | - | - | - |
| Proceeds from sale of capital assets | - | 1,072 | - | - | - | - | 16 | 248 | 227 | 121 |
| Transfers in | 209,458 | 230,110 | 316,612 | 353,820 | 848,216 | 917,133 | 852,206 | 888,482 | 1,008,110 | 1,012,413 |
| Transfers out | (207,548) | (227,070) | (314,520) | (350,907) | (849,296) | (920,117) | (855,814) | (891,006) | (1,010,824) | (1,013,551) |
| Refunded bond principal | - | - | - | (26,160) | - | - | (26,765) | - | - | - |
| Refunding bond issue proceeds | - | - | - | (820) | - | - | - | - | - | - |
| Total other financing sources (uses) | 1,910 | 4,112 | 2,092 | (480) | (1,080) | (2,984) | (3,102) | (2,276) | (2,487) | (1,017) |
| Net change in fund balances before extraordinary items | 35,826 | 24,157 | 47,687 | 72,985 | 84,051 | 92,273 | 55,422 | 32,398 | 5,073 | 30,968 |
| Extraordinary item | | | | | | | | | | |
| Redevelopment Agency dissolution transaction | - | - | (274) | - | - | - | - | - | - | - |
| Net change in fund balances | \$ 35,826 | \$ 24,157 | \$ 47,413 | \$ 72,985 | \$ 84,051 | \$ 92,273 | \$ 55,422 | \$ 32,398 | \$ 5,073 | \$ 30,968 |
| Debt service as a percentage of non capital expenditures | 3.17% | 3.98% | 4.26% | 4.99% | 4.27% | 4.20% | 4.19% | 3.98% | 3.89% | 3.89% |

Note 1: Modified accrual basis of accounting

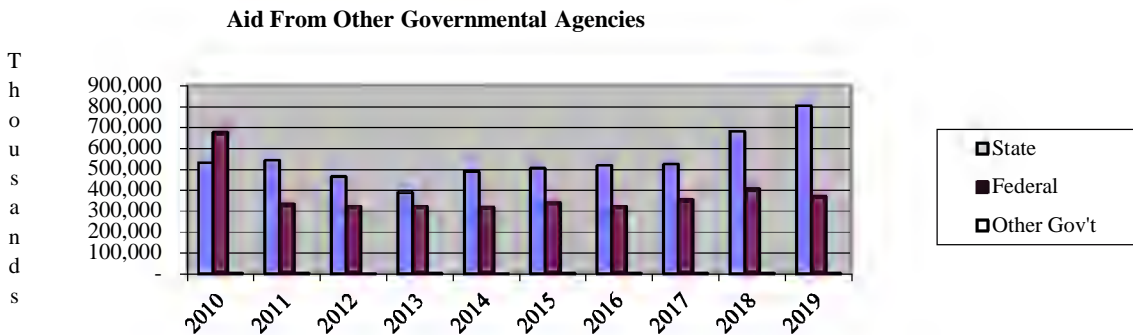
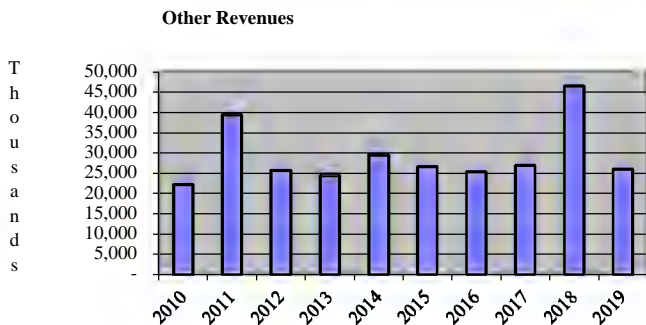
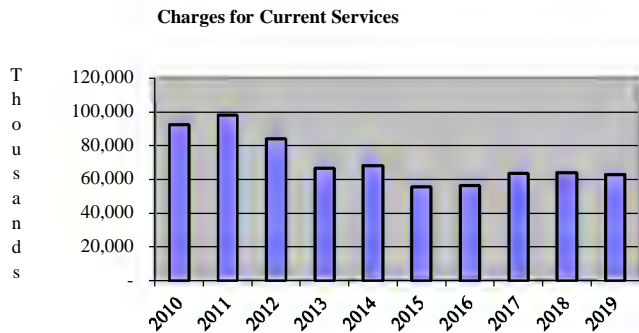
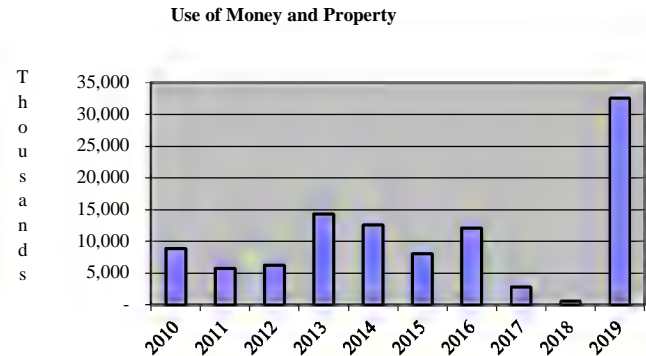
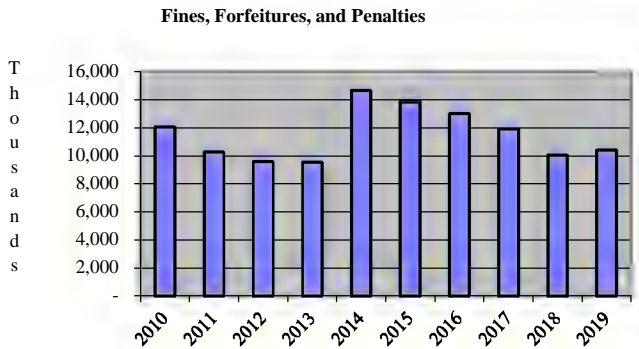
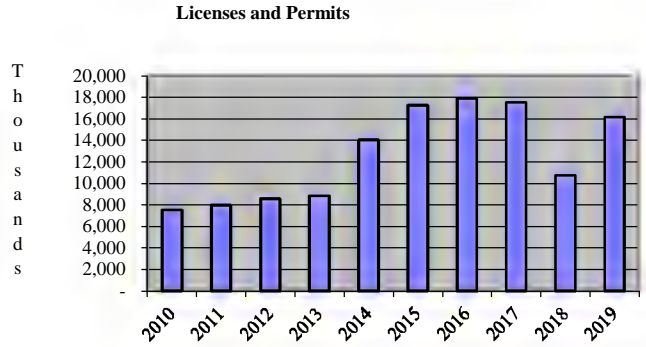
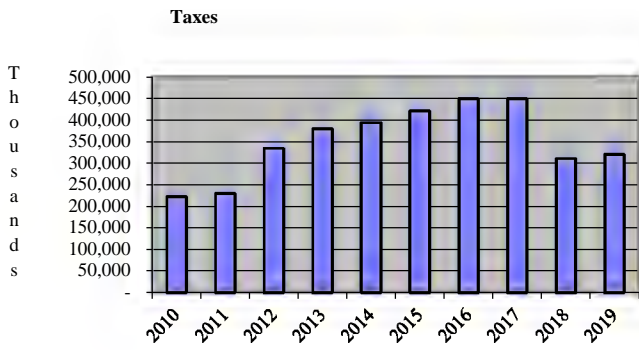
County of Fresno
Governmental Funds Revenues By Source
Last Ten Fiscal Years
(amount expressed in thousands)

| Fiscal Year | Total Revenues | Taxes | Licenses and Permits | Fines, Forfeitures, and Penalties | Use of Money and Property | Aid From Other Governmental Agencies | | | Charges for Current Services | Other Revenues |
|-------------|----------------|------------|----------------------|-----------------------------------|---------------------------|--------------------------------------|------------|-------------|------------------------------|----------------|
| | | | | | | State | Federal | Other Gov't | | |
| 2010 | \$ 1,578,307 | \$ 222,538 | \$ 7,543 | \$ 12,045 | \$ 8,900 | \$ 531,645 | \$ 677,923 | \$ 2,928 | \$ 92,648 | \$ 22,137 |
| 2011 | 1,272,134 | 230,422 | 7,987 | 10,268 | 5,745 | 544,195 | 333,427 | 2,568 | 98,139 | 39,383 |
| 2012 | 1,257,647 | 334,763 | 8,600 | 9,577 | 6,278 | 465,232 | 322,815 | 711 | 83,947 | 25,724 |
| 2013 | 1,218,891 | 380,541 | 8,872 | 9,529 | 14,315 | 388,767 | 322,745 | 3,273 | 66,491 | 24,358 |
| 2014 | 1,345,404 | 394,370 | 14,070 | 14,657 | 12,562 | 489,408 | 320,457 | 2,052 | 68,274 | 29,554 |
| 2015 | 1,394,351 | 422,029 | 17,272 | 13,866 | 8,022 | 505,053 | 342,554 | 3,324 | 55,541 | 26,690 |
| 2016 | 1,420,695 | 449,842 | 17,946 | 13,015 | 12,087 | 520,137 | 322,977 | 3,000 | 56,305 | 25,386 |
| 2017 | 1,458,060 | 450,120 | 17,558 | 11,944 | 2,804 | 525,324 | 355,934 | 3,833 | 63,611 | 26,932 |
| 2018 | 1,536,075 | 311,393 | 10,756 | 10,049 | 561 | 681,841 | 407,703 | 3,188 | 64,043 | 46,541 |
| 2019 | 1,649,011 | 320,594 | 16,192 | 10,408 | 32,538 | 804,151 | 372,680 | 3,423 | 62,995 | 26,030 |

For Fiscal Year 2019



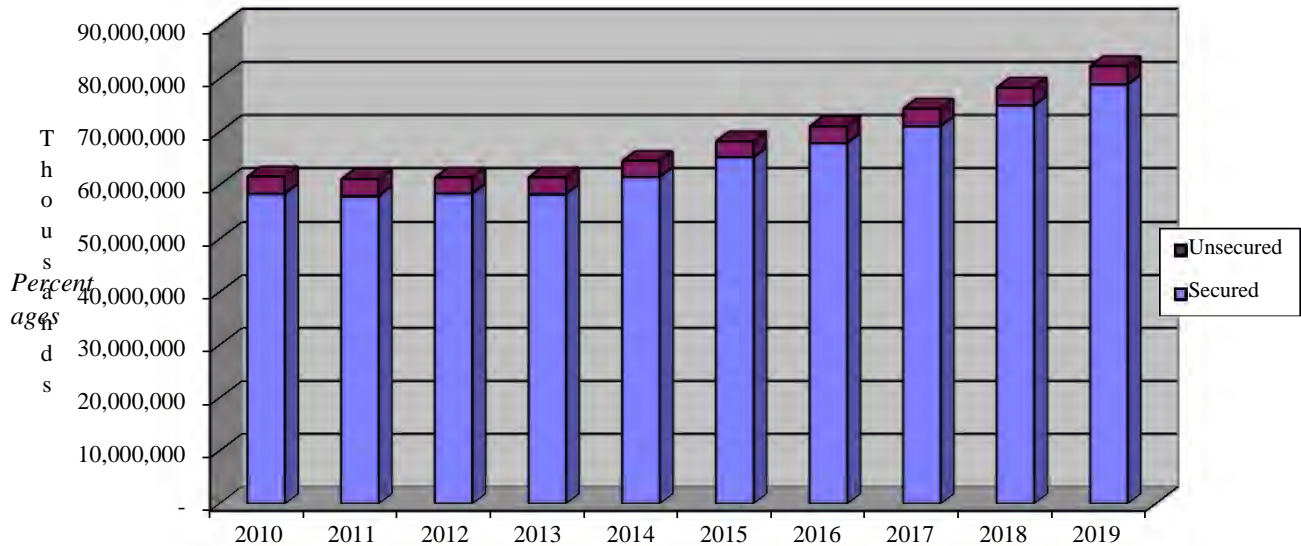
**County of Fresno
Governmental Funds Revenues By Source
Last Ten Fiscal Years
(amount expressed in thousands)**



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

| Fiscal Year | Secured | Unsecured | Total | Ratio of Assessed to Estimated Actual | Total Direct Tax Rate |
|-------------|------------------|------------------|------------------|---------------------------------------|-----------------------|
| | Estimated Actual | Estimated Actual | Estimated Actual | | |
| 2010 | \$58,391,376 | \$3,209,653 | \$61,601,029 | 100 | 1.00% |
| 2011 | 57,958,443 | 3,171,629 | 61,130,072 | 100 | 1.00% |
| 2012 | 58,378,659 | 3,040,714 | 61,419,373 | 100 | 1.00% |
| 2013 | 58,343,171 | 3,124,705 | 61,467,876 | 100 | 1.00% |
| 2014 | 61,518,986 | 3,032,881 | 64,551,867 | 100 | 1.00% |
| 2015 | 65,196,174 | 3,054,484 | 68,250,658 | 100 | 1.00% |
| 2016 | 67,898,181 | 3,190,135 | 71,088,316 | 100 | 1.00% |
| 2017 | 71,057,076 | 3,376,707 | 74,433,783 | 100 | 1.00% |
| 2018 | 74,950,077 | 3,432,862 | 78,382,939 | 100 | 1.00% |
| 2019 | 78,876,831 | 3,519,686 | 82,396,517 | 100 | 1.00% |

Estimated Value of Taxable Property



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

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

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

| <u>Fiscal Year</u> | <u>County Direct Rates</u> | <u>Overlapping Rates</u> | | <u>Total Rates</u> |
|--------------------|----------------------------------|--------------------------|-----------------------------|--------------------|
| | <u>Fresno County General</u> | <u>City of Fresno</u> | <u>School Districts</u> | |
| 2008 - 2009 | 1.00000 | 0.032438 | 0.105860 | 1.138298 |
| 2009 - 2010 | 1.00000 | 0.032438 | 0.199188 | 1.231626 |
| 2010 - 2011 | 1.00000 | 0.032438 | 0.198914 | 1.231352 |
| 2011 - 2012 | 1.00000 | 0.032438 | 0.195870 | 1.228308 |
| 2012 - 2013 | 1.00000 | 0.032438 | 0.198218 | 1.230656 |
| 2013 - 2014 | 1.00000 | 0.032438 | 0.198436 | 1.230874 |
| 2014 - 2015 | 1.00000 | 0.032438 | 0.198168 | 1.230606 |
| 2015 - 2016 | 1.00000 | 0.032438 | 0.196924 | 1.229362 |
| 2016 - 2017 | 1.00000 | 0.032438 | 0.197344 | 1.229782 |
| 2017 - 2018 | 1.00000 | 0.032438 | 0.214798 | 1.247236 |
| 2018 - 2019 | 1.00000 | 0.032438 | 0.211830 | 1.244268 |

Notes:

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

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

Source:

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

**County of Fresno
Principal Taxpayers
June 30, 2019
and June 30, 2010
(amounts expressed in thousands)**

| Taxpayer | 2019 | | | 2010 | | |
|---|---------------------------|-------------|---|---------------------------|-------------|---|
| | Assessed Value | Rank | % of Total County Assessed Value | Assessed Value | Rank | % of Total County Assessed Value |
| Pacific Gas & Electric Co. | \$ 2,782,809 | 1 | 3.550 | \$ 1,556,001 | 1 | 2.526 |
| Southern California Edison Co. | 499,375 | 2 | 0.637 | 386,604 | 2 | 0.628 |
| Panoche Energy Center, LLC | 275,400 | 3 | 0.351 | 258,500 | 4 | 0.420 |
| Chevron USA, Inc. | 223,415 | 4 | 0.285 | 339,733 | 3 | 0.552 |
| AERA Energy, LLC | 160,605 | 5 | 0.205 | 192,943 | 6 | 0.313 |
| Fresno Community Hospital & Medical Ctr | 138,490 | 6 | 0.177 | - | - | 0.000 |
| Macerich Fresno Limited Partnership | 137,946 | 7 | 0.176 | 133,525 | 8 | 0.217 |
| AT&T California | 130,818 | 8 | 0.167 | 212,109 | 5 | 0.344 |
| Gallo E & J Winery | 128,600 | 9 | 0.164 | 105,227 | 10 | 0.171 |
| RPI Fig Garden, LP | 109,007 | 10 | 0.139 | - | - | 0.000 |
| Gap, Inc. | - | - | - | 151,290 | 7 | 0.246 |
| Atlantic Path 15 LLC | - | - | - | 113,886 | 9 | 0.185 |
| Total | \$ 4,586,466 | | 5.851 | \$ 3,449,818 | | 5.602 |

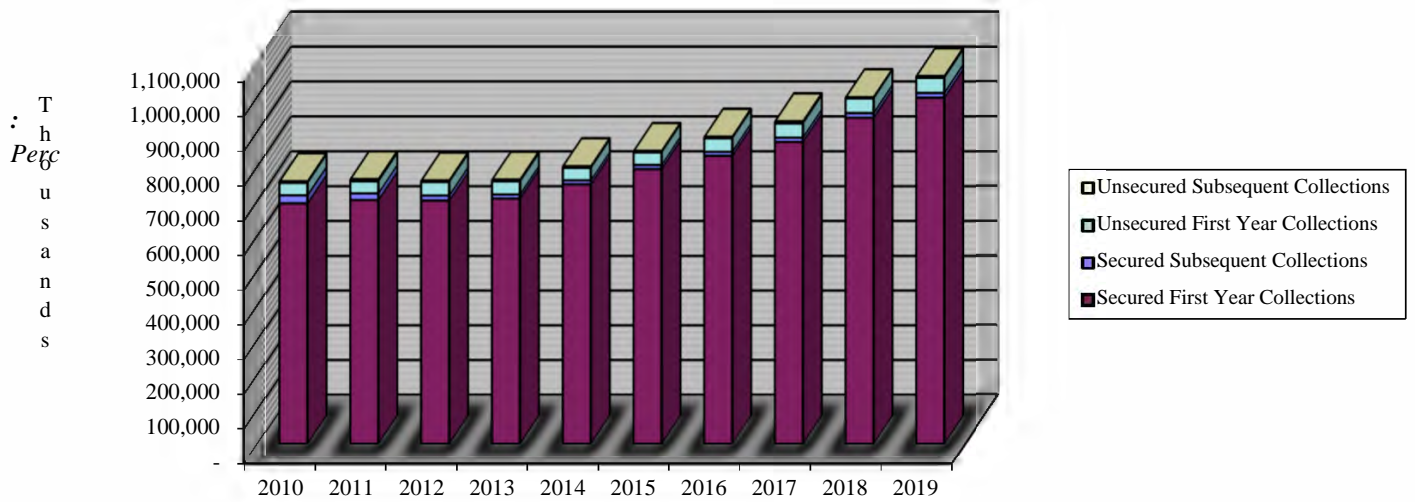
Source: Auditor-Controller/Treasurer-Tax Collector, County of Fresno

Note: Percentages based on estimated property values of \$82,396,517 in 2019 and \$61,601,029 in 2010.

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

| Fiscal Year | Secured | | | | | | | | | Unsecured | | | | | | | | |
|-------------|------------------------------------|---------|-------------|--------|--------------------------------|--------|--------------------------|---------|------------|------------------------------------|---------|-------------|---------|--------------------------------|--------|--------------------------|--|--|
| | Collections in Fiscal Year of Levy | | Delinquency | | Collection in Subsequent Years | | Total Collection to Date | | | Collections in Fiscal Year of Levy | | Delinquency | | Collection in Subsequent Years | | Total Collection to Date | | |
| | Tax Levies | Amount | Percent | Amount | Percent | Amount | Amount | Percent | Tax Levies | Amount | Percent | Amount | Percent | Amount | Amount | Percent | | |
| 2010 | 714,619 | 691,547 | 96.771 | 23,072 | 3.229 | 23,072 | 714,619 | 100.00% | 39,039 | 35,956 | 92.103 | 3,083 | 7.897 | 3,083 | 39,039 | 100.00% | | |
| 2011 | 720,195 | 701,038 | 97.340 | 19,157 | 2.660 | 19,157 | 720,195 | 100.00% | 39,345 | 34,355 | 87.317 | 4,990 | 12.683 | 4,990 | 39,345 | 100.00% | | |
| 2012 | 714,008 | 699,603 | 97.983 | 14,405 | 2.017 | 14,405 | 714,008 | 100.00% | 41,579 | 39,028 | 93.865 | 2,551 | 6.135 | 2,551 | 41,579 | 100.00% | | |
| 2013 | 717,057 | 705,356 | 98.368 | 11,701 | 1.632 | 11,701 | 717,057 | 100.00% | 41,027 | 37,482 | 91.359 | 3,545 | 8.641 | 3,545 | 41,027 | 100.00% | | |
| 2014 | 757,605 | 746,292 | 98.507 | 11,314 | 1.493 | 11,314 | 757,606 | 100.00% | 38,947 | 35,944 | 92.290 | 3,003 | 7.710 | 3,003 | 38,947 | 100.00% | | |
| 2015 | 801,553 | 789,983 | 98.557 | 11,550 | 1.441 | 11,527 | 801,510 | 99.80% | 38,950 | 36,263 | 93.101 | 2,687 | 6.899 | 2,682 | 38,945 | 99.80% | | |
| 2016 | 839,524 | 827,836 | 98.608 | 11,688 | 1.392 | 11,641 | 839,477 | 99.60% | 41,729 | 38,931 | 93.295 | 2,799 | 6.708 | 2,788 | 41,719 | 99.60% | | |
| 2017 | 879,820 | 867,520 | 98.602 | 12,299 | 1.398 | 12,225 | 879,745 | 99.40% | 45,719 | 40,764 | 89.162 | 4,955 | 10.838 | 4,925 | 45,689 | 99.40% | | |
| 2018 | 950,394 | 937,062 | 98.597 | 13,332 | 1.403 | 13,225 | 950,287 | 99.20% | 44,286 | 41,949 | 94.723 | 2,337 | 5.277 | 2,318 | 44,267 | 99.20% | | |
| 2019 | 1,008,351 | 994,415 | 98.618 | 13,937 | 1.382 | 13,658 | 1,008,073 | 98.00% | 46,957 | 43,515 | 92.670 | 3,342 | 7.117 | 3,275 | 46,790 | 98.00% | | |

Property Tax Levies



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

Source: County of Fresno Tax Rate Book

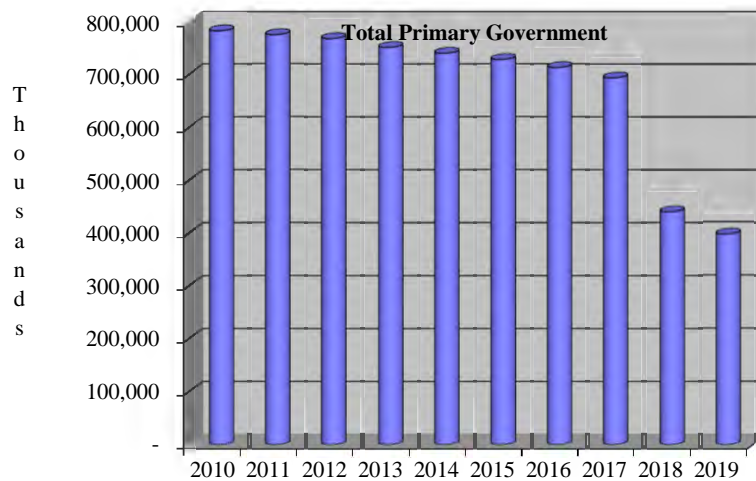
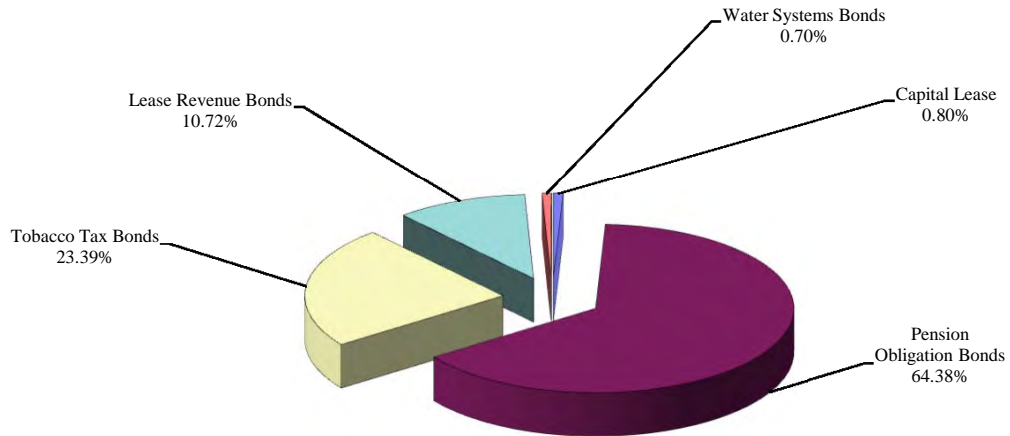
County of Fresno
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)

| Fiscal Year | Governmental Activities | | | | | Business-Type Activities | | | Total Primary Government | Percentage of Personal Income ^a | Per Capita ^a |
|-------------|-------------------------|--------------------------|-------------------|---------------------|---------------------|--------------------------|----------------|------------|--------------------------|--|-------------------------|
| | Capital Lease | Pension Obligation Bonds | Tobacco Tax Bonds | Lease Revenue Bonds | Water Systems Bonds | Outstanding Loan | Capital Leases | | | | |
| 2010 | \$ 5,830 | \$ 553,132 | \$ 131,601 | \$ 86,516 | \$ 4,335 | \$ - | \$ - | \$ 781,414 | 2.71% | 837 | |
| 2011 | 3,817 | 548,951 | 133,789 | 82,667 | 4,200 | - | - | 773,424 | 2.60% | 820 | |
| 2012 | 4,601 | 543,387 | 136,041 | 78,704 | 4,060 | - | - | 766,793 | 2.34% | 809 | |
| 2013 | 4,066 | 536,085 | 134,397 | 71,924 | 3,910 | - | - | 750,382 | 2.20% | 786 | |
| 2014 | 4,521 | 527,007 | 136,575 | 67,214 | 3,750 | 80 | - | 739,147 | 2.14% | 765 | |
| 2015 | 5,461 | 516,073 | 139,591 | 62,304 | 3,580 | 75 | - | 727,084 | NA | NA | |
| 2016 | 3,926 | 503,666 | 142,114 | 58,704 | 3,400 | 73 | - | 711,883 | 2.06% | 737 | |
| 2017 | 2,934 | 488,331 | 145,048 | 52,916 | 3,205 | 370 | - | 692,804 | 1.85% | 711 | |
| 2018 | 3,258 | 294,069 | 96,584 | 42,435 | 3,000 | 67 | - | 439,413 | 1.18% | 451 | |
| 2019 | 3,154 | 254,825 | 92,573 | 42,435 | 2,780 | 62 | - | 395,829 | 1.01% | 404 | |

Note 1: Accrual basis of accounting

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

Outstanding Debt by Type for Fiscal Year 2019



County of Fresno
Estimated Direct and Overlapping Bonded Debt
June 30, 2019
(amounts expressed in thousands)

| | | | |
|---|-------------------|--------------------------------------|---------------------------------|
| 2018-19 Assessed Valuation: | \$ 82,396,517,042 | (includes unitary utility valuation) | |
| Overlapping Tax and Assessment Debt: | | Total Debt 6/30/19 | % Applicable (1) |
| | | Debt 6/30/19 | |
| Merced Community College District School Facilities Improvement District No. 2 | \$ 7,319,847 | 2.679% | \$ 196,099 |
| State Center Community College District | 174,485,000 | 83.271% | 145,295,404 |
| West Hills Community College District and School Facilities Improvement Districts | 69,484,353 | 26.177-99.581% | 38,634,846 |
| Central Unified School District | 155,702,733 | 100% | 155,702,733 |
| Clovis Unified School District | 373,328,941 | 100% | 373,328,941 |
| Fresno Unified School District | 499,219,334 | 100% | 499,219,334 |
| Kings Canyon Joint Unified School District | 70,616,041 | 91.374% | 64,524,701 |
| Sanger Unified School District | 151,809,481 | 100% | 151,809,481 |
| Other Unified School Districts | 294,182,837 | Various | 253,477,909 |
| High School and School Districts | 57,767,792 | Various | 48,693,899 |
| City of Selma | 3,925,000 | 100% | 3,925,000 |
| Hospital Districts | 23,016,170 | 100% | 23,016,170 |
| Coalinga-Huron Recreation and Park District | 9,375,000 | 100% | 9,375,000 |
| California Statewide Community Development Authority Community Facilities District No. 2012-01 | 4,150,000 | 100% | 4,150,000 |
| City Community Facilities Districts | 3,255,000 | 100% | 3,255,000 |
| 1915 Act Bonds (Estimated) | 6,291,681 | 100% | 6,291,681 |
| Total Overlapping Tax and Assessment Debt | | | 1,780,896,198 |
| Overlapping Tax Increment Debt: | | | |
| Successor Agencies | \$ 57,044,952 | 100% | \$ 57,044,952 |
| Overlapping General Fund Obligation Debt | | | |
| College of the Sequoias Community College District General Fund Obligations | 17,497,157 | Various | 7,848,212 |
| Central Unified School District Certificates of Participation | 16,077,379 | 100% | 16,077,379 |
| Clovis Unified School District General Fund Obligations | 4,665,000 | 100% | 4,665,000 |
| Fresno Unified School District General Fund Obligations | 14,380,000 | 100% | 14,380,000 |
| Sanger Unified School District Certificates of Participation | 40,015,000 | 100% | 40,015,000 |
| Other School District General Fund Obligations | 62,580,147 | Various | 40,447,637 |
| City of Clovis General Fund Obligations | 8,997,833 | 100% | 8,997,833 |
| City of Fresno General Fund and Judgment Obligations | 169,031,875 | 100% | 169,031,875 |
| City of Fresno Pension Obligation Bonds | 116,160,000 | 100% | 116,160,000 |
| Other City General Fund Obligations | 11,996,109 | 100% | 11,996,109 |
| Coalinga Regional Medical Center General Fund Obligations | 4,170,000 | 100% | 4,167,998 |
| Clovis Memorial Water District General Fund Obligations | 3,470,000 | 100% | 3,470,000 |
| Total Gross Overlapping General Fund Obligation Debt | | | 437,257,043 |
| Total Overlapping Tax and Assessment and General Fund Obligation Debt | | | 2,275,198,193 |
| Direct General Fund Obligation Debt: | | | |
| Fresno County General Fund Obligations | 37,145,000 | 100% | 37,145,000 |
| Fresno County Pension Obligation Bonds | 255,277,749 | 100% | 255,277,749 |
| Capital Lease Obligations | | 100% | - |
| Bonds Payable | | 100% | - |
| Total Direct General Fund Obligation Debt | | | 292,422,749 |
| Total Gross Combined Overlapping and Direct Debt | | | \$ 2,567,620,942 ⁽²⁾ |
| Ratios to 2018-19 Assessed Valuation: | | | |
| Total Overlapping Tax and Assessment Debt | | 2.16% | |
| Total Direct Debt (\$292,422,749) | | 0.35% | |
| Gross Combined Total Debt | | 3.12% | |
| Ratios to Redevelopment Incremental Valuation (\$5,791,818,131): | | | |
| Total Overlapping Tax Increment Debt | | 0.99% | |

- (1) The percentage of overlapping debt applicable to the county is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the county divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on the principal amount due at maturity. Excludes tobacco bonds.

Source: California Municipal Statistics, Inc.

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

| Fiscal Year | Assessed Value | Debt Limit Percentage | Debt Limit | Amount of Debt Applicable to Limit | | | Legal Debt Margin |
|-------------|----------------|-----------------------|------------|------------------------------------|---|------------------------------------|-------------------|
| | | | | Bonds Payable | Less Resources Restricted to Paying Principal | Total Net Debt Applicable to Limit | |
| 2010 | \$ 61,601,029 | 1.25% | \$ 770,013 | \$ - | \$ - | \$ - | \$ 770,013 |
| 2011 | 61,130,072 | 1.25% | 764,126 | - | - | - | 764,126 |
| 2012 | 61,419,373 | 1.25% | 767,742 | - | - | - | 767,742 |
| 2013 | 61,467,876 | 1.25% | 768,348 | - | - | - | 768,348 |
| 2014 | 64,551,867 | 1.25% | 806,898 | - | - | - | 806,898 |
| 2015 | 68,250,658 | 1.25% | 853,133 | - | - | - | 853,133 |
| 2016 | 71,088,316 | 1.25% | 888,604 | - | - | - | 888,604 |
| 2017 | 74,433,783 | 1.25% | 930,422 | - | - | - | 930,422 |
| 2018 | 78,382,939 | 1.25% | 979,787 | - | - | - | 979,787 |
| 2019 | 82,396,517 | 1.25% | 1,029,956 | 389,833 | 47,690 | 342,143 | 687,813 |

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

County of Fresno
General Bonded Debt Ratios
Last Ten Fiscal Years

| Fiscal Year | Net General Bonded Debt per Capita* | Net General Bonded Debt to Assessed Value | General Debt Service to General Expenditures |
|-------------|-------------------------------------|---|--|
| 2010 | \$ 687.97 | 1.04% | 2.61% |
| 2011 | 674.74 | 1.03% | 3.31% |
| 2012 | 657.80 | 1.01% | 3.53% |
| 2013 | 638.55 | 0.99% | 4.15% |
| 2014 | 624.12 | 0.92% | 3.61% |
| 2015 | 594.86 | 0.85% | 3.61% |
| 2016 | 543.52 | 0.75% | 3.55% |
| 2017 | 543.43 | 0.73% | 3.51% |
| 2018 | 514.02 | 0.66% | 3.18% |
| 2019 | 382.85 | 0.47% | 3.38% |

* Updated amounts based on the revised population estimates for 2019 from Department of Finance as released on July 1, 2019.

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

CSA 47 Water/Sewer Revenue Bonds

| Fiscal Year | Charges | Less: Operating | | Net Available | Debt Service | | Coverage |
|-------------|--------------|-----------------|------------|---------------|--------------|----------|----------|
| | | Expenses | Revenue | | Principal | Interest | |
| 2011 | \$ 1,160,367 | \$ 678,852 | \$ 481,515 | \$ 135,000 | \$ 284,989 | 115% | |
| 2012 | 1,211,528 | 796,012 | 415,516 | 140,000 | 276,395 | 100% | |
| 2013 | 1,235,362 | 816,663 | 418,699 | 150,000 | 266,995 | 100% | |
| 2014 | 1,285,578 | 866,263 | 419,315 | 160,000 | 256,610 | 101% | |
| 2015 | 1,326,035 | 823,055 | 502,980 | 170,000 | 245,555 | 121% | |
| 2016 | 1,321,276 | 821,220 | 500,056 | 180,000 | 233,830 | 121% | |
| 2017 | 1,379,703 | 834,824 | 544,879 | 195,000 | 221,268 | 131% | |
| 2018 | 1,315,000 | 899,000 | 416,000 | 205,000 | 207,868 | 101% | |
| 2019 | 1,697,000 | 882,000 | 815,000 | 220,000 | 193,630 | 197% | |

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

| Year | Population | Personal Income* | Per Capita Personal Income | Median Family Income | Unemployment Rate |
|-------------|-------------------|-----------------------------|---|-------------------------------------|------------------------------|
| 2010 | 929,758 | 28,839 | 30,905 | 52,200 | 15.95% |
| 2011 | 936,089 | 29,741 | 31,542 | 54,700 | 16.77% |
| 2012 | 943,493 | 32,729 | 34,539 | 55,500 | 15.27% |
| 2013 | 952,166 | 34,041 | 35,635 | 54,600 | 14.87% |
| 2014 | 964,040 | 34,567 | 35,785 | 57,900 | 10.40% |
| 2015 | 972,297 | N/A | N/A | N/A | 9.30% |
| 2016 | 984,541 | 34,567 | 35,785 | 58,900 | 9.40% |
| 2017 | 995,975 | 37,360 | 38,323 | 59,900 | 8.30% |
| 2018 | 1,007,229 | 39,295 | 40,101 | 59,900 | 7.60% |
| 2019 | 1,018,241 | 40,583 | 41,137 | 64,800 | 7.40% |

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

** Amounts in thousands*

**County of Fresno
Principal Employers
Comparison of 2018 and 2009**

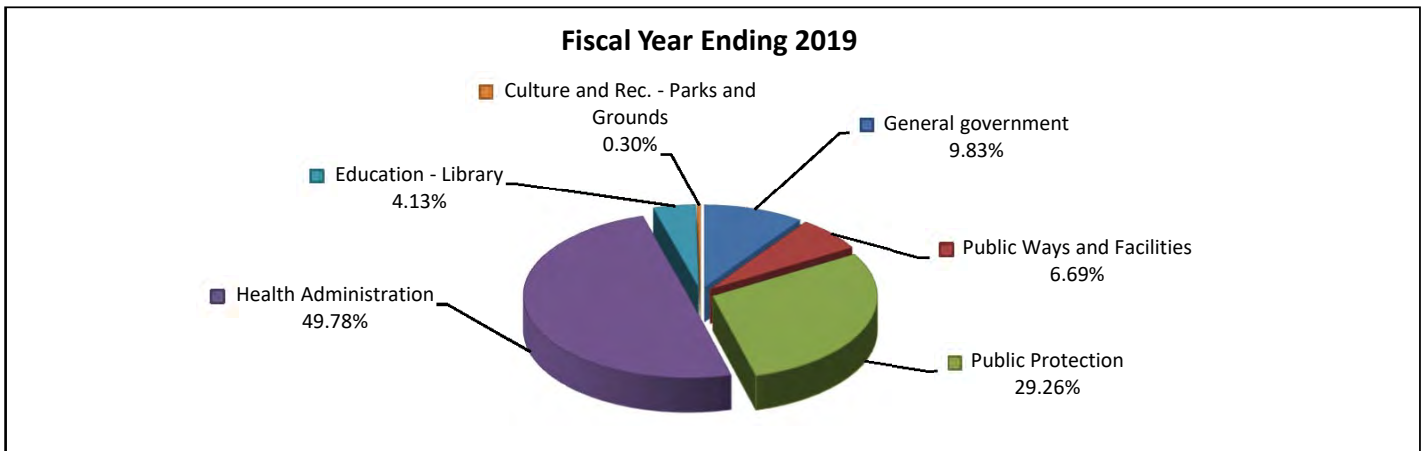
| Employer | 2019 | | | 2010 | | |
|---|----------------------------|-------------|--|----------------------------|-------------|--|
| | Number of Employees | Rank | Percentage of Total County Employment | Number of Employees | Rank | Percentage of Total County Employment |
| Fresno Unified School District | 14,238 | 1 | 3.15% | 8,400 | 2 | 1.87% |
| Community Medical Centers | 8,500 | 2 | 1.88% | 6,200 | 3 | 1.38% |
| County of Fresno | 8,341 | 3 | 1.84% | 8,654 | 1 | 1.92% |
| Clovis Unified School District | 8,313 | 4 | 1.84% | 5,000 | 4 | 1.11% |
| California State University Fresno | 5,766 | 5 | 1.27% | - | 0 | 0.00% |
| State Center Community College District | 5,192 | 6 | 1.15% | - | 0 | 0.00% |
| City of Fresno | 4,556 | 7 | 1.01% | 2,600 | 5 | 0.58% |
| Children's Hospital of Cental CA | 4,140 | 8 | 0.92% | - | 0 | 0.00% |
| Saint Agnes Medical | 2,696 | 9 | 0.60% | - | 0 | 0.00% |
| Kaiser Permanente Medical | 2,300 | 10 | 0.51% | 2,000 | 8 ~ 10 | 0.44% |
| Total | 64,042 | | 14.16% | 32,854 | | 7.30% |

Source: The 2019 employee counts are obtained from various entity websites. The 2010 employee count was obtained from the 2010 County of Fresno Comprehensive Annual Financial Report.

Note: Percentages based on labor force of 452,300 in 2019 and 450,100 in 2010.

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

| Function/Program | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General government | | | | | | | | | | |
| Administration | 56 | 54 | 52 | 53 | 56 | 57 | 62 | 62 | 62 | 61 |
| County Counsel | 29 | 26 | 25 | 28 | 31 | 32 | 32 | 32 | 33 | 34 |
| Finance | 256 | 227 | 235 | 212 | 218 | 225 | 237 | 238 | 233 | 231 |
| Internal Service | 411 | 381 | 344 | 346 | 340 | 374 | 383 | 383 | 408 | 418 |
| Other | 35 | 23 | 23 | 24 | 25 | 27 | 28 | 30 | 32 | 32 |
| Total | 787 | 711 | 679 | 663 | 670 | 715 | 742 | 745 | 768 | 776 |
| Public Ways and Facilities | | | | | | | | | | |
| Planning | 122 | 106 | 105 | 105 | 110 | 120 | 137 | 144 | 159 | 161 |
| Roads | 224 | 222 | 198 | 198 | 196 | 196 | 203 | 206 | 223 | 246 |
| Community Development | 19 | 19 | 14 | 14 | 13 | 11 | 11 | 10 | 10 | 10 |
| Solid Waste | 24 | 22 | 21 | 21 | 21 | 21 | 15 | 15 | 16 | 16 |
| Other | 81 | 81 | 83 | 82 | 83 | 88 | 93 | 93 | 93 | 95 |
| Total | 470 | 450 | 421 | 420 | 423 | 436 | 459 | 468 | 501 | 528 |
| Public Protection | | | | | | | | | | |
| Sheriff - Coroner | 1,020 | 996 | 1,011 | 1,038 | 1,067 | 1,071 | 1,139 | 1,182 | 1,231 | 1,254 |
| Probation | 535 | 514 | 544 | 546 | 572 | 585 | 639 | 641 | 650 | 659 |
| District Attorney | 243 | 228 | 222 | 238 | 256 | 254 | 260 | 255 | 247 | 252 |
| Public Defender | 95 | 82 | 79 | 84 | 88 | 105 | 111 | 112 | 120 | 144 |
| Total | 1,893 | 1,820 | 1,856 | 1,906 | 1,983 | 2,015 | 2,149 | 2,190 | 2,248 | 2,309 |
| Health Administration | | | | | | | | | | |
| Child and Family Services | 274 | 232 | 232 | 231 | 239 | 239 | 239 | 239 | 224 | 224 |
| Adult Services | 511 | 484 | 514 | 514 | 542 | 542 | 584 | 584 | 616 | 641 |
| Social Services | 2,060 | 2,160 | 2,182 | 2,320 | 2,452 | 2,457 | 2,559 | 2,600 | 2,643 | 2,639 |
| Community Health | 432 | 438 | 467 | 481 | 368 | 368 | 394 | 394 | 404 | 405 |
| In-Home Supportive Services | 7 | 7 | 7 | 7 | 7 | 7 | 12 | 12 | 12 | 12 |
| Veterans Services | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 7 | 7 | 7 |
| Total | 3,292 | 3,329 | 3,410 | 3,560 | 3,613 | 3,619 | 3,794 | 3,836 | 3,906 | 3,928 |
| Education - Library | | | | | | | | | | |
| | 330 | 291 | 293 | 292 | 314 | 316 | 326 | 329 | 326 | 326 |
| Culture and Rec. - Parks and Grounds | | | | | | | | | | |
| | 31 | 26 | 20 | 16 | 17 | 19 | 24 | 24 | 24 | 24 |
| Grand Total | 6,798 | 6,621 | 6,675 | 6,858 | 7,022 | 7,125 | 7,494 | 7,592 | 7,773 | 7,891 |



Source: 2018-2019 Recommended Budget

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

| <u>Function/Program</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|
| Public protection | | | | | | | | | | |
| <i>Child Support Services</i> | | | | | | | | | | |
| Number of child support cases opened | 65,032 | 62,175 | 60,115 | 58,444 | 56,755 | 57,388 | 58,556 | 59,934 | 60,152 | 59,943 |
| Child support collected (in thousands) | \$ 83,562 | \$ 82,918 | \$ 83,681 | \$ 82,529 | \$ 82,525 | \$ 85,345 | \$ 86,430 | \$ 88,016 | \$ 90,658 | \$ 92,071,358 |
| <hr/> | | | | | | | | | | |
| <i>Sheriff</i> | | | | | | | | | | |
| Zone offices | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Patrol units | 233 | 186 | 249 | 240 | 242 | 237 | 281 | 280 | 263 | 294 |
| Dispatched calls | 200,553 | 204,542 | 199,408 | 215,403 | 188,672 | 115,649 | 109,997 | 101,022 | 96,365 | 92,945 |
| Physical arrests | 7,943 | 7,789 | 9,299 | 7,954 | 7,171 | 4,658 | 4,985 | 6,338 | 4,978 | 4,888 |
| Traffic citations | 1,316 | 1,315 | 1,077 | 737 | 917 | 959 | 995 | 834 | 760 | 700 |
| Stolen vehicles | 763 | 1,020 | 899 | 997 | 770 | 644 | 809 | 711 | 695 | 779 |
| Jail bookings | 40,621 | 40,794 | 40,025 | 41,696 | 44,321 | 34,245 | 29,693 | 29,350 | 30,358 | 30,256 |
| Avg. daily jail population | 1,877 | 1,661 | 1,810 | 2,867 | 2,978 | 2,725 | 2,748 | 2,849 | 3,030 | 3,046 |
| <hr/> | | | | | | | | | | |
| Public ways and facilities | | | | | | | | | | |
| Street miles maintained | 3,527 | 3,524 | 3,519 | 3,517 | 3,516 | 3,508 | 3,507 | 3,505 | 3,496 | 3,488 |
| <hr/> | | | | | | | | | | |
| Health, sanitation, and public assistance | | | | | | | | | | |
| <i>Emergency Medical Services (EMS)</i> | | | | | | | | | | |
| Number of 9-1-1 medical calls | 92,960 | 96,030 | 107,235 | 107,039 | 101,982 | 111,501 | 122,868 | 130,451 | 135,237 | 136,445 |
| <hr/> | | | | | | | | | | |
| <i>Department of Social Services</i> | | | | | | | | | | |
| Number of client months served | 6,529,503 | 6,854,629 | 6,966,161 | 7,032,774 | 7,336,435 | 8,147,153 | 8,688,471 | 8,571,695 | 8,305,266 | 8,695,715 |
| <hr/> | | | | | | | | | | |
| Education | | | | | | | | | | |
| <i>Library</i> | | | | | | | | | | |
| Number of branches | 35 | 35 | 35 | 35 | 35 | 39 | 39 | 39 | 39 | 37 |
| Number of volumes | 4,013,193 | 3,104,381 | 3,698,458 | 3,656,593 | 2,188,608 | 2,357,614 | 982,245 | 982,245 | 750,420 | 734,929 |
| Volumes borrowed | 3,667,648 | 3,874,259 | 3,989,774 | 3,844,412 | 4,216,039 | 4,175,236 | 3,882,699 | 3,508,508 | 3,295,783 | 2,547,469 |
| <hr/> | | | | | | | | | | |
| Culture and recreation | | | | | | | | | | |
| <i>Parks and Grounds</i> | | | | | | | | | | |
| Acreage | 2,120 | 2,120 | 2,120 | 2,120 | 2,000 | 1,089 | 1,089 | 1,409 | 1,290 | 1,578 |
| Park passes issued | 162 | 112 | 166 | 193 | 106 | 18 | 20 | 20 | 91 | 265 |

Sources: Various county departments

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

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

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Glossary

County of Fresno
Glossary for the Comprehensive Annual Financial Report

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

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

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

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

ACTIVE EMPLOYEES. Individuals employed at the end of the reporting or measurement period, as applicable.

ACTUARIAL VALUATION. The determination, as of a point in time (the actuarial valuation date), of the service cost, total pension liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the Governmental Accounting Standards Board.

ACTUARIAL VALUATION DATE. The date as of which an actuarial valuation is performed.

ACTUARIALLY DETERMINED CONTRIBUTION. A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

ADVANCE FROM OTHER FUNDS. A liability account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity. See DUE TO OTHER FUNDS and INTERFUND RECEIVABLE/PAYABLE.

ADVANCE TO OTHER FUNDS. An asset account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity. See DUE FROM OTHER FUNDS and INTERFUND RECEIVABLE/PAYABLE.

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

AGENT MULTIPLE-EMPLOYER PLAN. Group of single-employer plans with pooled administrative and investment functions but separate actuarial valuations and contribution rates.

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

ANNUAL OPEB COST. An accrual-basis measure of the periodic cost of an employer's participation in a defined other post-employment benefit (OPEB) plan.

ANNUAL REQUIRED CONTRIBUTIONS (ARC). Term used in connection with other postemployment benefit plans to describe the amount an employer must contribute in a given year.

County of Fresno

Glossary for the Comprehensive Annual Financial Report

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

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

ASSIGNED FUND BALANCE. Amounts that are constrained by the County's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose. This is also the classification for residual funds in the County's special revenue funds.

AUDITOR'S REPORT. In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with GAAP or some other comprehensive basis of accounting.

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

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

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

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

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

BUSINESS-TYPE ACTIVITIES. One of two classes of activities reported in the government-wide financial statements. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. These activities are usually reported in enterprise funds.

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

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

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

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

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

County of Fresno
Glossary for the Comprehensive Annual Financial Report

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

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

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

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

CLAIM. A demand for payment of damages or a policy benefit because of the occurrence of an event, such as the destruction or damage of property and related deaths or injuries.

CLOSED AMORTIZATION PERIOD. Term used in connection with the unfunded actuarial accrued liability associated with defined benefit pension and other postemployment benefit plans. A specific number of years that is counted from one date and, therefore, declines to zero with the passage of time. For example, if the amortization period is initially 30 years on a closed basis, 29 years remain after the first year, 28 years after the second year, and so forth.

COLLECTIVE DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS. Deferred outflows of resources and deferred inflows of resources related to pensions arising from certain changes in the collective net pension liability.

COLLECTIVE NET PENSION LIABILITY. The net pension liability for benefits provided through (1) a cost-sharing pension plan or (2) a single-employer or agent pension plan in circumstances in which there is a special funding situation.

COLLECTIVE PENSION EXPENSE. Pension expense arising from certain changes in the collective net pension liability.

COMMITTED FUND BALANCE. Amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

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

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

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

County of Fresno

Glossary for the Comprehensive Annual Financial Report

CONTRIBUTION DEFICIENCIES. The difference between the annual required contributions (ARC) of the employer(s), and the employer's actual contributions in relation to the ARC.

CONTRIBUTIONS. Additions to a pension plan's fiduciary net position for amounts from employers, non-employer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources.

COST-OF-LIVING ADJUSTMENTS. Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.

COST-SHARING MULTIPLE-EMPLOYER PLAN. A single plan with pooling (cost-sharing) arrangements for the participating employers. All risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to the employers. A single actuarial valuation covers all plan members and the same contribution rate(s) applies for each employer.

COVERED PAYROLL. Term used in connection with defined benefit pension and other postemployment benefit plans to describe all elements of annual compensation paid to active employees on which contributions to a plan are based.

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

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

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

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

DEFERRED CHARGES. Expenditures that are not chargeable to the fiscal period in which they were made that are carried as an asset on the balance sheet, pending amortization or other disposition (e.g., bond issuance costs). Deferred charges differ from prepaid items in that they usually extend over a long period of time (more than five years) and are not regularly recurring costs of operation.

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

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

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

DEFINED BENEFIT OPEB PLAN. Plan having terms that specify the amount of benefits to be provided at or after separation from employment. The benefits may be specified in dollars (for example, a flat dollar payment or an amount based on one or more factors such as age, years of service, and compensation), or as a type or level of coverage (for example, prescription drugs or a percentage of healthcare insurance premiums).

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

County of Fresno

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

DISCOUNT RATE. The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

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

DUE TO OTHER FUNDS. A liability account reflecting amounts owed by a particular fund to another fund for goods sold or services rendered. These amounts include only short-term obligations on open account, not interfund loans.

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

EMPLOYER'S CONTRIBUTIONS. Term used in the context of pension and other postemployment benefits to describe contributions actually made by the employer in relation to the annual required contribution (ARC) of the employer. (Only amounts paid to trustees and outside parties qualify.)

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

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

ENTRY AGE ACTUARIAL COST METHOD. A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.

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

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

EXPENDITURE-DRIVEN GRANTS. Government-mandated or voluntary non-exchange transactions in which expenditure is the prime factor for determining eligibility. Also referred to as reimbursement grants.

County of Fresno Glossary for the Comprehensive Annual Financial Report

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

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

EXTERNAL INVESTMENT POOL. An arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio; one or more of the participants is not part of the sponsors reporting entity. An external investment pool can be sponsored by an individual government, jointly by more than one government, or by a nongovernmental entity. An investment pool that is sponsored by an individual state or local government is an external investment pool if it includes participation by a legally separate entity that is not part of the same reporting entity as the sponsoring government. If a government-sponsored pool includes only the primary government and its component units, it is an internal investment pool and not an external investment pool.

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

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

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

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

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

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

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

FUND TYPE. Any one of seven categories into which all funds are classified in governmental accounting. The seven fund types are: general, special revenue, debt service, capital projects, enterprise, internal service, and trust and agency.

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

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

County of Fresno

Glossary for the Comprehensive Annual Financial Report

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

GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA). An association of public finance professionals founded in 1906 as the Municipal Finance Officers Association. The GFOA has played a major role in the development and promotion of GAAP for state and local governments since its inception and has sponsored the Certificate of Achievement for Excellence in Financial Reporting Program since 1946.

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

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

GOVERNMENTAL ACTIVITIES. Activities generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. These activities are usually reported in governmental funds and internal service funds.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS. Financial statements that incorporate all of a government's governmental and business-type activities, as well as its non-fiduciary component units. There are two basic government-wide financial statements: the statement of net position and the statement of activities. Both basic governmental financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

IMPROVEMENT. An addition made to, or change made in, a capital asset, other than maintenance, to prolong its life or to increase its efficiency or capacity. The cost of the addition or change is added to the book value of the asset.

INACTIVE EMPLOYEES. Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.

INDIRECT EXPENSES. Expenses that cannot be specifically associated with a given service, program, or department and thus, cannot be clearly associated with a particular functional category.

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

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

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

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

County of Fresno Glossary for the Comprehensive Annual Financial Report

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

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

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

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

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

LEVEL PERCENTAGE OF PROJECTED PAYROLL AMORTIZATION METHOD. Amortization payments are calculated so that they are a constant percentage of the projected payroll of active plan members over a given number of years. The dollar amount of the payments generally will increase over time as payroll increases due to inflation; in dollars adjusted for inflation, the payments can be expected to remain level.

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

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

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

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

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

MEASUREMENT PERIOD. The period between the prior and the current measurement dates.

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

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

NET OPEB OBLIGATION. In the context of defined benefit pension and Other Postemployment Benefit (OPEB) plans, the cumulative difference between annual pension cost and the employer's contributions to the plan, including the pension/OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to pension-related/OPEB-related debt.

NET PENSION LIABILITY. The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit pension plan.

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

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

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

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB). Medical, dental, vision, and other health-related benefits provided to terminated employees, retired employees, dependents, and beneficiaries.

OVERLAPPING DEBT. The proportionate share property within which each government must bear of the debts of all local governments located wholly or in part within the geographic boundaries of the reporting government. Except for special assessment debt, the amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessment receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, to total assessments, which will be used wholly or in part for this purpose.

PAY-AS-YOU-GO. A method of financing a pension plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

PAYROLL GROWTH RATE. An actuarial assumption with respect to future increases in total covered payroll attributable to inflation; used in applying the level percentage of projected payroll amortization method.

PENSION BENEFITS. Retirement income and all other benefits, including disability benefits, death benefits, life insurance, and other ancillary benefits, except healthcare benefits, that are provided through a defined benefit pension plan to plan members and beneficiaries after termination of employment or after retirement. Postemployment healthcare benefits are considered other postemployment benefits, whether they are provided through a defined benefit pension plan or another type of plan.

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PENSION PLANS. Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed, and benefits are paid as they come due.

PLAN MEMBERS. Individuals that are covered under the terms of a pension plan. Plan members generally include (a) employees in active service (active plan members) and (b) terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).

POSTEMPLOYMENT. Period following termination of employment, including the time between termination and retirement postemployment healthcare benefits.

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

PROJECTED BENEFIT PAYMENTS. All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.

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

REAL RATE OF RETURN. The rate of return on an investment after adjustment to eliminate inflation.

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

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

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

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

RESTRICTED FUND BALANCE. Amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

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

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

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

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

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

SERVICE LIFE. The average remaining years of service of all members of the plan (both current employees and retirees).

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

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

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

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

SUBSTANTIVE PLAN. Terms of an OPEB plan as understood by the employer(s) and plan members.

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

TERMINATION BENEFITS. Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.

TOTAL PENSION LIABILITY. The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service.

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

UNASSIGNED FUND BALANCE. The residual classification for the County's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

UNEARNED REVENUES. Resource inflows that do not yet meet the criteria for revenue recognition. In governmental funds, earned amounts also are reported as unearned revenue until they are available to liquidate liabilities of the current period.

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

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

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

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Certificate”) is dated and made as of July 1, 2020 by the County of Fresno (the “County”) in connection with the issuance of the County’s [\$PA] principal amount of County of Fresno 2020-21 Tax and Revenue Anticipation Notes (the “Notes”). Capitalized terms used in this Certificate which are not otherwise defined in the Resolution approving the issuance of the Notes adopted by the County (the “Resolution”) shall have the respective meanings specified above or in Article IV hereof. Pursuant to Section 203 of the Resolution, the County agrees as follows:

ARTICLE I **THE CERTIFICATE**

Section 1.1. Purpose. This Certificate shall constitute a written undertaking for the benefit of the holders of the Notes, and is being executed and delivered to assist the Underwriter in complying with subsection (b)(5) of the Rule.

Section 1.2. Listed Event Notices. (a) If a Listed Event occurs, the County shall provide or cause to be provided, in a timely manner not in excess of ten (10) Business Days after the occurrence of such Listed Event, notice of such Listed Event to the MSRB.

Section 1.3. Additional Disclosure Obligations. The County acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the County, and that under some circumstances compliance with this Certificate, without additional disclosures or other action as may be additionally required under such other state or federal securities laws, may not fully discharge all duties and obligations of the County under such laws.

Section 1.4. Additional Information. Nothing in this Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Listed Event Notice, in addition to that which is required by this Certificate. If the County chooses to include any information in any Listed Event Notice in addition to that which is specifically required by this Certificate, the County shall have no obligation under this Certificate to update such information or include it in any future Listed Event Notice.

ARTICLE II **OPERATING RULES**

Section 2.1. Listed Event Notices. Each Listed Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Notes.

Section 2.2. Transmission of Information and Notices. Unless otherwise required by law and, in the County’s sole determination, subject to technical and economic feasibility, the County shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of the County’s information and notices.

Section 2.3. Filing with Certain Dissemination Agents. The County may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the County under this Certificate, and revoke or modify any such designation.

Section 2.4. Transmission of Information. (a) Unless otherwise required by the MSRB or the SEC, all notices, documents and information provided to the MSRB shall be provided to the MSRB's EMMA system, the current internet address of which is emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

ARTICLE III **TERMINATION, AMENDMENT AND ENFORCEMENT**

Section 3.1. Effective Date; Termination (a) This Certificate and the provisions hereof shall be effective upon the execution and delivery of the Notes.

(b) The County's obligations under this Certificate shall terminate upon payment in full of all of the Notes. The County shall have no obligation to file a Listed Event Notice upon payment in full of all of the Notes.

(c) This Certificate, or any provision hereof, shall be null and void in the event that the County (1) receives an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the County, to the effect that those portions of the Rule which require this Certificate, or any of the provisions hereof, do not or no longer apply to the Notes, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

Section 3.2. Amendment. (a) This Certificate may be amended by the County without the consent of the holders of the Notes (except to the extent required under clause 3.2(a)(4)(ii) below), if all of the following conditions are satisfied:

(1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the County or the type of business conducted thereby;

(2) this Certificate as so amended would have complied with the requirements of the Rule as of the date of this Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(3) the County shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the County, to the same effect as set forth in clause 3.2(a)(2) above;

(4) either (i) the County shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the County, to the effect that the amendment does not materially impair the interests of the holders of the Notes or (ii) the holders of the Notes consent to the amendment to this Certificate pursuant to the same procedures as are required for amendments to the Resolution with consent of holders of the Notes pursuant to the terms of the Resolution as in effect on the date of this Certificate; and

(5) the County shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

(b) In addition to subsection 3.2(a) above, this Certificate may be amended and any provision of this Certificate may be waived, by written certificate of the County, without the consent of the holders of the Notes, if all of the following conditions are satisfied:

(1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Certificate which is applicable to this Certificate;

(2) the County shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the County, to the effect that performance by the County under this Certificate as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule; and

(3) the County shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Certificate shall constitute a contract with and inure solely to the benefit of the holders of the Notes, except that beneficial owners of Notes shall be third-party beneficiaries of this Certificate.

(b) Except as expressly provided in this subsection (b), the provisions of this Certificate shall create no rights in any person or entity. The obligations of the County to comply with the provisions of this Certificate shall be enforceable, in the case of enforcement of obligations to provide notices, by any holder of Notes. Such holders' rights to enforce the provisions of this Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the County's obligations under this Certificate. In consideration of the third-party beneficiary status of beneficial owners of Notes pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Notes for purposes of this subsection (b).

(c) Any failure by the County to perform in accordance with this Certificate shall not constitute a default under the Notes.

(d) This Certificate shall be construed and interpreted in accordance with the laws of the State; provided, however, that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof. If any party initiates any legal or equitable action to enforce the terms of this Certificate, to declare the rights of any party under this Certificate or which relates to this Certificate in any manner, each such party agrees that the place of making and for performance of this Certificate shall be Fresno, California, State of California, and the proper venue for any such action is the Superior Court of the State of California, in and for the County of Fresno.

ARTICLE IV
DEFINITIONS

Section 4.1. Definitions. The following terms used in this Certificate shall have the following respective meanings:

(a) “Business Day” means any day other than (a) a Saturday or Sunday, or (b) a day on which the County is required by law to close.

(b) “EMMA” means the MSRB’s Electronic Municipal Market Access system or any other repository so designated by the MSRB or the SEC.

(c) “Listed Event” means any of the following events with respect to the Notes:

- i. principal and interest payment delinquencies;
- ii. non-payment related defaults, if material;
- iii. modifications to rights of holders, if material;
- iv. Bond calls, if material and tender offers;
- v. defeasances;
- vi. rating changes;
- vii. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (Internal Revenue Service Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- viii. unscheduled draws on the debt service reserves reflecting financial difficulties;
- ix. unscheduled draws on the credit enhancements reflecting financial difficulties;
- x. release, substitution or sale of property securing repayment of the Notes, if material;
- xi. bankruptcy, insolvency, receivership or similar event of the County (such event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;
- xii. substitution of credit or liquidity providers, or their failure to perform;
- xiii. the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course

of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

xiv. appointment of a successor or additional trustee or the change of name of a trustee, if material;

xv. incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; and

xvi. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

There are currently no debt service reserves, credit enhancements or liquidity providers with respect to the payment of principal of and interest on the Notes, and the Notes are not subject to redemption prior to maturity in accordance with their terms.

(d) “Financial Obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB pursuant to the Rule.

(e) “Listed Event Notice” means written or electronic notice of a Listed Event.

(f) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

(g) “Official Statement” means the “final official statement,” as defined in paragraph (f)(3) of the Rule, relating to the Notes.

(h) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Certificate, including any official interpretations thereof.

(i) “SEC” means the Securities and Exchange Commission of the United States of America.

(j) “State” means the State of California.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Certificate as of the date first written above.

COUNTY OF FRESNO

By: _____
Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

APPENDIX E

FORM OF BOND COUNSEL OPINION

Upon delivery of the Notes, Hawkins Delafield & Wood LLP, Bond Counsel to the County, proposes to issue an approving opinion in substantially the following form:

Board of Supervisors of the
County of Fresno
Fresno, California

Ladies and Gentlemen:

We have acted as Bond Counsel to the County of Fresno, California (the “County”) in connection with the issuance of its \$[Principal Amount]* aggregate principal amount of 2020-21 Tax and Revenue Anticipation Notes (the “Notes”) issued pursuant to and by authority of a resolution of the Board of Supervisors of the County duly passed and adopted on May 26, 2020 (the “Resolution”), and under and by the authority of Article 7.6 Chapter 4, Part 1, Division 2, Title 5 of the California Government Code (the “Act”).

In such connection, we have examined the Resolution, certain estimates, expectations and assumptions made by or on behalf of the County, originals, or copies identified to our satisfaction as being true copies, of such records and proceedings of the County and such other documents, including a certificate of the County relating to certain federal income tax matters (the “Tax Certificate”), and other matters deemed necessary to render the opinions set forth herein.

Based on the foregoing, we are of the opinion that:

- (1) The Notes constitute the valid and binding obligations of the County.
- (2) As provided in the Act, the Notes and the interest thereon are general obligations of the County and are secured by a pledge of certain taxes, income, revenue, cash receipts, and other moneys of the County, all as specified in the Resolution. Pursuant to the Act and the Resolution, the County has pledged from the Unrestricted Revenues (as defined in the Resolution) lawfully available for the payment of principal of and interest on the Notes as security for the Notes. To the extent not paid from certain Unrestricted Revenues pledged for the payment thereof, the Notes shall be paid with the interest thereon from any other Unrestricted Revenues lawfully available therefor, as specified in the Resolution.
- (3) Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code.
- (4) Interest on the Notes is exempt from State of California personal income tax.

The Code establishes certain requirements which must be met subsequent to the issuance of the Notes in order that interest on the Notes be and remain not included for Federal income tax purposes in

gross income under Section 103 of the Code. On the date of issuance of the Notes, the County will execute a Tax Certificate containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the County covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest on the Notes will, for Federal income tax purposes, be excluded from gross income. Noncompliance with such requirements may cause interest on the Notes to become subject to Federal income taxes retroactive to their date of delivery, irrespective of the date on which such noncompliance is ascertained.

In rendering the opinion in paragraph (3) hereof, we have relied upon and assumed the material accuracy of the County's representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Notes, and continuing compliance with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

The foregoing opinions are qualified to the extent that the enforceability of the Notes and the Resolution may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California.

Except as stated in paragraphs (3) and (4) above, we express no opinion regarding any other Federal, state or local tax consequences with respect to the Notes or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion herein as the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Notes or under state and local tax law.

Very truly yours,