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ANNUAL COMPREHENSIVE FINANCIAL REPORT



Fresno, California

FISCAL YEAR ENDED JUNE 30, 2021

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2021
Prepared by the Finance Department



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ACFR Grants and Capital Asset Contacts in all City Departments

Documents can be made accessible in alternative ADA Compliant format upon request.
To request documents in alternative ADA Compliant format contact
the Finance Department at (559) 621-7001 or via e-mail at finance@fresno.gov

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INTRODUCTORY SECTION



CONTROLLER'S TRANSMITTAL LETTER



Jerry Dyer
Mayor



Thomas Esqueda
City Manager

2600 Fresno Street, Suite 2156 - Fresno, California 93721-3622

January 21, 2022

The Honorable Mayor Jerry Dyer and Members of the City Council
Distinguished Citizens of the City of Fresno

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Fresno, California (City) for the fiscal year ended June 30, 2021 (fiscal year 2020-2021), with the Independent Auditor's Report, submitted in compliance with City Charter Section 804(c) and Section 1216. The ACFR has been prepared by the Finance Department in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the data, as well as the completeness and fairness of the presentation, including all disclosures, rests with the City. The existing comprehensive structure of internal accounting controls in the City provides reasonable assurance that the financial statements are free of any material misstatements. Since the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City recognizes that even sound internal controls have inherent limitations. We believe that the City's internal controls adequately safeguard assets, that the reported data is accurate in all material respects, and that its presentation fairly depicts the City's financial position and changes in its financial position as measured by the financial activity of its various funds. We are confident that the included disclosures provide the reader with an understanding of the City's financial affairs.

Accounting principles generally accepted in the United States (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors, beginning on page 5.

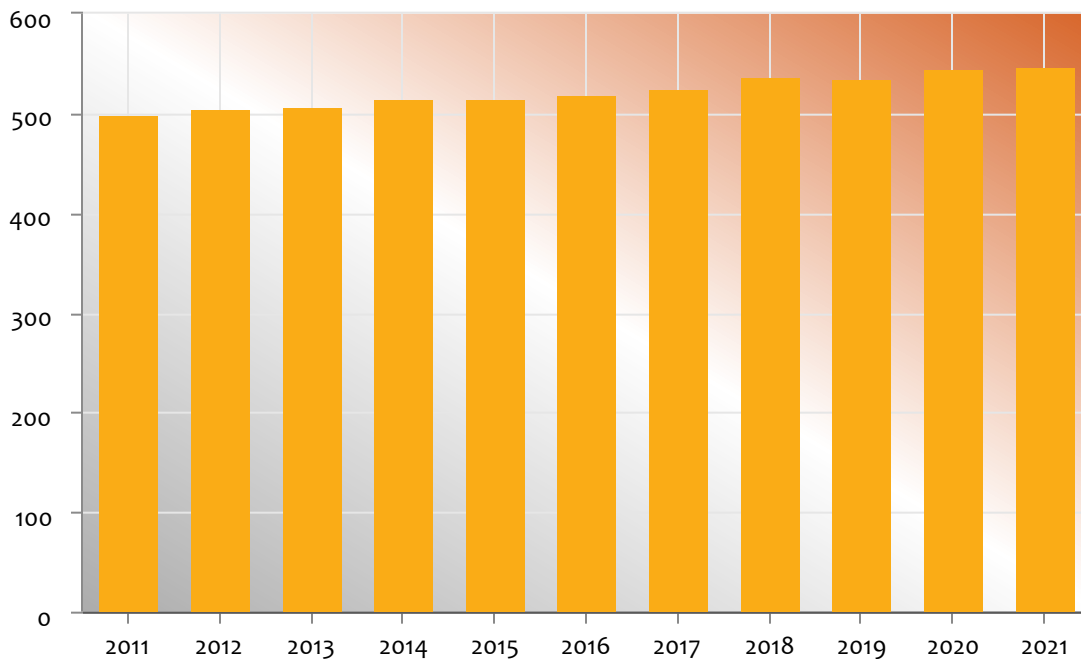
General Background

The City of Fresno is located near the geographical center of California, approximately 200 miles north of Los Angeles and 170 miles south of the State capital, Sacramento. The City has land area of 115.2 square miles. With over half a million residents (546,770 as of January 1, 2021), Fresno is the 5th largest city in California by population, and 34th largest in the nation. The City is part of the Fresno-Clovis metropolitan area, which is the second largest metropolitan area in the Central Valley after Sacramento.

With its close proximity to Yosemite National Park (60 miles), Fresno also serves as gateway to Sequoia National Park (75 miles), Sierra National Forest (40 miles) and Kings Canyon National Park (75 miles).

Named for the abundant ash trees lining the San Joaquin River, Fresno was founded in 1872 as a railway station of the Central Pacific Railroad before it was incorporated in 1885.

Population Growth (in thousands)



Government and Budget

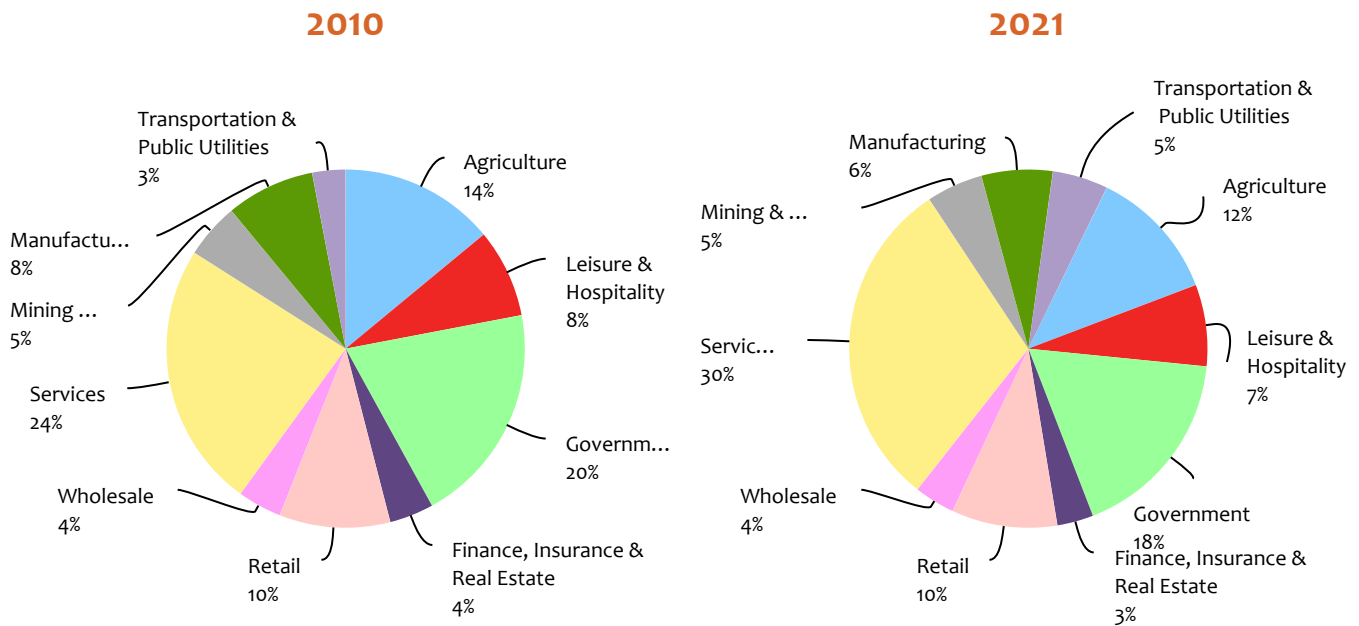
The City operates under the strong-Mayor form of government. Under this form of government, the Mayor serves as the City's Chief Executive Officer, appointing and overseeing the City Manager, recommending legislation, and presenting the annual budget to the City Council (Council).

The budget of the City of Fresno, within the meaning and context of Section 1205 of the City's Charter, must be adopted by Council resolution no later than June 30th of a given year. As provided by Section 1206 of the Charter, any adjustments in the amounts appropriated for the purposes indicated at the department/fund level shall be made only upon a motion to amend the resolution adopted by the affirmative votes of at least five Council members. Administrative changes within the department/fund level may be made without approval of Council within written guidelines established by the City Manager.

Industry and Economy

Fresno is the economic hub of Fresno County and the San Joaquin Valley, with much of the surrounding areas in the Metropolitan region predominantly tied to large-scale agricultural production. While agriculture still makes up a large component of the region's employment base (12% of jobs), the Fresno economy continues to diversify, as evidenced by the fact that services (30% of jobs) and government (18% of jobs) employ more people than agriculture.

2010 vs. 2021 Estimated Number of Workers by Industry



Source: CA Employment Development Department

Distribution is playing a growing role in the City's economy, as evidenced by the Old Navy Pacific Distribution Center, the Ulta Beauty Fulfillment Center, and the Amazon Fulfillment Center. Public sector and healthcare employment are also major contributors to the City's economy.

Principal Employers (Public & Private Sector)

Employer	Full-Time Employees
Fresno Unified School District	11,492
Community Regional Medical Center	8,800
County of Fresno	7,000
Amazon.com, Inc	7,000
Clovis Unified	6,000
Internal Revenue Service	4,300
City of Fresno	3,889
Saint Agnes Medical Center	2,867
State Center Community College	2,850
California State University, Fresno	2,488

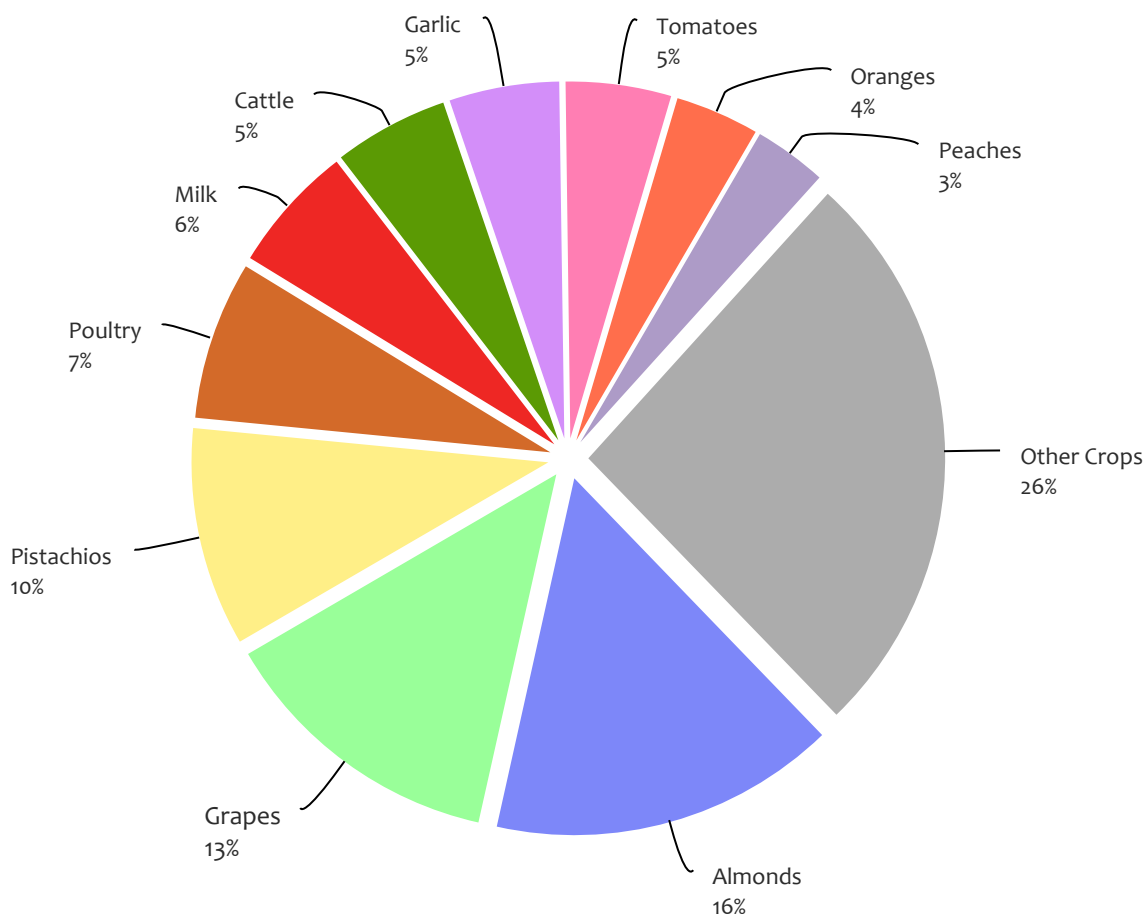
Economic Overview

Agriculture remains one of the backbones of the Fresno area's economy and continues to be robust. Fresno County's agricultural strength rests in its diversity with more than 400 commercial crops providing gross production of \$7.9 billion in 2020, an increase of 2.6% from 2019.

Almonds surpassed the \$1.3 billion mark to beat out grapes for the number one spot on Fresno County's Top Ten crop ranking.

California produces most of the grapes grown in the United States with 99.5% of raisins coming from Fresno County. Many specialty crops are almost solely produced in California: almonds, kiwi fruit, nectarines, olives, and pistachios. Growers continue to expand into more lucrative products. In 2020, Fresno County exported 72 agriculture commodities to 101 countries around the world.

2020 Diversified Agricultural Base



Source: Fresno County Agriculture Department

Fiscal Year 2021 Economic Conditions & Financial Impact

Due to the COVID pandemic, the Fresno economy showed mixed results during fiscal year 2021, as is shown in the table below:

Economic Indicator	2020	2021	Change (%)
Assessed Value	\$38,558,581,315	\$40,869,953,930	6.0%
Taxable Sales	\$13,590,482,759	\$17,279,862,069	27.1%
Unemployment Rate	12.12%	12.13%	0.06%
Building Permits	11,484	10,432	-9.2%

The local economy's mixed results were mirrored in the City of Fresno's finances. This effect was evident in several City-wide financial measures:

- Total Assets decreased \$35.6 million (0.9%) from the fiscal year 2020 year-end Total Assets balance of \$4,036.6 million.
- Revenues increased \$57.4 million (6.6%) from Revenues for fiscal year 2020, which totaled \$873.2 million.
- Expenses grew \$141.3 million (17.6%) to \$943.6 million.
- Total Net Position fell \$13.1 million (0.5%) from fiscal year 2020's total of \$2,617.8 million.

While the City's overall financial position showed little change, the General Fund displayed a more pronounced change in financial position. Key metrics reflecting this change include:

- Total Assets increased \$46.4 million (39.8%) over the fiscal year 2020 Total Assets year-end balance of \$116.6 million. Growth in Unrestricted Cash of \$31.1 million was the primary driver behind the overall growth in Total Assets.
- Total Liabilities increased \$22.9 million (151.5%) from the fiscal year 2020 year-end Total Liabilities of \$15.1 million. A \$9.4 million increase in Advances from Other Funds and an equal increase in Deposits with Others made up the majority of the Total Liabilities' growth.
- Revenues increased \$31.4 million (9.1%) from fiscal year 2020's Revenues of \$345.6 million. Significant growth was seen in the economy-driven revenues, such as Sales Tax.
- Expenditures increased \$64.2 million (19.8%) from fiscal year 2020's \$323.8 million Expenditure level. Increases in General Government, Public Protection, and Culture and Recreation expenditures were the cause of the overall increase in General Fund Expenditures.

These results and others are discussed in greater detail in the Management's Discussion & Analysis, which begins on page 5.

How Fresno Compares to the 25 Largest California Cities

Despite recent improvement in its financial position, the City of Fresno still lags behind the other large cities in California when it comes to assets available for use to support the City's population. As the table on page VII demonstrates, the difference between our population figure and our assets per capita figure is one of the biggest among the 25 largest California cities by population. It is important to note that the City's assets are augmented by the Net Pension Asset, which no other city in the survey possesses. The City of Fresno dropped one notch in its ranking of assets per capita this fiscal year. The lack of assets puts the City of Fresno at a disadvantage when it comes to providing services to its citizens, because there is an inadequate asset base to efficiently address the needs. Thus, it is imperative that fiscal prudence is maintained and the plan to build all assets, especially cash and capital assets, is continued.

Subsequent Events

There were several events that materially affected the City's finances, which occurred after June 30, 2021. Those included:

- Moody's upgraded the City's Lease Revenue Bond from Baa1 to A3, its Pension Obligation Bond rating from Baa2 to Baa1, and its General Obligation rating from A3 to A2 on August 19, 2021. All three ratings maintained a Stable outlook.
- Standard and Poor's upgraded the Airports' bond rating from A- to A on November 2, 2021. They also upgraded the outlook from Negative to Stable.
- In July 2021, the City entered into a two-year repayment agreement with HUD for audit findings. The City made its first repayment under this agreement that same month.

All of these subsequent events are discussed in detail in Note 16, which begins on page 162.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its ACFR for the fiscal year ended June 30, 2020. This was the 28th consecutive year that the City has achieved this prestigious national award. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized ACFR whose contents conform to program standards. The ACFR must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and are submitting it to the GFOA to determine its eligibility for another certificate.

Total Government-Wide Assets per Capita Top 25 California Cities Comparison

City	Total Assets	ACFR Year	Population California Department of Finance As of January 1, 2020	Assets per Capita	Population Ranking	Per Capita Asset Rank	Net Pension Asset/(Liability)
Los Angeles	\$ 72,988,295,000	2020	3,923,341	\$ 18,604	1	3	\$ (8,541,000,000)
San Diego	\$ 16,116,199,000	2021	1,411,034	\$ 11,422	2	10	\$ (3,513,674,000)
San Jose	\$ 10,872,333,000	2021	1,029,782	\$ 10,558	3	11	\$ (3,591,797,000)
San Francisco	\$ 43,647,220,000	2020	875,010	\$ 49,882	4	1	\$ (4,655,538,000)
Fresno	\$ 4,003,075,000	2021	546,770	\$ 7,321	5	17	\$ 93,198,000**
Sacramento	\$ 5,307,633,000	2020	515,673	\$ 10,293	6	12	\$ (905,339,000)
Long Beach	\$ 11,068,728,000	2020	467,730	\$ 23,665	7	2	\$ (1,205,496,000)
Oakland	\$ 3,924,277,000	2021	435,514	\$ 9,011	8	13	\$ (1,801,374,000)
Bakersfield	\$ 2,785,726,117	2020	397,392	\$ 7,010	9	18	\$ (441,885,448)
Anaheim	\$ 5,157,247,000	2021	353,468	\$ 14,590	10	5	\$ (834,846,000)
Santa Ana	\$ 1,819,859,436	2021	331,369	\$ 5,492	11	24	\$ (702,444,738)
Riverside	\$ 4,393,462,000	2020	324,302	\$ 13,547	12	6	\$ (599,576,000)
Stockton	\$ 2,520,974,098	2020	320,876	\$ 7,857	13	16	\$ (536,028,393)
Chula Vista	\$ 2,187,021,255	2021	274,449	\$ 7,969	14	15	\$ (351,965,194)
Irvine*	\$ 3,260,457,000	2021	271,564	\$ 12,006	15	9	\$ (153,978,000)
Fremont*	\$ 1,471,705,276	2021	234,239	\$ 6,283	16	21	\$ (409,107,867)
Santa Clarita	\$ 1,482,565,883	2020	221,572	\$ 6,691	17	19	\$ (38,909,366)
Modesto	\$ 1,908,354,523	2020	219,294	\$ 8,702	18	14	\$ (341,835,012)
San Bernardino	\$ 1,112,173,748	2021	216,291	\$ 5,142	19	25	\$ (473,069,693)
Fontana	\$ 1,316,957,056	2020	213,944	\$ 6,156	20	22	\$ (161,401,111)
Moreno Valley	\$ 1,263,072,982	2020	209,426	\$ 6,031	21	23	\$ (72,896,273)
Oxnard	\$ 3,068,135,424	2021	204,675	\$ 14,990	22	4	\$ (303,952,330)
Glendale	\$ 2,730,674,000	2021	203,834	\$ 13,397	23	7	\$ (640,356,000)
Huntington Beach	\$ 1,254,251,000	2021	196,874	\$ 6,371	24	20	\$ (438,377,000)
Ontario	\$ 2,334,210,791	2020	182,004	\$ 12,825	25	8	\$ (314,099,446)

* These cities have Governmental Activities only.

** This figure represents the prefunded Net Pension Asset/overfunding applicable to future years. For peer cities, it represents the underfunding of pension liabilities.

Note: Only figures for each Primary Government were used as of June 30, 2021 ACFRs (2020 when 2021 not available). In cases where Component Units were reflected in separate Columns, Component Unit numbers were excluded.

Acknowledgments

As we approach the end of the second year of this pandemic, it's safe to say that the experience has generally been miserable. However, one positive that has come out of the pandemic is watching the City's employees adapt to the different work environment and find new ways to deliver the products and services that the public expects its government to produce. One such area where that adaptation occurred was in the preparation of this ACFR. Between working from home, new staff members, and technological changes, the previous fiscal year's ACFR proved to be a significant challenge to compile. But, the ACFR team learned lessons from that experience and used those lessons to tweak our plan for compiling this document. The fact that it is being presented to Council earlier than last fiscal year's ACFR not only shows the plan worked, it is a testament to the team's adaptability, creativity, and professionalism. They have definitely earned our appreciation for again "stepping up to the plate" and delivering a quality ACFR. Thank you, ACFR team!

We would be remiss if we did not also thank the ACFR contacts in each department throughout the City for working with the Finance Department. Their invaluable contributions made the preparation of this report possible. We wish to also extend our sincere thanks to the staff in all City departments for their cooperative efforts in responding to the many questions and requests for detailed information that accompanies each annual audit.

In addition, we would like to acknowledge the role of Brown Armstrong for their professional support in the preparation of the ACFR. Finally, we want to thank the Mayor, the City Council members, and the members of the City Manager's Office for their continued leadership and support in planning and conducting the City's financial operations.

Respectfully submitted,



Thomas Esqueda
City Manager



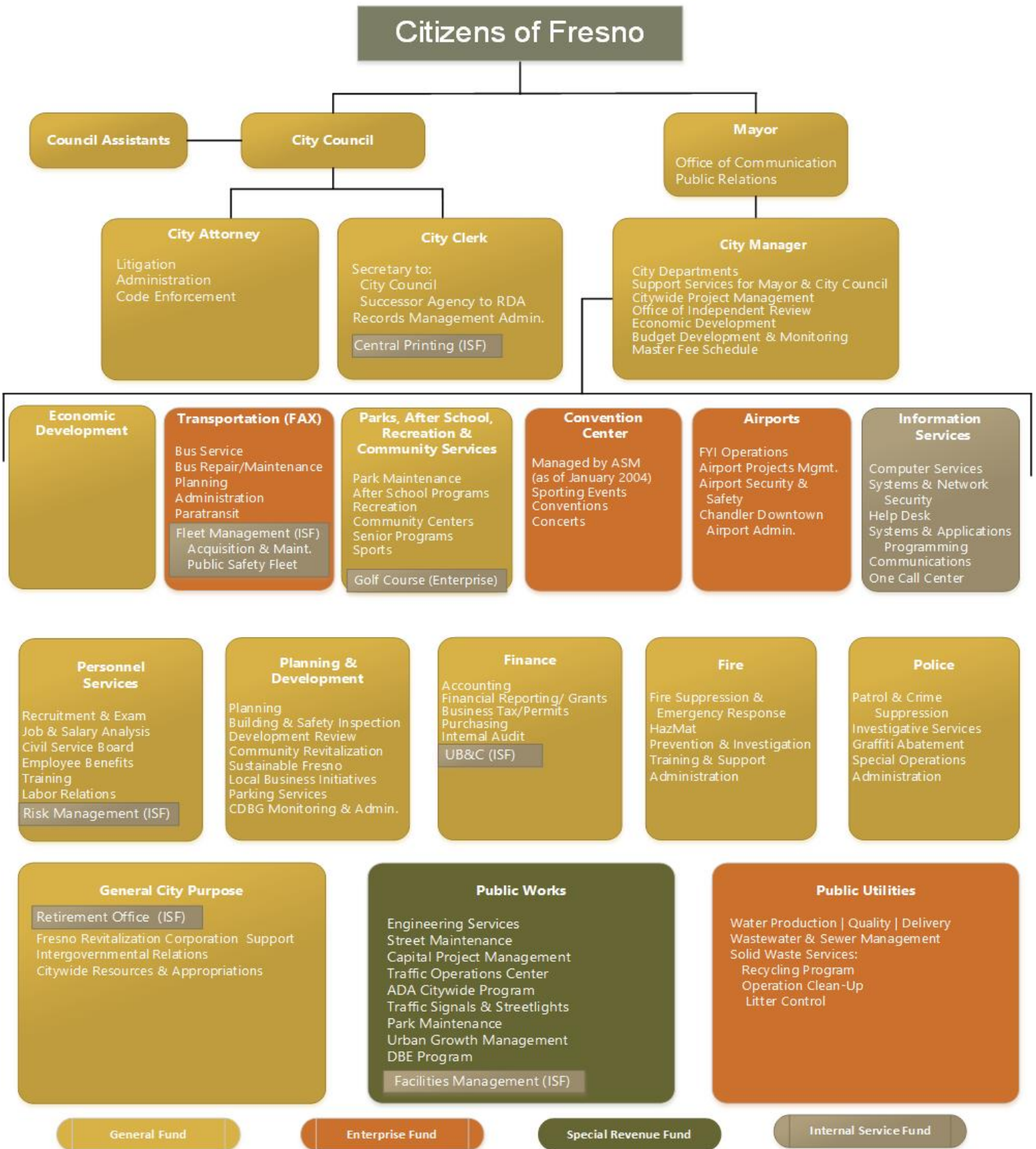
Michael Lima
Finance Director/City Controller



City Operating Fund Structure

ENTERPRISE FUND	GENERAL FUND	INTERNAL SERVICE FUND	SPECIAL REVENUE FUND
<p>Proprietary Fund Types operate as if they were private businesses. One type is Enterprise Funds.</p> <p>These funds provide services to other governmental and non-governmental entities, including individuals and businesses.</p> <ul style="list-style-type: none"> • Airports • Public Utilities • Transportation • Convention Center • Park (Golf Course) 	<p>The General Fund is used to account for unrestricted revenues. Revenues received by the City that have no legal or contractual restriction are placed in the various funds within the General Fund.</p> <p>Appropriations may be made from the General Fund for any legal City activity. Revenues such as sales tax, property tax, and business tax are a few examples of General Fund revenues.</p> <ul style="list-style-type: none"> • Mayor • City Manager • City Council • City Clerk • City Attorney • Finance • Fire • Development & Resource Management • General City Purpose • PARCS • Police • Personnel Services 	<p>The Proprietary Fund types operate as if they were private businesses. One type of Proprietary Fund is the Internal Service Funds that provide services to departments within the City.</p> <ul style="list-style-type: none"> • Retirement • Personnel Services (Risk Management) • Transportation (Fleet Management) • Information Services • City Clerk (Central Printing) • Finance (Utility Billing & Collection) • Public Works (Facilities Management) 	<p>This fund type accounts for a significant amount of revenue that the City receives which is restricted as to its use. Examples of this type of revenue would be assessment districts, Community Development Block Grant, and various gas taxes.</p> <ul style="list-style-type: none"> • Public Works

CITY ORGANIZATIONAL CHART



FRESNO, CALIFORNIA
DIRECTORY OF CITY OFFICIALS
ELECTED OFFICIALS
As of January 10, 2022



Jerry Dyer
Mayor



Miguel Arias
District 3



Tyler Maxwell
District 4



Mike Karbassi
District 2



Esmeralda Soria
District 1



Luis Chavez
District 5



Garry Bredefeld
District 6



Nelson Esparza
District 7

APPOINTED EXECUTIVE OFFICIALS
Thomas Esqueda, City Manager
Gregory Barfield, Assistant City Manager
Georgeanne White, Assistant City Manager
Francine Kanne, Assistant City Manager
Douglas Sloan, City Attorney
Todd Stermer, City Clerk
Michael Lima, Finance Director/Controller

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Government Finance Officers Association

Certificate of
Achievement
for
Excellence in
Financial
Reporting

Presented to

**City of Fresno
California**

For its Annual
Comprehensive Financial
Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION



www.fresnostate.edu/adminserv/hr/jobs/livingincentralvalley

INDEPENDENT AUDITOR'S REPORT

To the Honorable City Council
City of Fresno, California
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 City of Fresno, California (the City), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City'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 did not audit the financial statements of the Successor Agency to the Fresno Redevelopment Agency Private-Purpose Trust Fund (the Successor Agency), which represents the following percentages of the assets, net position/fund balances, and additions/revenues of the following opinion unit:

Opinion Unit	Assets	Net Position/ Fund Balances	Additions/ Revenues
Aggregate Remaining Fund Information	0%	0%	0%

The financial statements of the Successor Agency were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Successor Agency, is based on the report of the other auditors.

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.

BAKERSFIELD
4200 Truston Avenue, Suite 300
Bakersfield, CA 93309
661-324-4971

FRESNO
10 River Park Place East, Suite 208
Fresno, CA 93720
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95219
209-451-4833

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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditors, 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 City, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal 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 budgetary comparison schedules for the General Fund and the Grants Special Revenue Fund, schedule of investment returns, schedules of changes in net pension liability and related ratios and schedule of employer contributions for both the Employees Retirement System and the Fire and Police Retirement System, and the Other Postemployment Benefits (OPEB) Plan schedule of changes in the net OPEB liability and related ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (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 City'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 January 19, 2021, on our consideration of the City'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 City's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
January 19, 2021

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MANAGEMENT'S DISCUSSION & ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

For the Fiscal Year Ended June 30, 2021

CITY OF FRESNO, CALIFORNIA

This section of the City of Fresno's (City) Annual Comprehensive Financial Report (ACFR) presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. The reader is encouraged to consider the information presented here in conjunction with the City's financial statements, which follow this section, and the additional information that is furnished in the letter of transmittal at the front of this report. This discussion and analysis provides comparisons primarily for the previous two years; but, may include more extensive comparisons in some instances.

FINANCIAL HIGHLIGHTS

- The assets of the City stayed over \$4 billion, reaching a total of \$4,001.0 million.
- Thanks to a large amount of COVID mitigation funds from the federal government and a large influx of sales tax, the City had record revenue of \$930.5 million in fiscal year 2021.
- The City continues to record a Net Pension Asset. For fiscal year 2021, the Net Pension Asset was \$93.2 million. The City of Fresno remains one of very few government entities in the country with a Net Pension Asset.

OVERVIEW OF FISCAL YEAR 2021 FINANCIAL STATEMENTS

The Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements, which consist of three components: (1) **Government-Wide Financial Statements**, (2) **Fund Financial Statements** and (3) **Notes to the Financial Statements**. This report also contains other **Supplementary Information** in addition to the basic financial statements.

Government-Wide Financial Statements are designed to provide both long-term and short-term information about the City's overall financial status in a manner similar to a private-sector business.

- The **Statement of Net Position** presents information on all assets/deferred outflows of resources and liabilities/deferred inflows of resources. The difference between them is reported as net position. Over time, increases or decreases in *net position* may serve as a useful indicator of whether the City's financial position is improving or deteriorating.
- The **Statement of Activities** shows how the 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 periods. Examples include revenues pertaining to uncollected taxes and fees and expenses pertaining to earned but unused vacation and sick leave.

Both of the Government-Wide Financial Statements distinguish functions of the City that are principally supported by taxes and inter-governmental revenues (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 City include general government, public protection, public ways and facilities, culture and recreation, and community development. The Business-Type Activities of the City include two airports, public transportation system, water, sewer, solid waste, community sanitation, convention center, and stadium.

The Government-Wide Financial Statements include not only the City (known as the primary government), but also legally separate component units including the Fresno Joint Powers Financing Authority, City of Fresno Fire and Police Retirement System, City of Fresno Employees Retirement System, City of Fresno Employees Healthcare Plan, Fresno Revitalization Corporation, and FRC Canyon Crest, LLC. The component units have been “blended” into the City’s financial statements because the governing board (although legally separate from the City) is substantially the same as the City’s, or they provide services entirely or almost exclusively for the benefit of the City even though they do not provide services directly to the City.

As of February 1, 2012, a Successor Agency was created to replace the Redevelopment Agency of the City of Fresno (RDA). Dissolution law provided that the Successor Agency would pay all “enforceable obligations” of the former RDA. The Successor Agency is considered a separate legal entity under Assembly Bill (AB) 1484 for financial presentation purposes. Effective June 30, 2012, the Successor Agency was reported as a Private-Purpose Trust Fund. This means that the Successor Agency’s assets are considered to be held in a trustee or agency capacity for others and therefore cannot be used to support the City’s own programs.

The Government-Wide Financial Statements can be found on pages 30-31 of this report.

Fund Financial Statements focus on individual parts of the City government, reporting the City’s operations in more detail than the Government-Wide Financial Statements. They are used to maintain control over resources that have been segregated for specific activities or objectives and to ensure compliance with finance-related legal requirements. They can be divided into three categories:

- **Governmental Funds** are used to account for essentially the same functions reported as Governmental Activities in the Government-Wide Financial Statements (i.e., most of the City’s basic services are reported in Governmental Funds). These statements, however, focus on (1) how cash and other financial assets can be readily converted to available resources, and (2) the balances left at year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the City’s programs.

Because the focus of Governmental Funds Financial Statements is narrower than that of the Government-Wide Financial Statements, it is helpful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-

term impact of the government's near-term financing decisions. Both the Governmental Funds Balance Sheet and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between Governmental Funds and Governmental Activities. These reconciliations may be found on pages 35 and 37.

The City maintains several individual Governmental Funds organized according to their type: general fund, special revenue, debt service, and capital projects. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and Grants Special Revenue Fund (which are considered to be major funds). Data from the remaining Governmental Funds are combined into a single, aggregated presentation. Individual fund data for each of the Nonmajor Governmental Funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget. The City's budget reflects its priorities and tells the taxpayers/ratepayers what is being done with their money. Budgetary comparison schedules for the General Fund and the Grants Special Revenue Fund demonstrate compliance with the budget, and also reflect where actual results deviated from expected budgetary estimates.

- **Proprietary Funds** are generally used to account for services for which the City charges customers (either outside customers, or internal units or departments of the City). Proprietary Funds provide the same type of information as shown in the Government-Wide Financial Statements: albeit in more detail. Proprietary Funds (Enterprise and Internal Service) utilize the same method used by the private sector businesses: the accrual basis of accounting. The City maintains the following two types of Proprietary Funds:

† **Enterprise Funds** are used to report the same functions as Business-Type Activities in the Government-Wide Financial Statements. The City uses Enterprise Funds to account for the operations of the Public Utilities [**Water System, Sewer System, Solid Waste Management**], Fresno Area Express [**Transit**], Fresno International Airport (FYI) and the Fresno Chandler Downtown Airport (FCH) [**Airports**], **Fresno Convention Center**, and Chukchansi Park Stadium [**Stadium**], all of which are considered to be major funds of the City. **Community Sanitation** and **Parks and Recreation** are considered to be Nonmajor Enterprise Funds of the City.

† **Internal Service Funds** are used to report activities that provide supplies and services for certain City programs and activities. The City uses Internal Service Funds to account for its fleet of vehicles, management information systems, property maintenance, and electronics/communication support (**General Services**); self-insurance (**Risk Management**); billing, collecting, and servicing activities for the Water, Sewer, Solid Waste and Community Sanitation Funds (**Billing and Collection**); and healthcare plans (**Employees Healthcare Plan, Retirees Healthcare Plan, Blue Collar Employees Healthcare Plan**). Because Risk Management, General Services and the healthcare plans predominantly benefit Governmental rather than Business-Type functions, they have been included within Governmental Activities in the Government-Wide Financial Statements, whereas Billing and Collection is included in the Business-Type Activities in the Government-Wide Financial Statements. The Internal Service Funds are combined into a single, aggregated presentation in the Proprietary Fund Financial

Statements. Individual Fund data for the Internal Service Funds is provided in the form of combining statements.

- **Fiduciary Funds** are used to account for resources held for the benefit of parties outside the City. Since the resources of Fiduciary Funds are not available to support the City's own programs, they are not reflected in the Government-Wide Financial Statements. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds. The City maintains three types of Fiduciary Funds:

† **Pension Trust Funds** consist of funds for Fire and Police and other Employees.

† **Private-Purpose Trust Fund** is used to account for the assets and liabilities held in trust for the Successor Agency to the former RDA.

† **Custodial Funds** consist of funds used to account for City-related trust activity, such as payroll withholding and bid deposits. Custodial Funds also include *Special Assessment Funds* that account for debt service transactions involving special assessment districts within the City.

The basic financial statements can be found on pages 30-163 of this report.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to the full understanding of the data provided in all of the financial statements. The Notes to the Financial Statements can be found on pages 51-163 of this report.

Required Supplementary Information (RSI)

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information including budgetary comparison statements for major governmental funds as well as schedules of investment returns, changes in Net Pension Liability (Asset), employer contribution, and schedule of changes in Net Other Post-Employment Benefits (OPEB) Liability and related ratios. RSI and accompanying notes can be found on pages 166-179 of this report.

Combining and Individual Fund Statements and Schedules

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds, fiduciary funds and the Discretely Presented Component Unit are presented immediately following the appropriately labeled tabs. Combining and individual fund statements and schedules can be found on pages 182-205 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City presents its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements - and Management's Discussion and Analysis (MD&A) - for State and Local Governments*.

Net Position - Government-Wide / Primary Government

(in thousands)

	Governmental Activities		Business-Type Activities		Total		Total Change from Prior Year	
	2020	2021	2020	2021	2020	2021	\$	%
Assets:								
Current and Other Assets	\$ 527,133	\$ 636,312	\$ 566,127	\$ 568,880	\$ 1,093,260	\$ 1,205,192	\$ 111,932	10.2%
Net Pension Asset	193,847	78,323	51,143	14,875	244,990	93,198	(151,792)	(62.0)%
Capital Assets:								
Not Being Depreciated	333,171	334,143	496,819	481,193	829,990	815,336	(14,654)	(1.8)%
Net of Accumulated Depreciation	611,366	607,929	1,256,986	1,279,354	1,868,352	1,887,283	18,931	1.0%
Total Capital Assets	944,537	942,072	1,753,805	1,760,547	2,698,342	2,702,619	4,277	0.2%
Total Assets	1,665,517	1,656,707	2,371,075	2,344,302	4,036,592	4,001,009	(35,583)	(0.9)%
Deferred Outflows of Resources:								
Charge on Refunding	3,966	3,550	435	178	4,401	3,728	(673)	(15.3)%
Deferred Outflows - Pension	100,713	176,324	20,907	43,667	121,620	219,991	98,371	80.9%
Deferred Outflows - OPEB	29,058	26,069	12,163	10,917	41,221	36,986	(4,235)	(10.3)%
Total Deferred Outflows of Resources	133,737	205,943	33,505	54,762	167,242	260,705	93,463	55.9%
Liabilities:								
Long-Term Liabilities Due Within One Year	81,491	86,619	30,958	21,459	112,449	108,078	(4,371)	(3.9)%
Long-Term Liabilities Due in More than One Year	514,916	553,188	706,582	690,944	1,221,498	1,244,132	22,634	1.9%
Other Liabilities	113,866	166,233	94,121	96,945	207,987	263,178	55,191	26.5%
Total Liabilities	710,273	806,040	831,661	809,348	1,541,934	1,615,388	73,454	4.8%
Deferred Inflows of Resources:								
Pension Revenue Applicable to Future Years	17,920	16,075	3,841	534	21,761	16,609	(5,152)	(23.7)%
Unamortized OPEB Expense	15,836	17,662	6,516	7,318	22,352	24,980	2,628	11.8%
Total Deferred Inflows of Resources	33,756	33,737	10,357	7,852	44,113	41,589	(2,524)	(5.7)%
Net Position:								
Net Investment in Capital Assets	787,395	794,759	1,090,352	1,120,876	1,877,747	1,915,635	37,888	2.0%
Restricted	239,898	304,925	—	—	239,898	304,925	65,027	27.1%
Unrestricted	27,932	(76,811)	472,210	460,988	500,142	384,177	(115,965)	(23.2)%
Total Net Position	\$1,055,225	\$ 1,022,873	\$ 1,562,562	\$ 1,581,864	\$ 2,617,787	\$2,604,737	\$ (13,050)	(0.5)%

Changes in Net Position - Government-Wide / Primary Government

(in thousands)

	Governmental Activities		Business-Type Activities		Total		Total Change from Prior Year	
	2020	2021	2020	2021	2020	2021	\$	%
Revenues								
Program Revenues:								
Charges for Services	\$ 73,765	\$ 73,333	\$ 270,774	\$ 268,161	\$ 344,539	\$ 341,494	\$ (3,045)	(0.9)%
Operating Grants & Contributions	39,037	40,393	80,766	56,334	119,803	96,727	(23,076)	(19.3)%
Capital Grants & Contributions	49,161	135,064	38,027	29,884	87,188	164,948	77,760	89.2%
General Revenues:								
Property Taxes	142,250	149,822	—	—	142,250	149,822	7,572	5.3%
Business Tax	20,868	20,577	—	—	20,868	20,577	(291)	(1.4)%
Sales Taxes - Shared Revenues	98,531	125,279	—	—	98,531	125,279	26,748	27.1%
Other Local Taxes	30,795	32,120	—	—	30,795	32,120	1,325	4.3%
Investment Earnings	11,863	1,786	17,316	(2,206)	29,179	(420)	(29,599)	(101.4)%
Gain on Sale of Capital Assets	2	—	31	—	33	—	(33)	(100.0)%
Total Revenues	466,272	578,374	406,914	352,173	873,186	930,547	57,361	6.6%
Expenses								
General Government	46,114	90,218	—	—	46,114	90,218	44,104	95.6%
Public Protection	271,085	305,172	—	—	271,085	305,172	34,087	12.6%
Public Ways and Facilities	93,243	123,068	—	—	93,243	123,068	29,825	32.0%
Culture and Recreation	26,039	30,882	—	—	26,039	30,882	4,843	18.6%
Community Development	31,102	41,053	—	—	31,102	41,053	9,951	32.0%
Interest on Long-Term Debt	13,652	12,552	—	—	13,652	12,552	(1,100)	(8.1)%
Sewer, Water and Solid Waste	—	—	203,487	216,322	203,487	216,322	12,835	6.3%
Transit	—	—	62,016	66,135	62,016	66,135	4,119	6.6%
Airports	—	—	35,984	41,090	35,984	41,090	5,106	14.2%
Fresno Convention Center	—	—	7,108	5,096	7,108	5,096	(2,012)	(28.3)%
Community Sanitation	—	—	9,147	8,698	9,147	8,698	(449)	(4.9)%
Parks and Recreation	—	—	586	572	586	572	(14)	(2.4)%
Stadium	—	—	2,702	2,739	2,702	2,739	37	1.4%
Total Expenses	481,235	602,945	321,030	340,652	802,265	943,597	141,332	17.6%
Increase (Decrease) in Net Position Before Transfers	(14,963)	(24,571)	85,884	11,521	70,921	(13,050)	(83,971)	(118.4)%
Transfers	(8,309)	(7,781)	8,309	7,781	—	—	—	—%
Change in Net Position	(23,272)	(32,352)	94,193	19,302	70,921	(13,050)	(83,971)	(118.4)%
Net Position - Beginning	1,078,497	1,055,225	1,468,369	1,562,562	2,546,866	2,617,787	70,921	2.8%
Net Position - Ending	\$1,055,225	\$1,022,873	\$ 1,562,562	\$ 1,581,864	\$ 2,617,787	\$2,604,737	\$ (13,050)	(0.5)%

Analysis of Changes in Government-Wide Net Position

The City's overall Net Position declined slightly to \$2,604.7 million: a \$13.1 million (0.5%) decrease from fiscal year 2020's Net Position of \$2,617.8 million. Most notably, the Unrestricted Net Position declined; going from \$500.1 million in fiscal year 2020 to \$384.2 million in fiscal year 2021.

Several factors contributed to the overall decrease in Net Position:

- City Revenues grew \$57.4 million (6.6%), going from \$873.2 million in fiscal year 2020 to \$930.5 million in fiscal year 2021. The overall growth in revenues was caused by a \$77.8 million (89.2%) rise in Capital Grants, which was partially offset by a decrease of \$23.1 million (19.3%) in Operating Grants.
- City Expenses exploded from \$802.3 million incurred in fiscal year 2020 to \$943.6 million in fiscal year 2021. That overall increase can be bifurcated as follows: Governmental Activities Expenses grew \$121.7 million (25.3%), while Business-Type Activities Expenses rose \$19.6 million (6.1%). The primary causes behind the increase in Governmental Activities Expenses were a \$44.1 million escalation in General Government expenses, \$34.1 million of growth in Public Protection expenses and a \$29.8 million rise in Public Ways and Facilities expenses. On the Business-Type Activities side, \$9.3 million of growth in the Sewer Fund's expenses, a \$4.1 million rise in Transit's expenses, and an upturn of \$5.1 million in Airports' expenses explain most of that Activity's expense increase.
- Total Assets went from \$4,036.6 million in fiscal year 2020 to \$4,001.0 million in fiscal year 2021: a \$35.6 million (0.9%) decrease. The decline in Total Assets was due primarily to a \$151.8 million decrease in the Net Pension Asset (from \$245.0 million in fiscal year 2020 to \$93.2 million in fiscal year 2021: a 62.0% decrease), which was partially offset by growth in three areas:
 - a \$47.7 million increase in Cash and Investments (from \$486.0 million in fiscal year 2020 to \$533.7 million in fiscal year 2021: a 9.8% increase);
 - a \$36.9 million increase in Net Receivables (from \$153.1 million in fiscal year 2020 to \$190.0 million in fiscal year 2021: a 24.1% increase); and,
 - a \$29.0 million increase in Restricted Cash (from \$338.8 million in fiscal year 2020 to \$367.8 million in fiscal year 2021: an 8.6% increase).
- Total Deferred Outflows of Resources rose \$93.5 million (55.9%) from fiscal year 2020's figure of \$167.2 million, primarily as a result of \$98.4 million of Deferred Outflows - Pensions increases that were partially offset by a \$4.2 million decline in Deferred Outflows - OPEB.
- Total Liabilities grew \$73.5 million (4.8%) from \$1,541.9 million in fiscal year 2020 to \$1,615.4 million in fiscal year 2021. The overall growth in Total Liabilities was mainly attributable to an upturn of \$29.7 million in Unearned Revenue (which was the product of unspent American Rescue Plan Act monies at fiscal year 2021's end) and a rise of \$22.6 million in Long Term Liabilities (due to the issuance of additional debt).

- A \$2.5 million (5.7%) decrease in the Deferred Inflows of Resources, specifically, the Pension Revenue Applicable to Future Years.

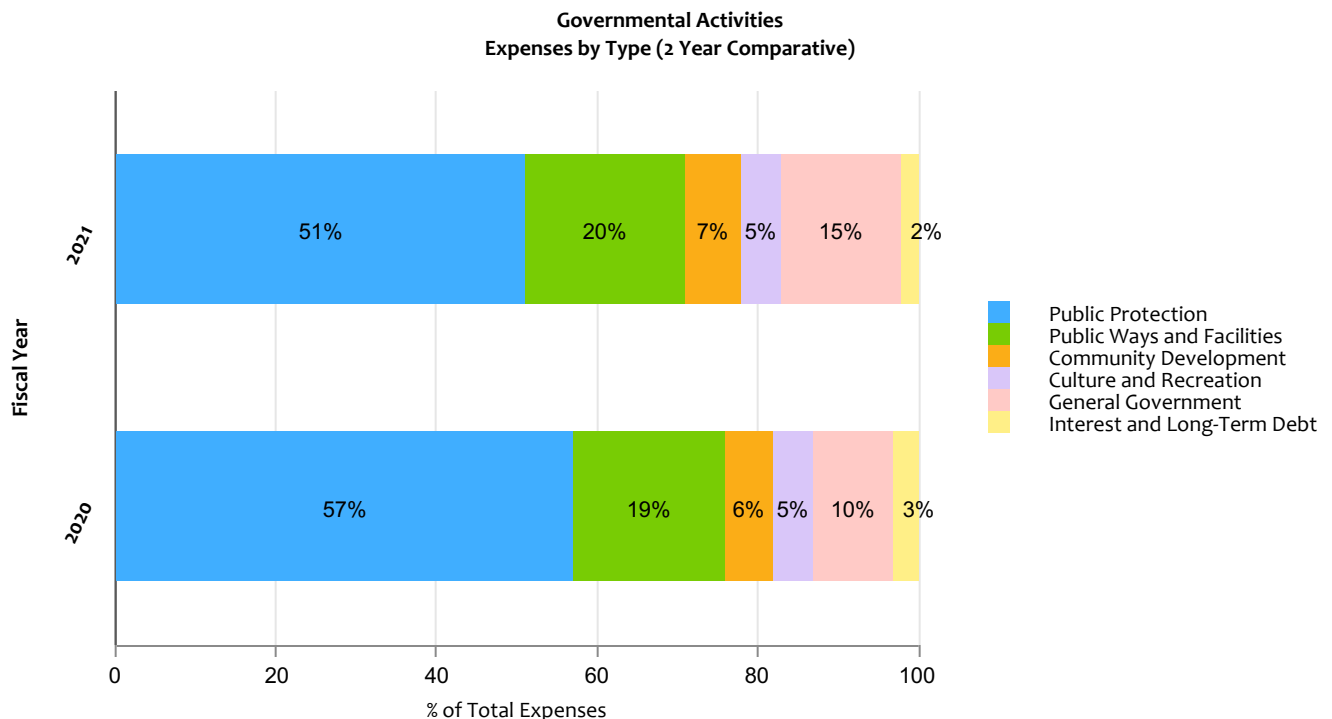
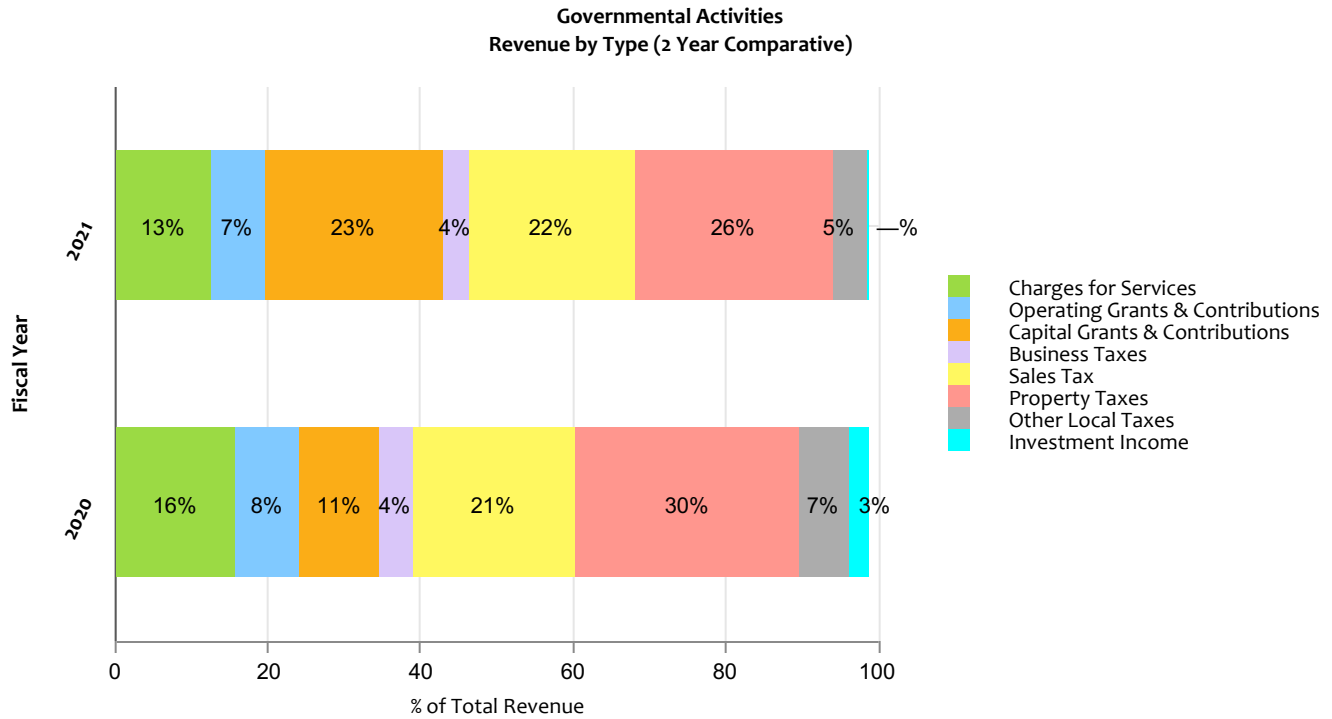
Governmental Activities

In fiscal year 2021, Governmental Activities decreased their Net Position by \$32.4 million (3.1%) to \$1,022.9 million. The decline in Net Position occurred primarily within the Unrestricted Net Position, which fell by \$104.7 million to fiscal year 2021's Net Position of \$(76.8) million. Key factors affecting the Net Position were:

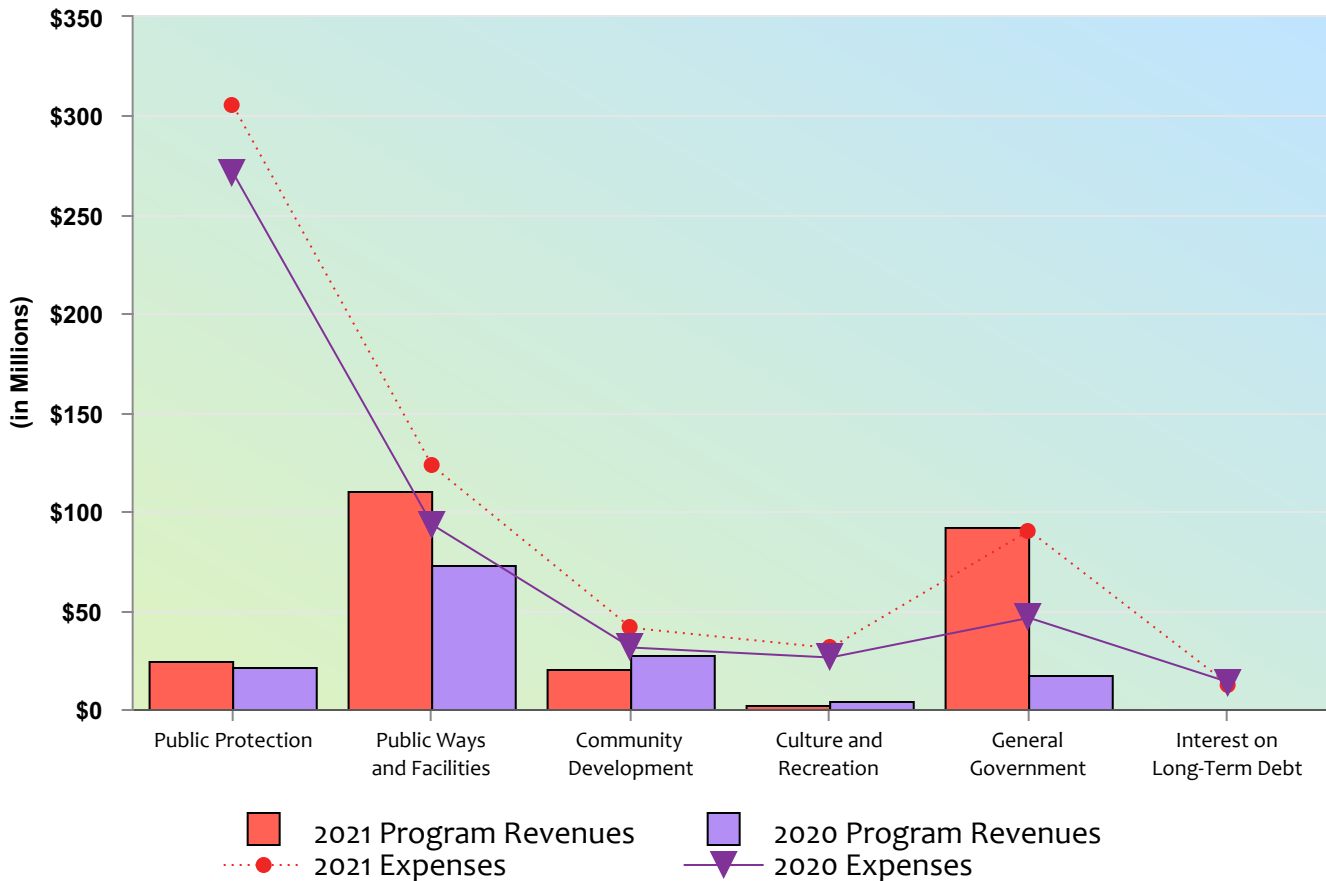
- Revenues grew strongly, going from \$466.3 million in fiscal year 2020 to \$578.4 million in fiscal year 2021: a \$112.1 million (24.0%) increase. The overall increase was primarily the product of growth in two revenue categories. First, Capital Grant revenues rose a staggering \$85.9 million (174.7%) to \$135.1 million. The large amount of federal COVID mitigation funds, such as Coronavirus Aid, Relief, and Economic Security (CARES) and Emergency Rental Assistance Program (ERAP), drove the overall increase in Capital Grant revenue. Second, General Revenues increased by \$25.3 million (8.3%): from \$304.3 million in fiscal year 2020 to \$329.6 million in fiscal year 2021. Almost all of the growth in this category can be attributed to a \$26.7 million increase in Sales Tax, most of which was additional Sales Tax from Amazon as a result of a change in the ownership structure of their Fresno fulfillment center.
- Expenses grew from \$481.2 million in fiscal year 2020 to \$602.9 million in fiscal year 2021, led by a 32.0% increase in Public Ways and Facilities expenses (from \$93.2 million in fiscal year 2020 to \$123.1 million in fiscal year 2021), a 12.6% increase in Public Protection expenses (from \$271.1 million in fiscal year 2020 to \$305.2 million in fiscal year 2021), and a 95.6% increase in General Government costs (from \$46.1 million in fiscal year 2020 to \$90.2 million in fiscal year 2021). Most of the increase in the Public Protection category can be attributed to increased personnel costs, while the growth in Public Ways and Facilities expenses can be attributed to additional grant-funded capital expenses. Increases in General Government expenses can be attributed to the disbursement of federal COVID mitigation funds throughout the community and the organization.
- Total Assets decreased by \$8.8 million (0.5%) from fiscal year 2020's Total Assets balance of \$1,665.5 million. The overall decline in Total Assets was primarily caused by a decrease of \$115.5 million (59.6%) in the Net Pension Asset to \$78.3 million. This decrease was partially offset by an increase in Unrestricted Cash of \$53.4 million (23.5%) to \$280.7 million and an increase in Restricted Cash of \$44.6 million (37.6%) to \$163.2 million. The Cash increases were the result of the influx of federal COVID mitigation funds.
- Total Liabilities increased by 13.5%, or \$95.8 million, from fiscal year 2020's Total Liabilities of \$710.3 million. A \$30.6 million rise in Unearned Revenue (from \$83.1 million in fiscal year 2020 to \$113.8 million in fiscal year 2021) generated by unspent COVID mitigation funds and growth in total Long-Term Liabilities (Due Within a Year and Due in More than One Year, combined) of \$43.4 million (7.3%) from a new bond issue and other new debt financing explains the overall increase in Total Liabilities.

Governmental Activities - Charts and Graphs

The following charts and graphs illustrate the City’s governmental revenues by source and its expenses and revenues by function. As can be seen, Public Protection is by far the largest function reflecting the City’s greatest overall expenses.



**Program Revenues and Expenses - Governmental Activities
(2 Year Comparative)**



The following is an analysis of some of the funds within the Governmental Activities category:

General Fund

Fund Balance in the General Fund increased from \$75.9 million in fiscal year 2020 to \$102.9 million in fiscal year 2021. It is significant to note that the Unassigned Fund Balance increased from \$33.0 million in fiscal year 2020 to \$43.0 million in fiscal year 2021: a \$10.0 million (30.2%) increase.

Fiscal year 2021's revenues showed marked growth when compared to fiscal year 2020's revenues; increasing by \$31.4 million (9.1%) from fiscal year 2020's total of \$345.6 million. The increase was primarily in Tax Revenue, which was up \$28.2 million (9.5%). The main driver in the overall increase in Tax Revenue came from \$16.9 million of growth in Sales Tax revenue, which was primarily due to additional Sales Tax generated at the Amazon Fulfillment Center as a result of a change in the ownership structure of the facility. Additional growth in the Tax Revenue category was provided by Property Taxes, which grew \$7.6 million due to increased property assessed valuations.

While General Fund revenues were up, General Fund expenditures grew at an even faster pace when compared to the previous fiscal year. General Fund expenditures grew by \$64.2 million, or 19.8%, to a total of \$388.1 million. The change in expenditures can be explained by three factors:

- An increase of \$31.3 million (114.8%) in General Government expenditures to \$58.6 million. The overall increase was spurred by \$22.6 million of COVID mitigation expenditures that were funded with the City's allocation of federal CARES monies.
- Growth in Public Protection expenditures, which increased from \$238.1 million in fiscal year 2020 to \$250.5 million in fiscal year 2021: a \$12.4 million, or 5.2%, increase. The Public Protection increase was primarily due to additional personnel costs, which increased \$12.7 million over fiscal year 2020's personnel costs of \$199.3 million.
- A rise of \$11.8 million in Capital Outlay expenditures, which grew from \$1.6 million to \$13.4 million, or 731.4%. \$9.9 million of the overall increase was caused by the purchase of a motel, which was converted into a homeless shelter. The motel purchase was funded with the City's allocation of federal CARES monies.

A large portion of the difference between actual expenditures and actual revenues was funded by transfers from other funds; specifically, the CARES Fund. Overall, Transfers In increased \$59.3 million (379.2%) to \$75.0 million.

The additional Transfers In and revenues produced a large increase in Total Assets, which grew \$46.4 million (39.8%) to \$163.0 million. The increase was driven by two accounts:

- Unrestricted Cash, which rose \$31.1 million (131.6%) to \$54.7 million.
- Intergovernmental Receivables (such as Sales Tax Receivable) grew \$6.4 million (17.3%).

While Total Assets grew significantly, the percentage growth in Total Liabilities exceeded that of Total Assets. Total Liabilities rose \$22.9 million (151.5%) to \$38.0 million. The overall increase in Total Liabilities can be attributed to an increase of \$9.4 million (439.3%) in Advances from Other Funds and an increase of \$9.4 million (72,330.8%) in Deposits With Others. The Advances from Other Funds increase was tied to monies lent from other funds for the purchase of a motel converted to a homeless shelter. The Deposits with Others increase was associated with GASB Statement No. 84's required reclassification of agency funds into the General Fund for reporting purposes.

Significant committed fund balance amounts of the General Fund include:

- \$35.5 million for the General Fund Emergency Reserve,
- \$2.1 million for the 27th Pay Period Reserve, and
- \$1.7 million for the General Fund - Housing Reserve.

General Fund Budget to Actual Comparison

The fiscal year 2021 Adopted Budget was made up of \$440.6 million of budgeted revenues and \$402.0 million of appropriations. After various amendments were made throughout the fiscal year, the General Fund ended the fiscal year with \$525.0 million of budgeted revenues and \$494.5 million of appropriations. Actual results on a budgetary (cash) basis of accounting were \$556.3 million of revenues and \$452.1 million of expenditures. Thus, the actual revenues were \$31.3 million (6.0%) over the fiscal year-end budgeted revenues, while the actual expenditures were \$42.4 million (8.6%) under fiscal year-end appropriations.

The major differences between the budget and the actual results are noted below:

Comparison of Revenues and Expenditures - Budget to Actual / General Fund (in thousands)					
	Budgeted Original	Budgeted Final	Actual Budgetary Basis	Over (Under) Final Budget	Explanation
Revenues:					
Sales Tax	\$98,394	\$94,420	\$122,955	\$28,535	Higher than anticipated sales tax was received due to proceeds from Amazon as a result of a change they made in the ownership structure of their fulfillment center.
Miscellaneous	\$28,874	\$35,293	\$23,988	\$(11,305)	Budget included estimate for a \$10 million interfund loan that was not executed.
Transfers from Other Funds	\$2,383	\$76,530	\$84,218	\$7,688	Higher than budgeted transfers of CARES funds into the General Fund.
Expenditures:					
Other General Government	\$30,858	\$76,788	\$61,709	\$(15,079)	COVID-19 mitigation expenditures were less than budget.
Police Department	\$184,420	\$198,407	\$188,710	\$(9,697)	Greater than budgeted attrition savings was incurred due to hiring freeze and difficulties recruiting police officers.
Community Development	\$34,363	\$39,842	\$34,110	\$(5,732)	Greater than budgeted attrition savings was incurred due to hiring freeze and difficulties recruiting staff.

A more detailed look at the budget versus actual comparison for the General Fund can be found on page 166 in the Required Supplementary Information section.

Grants Special Revenue Fund

Fund Balance in the Grants Special Revenue Fund dropped from \$79.7 million in fiscal year 2020 to \$52.6 million in fiscal year 2021. The decline in Fund Balance was due primarily to the receipt of \$85.4 million of American Rescue Plan Act (ARPA) funding in May 2021. As no spending plan was developed for those monies by the end of fiscal year 2021, the ARPA deposit was treated as Unearned Revenue. This accounting treatment meant that Total Liabilities grew from \$83.9 million in fiscal year 2020 to \$124.0 million in fiscal year 2021: a \$40.1 million (47.8%) increase. That infusion of funding also increased the Restricted Cash account balance from \$79.3 million in fiscal year 2020 to \$103.7 million in fiscal year 2021: a 30.7% increase.

The large amount of federal and state financial support for COVID impact mitigation had a significant impact on the Grants Special Revenue Fund's revenues and expenditures. Fiscal year 2021 revenues in the Grants Special Revenue Fund were up \$52.4 million (104.2%) to \$102.8 million. Contributing to the increase in revenue was \$85.4 million of ARPA funds and \$15.4 million of ERAP funding. The large amount of new revenue was accompanied by corresponding expenditure growth. Expenditures grew \$26.1 million (110.5%) from fiscal year 2020's level of \$23.6 million to fiscal year 2021's total of \$49.7 million. Large increases were seen in the General Government category (up \$9.8 million, or 1,113.8%) and Public Ways and Facilities category (up \$10.0 million, or 152.6%). The increase in the General Government category was due to \$6.8 million of ERAP payments made to recipients and community based organizations. The increase in the Public Ways and Facilities category was primarily due to \$6.0 million of payments for Transformative Climate Communities Grant projects.

Other Governmental Funds

Fund Balance for the Other Governmental Funds rose \$35.6 million between fiscal year 2020 and fiscal year 2021 (\$123.2 million versus \$158.8 million, respectively). The growth in the Fund Balance was primarily due to a \$17.4 million increase in Fund Balance for the Financing Authorities and Corporations Fund. The growth in the Financing Authorities and Corporations Fund's fund balance was the result of a \$17.1 million October 2020 bond issue for a new animal shelter.

Business-Type Activities

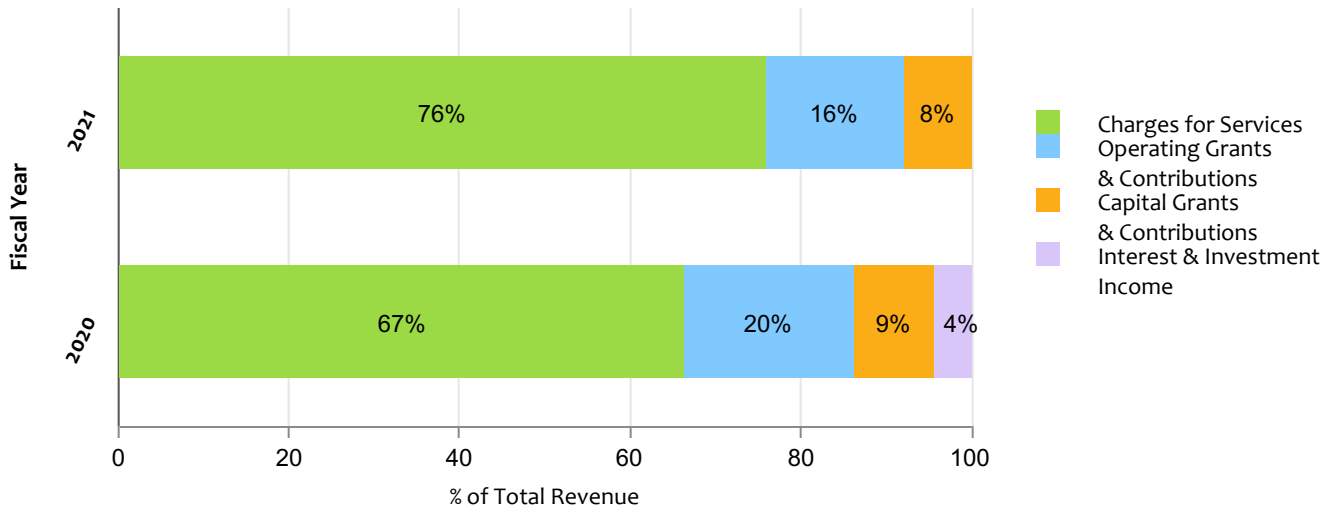
Business-Type Activities for fiscal year 2021 increased their Net Position by \$19.3 million (1.2%) over fiscal year 2020's Business-Type Activities Net Position of \$1,562.6 million. Key factors affecting the Net Position were:

- Total Assets decreased by \$26.8 million (1.1%) from fiscal year 2020's Total Asset balance of \$2,371.1 million. The decrease was primarily due to a drop of \$36.3 million (70.9%) in the Net Pension Asset to a fiscal year 2021 figure of \$14.9 million.
- Total Liabilities fell by 2.7%, or \$22.3 million, from fiscal year 2020's Total Liabilities of \$831.7 million. The decline was primarily due to a \$15.6 million (2.2%) drop in Long-Term Liabilities Due in More than One Year mainly caused by the defeasance of the Water Series 2010-A bonds.
- Revenues went from \$406.9 million in fiscal year 2020 to \$352.2 million in fiscal year 2021: a \$54.7 million (13.5%) decrease. The drop can be attributed to a decline of \$31.2 million in Transit Operating Grants, and a decline of \$19.6 million (112.7%) in Investment Income caused by the decrease in the Net Pension Asset. Also contributing to the overall decline in revenues was a \$6.7 million (72.6%) fall in Airports' Capital Grants revenues, which was the result of the completion of several capital projects.
- Expenses went from \$321.0 million in fiscal year 2020 to \$340.7 million in fiscal year 2021. The primary driver behind this increase was \$9.3 million (14.2%) of growth in the Sewer Fund's expenses, with vehicle acquisition being the largest contributor to this increase. Additionally, growth of \$4.1 million (6.6%) in the Transit Fund's expenses and \$5.1 million (14.2%) in the Airports Fund's expenses (both increases due mainly to pension costs) added to the overall increase in Business-Type Activities expenses.

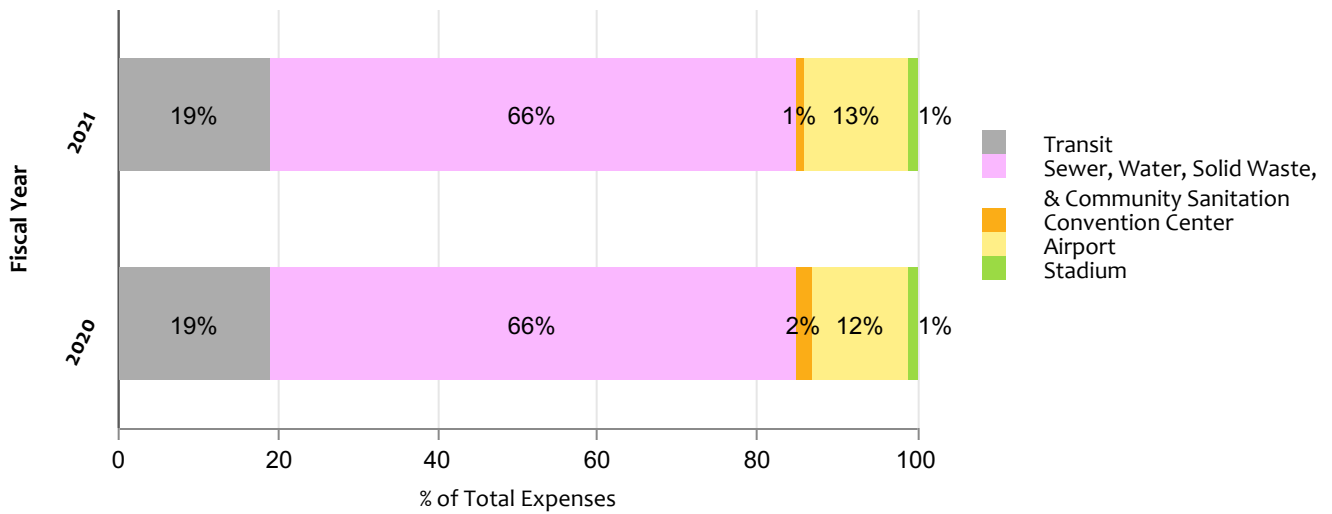
Business-Type Activities - Charts and Graphs

The following charts and graphs illustrate the City's Business-Type revenues and expenses by both source and function. Sewer, Water, and Solid Waste are by far the largest Business-Type Activities reflecting the City's greatest overall expenses.

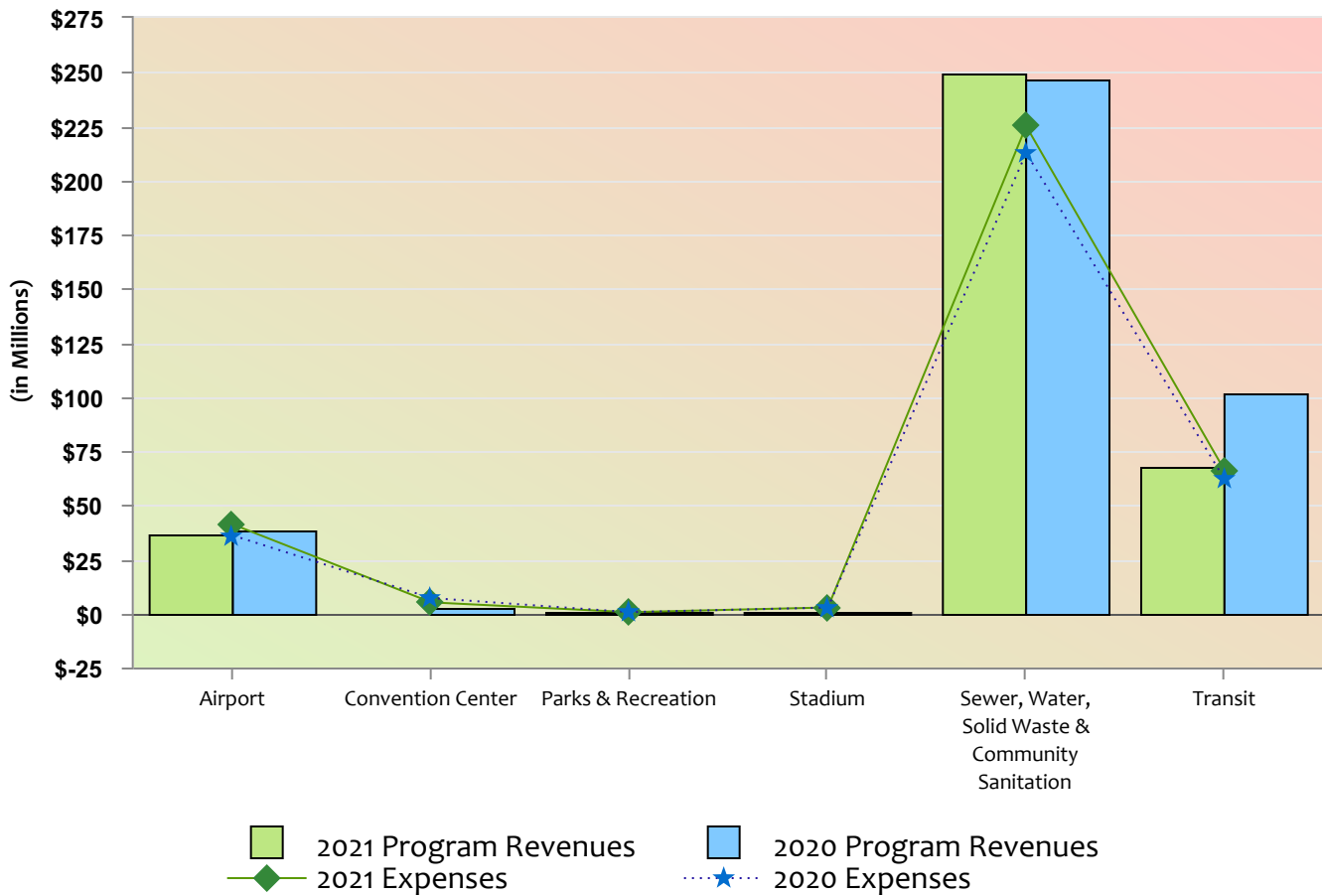
**Business-Type Activities
Revenue by Type
(2 Year Comparative)**



**Business-Type Activities
Expenses by Type
(2 Year Comparative)**



Business-Type Activities Program Revenues and Expenses (2 Year Comparative)



The following is an analysis of some of the funds within the Business-Type Activities category:

Water

The Water Fund's (Water) Net Position showed an increase over fiscal year 2020's levels. Net Position grew from \$487.0 million in fiscal year 2020 to \$517.1 million in fiscal year 2021: a \$30.1 million (6.2%) increase. The change in net position was driven by the following factors:

- Water revenues increased from \$120.3 million in fiscal year 2020 to \$127.7 million in fiscal year 2021: a \$7.4 million (6.2%) increase. The increase was primarily driven by a \$3.7 million rise in Customer User Charges, and \$2.7 million of growth in Water Infrastructure Development Charges.

- Water's Operating Expenses decreased by \$0.6 million (0.6%) to \$86.8 million in fiscal year 2021. The decline in expenses was primarily the result of a \$1.8 million (14.8%) decrease in Administration costs (primarily in loans within the City), which was partially offset by a \$0.9 million (2.0%) increase in Cost of Services (primarily in inventory expenses) and a \$0.4 million (1.2%) increase in Depreciation Expense.
- Total Assets dropped from \$965.0 million in fiscal year 2020 to \$959.2 million in fiscal year 2021, a \$5.7 million (0.6%) decrease. A \$7.1 million decrease in Unrestricted Cash, which was used to defease the Water Series 2010-A1 bonds, was the primary cause of the overall decrease in Water's assets.
- Total Liabilities fell by \$31.5 million (6.5%) from \$482.3 million in fiscal year 2020 to \$450.8 million in fiscal year 2021. The overall decline in Total Liabilities was due to a \$21.9 million (19.5%) decrease in Long-Term Bonds Payable and a \$6.4 million (100.0%) decrease in Short-Term Bonds Payable; the result of a \$27.6 million defeasance in Water Series 2010-A1 bonds. The effect of the defeased bonds on Total Liabilities was augmented by a \$4.4 million (1.3%) decrease in the Long-Term Notes Payable.

Sewer

The Sewer Fund's Net Position increased by \$9.2 million (1.3%), from \$707.2 million in fiscal year 2020 to \$716.4 million in fiscal year 2021. The driver behind the Net Position increase was an increase of \$25.7 million (29.4%) in Current Assets partially offset by a \$12.4 million (10.4%) increase in Total Liabilities from fiscal year 2020's figure of \$119.4 million.

The growth in Current Assets powered an increase of \$17.8 million (2.2%) in Total Assets to \$840.6 million. The overall increase in Current Assets was primarily caused by a \$23.8 million increase in Unrestricted Cash. Unrestricted Cash's increase was partially offset by a decrease in Capital Assets of \$12.2 million (1.8%). The decrease in Capital Assets was caused by a \$20.1 million (6.4%) increase in Accumulated Depreciation.

The growth in Total Liabilities was primarily caused by a \$19.7 million (29.4%) increase in Long-Term Notes Payable: specifically, those for the Southwest Recycled Water project. The growth in Long-Term Notes Payable was offset by a \$6.1 million (100.0%) decrease in Current Bonds Payable, which was the result of the Sewer bond defeasement undertaken in fiscal year 2020.

The Unrestricted Cash was also bolstered by Operating Income of \$8.4 million, which was a decrease from fiscal year 2020's Operating Income of \$10.7 million. While revenues were up slightly (\$0.7 million, or 0.9%) due to an increase in Donations (from assets, like sewer lines, donated to the City as part of a new housing development), Operating Expenses grew by \$5.2 million (8.2%). The Operating Expense growth consisted primarily of \$1.9 million in Fleet Acquisition expenses.

Solid Waste Management

The Solid Waste Management Fund's (Solid Waste) Net Position declined from fiscal year 2020's figure of \$41.7 million to fiscal year 2021's figure of \$32.7 million: a \$9.0 million (21.6%) decrease. The Net Position decrease was due to a combination of a drop in revenues of \$0.4 million (1.4%) and an increase in Operating Expenses of \$2.3 million (6.2%). The decline in revenues was due to an \$0.8 million decrease in Pension Revenue and a \$0.2 million decrease in Recyclables Revenue, both of which were partially offset by a \$0.7 million increase in Customer Service Charges. Growth in Tipping Fees (\$0.9 million), Salaries/Benefits costs (\$0.6 million), and Fleet Services costs (\$0.5 million) drove the overall increase in Operating Expenses.

Solid Waste's operational results were reflected on the fund's Statement of Net Position through both a \$13.4 million (66.6%) decrease in Unrestricted Cash and a \$4.4 million (66.0%) decrease in the Net Pension Asset, which were partially offset by a \$7.6 million (85.8%) increase in Restricted Cash.

Transit

The COVID-19 pandemic continued to have a major impact on the Transit Fund (Transit). Due to various COVID mitigation strategies, including capping the number of passengers on a bus at any given time, Transit saw another decline in ridership. Transit transported 5.6 million passengers in fiscal year 2021, a 38.1% drop from fiscal year 2020's ridership of 9.1 million passengers. The 5.6 million passengers is the lowest passenger count that Transit has experienced in over twenty years.

The decline in passengers was seen in Transit's revenues, which decreased \$4.8 million (192.5%) to \$(2.3) million. Notable declines were seen in Passenger Revenues (down \$1.8 million), 31 Day Regular Fare Pass Revenue (down \$0.6 million), and Pension Revenue (down \$2.3 million). Exacerbating the effect the declining revenues had on the Transit's financial position was an increase in Operating Expenses, which grew \$3.2 million (5.2%). Increases in repairs and maintenance costs (up \$1.9 million), and salaries/benefits expenses (up \$1.1 million) were the main causes in Transit's overall Operating Expense increase.

Transit's operating results would have resulted in a significant reduction in Net Position were it not for a large influx of grant funding from federal and state agencies. That influx can be seen in a \$31.2 million (39.4%) increase in Operating Grant Revenue to \$47.9 million. These awards also drove growth in Grants Receivable, which went from \$19.0 million in fiscal year 2020 to \$32.0 million in fiscal year 2021: a \$13.0 million (68.6%) increase. The increase in Grants Receivable was completely offset by a reduction in Restricted Cash of \$13.8 million (35.6%). The impact of additional grant funding caused the Transit Fund's Net Position to grow by \$0.5 million (0.3%) from \$144.1 million in fiscal year 2020 to \$144.6 million in fiscal year 2021.

Airports

Like Transit, the Airports' Fund (Airports) fiscal year 2021 was greatly impacted by the COVID-19 pandemic. Specifically, Airports saw a decrease in its passenger traffic through most of the fiscal year. This pattern reversed with the introduction of Denver and Las Vegas service from Southwest

Airlines. Thanks primarily to this new service, both May and June 2021 passenger numbers exceeded the pre-pandemic passenger numbers for May and June 2019. However, a strong May and June 2021 were not enough to offset passenger losses incurred earlier in the fiscal year. Fiscal year 2021's origin and destination passengers numbered 1,294,591: 14.0% lower than the prior fiscal year's passenger count of 1,505,591.

The decline in passenger traffic had an impact on Operating Revenues, which fell \$2.3 million (9.5%) to \$21.8 million. The overall drop in Operating Revenues was powered by declines in passenger driven and airline activity revenues, particularly Parking Revenues, which fell \$1.8 million (26.4%). Yet, while revenues decreased by 9.5%, Operating Expenses only fell 0.1% (\$0.0 million) to a total of \$32.9 million. A decline of \$0.2 million in Variable Interdepartmental Reimbursements to the General Fund constitutes the overall decrease in Operating Expenses.

The decline in revenues and little change in expenses had a predictable effect on Total Assets, which fell \$5.1 million (1.8%) to \$277.8 million. The overall decrease in Total Assets was due to several factors:

- A \$2.6 million (10.2%) decrease in Current Unrestricted Cash,
- A \$4.5 million (100.0%) decrease in Current Restricted Cash,
- A \$13.1 million (24.7%) decline in Non-Current Restricted Cash,
- A \$3.4 million (88.6%) drop in Net Pension Asset, and
- An \$18.1 million (9.5%) increase in Net Capital Assets.

In addition to the decrease in Total Assets, Airports also experienced an increase in Total Liabilities, which grew \$1.7 million (1.9%) to \$92.5 million. Current Liabilities rose by \$4.5 million (71.6%) to \$10.7 million; led by a \$2.6 million increase in Accounts Payable. The increase in Current Liabilities was partially offset by a \$2.9 million (3.7%) decrease in Long-Term Bonds Payable, which was the result of regular bond payments.

The decrease in Total Assets and the increase in Total Liabilities resulted in Total Net Position declining by \$4.5 million (2.3%) from fiscal year 2020's Net Position of \$194.3 million to \$189.9 million.

Convention Center

The Convention Center Fund (Convention Center) was the City operation most impacted by COVID-19 restrictions during fiscal year 2021. The Convention Center hosted no events during fiscal year 2021, as the facility was closed due to COVID mitigation measures. Consequently, Convention Center recorded \$0.0 million of revenue in fiscal year 2021: a 100.0% decline (\$2.4 million).

In response to this material decline in revenues, the management company overseeing Convention Center's operations cut expenses by \$1.8 million (30.8%) from fiscal year 2020's expenses of \$5.9 million, led by a \$1.1 million drop in Salaries/Benefits expenses and a \$0.5 million decrease in Utilities expenses.

In spite of the greater decrease in revenues than in expenses, the Convention Center's Net Position managed to go from \$(2.5) million in fiscal year 2020 to \$(1.2) million in fiscal year 2021: a \$1.3 million (52.9%) improvement. A drop of \$2.7 million (9.2%) in Total Liabilities, mainly caused by a \$3.9 million decline in Bonds Payable as a result of scheduled debt service payments, contributed significantly to the improvement in Net Position. This decline in Bonds Payable was partially offset by an overall decline in Total Assets of \$1.3 million (5.0%) from fiscal year 2020's Total Assets figure of \$26.2 million. An increase of \$1.1 million (1.6%) in Accumulated Depreciation was the major contributor to the decline in Total Assets. It must be noted that fiscal year 2021 was the third consecutive year of improvement in the Convention Center's Net Position, during which \$4.8 million of negative Net Position was addressed.

Stadium

Even though baseball was played at the stadium, financial results from those games were impacted both by COVID-19 restrictions and a new operating agreement with Major League Baseball. In December 2020, Major League Baseball completed its overhaul of the minor league system. As a result of that overhaul, Fresno's baseball team moved from a AAA affiliation to an A affiliation. This move to a lower affiliation resulted in modification to the operating lease between the City and the team. Among the changes to the terms of the lease were:

- Annual rent was reduced from \$500,000/year to \$100,000/year.
- City agreed to pay up to \$300,000/year in utility costs.
- Annual capital contribution made by the team and the City decreased from \$300,000/year to \$50,000/year from each party.
- City will receive 15% of any naming rights revenues above \$650,000/year (escalating 2% per year).
- Team will pay \$1/ticket for any turnstile attendance over 150,000/year.

In spite of the reduced financial contribution from the team, the Stadium Fund continued to build on the improvement in Net Position it displayed in fiscal year 2020. Net Position grew from \$4.1 million in fiscal year 2020 to \$5.1 million in fiscal year 2021. Two factors drove the overall increase in Net Position:

- A \$1.6 million (5.9%) decrease in Total Liabilities, primarily Bonds Payable as a result of scheduled debt service payments.
- A \$0.6 million (1.8%) decrease in Total Assets, primarily \$1.3 million of increased Accumulated Depreciation.

Internal Service Funds

The Net Position deficit in the Internal Service Funds grew by \$16.8 million (68.8%) to \$(41.3) million in fiscal year 2021. The increase in the Net Position deficit was primarily due to an increase of \$37.8 million (24.5%) in the Short-Term and Long-Term (combined) Liability for Self-Insurance. Partially offsetting this liability increase were increases of \$8.4 million (9.0%) in Unrestricted Cash and \$14.8 million in Total Net Capital Assets.

The Internal Service Funds' Statement of Revenues, Expenses, and Changes in Net Position mirrored the results of the Statement of Net Position. The largest growth reflected on the Statement of Revenues, Expenses, and Changes in Net Position was an increase of \$15.7 million in the Risk Fund's Refunds and Claims expense. Also contributing to the increase in expenses was a \$3.9 million increase in Repairs and Maintenance expense from both the Information Services Internal Service Fund and the Fleet Management Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its Governmental and Business-Type Activities, before Component Units, as of June 30, 2021, amount to \$2,702.6 million (net of accumulated depreciation). Capital assets include land, buildings and improvements, machinery and equipment, park facilities, roads, streets, traffic signals, streetlights, bridges, and construction in progress. The City's capital assets net increase for the current fiscal year was approximately 0.2% (a 0.3% decrease for Governmental Activities, a 0.4% increase for Business-Type Activities) as shown in the table below. Capital assets for the fiscal year ended June 30, 2020 amounted to \$2,698.3 million (net of accumulated depreciation). The net decrease for 2020 was approximately 0.5% (a 1.3% decrease for Governmental Activities and a 0.1% decrease for Business-Type Activities).

Changes in Capital Assets, Net of Depreciation

(in thousands)

Asset Category	Governmental Activities		Business-Type Activities		Total Government-Wide	
	2020	2021	2020	2021	2020	2021
Land	\$261,608	\$263,040	\$48,891	\$54,426	\$310,499	\$317,466
Intangibles (Indefinite Life)	—	—	17,698	17,949	17,698	17,949
Buildings and Improvements, Net	145,754	144,950	517,530	581,285	663,284	726,235
Machinery and Equipment, Net	60,865	60,872	37,319	37,733	98,184	98,605
Infrastructure	404,747	402,107	702,137	660,334	1,106,884	1,062,441
Construction In Progress	71,563	71,103	430,230	408,818	501,793	479,921
Total	\$944,537	\$942,072	\$1,753,805	\$1,760,545	\$2,698,342	\$2,702,617

Major capital asset events during fiscal year 2021, some of which were in progress during the previous fiscal year, included the following:

† **BRT - Bus Rapid Transit**

The BRT is an integrated bus system, which is operating on two of Fresno's main streets. The system includes 51 station pairs, two terminal stations, and one transit center, all of which were constructed as part of this project. Additionally, over 20 specialized buses were purchased to serve the routes. The \$42.0 million cost of this project was funded by federal and state grants, along with some contributions from the City's Transit Fund.

† Taxiway C Reconstruction

Taxiway C, which is one of the primary taxiways at Fresno Yosemite International Airport, was reconstructed at a cost of \$25.2 million. The reconstruction involved a complete renovation of the taxiway, including grinding of the existing taxiway and repaving a new surface onto the taxiway's base. The project was primarily funded through a federal grant, with a match contribution made from the Airports' share of Measure C (local sales tax) funds.

† Veterans Boulevard Train Overpass

The City's Public Works Department completed an overpass as part of the overall construction of Veterans Boulevard. The overpass will enhance traffic flow on Veterans Boulevard by providing a safe passageway for Union Pacific trains. The overpass was also built to accommodate High Speed Rail trains in the future. The \$18.0 million cost of the project was funded by a combination of state grants, other state funding, and Measure C monies.

† Southeast Police Station

A new Police Department station was constructed in the southeast quadrant of Fresno. The new station is over 10,200 square feet. It contains multiple conference rooms, offices, locker rooms, a gym, secure parking for police vehicles, and a public counter. The \$6.9 million cost of the new building was paid by the General Fund and Police Impact Fee Funds.

† Econolot Parking Expansion

Airports expanded the surface parking at Fresno Yosemite International Airport with a \$5.8 million project. The project entailed expanding the long-term parking area by 750 spaces and constructing a new 238 space economy lot. Both areas were equipped with revenue control systems, which included ticket dispensing machines, credit card readers, and access gates. The entire cost of the project was funded with Airports' cash.

At June 30, 2021, the City had commitments related to various construction projects associated with Governmental Activities totaling \$35.6 million. Commitments connected with Business-Type Activities at fiscal year-end amounted to \$48.7 million. The most significant of the Governmental Activities projects were the construction of the animal control center (\$13.6 million) and the installation of various traffic signals throughout Fresno (\$12.8 million). The most significant of the Business-Type Activities projects were the Fresno Yosemite International Airport parking garage (\$14.3 million) and Transit's Southwest Community Connector (\$7.9 million). A complete list of projects appear in Note 12(H) - Commitments and Contingencies, page 156 under Construction and Other Significant Commitments.

Debt Administration

At the end of fiscal year 2021, the City had total long-term bond obligations, notes, and leases payable outstanding of \$895.6 million. Of this amount, \$98.4 million are obligation bonds, backed by the full faith and credit of the City, while \$636.7 million are revenue bonds and notes of the City's business enterprises and \$2.0 million are tax allocation debt issued by the Successor Agency of the Redevelopment Agency. The remaining \$158.5 million includes lease revenue bonds, notes and capital leases for general governmental projects. For detailed information on the City's debt, see Note 6-Long Term Liabilities, pages 98-117.

During fiscal year 2021, the City's total bonded debt decreased by \$43.0 million. This decrease was due to both normal debt service payments made during the year and the \$27.6 million defeasance of the Water Fund's 2010-A bonds, netted by a new bond issuance of \$17.1 million for an animal control facility. The City also took the following actions in fiscal year 2021:

- Drew down from the California State Water Resources Control Board an additional \$27.7 million in already-approved loans for water transport projects and sewer projects.
- Borrowed an additional \$7.1 million through the Master Equipment Lease Purchase Agreement with Banc of America Public Capital Corp. \$4.2 million was for public safety vehicles, \$2.0 million was for smart parking meters, and \$0.8 million was for Solid Waste and Parks vehicles.

The ratio of net general obligation bonded debt to taxable valuation and the amount of bonded debt per capita are useful indicators of the City's debt position to management, citizens and investors. A comparison of these indicators (as stated in thousands) follows:

	Fiscal Year		
	2021	2020	2019
General Bonded Debt (Par Amount)	\$ 98,395	\$ 107,555	\$ 116,160
General Bonded Debt Per Capita	\$ 180.00	\$ 197.00	\$ 216.00
Debt Service Tax Rate Per \$100 Taxable Valuation	\$ 0.24	\$ 0.28	\$ 0.32

Although the City's Charter imposes a limit on the amount of general obligation bonds that the City can have outstanding at any given time of 20% of the assessed value of property in the City, the City realizes that it cannot currently support debt of that magnitude with its current tax base and is very cautious about issuing general obligation debt. Currently, there are no general obligation bonds outstanding other than Pension Obligation Bonds issued in 2002.

FINANCIAL OUTLOOK

City management believes that the financial stability of the City is sound. The following actions give management confidence about its belief:

- The City finished fiscal year 2021 with a cash balance in its General Fund Emergency Reserve of \$35.5 million. This reserve was not utilized to address the pandemic's economic effects before the end of the fiscal year, and is not planned to be utilized for the foreseeable future. Having this reserve available provides the City with financial flexibility to address any potential revenue impacts that may occur as the pandemic continues.
- Thanks to Amazon changing the ownership structure of its California fulfillment centers (including the fulfillment center in Fresno), the City is enjoying record Sales Tax receipts. It is estimated that this change by Amazon will bring an additional \$30 million/year of new Sales Tax revenue to the City. These much needed funds will provide an ongoing revenue stream that will allow the City to address some long-standing resource needs.

- The City continues to defease debt when possible, as evidenced by the defeasing of the Water 2010-A bonds in fiscal year 2021. Defeasing these bonds provides the City with additional flexibility to address financial challenges that may arise over the next few years.
- The City continues to utilize COVID mitigation funding such as CARES, ERAP, and ARPA to maintain service levels that would otherwise be impacted by the COVID-19 pandemic. In particular, the ARPA funding of \$170.8 million has the potential to make lasting impacts in the City's infrastructure. These impacts would otherwise be very unlikely to achieve in the near future were it not for the large infusion of capital from the federal government.

While there is much reason to feel optimism about the City's financial future, there are issues which need to be addressed in order for that optimism to be realized:

- The City earned more revenue in fiscal year 2021 (\$930.5 million) than it has ever earned in a single fiscal year during its entire 136-year history. The City also spent more in fiscal year 2021 (\$943.6 million) than it has ever spent in any single fiscal year during its entire 136-year history. In fact, it spent more than it took in. While most of the revenue and expense growth can be explained by extraordinary measures taken to address the COVID pandemic's effects, it will be up to policy makers to insure that this practice does not become the norm.
- The same relationship between revenues and expenses that was seen Citywide is evident in the General Fund. While revenues grew strongly (9.1%), the expenses growth rate of 19.8% was more than double that of revenues. Even though much of the expenditure growth can be explained by additional COVID mitigation spending, the challenge for policy makers will be to scale back once the COVID stimulus money subsides. If revenue growth does not return to pre-pandemic levels or if expenditure growth is not slowed, significant cuts will be needed to maintain the General Fund's financial condition.
- While the COVID-19 pandemic's financial impact had not been fully felt by the General Fund as of the end of the fiscal year, other City funds were not so fortunate. Department of Public Utilities (DPU) lost over \$2 million of penalty revenue due to the prohibition on assessing fines during the pandemic. Airports lost 14% of its passenger traffic when compared to the previous fiscal year; after having lost 19% of their traffic in the previous fiscal year. Transit carried 31.1% of the passengers that it carried at its traffic peak in fiscal year 2009. Convention Center was closed throughout the fiscal year. The Stadium functioned under reduced operations. Given the added expenses these operations have recently undertaken and the ongoing nature of the pandemic, it is possible that significant fiscal adjustments to these enterprise funds will be needed.
- The Net Pension Asset dropped 62.0% (\$151.8 million) to its lowest level since fiscal year 2015 when it became a distinct line in the Statement of Net Position. The decrease in Net Pension Asset between fiscal year 2020 and fiscal year 2021 was matched by a similar sized decrease between fiscal year 2019 and fiscal year 2020. If another such decrease occurs during fiscal year 2022, Fresno will have a Net Pension Liability like almost every other government entity.

It's clear from fiscal year 2021's financial results that the COVID pandemic financial effects are unfolding and will continue to do so for the next few fiscal years. Addressing these effects requires a balanced approach, which includes: 1) restore services as revenues recover; 2) invest in deferred maintenance; 3) pay off debt; and 4) fund reserves for future economic downturns. Management believes that continued adherence to this approach will result in a financially strong organization.

CONCLUSION

Fiscal year 2021 produced some very interesting financial results. On the surface, the City appears to be weathering the pandemic's financial effects, as evidenced by Net Position remaining basically unchanged and the receipt of a record amount of revenue. Additionally, the General Fund improved its financial position, thanks to copious amounts of federal and state COVID mitigation assistance, timely increases in Sales Tax revenue, and some debt financing. However, other parts of the organization did not fare as well. In particular, each of the enterprise operations showed the continuing financial effects of the pandemic. The challenge for policy makers going forward will be to address the issues in the enterprise funds that the pandemic has surfaced, while not forgetting that the financial results in areas that showed strength in fiscal year 2021 are not likely to be permanent once the various one-time resources are extinguished.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Below is the contact information for questions about this report or requests for additional financial information.

Documents can be made accessible in alternative ADA compliant formats upon request. To request documents in alternative ADA Compliant formats, contact the Finance Department at Finance@fresno.gov or (559) 621-7001.

CITY OF FRESNO

Office of the Controller/Finance Department
2600 Fresno Street, Room 2156
Fresno, California 93721-3622

www.fresno.gov

GOVERNMENT-WIDE FINANCIAL STATEMENTS



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CITY OF FRESNO, CALIFORNIA

Statement of Net Position

June 30, 2021

(in thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 280,741	\$ 253,000	\$ 533,741
Accounts Receivables, Net	92,736	97,276	190,012
Internal Balances	16,245	(16,245)	—
Inventories	887	7,512	8,399
Prepaid Items	585	2,008	2,593
Other Assets	1,222	1,283	2,505
Property Held for Resale	4,756	—	4,756
Restricted Cash	163,160	204,614	367,774
Restricted Interest Receivable	—	382	382
Loans, Notes, Leases, and Other Receivables, Net	75,980	19,050	95,030
Net Pension Asset	78,323	14,875	93,198
Capital Assets:			
Not Being Depreciated	334,143	481,193	815,336
Net of Accumulated Depreciation	607,929	1,279,354	1,887,283
Total Assets	1,656,707	2,344,302	4,001,009
Deferred Outflows of Resources			
Charge on Refunding	3,550	178	3,728
Deferred Outflows - Pensions	176,324	43,667	219,991
Deferred Outflows - OPEB	26,069	10,917	36,986
Total Deferred Outflows of Resources	205,943	54,762	260,705
Liabilities			
Accrued Liabilities	43,034	29,457	72,491
Unearned Revenue	113,779	42,806	156,585
Deposits from Others	9,420	20,597	30,017
Other Liabilities	—	4,085	4,085
Long-Term Liabilities:			
Due Within One Year	86,619	21,459	108,078
Due in More than One Year	553,188	690,944	1,244,132
Total Liabilities	806,040	809,348	1,615,388
Deferred Inflows of Resources			
Pension Revenue Applicable to Future Years	16,075	534	16,609
Unamortized OPEB Expense	17,662	7,318	24,980
Total Deferred Inflows of Resources	33,737	7,852	41,589
Net Position			
Net Investment in Capital Assets	794,759	1,120,876	1,915,635
Restricted for:			
General Government	14,691	—	14,691
Public Protection	1,974	—	1,974
Public Ways and Facilities	99,376	—	99,376
Culture and Recreation	2,837	—	2,837
Community Development	145,392	—	145,392
Emergency, 27th Pay Period, Housing, Asset Sale Reserve	40,655	—	40,655
Unrestricted	(76,811)	460,988	384,177
Total Net Position	\$ 1,022,873	\$ 1,581,864	\$ 2,604,737

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

CITY OF FRESNO, CALIFORNIA

Statement of Activities

Fiscal Year Ended June 30, 2021

(in thousands)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Expenses	Program Revenue			Primary Government		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary Government							
Governmental Activities							
General Government	\$ 90,218	\$ 15,315	\$ 955	\$ 76,083	\$ 2,135	\$ —	\$ 2,135
Public Protection	305,172	16,544	4,816	2,543	(281,269)	—	(281,269)
Public Ways and Facilities	123,068	27,060	28,629	54,785	(12,594)	—	(12,594)
Culture and Recreation	30,882	1,364	395	(54)	(29,177)	—	(29,177)
Community Development	41,053	13,050	5,598	1,707	(20,698)	—	(20,698)
Interest on Long-term Debt	12,552	—	—	—	(12,552)	—	(12,552)
Total Governmental Activities	602,945	73,333	40,393	135,064	(354,155)	—	(354,155)
Business-Type Activities							
Water System	100,181	127,651	336	1,084	—	28,890	28,890
Sewer System	74,428	77,940	—	4,219	—	7,731	7,731
Solid Waste Management	41,713	29,132	191	—	—	(12,390)	(12,390)
Transit	66,135	(2,328)	47,925	22,041	—	1,503	1,503
Airports	41,090	25,991	7,882	2,540	—	(4,677)	(4,677)
Fresno Convention Center	5,096	(2)	—	—	—	(5,098)	(5,098)
Community Sanitation	8,698	8,786	—	—	—	88	88
Parks and Recreation	572	411	—	—	—	(161)	(161)
Stadium	2,739	580	—	—	—	(2,159)	(2,159)
Total Business-Type Activities	340,652	268,161	56,334	29,884	—	13,727	13,727
Total Primary Government	\$ 943,597	\$ 341,494	\$ 96,727	\$ 164,948	\$ (354,155)	\$ 13,727	\$ (340,428)

General Revenues:

Taxes and Licenses:

Property Taxes	149,822	—	149,822
Sales Taxes - Shared Revenues	125,279	—	125,279
Franchise Taxes	17,729	—	17,729
Business Tax	20,577	—	20,577
Room Tax	12,566	—	12,566
Other Taxes	1,825	—	1,825
Investment Earnings	1,786	(2,206)	(420)
Transfers	(7,781)	7,781	—
Total General Revenues and Transfers	321,803	5,575	327,378
Change in Net Position	(32,352)	19,302	(13,050)
Net Position - Beginning	1,055,225	1,562,562	2,617,787
Net Position - Ending	\$ 1,022,873	\$ 1,581,864	\$ 2,604,737

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

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FUND FINANCIAL STATEMENTS



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CITY OF FRESNO, CALIFORNIA

Balance Sheet

Governmental Funds

June 30, 2021

(in thousands)

	General Fund	Grants Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 54,681	\$ 6,319	\$ 120,959	\$ 181,959
Receivables, Net	17,920	292	727	18,939
Grants Receivable	6	13,566	1,277	14,849
Intergovernmental Receivables	43,490	—	5,912	49,402
Due From Other Funds	6,206	1,533	1,814	9,553
Advances to Other Funds, Net	—	8,902	62	8,964
Property Held for Resale	—	—	4,756	4,756
Restricted Cash	40,655	103,730	17,933	162,318
Loans, Notes, Leases, Other Receivables, Net	—	55,366	20,614	75,980
Total Assets	<u>\$ 162,958</u>	<u>\$ 189,708</u>	<u>\$ 174,054</u>	<u>\$ 526,720</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accrued Liabilities	\$ 12,677	\$ 14,115	\$ 7,837	\$ 34,629
Unearned Revenue	3,298	109,904	—	113,202
Due to Other Funds	1,084	1	2,641	3,726
Advances From Other Funds	11,497	—	3,236	14,733
Deposits From Others	9,416	—	4	9,420
Total Liabilities	<u>37,972</u>	<u>124,020</u>	<u>13,718</u>	<u>175,710</u>
Deferred Inflows of Resources				
Unavailable Revenue - Property Tax	5,997	—	—	5,997
Unavailable Revenue - Other	16,046	13,059	1,548	30,653
Total Deferred Inflows of Resources	<u>22,043</u>	<u>13,059</u>	<u>1,548</u>	<u>36,650</u>
Fund Balances				
Restricted	—	106,083	149,241	255,324
Committed	40,655	—	—	40,655
Assigned	19,249	—	12,843	32,092
Unassigned	43,039	(53,454)	(3,296)	(13,711)
Total Fund Balances	<u>102,943</u>	<u>52,629</u>	<u>158,788</u>	<u>314,360</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 162,958</u>	<u>\$ 189,708</u>	<u>\$ 174,054</u>	<u>\$ 526,720</u>

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

CITY OF FRESNO, CALIFORNIA

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2021

(in thousands)

Total Governmental Fund Balances	\$ 314,360
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
The Net Pension Asset is not a current financial resource, and therefore, is not reported in the funds.	78,323
Capital assets used in Governmental Activities are not current financial resources, and therefore, are not reported in the funds.	942,072
Prepays in Governmental Activities are not current financial resources, and therefore, are not reported in the funds.	585
Deferred outflows of resources reported in the Statement of Net Position	205,943
Accrued interest on long-term debt is not accrued in the funds, but rather, it is recognized as an expenditure when due.	(1,953)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(630,034)
Difference between deferred inflows of resources reported in the Statement of Net Position and unavailable revenue reported in the Balance Sheet - Governmental Funds	2,913
Prepaid bond insurance and original issue premium and discount represent costs associated with the issuance of long-term debt, which are deferred and amortized over the period the debt is outstanding. These costs are reported as expenditures of the current period in the funds.	(8,552)
Internal service funds are used by management to charge the costs of various activities, such as fleet and insurance to individual funds. Assets and liabilities of certain internal service funds are included in Governmental Activities in the Statement of Net Position.	<u>119,216</u>
Net Position of Governmental Activities	<u>\$ 1,022,873</u>

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

CITY OF FRESNO, CALIFORNIA

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Fiscal Year Ended June 30, 2021

(in thousands)

	General Fund	Grants Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 325,650	\$ —	\$ 40,995	\$ 366,645
Licenses and Permits	9,276	—	—	9,276
Intergovernmental	5,988	102,121	18,282	126,391
Charges for Services	32,682	167	31,613	64,462
Fines	1,792	—	—	1,792
Use of Money and Property	634	(156)	1,206	1,684
Miscellaneous	960	627	1,538	3,125
Total Revenues	<u>376,982</u>	<u>102,759</u>	<u>93,634</u>	<u>573,375</u>
Expenditures				
Current:				
General Government	58,611	10,730	1,870	71,211
Public Protection	250,469	3,776	2,390	256,635
Public Ways and Facilities	7,909	16,552	38,725	63,186
Culture and Recreation	23,749	953	1,429	26,131
Community Development	31,217	6,997	1,769	39,983
Capital Outlay	13,360	10,665	30,751	54,776
Debt Service:				
Principal	2,354	—	18,837	21,191
Interest	410	—	12,192	12,602
Total Expenditures	<u>388,079</u>	<u>49,673</u>	<u>107,963</u>	<u>545,715</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,097)</u>	<u>53,086</u>	<u>(14,329)</u>	<u>27,660</u>
Other Financing Sources (Uses)				
Transfers In	74,987	80	41,630	116,697
Transfers Out	(36,958)	(80,236)	(11,661)	(128,855)
Long-Term Debt Issued	—	—	17,145	17,145
Premium on Debt Issued	—	—	2,773	2,773
Capital Lease Financing	83	—	—	83
Total Other Financing Sources (Uses)	<u>38,112</u>	<u>(80,156)</u>	<u>49,887</u>	<u>7,843</u>
Net Changes in Fund Balances	27,015	(27,070)	35,558	35,503
Fund Balances - Beginning	<u>75,928</u>	<u>79,699</u>	<u>123,230</u>	<u>278,857</u>
Fund Balances - Ending	<u>\$ 102,943</u>	<u>\$ 52,629</u>	<u>\$ 158,788</u>	<u>\$ 314,360</u>

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

CITY OF FRESNO, CALIFORNIA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Fiscal Year Ended June 30, 2021

(in thousands)

Net change in fund balances - total governmental funds	\$	35,503
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which cost of capital assets of \$29,973 was exceeded by depreciation of \$47,149 in the current period.		(17,176)
Some expenses, retention payable, and Net OPEB Liability reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		(8,345)
In the Statement of Net Position, acquiring debt increases Long-Term Liabilities and does not affect the Statement of Activities. Additionally, repayment of principal is an expenditure in the governmental funds but reduces liability in the Statement of Net Position.		1,191
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.		(2,526)
Changes to the net pension asset and pension related deferred outflows and inflows of resources do not provide current financial resources, and therefore, are not reported in the governmental funds.		(36,151)
Revenues recognized in the Statement of Activities in previous years and recognized in the governmental fund statements in the current year were less than revenues recognized in the Statement of Activities in the current year but not reported in the governmental funds as they do not provide current financial resources.		2,826
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet, to individual funds. The net revenues of certain activities of internal service funds are reported with Governmental Activities in the Statement of Activities.		<u>(7,674)</u>
Change in net position of Governmental Activities	\$	<u><u>(32,352)</u></u>

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

CITY OF FRESNO, CALIFORNIA

Statement of Net Position

Proprietary Funds

June 30, 2021

(in thousands)

	Business-Type Activities - Enterprise Funds				
	Water System	Sewer System	Solid Waste Management	Transit	Airports
Assets					
Current Assets:					
Cash and Investments	\$ 121,291	\$ 95,440	\$ 6,704	\$ 332	\$ 22,530
Interest Receivable	689	464	135	140	189
Accounts Receivables, Net	21,672	11,629	5,965	376	3,073
Grants Receivable	—	—	—	31,994	1,806
Inventories	1,762	4,729	—	667	323
Prepaid Items	1,267	91	44	19	460
Intergovernmental Receivables	—	874	—	13,027	135
Due from Other Funds	—	—	—	—	—
Restricted Cash	—	—	—	—	—
Total Current Assets	146,681	113,227	12,848	46,555	28,516
Noncurrent Assets:					
Restricted:					
Cash and Cash Equivalents	58,970	52,388	16,377	25,049	39,935
Interest Receivable	174	208	—	—	—
Total Restricted Assets	59,144	52,596	16,377	25,049	39,935
Other Assets:					
Other Receivables	1,229	5,840	—	—	—
Other Assets	—	699	—	—	226
Net Pension Asset	3,454	3,645	2,252	4,291	444
Unamortized CVP Water Settlement	808	—	—	—	—
Solid Waste Rate Payers	—	—	11,172	—	—
Advances to Other Funds, Net	4,965	13,417	—	—	—
Total Other Assets	10,456	23,601	13,424	4,291	670
Capital Assets:					
Land and Intangibles	34,029	17,513	2,803	2,215	10,929
Buildings, Systems and Improvements	50,563	556,160	1,568	74,627	224,327
Machinery and Equipment	901	6,024	6,039	74,536	4,983
Infrastructure	657,959	282,291	—	—	70,807
Construction in Progress	235,390	123,394	2,270	11,424	35,872
Less Accumulated Depreciation	(235,880)	(334,192)	(3,700)	(62,089)	(138,205)
Total Capital Assets, Net	742,962	651,190	8,980	100,713	208,713
Total Noncurrent Assets	812,562	727,387	38,781	130,053	249,318
Total Assets	959,243	840,614	51,629	176,608	277,834
Deferred Outflows of Resources					
Charge on Refunding	—	—	—	—	12
Pension Contributions	1,665	1,441	1,077	2,856	880
Deferred Outflows - Pension	6,487	5,609	4,157	10,914	3,436
Deferred Outflows - OPEB	1,782	1,658	1,147	3,968	939
Total Deferred Outflows of Resources	\$ 9,934	\$ 8,708	\$ 6,381	\$ 17,738	\$ 5,267

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

Business-Type Activities - Enterprise Funds

Fresno Convention Center	Stadium	Other Enterprise Funds	Total	Internal Service Funds
\$ 590	\$ 112	\$ 2,694	\$ 249,693	\$ 102,089
—	16	14	1,647	498
1,360	469	1,743	46,287	1,651
—	—	—	33,800	—
31	—	—	7,512	887
121	—	6	2,008	585
—	—	—	14,036	—
—	—	—	—	3,973
2,084	—	—	2,084	—
<u>4,186</u>	<u>597</u>	<u>4,457</u>	<u>357,067</u>	<u>109,683</u>
764	3,077	781	197,341	6,031
—	—	—	382	—
<u>764</u>	<u>3,077</u>	<u>781</u>	<u>197,723</u>	<u>6,031</u>
—	—	—	7,069	—
131	212	15	1,283	—
—	—	639	14,725	756
—	—	—	808	—
—	—	—	11,172	—
—	—	—	18,382	—
<u>131</u>	<u>212</u>	<u>654</u>	<u>53,439</u>	<u>756</u>
4,163	710	12	72,374	—
86,632	43,489	3,812	1,041,178	6,617
309	1,599	67	94,458	128,373
—	—	—	1,011,057	—
100	267	—	408,717	26,532
(71,370)	(19,804)	(2,099)	(867,339)	(79,202)
<u>19,834</u>	<u>26,261</u>	<u>1,792</u>	<u>1,760,445</u>	<u>82,320</u>
<u>20,729</u>	<u>29,550</u>	<u>3,227</u>	<u>2,011,607</u>	<u>89,107</u>
<u>24,915</u>	<u>30,147</u>	<u>7,684</u>	<u>2,368,674</u>	<u>198,790</u>
86	24	56	178	—
—	—	404	8,323	2,327
—	—	1,550	32,153	9,302
20	—	488	10,002	2,604
<u>\$ 106</u>	<u>\$ 24</u>	<u>\$ 2,498</u>	<u>\$ 50,656</u>	<u>\$ 14,233</u>

Assets

Current Assets:

Cash and Investments
Interest Receivable
Accounts Receivables, Net
Grants Receivable
Inventories
Prepaid Items
Intergovernmental Receivables
Due from Other Funds
Restricted Cash

Total Current Assets

Noncurrent Assets:

Restricted:

Cash and Investments
Interest Receivable
Total Restricted Assets
Other Assets:
Other Receivables
Other Assets
Net Pension Asset
Unamortized CVP Water Settlement
Solid Waste Rate Payers
Advances to Other Funds, Net

Total Other Assets

Capital Assets:

Land and Intangibles
Buildings, Systems and Improvements
Machinery and Equipment
Infrastructure
Construction in Progress
Less Accumulated Depreciation

Total Capital Assets, Net

Total Noncurrent Assets

Total Assets

Deferred Outflows of Resources

Charge on Refunding
Pension Contributions
Deferred Outflows - Pension
Deferred Outflows - OPEB
Total Deferred Outflows of Resources

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

CITY OF FRESNO, CALIFORNIA

Statement of Net Position

Proprietary Funds

June 30, 2021 (continued)

(in thousands)

	Business-Type Activities - Enterprise Funds				
	Water System	Sewer System	Solid Waste Management	Transit	Airports
Liabilities					
Current Liabilities:					
Accrued Liabilities	\$ 5,607	\$ 5,957	\$ 1,161	\$ 5,542	\$ 7,463
Accrued Compensated Absences and HRA	290	321	290	702	299
Liability for Self-Insurance	—	—	—	—	—
Unearned Revenue	7,147	12,461	—	22,197	—
Due to Other Funds	319	294	1,098	209	86
Bonds Payable	—	—	—	—	2,885
Accrued Closure Cost	—	—	800	—	—
Capital Lease Obligations	—	—	—	—	—
Notes Payable	9,077	1,003	—	—	—
Total Current Liabilities	22,440	20,036	3,349	28,650	10,733
Noncurrent Liabilities					
Accrued Compensated Absences and HRA	1,991	1,818	1,306	2,491	1,557
Capital Lease Obligations	—	—	—	—	—
Liability for Self-Insurance	—	—	—	—	—
Bonds Payable	90,241	885	—	—	75,498
Accreted Interest Payable on Capital					
Appreciation Bonds	—	—	—	—	—
Notes Payable	327,615	86,858	—	—	—
CVP Litigation Settlement	113	—	—	—	—
Pollution Remediation Obligation	—	—	—	—	451
Other Liabilities	—	4,085	—	—	—
Accrued Closure Costs	—	—	11,304	—	—
Advances from Other Funds	—	—	3,711	—	—
Net OPEB Liability	7,331	6,932	4,782	15,851	3,777
Deposits Held for Others	1,095	11,152	—	—	455
Total Noncurrent Liabilities	428,386	111,730	21,103	18,342	81,738
Total Liabilities	450,826	131,766	24,452	46,992	92,471
Deferred Inflows of Resources					
Unamortized Pension Expense	84	77	55	144	120
Unamortized OPEB Expense	1,202	1,128	779	2,633	625
Total Deferred Inflows of Resources	1,286	1,205	834	2,777	745
Net Position					
Net Investment in Capital Assets	314,604	562,443	8,980	100,713	130,342
Unrestricted (Deficit)	202,461	153,908	23,744	43,864	59,543
Total Net Position (Deficit)	\$ 517,065	\$ 716,351	\$ 32,724	\$ 144,577	\$ 189,885

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

Business-Type Activities - Enterprise Funds

Fresno Convention Center	Stadium	Other Enterprise Funds	Totals	Internal Service Funds	
\$ 1,066	\$ 548	\$ 403	\$ 27,747	\$ 8,161	Liabilities
—	—	51	1,953	533	Current Liabilities:
—	—	—	—	47,038	Accrued Liabilities
23	—	—	41,828	1,555	Accrued Compensated Absences and HRA
—	—	735	2,741	7,059	Liability for Self-Insurance
3,784	1,770	55	8,494	—	Unearned Revenue
—	—	—	800	—	Due to Other Funds
—	—	—	—	6,276	Bonds Payable
—	—	—	10,080	—	Accrued Closure Cost
4,873	2,318	1,244	93,643	70,622	Capital Lease Obligations
					Notes Payable
					Total Current Liabilities
28	—	452	9,643	5,056	Noncurrent Liabilities
—	—	—	—	16,559	Accrued Compensated Absences and HRA
—	—	—	—	145,195	Capital Lease Obligations
14,438	22,751	1,564	205,377	—	Liability for Self-Insurance
					Bonds Payable
					Accrued Interest Payable on Capital
3,355	—	—	3,355	—	Appreciation Bonds
—	—	—	414,473	—	Notes Payable
—	—	—	113	—	CVP Litigation Settlement
—	—	—	451	—	Pollution Remediation Obligation
—	—	—	4,085	—	Other Liabilities
—	—	—	11,304	—	Accrued Closure Costs
—	—	—	3,711	—	Advances from Other Funds
83	—	1,876	40,632	10,559	Net OPEB Liability
3,411	—	—	16,113	4,484	Deposits Held for Others
21,315	22,751	3,892	709,257	181,853	Total Noncurrent Liabilities
26,188	25,069	5,136	802,900	252,475	Total Liabilities
					Deferred Inflows of Resources
—	—	22	502	106	Unamortized Pension Expense
14	—	317	6,698	1,742	Unamortized OPEB Expense
14	—	339	7,200	1,848	Total Deferred Inflows of Resources
					Net Position
1,699	1,764	229	1,120,774	60,334	Net Investment in Capital Assets
(2,880)	3,338	4,478	488,456	(101,634)	Unrestricted (Deficit)
\$ (1,181)	\$ 5,102	\$ 4,707	\$ 1,609,230	\$ (41,300)	Total Net Position (Deficit)

Some amounts reported for Business-Type Activities in the Statement of Net Position are different due to certain Internal Service Fund assets and liabilities being included with Business-Type Activities.

(27,366)

Net position of Business-Type Activities \$ 1,581,864

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

CITY OF FRESNO, CALIFORNIA

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

Fiscal Year Ended June 30, 2021

(in thousands)

	Business-Type Activities - Enterprise Funds				
	Water System	Sewer System	Solid Waste Management	Transit	Airports
Operating Revenues:					
Charges for Services	\$ 127,651	\$ 77,940	\$ 29,132	\$ (2,328)	\$ 21,807
Operating Expenses:					
Cost of Services	46,431	28,111	21,838	45,184	15,287
Administration	10,602	16,519	16,341	14,454	6,726
Depreciation	29,773	24,865	588	5,385	10,845
Total Operating Expenses	86,806	69,495	38,767	65,023	32,858
Operating Income (Loss)	40,845	8,445	(9,635)	(67,351)	(11,051)
Non-Operating Revenue (Expenses):					
Operating Grants	336	—	191	47,925	7,882
Interest Income	2,154	1,622	374	218	544
Net Increase (Decrease) in Cash Fair Value	(2,782)	(2,342)	(534)	(835)	(660)
Interest Expense	(11,300)	(391)	—	—	(3,542)
Passenger Facility Charges	—	—	—	—	2,689
Customer Facility Charges	—	—	—	—	1,494
Gain (Loss) on Disposal of Capital Assets	(62)	(2,203)	(241)	(87)	(4,168)
Total Non-Operating Revenue (Expenses)	(11,654)	(3,314)	(210)	47,221	4,239
Income (Loss) Before Contributions & Transfers	29,191	5,131	(9,845)	(20,130)	(6,812)
Capital Contributions	1,084	4,219	—	22,041	2,540
Transfers In	165	165	1,870	24	46
Transfers Out	(383)	(353)	(1,036)	(1,464)	(231)
Change in Net Position	30,057	9,162	(9,011)	471	(4,457)
Total Net Position (Deficit) - Beginning	487,008	707,189	41,735	144,106	194,342
Total Net Position (Deficit) - Ending	\$ 517,065	\$ 716,351	\$ 32,724	\$ 144,577	\$ 189,885

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

Business-Type Activities - Enterprise Funds

Fresno Convention Center	Stadium	Other Enterprise Funds	Totals	Internal Service Funds	
\$ (2)	\$ 580	\$ 9,197	\$ 263,977	\$ 180,330	Operating Revenues:
					Charges for Services
1,046	139	5,951	163,987	159,664	Operating Expenses:
673	15	2,765	68,095	30,702	Cost of Services
2,340	1,275	185	75,256	9,635	Administration
4,059	1,429	8,901	307,338	200,001	Depreciation
(4,061)	(849)	296	(43,361)	(19,671)	Total Operating Expenses
					Operating Income (Loss)
					Non-Operating Revenue (Expenses):
—	—	—	56,334	—	Operating Grants
3	44	38	4,997	1,332	Interest Income
(4)	(50)	(36)	(7,243)	(919)	Net Increase (Decrease) in Cash Fair Value
(1,038)	(1,310)	(63)	(17,644)	(773)	Interest Expense
—	—	—	2,689	—	Passenger Facility Charges
—	—	—	1,494	—	Customer Facility Charges
—	—	—	(6,761)	(889)	Gain (Loss) on Disposal of Capital Assets
(1,039)	(1,316)	(61)	33,866	(1,249)	Total Non-Operating Revenue (Expenses)
(5,100)	(2,165)	235	(9,495)	(20,920)	Income (Loss) Before Contributions & Transfers
—	—	—	29,884	—	Capital Contributions
6,427	3,171	747	12,615	7,518	Transfers In
—	—	(1,082)	(4,549)	(3,426)	Transfers Out
1,327	1,006	(100)	28,455	(16,828)	Change in Net Position
(2,508)	4,096	4,807		(24,472)	Total Net Position (Deficit) - Beginning
\$ (1,181)	\$ 5,102	\$ 4,707		\$ (41,300)	Total Net Position (Deficit) - Ending

Some amounts reported for Business-Type Activities in the Statement of Activities are different due to the net revenue (expenses) of certain Internal Service Funds being reported with Business-Type Activities.

(9,153)

Change in net position of Business-Type Activities

\$ 19,302

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

CITY OF FRESNO, CALIFORNIA

Statement of Cash Flows

Proprietary Funds

Fiscal Year Ended June 30, 2021

(in thousands)

	Business-Type Activities - Enterprise Funds				
	Water System	Sewer System	Solid Waste Management	Transit	Airports
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Customers	\$ 126,858	\$ 70,728	\$ 31,656	\$ 4,416	\$ 23,177
Cash Received from Interfund Services Provided	313	159	73	38	—
Cash Payments (to) from Suppliers for Services	(31,207)	(22,964)	(5,645)	(13,758)	29,021
Cash Paid for Interfund Services Used	(11,329)	(9,787)	(17,432)	(9,473)	(4,164)
Cash Payments to Employees for Services	(16,780)	(15,005)	(13,534)	(38,758)	(10,256)
Cash Payments for Claims and Refunds	—	—	—	—	—
Net Cash Provided by (Used for) Operating Activities	67,855	23,131	(4,882)	(57,535)	37,778
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital Contributions	1,084	5,661	—	18,966	2,540
Passenger and Customer Facility Charges	—	—	—	—	4,182
Interest Payments on Capital Debt	(11,838)	(486)	—	—	(3,581)
Proceeds from Issuance of Capital Debt	8,926	20,744	—	—	—
Payment for Cost of Issuance	—	—	—	—	—
Principal Payments on Capital Debt-Bonds	(6,390)	(6,050)	—	—	(2,721)
Retirement of Debt	(21,245)	—	—	—	—
Principal Payments on Capital Debt-Notes	(11,220)	(993)	—	—	—
Principal Payments on Capital Lease Obligations	—	—	—	—	—
Proceeds (Loss) from Sale of Capital Assets	10	11	—	22	—
Acquisition and Construction of Capital Assets	(30,003)	(16,290)	(1,874)	(7,665)	(65,944)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(70,676)	2,597	(1,874)	11,323	(65,524)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Operating Grants	336	—	191	33,181	7,743
Borrowing Receipt from (Payment to) Other Funds	—	—	—	—	—
Transfers In	165	165	1,870	24	46
Transfers Out	(383)	(353)	(1,036)	(1,464)	(231)
Net Cash Provided by (Used for) Non-Capital Financing Activities	118	(188)	1,025	31,741	7,558
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest and Dividends Received (Paid) on Investments	(430)	(749)	(98)	(513)	(27)
Net Cash Provided by (Used for) Investing Activities	(430)	(749)	(98)	(513)	(27)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,133)	24,791	(5,829)	(14,984)	(20,215)
Cash and Cash Equivalents, Beginning of Year	183,394	123,037	28,910	40,365	82,680
Cash and Cash Equivalents, End of Year	\$ 180,261	\$ 147,828	\$ 23,081	\$ 25,381	\$ 62,465

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

Business-Type Activities - Enterprise Funds

Fresno Convention Center	Stadium	Other Enterprise Funds	Totals	Internal Service Funds	
\$ 170	\$ 111	\$ 10,386	\$ 267,502	\$ 72,392	CASH FLOWS FROM OPERATING ACTIVITIES:
—	—	—	583	129,288	Cash Received from Customers
(971)	209	(2,219)	(47,534)	(43,064)	Cash Received from Interfund Services Provided
—	—	(1,946)	(54,131)	(7,695)	Cash Payments (to) from Suppliers for Services
(634)	—	(4,810)	(99,777)	(30,020)	Cash Paid for Interfund Services Used
—	—	—	—	(91,275)	Cash Payments to Employees for Services
(1,435)	320	1,411	66,643	29,626	Cash Payments for Claims and Refunds
					Net Cash Provided by (Used for) Operating Activities
					CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:
—	—	—	28,251	6,185	Capital Contributions
—	—	—	4,182	—	Passenger and Customer Facility Charges
(1,570)	(1,543)	(80)	(19,098)	(732)	Interest Payments on Capital Debt
—	—	—	29,670	—	Proceeds from Issuance of Capital Debt
—	—	6	6	—	Payment for Cost of Issuance
(3,596)	(1,670)	(55)	(20,482)	—	Principal Payments on Capital Debt-Bonds
—	—	—	(21,245)	—	Retirement of Debt
—	—	—	(12,213)	—	Principal payments on Capital Debt-Notes
—	—	—	—	(5,882)	Principal Payments on Capital Lease Obligations
—	—	—	43	514	Proceeds from Sale of Capital Assets
(61)	(267)	19	(122,085)	(25,464)	Acquisition and Construction of Capital Assets
(5,227)	(3,480)	(110)	(132,971)	(25,379)	Net Cash Provided by (Used for) Capital and Related Financing Activities
					CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:
—	—	—	41,451	—	Operating Grants
—	—	(469)	(469)	2,592	Borrowing Receipt from (Payment to) Other Funds
6,427	3,171	747	12,615	7,518	Transfers In
—	—	(1,082)	(4,549)	(3,425)	Transfers Out
6,427	3,171	(804)	49,048	6,685	Net Cash Provided by (Used for) Non-Capital Financing Activities
					CASH FLOWS FROM INVESTING ACTIVITIES:
(1)	(3)	—	(1,821)	460	Interest and Dividends Received (Paid) on Investments
(1)	(3)	—	(1,821)	460	Net Cash Provided by (Used for) Investing Activities
(236)	8	497	(19,101)	11,392	Net Increase (Decrease) in Cash and Cash Equivalents
3,674	3,181	2,978	468,219	96,728	Cash and Cash Equivalents, Beginning of Year
<u>\$ 3,438</u>	<u>\$ 3,189</u>	<u>\$ 3,475</u>	<u>\$ 449,118</u>	<u>\$ 108,120</u>	Cash and Cash Equivalents, End of Year

(Continued)

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

CITY OF FRESNO, CALIFORNIA

Statement of Cash Flows

Proprietary Funds

Fiscal Year Ended June 30, 2021 (Continued)

(in thousands)

	Business-Type Activities - Enterprise Funds				
	Water System	Sewer System	Solid Waste Management	Transit	Airports
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating income (loss)	\$ 40,845	\$ 8,445	\$ (9,635)	\$ (67,351)	\$ (11,051)
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	29,773	24,865	588	5,385	10,845
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(2,326)	(1,446)	(1,026)	(228)	(617)
Decrease (increase) in other receivables	1,058	(312)	912	—	—
Decrease (increase) in due from other funds	—	—	—	—	—
Decrease (increase) in due from other governments	—	(14)	—	(2,657)	—
Decrease (increase) in material and supplies inventory	239	(398)	—	118	20
Decrease (increase) in prepaid items	(325)	(23)	(44)	24	131
Decrease (increase) in net pension asset & deferred outflows	2,644	2,522	1,750	4,771	1,259
Decrease (increase) in advances to other funds	(3,946)	(8,885)	3,712	—	—
Decrease (increase) in prepaid insurance	—	9	—	—	18
(Decrease) increase in accounts payable	(126)	(1,933)	(138)	(124)	37,039
(Decrease) increase in salaries payable	124	(14)	37	48	186
(Decrease) increase in due to other funds	75	38	160	31	29
(Decrease) increase in other liabilities	—	498	—	—	—
(Decrease) increase in retention payable	—	—	—	35	—
(Decrease) increase in accrued closure costs	—	—	(1,044)	—	—
(Decrease) increase in unearned revenue	—	—	—	2,973	—
(Decrease) increase in liability for self-insurance	—	—	—	—	—
(Decrease) increase in deposits	—	—	—	—	20
(Decrease) increase in pollution remediation liability	—	—	—	—	(35)
(Decrease) increase in net OPEB liability	190	175	121	429	101
(Decrease) increase in deferred inflows of resources	(369)	(396)	(275)	(989)	(167)
Net Cash Provided by (Used For) Operating Activities	\$ 67,856	\$ 23,131	\$ (4,882)	\$ (57,535)	\$ 37,778
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:					
Cash and Investments:					
Unrestricted	\$ 121,291	\$ 95,440	\$ 6,704	\$ 332	\$ 22,530
Restricted - Current and Noncurrent	58,970	52,388	16,377	25,049	39,935
Cash and Cash Equivalents at End of Year on Statement of Cash Flows	\$ 180,261	\$ 147,828	\$ 23,081	\$ 25,381	\$ 62,465
Noncash Investing, Capital, and Financing Activities:					
Acquisition/construction of capital assets on accounts payable	\$ 789	\$ 2,807	\$ —	\$ 2,300	\$ 5,347
Amortization of bond premium, discount and loss on refunding	801	1	—	—	(41)
Borrowing under capital lease	—	—	—	—	—
Decrease (increase) in fair value of investments	(2,247)	(1,844)	(299)	(329)	(558)
Developer and other capital contributions	—	582	—	—	—
Decrease in unamortized CVP water settlement receivable and decrease in CVP litigation settlement payable	(113)	—	—	—	—

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

Business-Type Activities - Enterprise Funds

Fresno Convention Center	Stadium	Other Enterprise Funds	Totals	Internal Service Funds
\$ (4,061)	\$ (849)	\$ 296	\$ (43,361)	\$ (19,671)
2,340	1,275	185	75,256	9,635
(1,264)	(469)	(275)	(7,651)	(317)
—	—	—	1,658	—
—	—	—	—	(694)
—	—	—	(2,671)	—
36	—	—	15	(68)
3	—	(6)	(240)	(381)
2	—	714	13,662	3,517
—	21	—	(9,098)	—
—	—	1	28	—
173	342	74	35,307	(282)
(34)	—	22	369	461
(30)	—	539	842	2
—	—	—	498	—
—	—	—	35	—
—	—	—	(1,044)	—
(33)	—	—	2,940	373
—	—	—	—	37,825
1,430	—	—	1,450	(750)
—	—	—	(35)	—
2	—	54	1,072	280
1	—	(193)	(2,388)	(304)
<u>\$ (1,435)</u>	<u>\$ 320</u>	<u>\$ 1,411</u>	<u>\$ 66,644</u>	<u>\$ 29,626</u>

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

Operating income (loss)	
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	
Change in assets and liabilities:	
Decrease (increase) in accounts receivable	
Decrease (increase) in other receivables	
Decrease (increase) in due from other funds	
Decrease (increase) in due from other governments	
Decrease (increase) in material and supplies inventory	
Decrease (increase) in prepaid items	
Decrease (increase) in net pension asset & deferred outflows	
Decrease (increase) in advances to other funds	
Decrease (increase) in prepaid insurance	
(Decrease) increase in accounts payable	
(Decrease) increase in salaries payable	
(Decrease) increase in due to other funds	
(Decrease) increase in other liabilities	
(Decrease) increase in retention payable	
(Decrease) increase in accrued closure costs	
(Decrease) increase in unearned revenue	
(Decrease) increase in liability for self-insurance	
(Decrease) increase in deposits	
(Decrease) increase in pollution remediation liability	
(Decrease) increase in net OPEB liability	
(Decrease) increase in deferred inflows of resources	

Net Cash Provided by (Used For) Operating Activities

Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:

Cash and Investments:

\$ 590	\$ 112	\$ 2,694	\$ 249,693	\$ 102,089
<u>2,848</u>	<u>3,077</u>	<u>781</u>	<u>199,425</u>	<u>6,031</u>
<u>\$ 3,438</u>	<u>\$ 3,189</u>	<u>\$ 3,475</u>	<u>\$ 449,118</u>	<u>\$ 108,120</u>

Cash and Cash Equivalents at End of Year on Statement of Cash Flows

Noncash Investing, Capital, and Financing Activities:

\$ —	\$ —	\$ —	\$ 11,243	\$ 629	Acquisition/construction of capital assets on accounts payable
(288)	(223)	(17)	233	—	Amortization of bond premium, discount and loss on refunding
—	—	—	—	—	Borrowing under capital lease
—	(41)	(35)	(5,353)	(960)	Decrease (increase) in fair value of investments
—	—	—	582	—	Developer and other capital contributions
—	—	—	(113)	—	Decrease in unamortized CVP water settlement receivable and decrease in CVP litigation settlement payable

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

CITY OF FRESNO, CALIFORNIA
Statement of Fiduciary Net Position
Fiduciary Funds - Trust and Custodial Funds

June 30, 2021
(in thousands)

	Pension Trust Funds	Successor Agency to the Fresno Redevelopment Agency Private-Purpose Trust Fund	Custodial Funds
Assets			
Cash and Investments	\$ 4,994	\$ 2,923	\$ 2,668
Restricted Cash and Investments Held by Fiscal Agent	—	447	594
Total Cash and Investments	4,994	3,370	3,262
Receivables:			
Receivables for Investments Sold	69,268	—	—
Interest and Dividends Receivable	5,267	—	9
Other Receivables	39,557	46	—
Due from Other Governments	—	—	766
Total Receivables	114,092	46	775
Investments, at Fair Value:			
Short-Term Investments	57,917	—	—
Domestic Equity	1,383,292	—	—
Corporate Bonds	381,524	—	—
International Developed Market Equities	588,786	—	—
International Emerging Market Equities	144,512	—	—
Government Bonds	149,660	—	—
Alternatives	610,601	—	—
Real Estate	465,224	—	—
Total Investments	3,781,516	—	—
Collateral Held for Securities Lent	176,003	—	—
Capital Assets, Net of Accumulated Depreciation	1,108	—	—
Other Assets	244	—	—
Property Held for Resale	—	293	—
Total Assets	4,077,957	3,709	4,037
Deferred Outflows of Resources			
Charge on Refunding	—	5	—
Pension Contributions	—	92	—
Total Deferred Outflows of Resources	—	97	—
Liabilities			
Accrued Liabilities	76,858	178	69
Collateral Held for Securities Lent	176,003	—	—
Deposits Held for Others	—	—	3,968
Other Liabilities	3,489	—	—
Long-Term Debt:			
Due Within One Year	—	482	—
Due in More than One Year	—	1,600	—
Due To Other Funds (City of Fresno)	—	8,902	—
Net Pension Liability	—	574	—
Total Liabilities	256,350	11,736	4,037
Deferred Inflows of Resources			
Unamortized Pension Expense	—	30	—
Net Position			
Restricted for Pension Benefits	3,821,607	—	—
Held in Trust for Redevelopment Dissolution	—	(7,960)	—
Total Net Position	\$ 3,821,607	\$ (7,960)	\$ —

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

CITY OF FRESNO, CALIFORNIA

Statement of Changes in Fiduciary Net Position

Fiduciary Funds - Trust Funds

Fiscal Year Ended June 30, 2021

(in thousands)

	Pension Trust Funds	Successor Agency to the Fresno Redevelopment Agency Private- Purpose Trust Fund
Additions		
Contributions:		
Employer	\$ 46,459	\$ —
System Members	24,006	—
Total Contributions	70,465	—
Investment Income:		
Net Appreciation in Fair Value of Investments	882,014	—
Interest	18,708	—
Dividends	28,322	—
Other Investment Related	177	—
Total Investment Income	929,221	—
Less Investment Expense	(30,098)	—
Total Net Investment Income	899,123	—
Securities Lending Income:		
Securities Lending Earnings	541	—
Less Securities Lending Expense	(108)	—
Net Securities Lending Income	433	—
Property Taxes	—	3,109
Other Income	—	1
Total Additions	970,021	3,110
Deductions		
Benefit Payments (including post retirement supplemental benefits)	137,205	—
Refund of Contributions	3,004	—
Redevelopment Expenses	—	577
General and Administrative Expenses	4,341	319
Interest on Debt	—	219
Total Deductions	144,550	1,115
Change in Net Position	825,471	1,995
Net Position - Beginning	2,996,136	(9,955)
Net Position - Ending	\$ 3,821,607	\$ (7,960)

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

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NOTES TO THE FINANCIAL STATEMENTS



Note 1. Summary of Significant Accounting Policies

The financial statements of the City of Fresno (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant accounting policies of the City are described below.

A. Reporting Entity

The City is a political subdivision chartered by the State of California and, as such, can exercise the powers specified by the Constitution and laws of the State of California. The City operates under its own Charter and is governed by a directly elected strong Mayor and a seven-member City Council (Council). The City Manager serves as the head of the administrative branch of the City and is appointed by the Mayor.

As required by GAAP, these basic financial statements present the financial status of the City (the primary government) and its component units (entities for which the City is considered to be financially accountable). The blended component units, although legally separate entities, are substantially part of the City's operations. Thus, data from these units are combined with data of the primary government.

As a government agency, the City is exempt from both federal income taxes and state franchise taxes.

B. Government-Wide and Fund Financial Statements

The Government-Wide Financial Statements (the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its blended component units. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the consolidation process. 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 and charges for support.

The Statement of Activities demonstrates the degree to which the clearly identifiable direct expenses of a given function or segment is offset by program revenues. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues. The accounts of the City are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. Separate financial

statements are provided for governmental funds, proprietary funds, and fiduciary funds (though the latter are excluded from the Government-Wide Financial Statements). Major individual governmental funds and major individual enterprise funds are reported by separate columns in the Fund Financial Statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Government-Wide, Proprietary Fund, and Trust Fund Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal, ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges to customers for sales and for services. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Custodial Fund Financial Statements report only assets and liabilities. They use the accrual basis of accounting to recognize receivables and payables.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues, local taxes, licenses, interest, and other intergovernmental revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash. Expenditures generally are recorded when a liability is incurred. However, debt service, vacation, sick leave, claims and judgments expenditures are recorded only when payment is due.

The City reports on the following major governmental funds, proprietary (enterprise) funds, and fiduciary funds:

1. Major Governmental Funds

General Fund is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.

Grants Special Revenue Fund accounts for grants received from federal, state, and other agencies, which are to be used for various purposes identified within the confines of the individual grant.

2. Major Proprietary (Enterprise) Funds

Water System Fund accounts for the construction, operation, and maintenance of the City's water distribution system. Revenues are derived from water service fees and various installation charges.

Sewer System Fund accounts for the construction, operation, and maintenance of the City's sewer system. Revenues are derived from sewer service fees and various installation charges.

Solid Waste Management Fund accounts for the operations of the City's residential solid waste disposal service. Revenues are primarily derived from solid waste service fees.

Transit Fund accounts for the operation and maintenance of the City's mass transportation service. Primary revenue sources are rider fares, federal grants, and state operating grants.

Airports Fund accounts for the City's two airport operations. Revenues are primarily derived from fees and rents.

Fresno Convention Center Fund accounts for the operation and maintenance of the City's convention center. Revenues are primarily derived from fees charged for using the facilities, supplemented by General Fund support.

Stadium Fund accounts for the construction, operation and maintenance of the City's baseball stadium. Revenues are derived from the leasing of the facilities, supplemented by General Fund support.

3. Nonmajor Governmental Funds

Nonmajor Special Revenue Funds are used to account for the proceeds of revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects. Funds listed under Special Revenue Funds include High Speed Rail Fund, Fresno Revitalization Corporation Fund, Special Gas Tax Fund, Measure C Fund, Community Services Fund, Urban Growth Management (UGM) Impact Fees Fund, Low and Moderate Income Housing Fund, and Special Assessments Fund.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest. Numbers for City debt and Financing Authorities/Corporations debt are presented in separate columns on the financial statements.

4. Nonmajor Proprietary Funds

Nonmajor Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user

charges. Funds listed under Nonmajor Enterprise Funds include Community Sanitation Fund and Parks and Recreation Fund.

Internal Service Funds account for the financing of goods or services provided by one City department to another City department on a cost reimbursement basis. The General Services Fund accounts for the activities of the equipment maintenance services, centralized telecommunications, information services, and central printing. The Risk Management Fund accounts for the City's self-insurance, including provision for losses on property, liability, workers' compensation, and unemployment compensation. The Billing and Collection Fund accounts for the billing, collecting, and servicing activities for the Water System, Sewer System, Solid Waste Management, and Community Sanitation Funds.

The Employees' Healthcare Plan Fund and the Retirees' Healthcare Plan Fund account for the assets held on behalf of the City of Fresno Employees' Healthcare Plan for claim payments on behalf of qualified employees and retirees. While there is only one plan, there is separate accounting for active employees and retirees. There are no standalone financial reports issued for either Healthcare Plan Fund.

5. Fiduciary Funds

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 those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for other Proprietary Funds.

Pension Trust Funds account for the assets held on behalf of the City of Fresno Fire and Police Retirement System and the City of Fresno Employees Retirement System for pension benefit payments to qualified employees and retirees. Pension Trust Funds are accounted for in essentially the same manner as other Proprietary Funds.

- **City of Fresno Fire and Police Retirement System (Fire and Police):** Fire and Police was established on July 1, 1955, to provide benefits to the public safety employees and retirees of the City. Fire and Police is maintained and governed by Articles 3 and 4 of Chapter 3 of the Fresno Municipal Code. Fire and Police responsibilities include: administration of the trust fund; delivery of retirement, death and disability benefits to eligible members; administration of programs; and general assistance in retirement and related benefits. The governing board is made up of two members appointed by the Mayor, an elected police member, an elected fire member and a board-appointed member. The activity for Fire and Police is reflected within Fiduciary Funds. Separate financial statements are prepared for the Fire and Police Retirement System and may be obtained from the Retirement Office at 2828 Fresno Street, Fresno, CA 93721-3604 or at <https://www.cfrs-ca.org/fire-and-police-retirement-system/financial/>.
- **City of Fresno Employees Retirement System (Employees):** Employees was established on June 1, 1939, to provide benefits to the general employees and retirees of the City. Employees is governed by Article 5 of Chapter 3 of the Fresno Municipal Code. Employees

responsibilities include: administration of the trust fund; delivery of retirement, disability, and death benefits to eligible members; administration of programs; and general assistance in retirement and related benefits. The governing board is made up of two Mayor-appointed members, two elected members and one board-appointed member. The activity for Employees is reflected within Fiduciary Funds. Separate financial statements are prepared for the Employees Retirement System and may be obtained from the Retirement Office at 2828 Fresno Street, Fresno, CA 93721-3604, or at <https://www.cfrs-ca.org/employee-retirement-system/ers-financial/>.

Private-Purpose Trust Funds account for the custodial responsibilities that are assigned to the Successor Agency to the Redevelopment Agency with the passage of the Redevelopment Dissolution Act.

Custodial Funds account for assets held by the City in a custodial capacity on behalf of individuals or other governmental units.

The City Departmental and Special Purpose Fund accounts for City-related trust activity, such as fees collected for other entities. The Special Assessments District Fund accounts for the receipts and disbursements for the debt service activity of bonded assessment districts within the City. Custodial Funds, by their nature (assets equal liabilities), do not involve the measurement of results of operations.

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

6. Component Units

In addition to the primary governmental unit, the City also has several component units whose functions are described below:

a. Blended Component Units

Although the following component units are legally separate from the City, the component units have been "blended" into the City's basic financial statements for financial reporting purposes because the governing board is substantially the same as the City Council, there is a financial benefit/burden relationship between the component unit and the City, or City management has the operational responsibility for the component unit. In addition, the component unit provides services exclusively to the primary government or the component unit's total debt outstanding is expected to be repaid with resources of the primary government.

All potential component units were evaluated, resulting in the inclusion of the following entities in the basic financial statements.

Fresno Joint Powers Financing Authority (Authority): The Authority, an independent public entity created in 1988, acquires telecommunications equipment, office furniture, and streetlights; constructs facilities; and installs street improvements through the issuance of limited obligation bonds, certificates of participation and revenue bonds. The Authority currently is leasing these assets to the City. The Authority's three member governing board, consisting of the Mayor and two Council Members, is responsible for the Authority's fiscal and administrative decisions. The financial activity for the Authority is included in the Financing Authorities and Corporations Debt Service Fund. All lease obligations between the Authority and the City have been eliminated in the financial statements. The Authority does not issue separate financial statements.

City of Fresno Employees Healthcare Plan: This component unit provides healthcare to City employees not represented by the Stationary Engineers Local and retired employees who elect to be covered or are covered by the Fresno City Employees Health and Welfare Trusts (Trusts). The Trusts are self-insured trusts administered by an outside third party administrator. The activity for the Trusts is reflected within Internal Service Funds.

Fresno Revitalization Corporation: The Fresno Revitalization Corporation (FRC) is a non-profit public benefit corporation created in 1995 for the purpose of developing a revitalization policy and assisting with the downtown Fresno area development, redevelopment and renewal. The organization received a substantial portion of its support from the former Redevelopment Agency (RDA) and the general public. The seven Council Members of the City and the Mayor became members of the FRC's Governing Board on January 26, 2012.

FRC Canyon Crest, LLC: FRC Canyon Crest, LLC is a special purpose limited liability company owned by the FRC. The purpose of FRC Canyon Crest, LLC was to acquire, operate, maintain, and rehabilitate a 118-unit low income multi-family complex. The complex was owned by a lender in Chicago as a result of a foreclosure of the previous owner. On March 4, 2010, the City Council approved the award of \$2.7 million in Neighborhood Stabilization Program (NSP) set aside funds to the FRC to acquire the property. FRC Canyon Crest, LLC acquired the property, while the RDA guaranteed the loan from the seller. The RDA also provided administrative, financial, and technical support to FRC Canyon Crest, LLC in the acquisition and operation of the property through a contractual services agreement. The Agency Loan Guarantee and Operating Agreement also contained a Declaration of Restrictions creating the affordability covenants and long-term maintenance and operating restrictions, which were recorded against and run with the property.

The RDA and FRC Canyon Crest, LLC marketed the property for sale upon rehabilitation and stabilization to a qualified affordable housing developer for ongoing management and property improvements. In September 2011, the FRC and FRC Canyon Crest, LLC entered into an Assignment/Assumption Agreement with a developer as required by the U.S. Department of Housing and Urban Development (HUD). Final purchase of the property by the developer occurred on April 2012. However, the FRC and FRC Canyon Crest, LLC still hold a \$500,000 residual receipts note on the property.

As the City is the sole member of FRC Canyon Crest, LLC, the seven City Council members and the Mayor are Board members of FRC Canyon Crest, LLC, the activities of FRC Canyon Crest, LLC are blended into the FRC (and, by extension, the City) because: (1) its governing board is substantially the same as the City Council; (2) it provides services exclusively or almost exclusively for the benefit of the City even though it does not provide services directly to the City; and (3) the City is financially accountable for FRC Canyon Crest, LLC.

Fresno Enhanced Infrastructure Financing District (Fresno EIFD): On September 17, 2020, the Fresno City Council approved the creation of the Fresno EIFD. The Fresno EIFD is intended to serve as a catalyst for private sector investment and critical infrastructure in the City's Downtown Planning Area and the southern portion of the Blackstone Avenue Bus Rapid Transit (BRT) Corridor as characterized in the City General Plan. The Fresno EIFD encompasses approximately 4,237 acres of land, representing approximately 5.8% of the City's total (approximately) 73,400 acres. The Fresno EIFD obtains its funding through property tax increment that is generated above the base fiscal year (2021) amount of property tax. The Fresno EIFD intends to utilize the tax increment revenue stream to issue bonds that will fund approximately \$100 million (present value dollars) in multi-modal transportation, mobility, and related improvements, including but not limited to the following:

- Safety and accessibility improvements for car, bicycle, and pedestrian travel modes.
- Roadway and bus infrastructure investments.
- Streetscape, urban greening, and lighting enhancements.
- Improved gateway and wayfinding signage.

The Fresno EIFD is governed by a five member board, which is made up of three City councilmembers and two appointed members of the public that live within the Fresno EIFD.

While there are no financial results from the Fresno EIFD in the Fiscal Year 2021 Annual Comprehensive Financial Report (ACFR), there will be results in future fiscal years as the district receives tax increment, issues bonds, and completes projects. The Fresno EIFD will be reported as a Debt Service Fund.

b. Fiduciary Component Unit

Successor Agency to the Redevelopment Agency of the City of Fresno (Successor Agency): The Successor Agency was created to serve as custodian for the assets and to wind down the affairs of the former RDA. The Governing Board of the Successor Agency consists of the City Council. Over the Successor Agency's Governing Board is the Countywide Oversight Board, which replaced the fifteen oversight boards previously created by successor agencies in Fresno County. Fresno County Oversight Board is comprised of six-member representatives: a representative from the County Board of Supervisors, a representative from the cities within Fresno County, a representative from the independent special district within Fresno County, a representative from the County Office of Education, a representative of the California Community College districts in Fresno County, and a resident of Fresno County.

In general, the Successor Agency's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, the Successor Agency will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former RDA until all of those enforceable obligations have been paid in full and all assets have been liquidated.

The City became the Housing Successor Agency and has the sole legal authority to administer the former RDA's housing assets. The City may move forward with completing projects under contract at the time of the dissolution and liquidate surplus real estate for the purpose of distributing proceeds to taxing entities, pursuant to approval of repayment of the RDA's obligations to the City.

The Successor Agency is a separate legal entity under Assembly Bill (AB) 1484. The Successor Agency is reported as a Private-Purpose Trust Fund in the City's financial statements. This means that the Successor Agency's assets are considered to be held in a trustee or agency capacity for others and cannot be used to support the City's government's own programs. The housing activity of the former RDA is presented within the Low and Moderate Income Housing Fund, a special revenue fund.

Separate financial statements are prepared for the Successor Agency and can be obtained from the Successor Agency Office at 2344 Tulare Street, Suite 200, Fresno, CA 93721. There is no separate financial report prepared for the Housing Successor Agency.

D. Budgetary Data

The budget of the City is a detailed operating plan which identifies estimated costs and results in relation to estimated revenues. The budget includes (1) programs, projects, services, and activities to be provided during the fiscal year, (2) the estimated resources (inflow) and amounts available for appropriation, and (3) the estimated charges to appropriations. The budget represents a process through which policy decisions are made, implemented, and controlled. The City Charter prohibits expending funds for which there is no legal appropriation.

1. Fund Structure

The budget document is organized to reflect the fund structure of the City's finances. Fund revenues and expenditures are rolled up to the various object levels by division and department for presentation of information to the public. Budget adoption and subsequent administration is carried out on a fund basis.

2. Basis of Accounting

The City adopts annual budgets for most governmental and business-type funds (except Financing Authorities/Corporations and City Debt Service) on the cash basis of accounting plus

encumbrances. Major General Fund revenues, such as sales tax and property tax, are budgeted on the modified accrual basis of accounting. Supplemental appropriations during the year must be approved by the City Council. Budgeted amounts are reported as amended.

Encumbrances are commitments related to executed contracts for goods or services. Encumbrance accounting is utilized for budgetary control and accountability and to facilitate cash planning and control. Encumbrances outstanding at year-end are reported as part of restricted, committed, or assigned fund balance. As of June 30, 2021, encumbrances totaled \$19.2 million in the General Fund, \$30.0 million in the Grants Special Revenue Fund, and \$52.6 million in the Nonmajor Governmental Funds.

3. Revenue Estimation

The methodology for calculating revenue estimates varies depending on the source of revenue. Considerable weight generally has been given to historical trends. This emphasis on historical trends is used because of the composition of the Fresno economy, which differs from California in general.

The General Fund is the City's most versatile funding source, since it has the fewest restrictions. Its revenue comes from property and sales taxes, business tax fees, room tax (Transient Occupancy Tax), charges for services, development fees, and revenues from other governmental agencies. Property tax is the largest revenue source in the General Fund. The main source for projecting this revenue is assessed value information received from the County of Fresno.

Revenue estimates for Enterprise and Internal Service Funds are also rooted in historical trends. As those funds are generally self-supporting (meaning, they do not generally receive tax dollars to cover operational costs), revenue estimates also take into account any adjustments to fees assessed by the Enterprise or the Internal Service Funds. Additionally, any anticipated changes in service levels are also reflected in the revenue estimates.

4. Budget Administration

The budget establishes appropriation and expenditure levels. Expenditures may be below budgeted amounts at year-end due to unanticipated or mandated savings. The existence of a particular appropriation in the budget does not automatically mean funds are expended. Because of the time span between preparing the budget and the subsequent adoption by the governing body, actual expenditures are likely to be different than the budgeted amounts.

Each expenditure is reviewed prior to any disbursement. These expenditure review procedures assure compliance with the City's requirements and provide some degree of flexibility for modifying programs to meet changing needs and priorities.

E. New Accounting Pronouncements - Implemented

1. GASB Statement No. 84 - *Fiduciary Activities*

The objective of GASB Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported by establishing criteria for identifying the fiduciary activities of all state and local governments. This Statement is effective for reporting periods beginning after December 15, 2019 (was originally December 15, 2018), which for the City is the fiscal year ending June 30, 2021.

The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Items previously reported as part of the agency fund classification of the Fiduciary Funds statements were reviewed to evaluate if they met the new custodial funds criteria. The City identified 14 custodial funds as non-fiduciary and re-categorized the activities in the appropriate governmental funds.

2. GASB Statement No. 89 - *Accounting for Interest Cost Incurred Before the End of a Construction Period*

Under this GASB Statement, the City will no longer book capitalized interest with respect to construction cost and said interest will no longer be capitalized as part of the assets implementation costs. This statement is effective for reporting periods beginning after December 15, 2020 (was originally December 15, 2019), which for the City is June 30, 2022. The City early implemented GASB Statement No. 89 in fiscal year 2019.

3. GASB Statement No. 90 - *Majority Equity Interests - an Amendment to GASB Statements No. 14 and No. 61*

The primary objectives of GASB Statement No. 90 are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. A majority equity interest that meets the definition for an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment or a permanent fund. Those government funds should measure the majority equity interest at fair value. This statement is effective for reporting periods beginning after December 15, 2019 (was originally December 15, 2018), which for the City is June 30, 2021. The City implemented GASB Statement No. 90 during fiscal year 2021, which had no effect on our financial statements.

4. GASB Statement No. 98 - *The Annual Comprehensive Financial Report*

This Statement establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This statement is effective for reporting periods ending after December 15, 2021, which for the City is June 30, 2022.

The City early implemented this statement during the fiscal year 2021 reporting period by changing all Comprehensive Annual Financial Report references, including its acronym, to Annual Comprehensive Financial Report, or ACFR.

F. New Accounting Pronouncements - Issued But Not Yet Adopted

The City is assessing what effect, if any, the implementation of the following standards will have on the City's financial statements.

1. GASB Statement No. 87 - *Leases*

The objective of GASB Statement No. 87 is to improve the accounting and financial reporting of leases by governments. GASB Statement No. 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement is effective for reporting periods beginning after June 15, 2021 (was originally December 15, 2019), which for the City is the fiscal year ending June 30, 2022.

2. GASB Statement No. 91 - *Conduit Debt Obligations*

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement clarifies the existing definition of a conduit debt obligation; establishes that conduit debt obligation is not a liability of the issuer; establishes that standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021 (was originally December 15, 2020), which for the City is June 30, 2023.

3. GASB Statement No. 92 - *Omnibus 2020*

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issued that have been identified during implementation and application of certain GASB Statements. This Statement addresses the effective date of GASB Statement No. 87,

reporting on intra-identity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit Other Post-Employment Benefit (OPEB) plan, the applicability of GASB Statements No. 73 and No. 74, as well as the applicability of certain requirements under GASB Statement No. 84. Regarding the requirements related to GASB Statement No. 87, implementation is to begin at issuance. Regarding all other requirements, implementation becomes effective for reporting periods beginning after June 15, 2021 (was originally June 15, 2020), which for the City is June 30, 2022.

4. GASB Statement No. 93 - *Replacement of Interbank Offered Rates*

The objective of this Statement is to address those and other reporting implications that result from the replacement of an interbank offered rate (IBOR). This Statement provides exemptions for certain hedging derivative instruments when IBOR is replaced, clarifies the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, clarifies that the uncertainty related to IBORs do not affect the assessment of whether the occurrence of a hedged expected transaction is probable, removes London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, and clarifies the definition of interest rate as it is used by GASB Statement No. 53. The Statement requirement providing for the removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021 (was originally December 31, 2020), which for the City is June 30, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021 (was originally June 15, 2020), which for the City was June 30, 2022.

5. GASB Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

The primary objective of this Statement is to improve financial reporting by addressing issues related to the public-private and public-public partnership arrangements (PPPs), as well as clarifying which PPPs meet the definition of a Service Concession Arrangement (SCA). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. This Statement requires that PPPs that meet the definition of a lease apply the guidance in GASB Statement No. 87, as amended, if existing assets of the transferor are not required to be improved by the operator as part of the PPP arrangement, are the only underlying PPP assets, and the PPP does not meet the definition of an SCA. This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either meets the definition of an SCA or is not within the scope of GASB Statement No. 87. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which for the City is June 30, 2023.

6. GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements*

This Statement provides guidance on the accounting and financial reporting for subscription

based information technology arrangements (SBITAs) for government end users. The Statement defines SBITAs and establishes that a SBITA results in a right-to-use subscription asset - intangible asset - and corresponding liability. It also provides the capitalization criteria for outlays other than subscription payments in addition to requiring a note disclosure regarding SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which for the City is June 30, 2023.

7. GASB Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for IRS Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32

The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other post-employment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for fiscal years beginning after June 15, 2021 which for the City is June 30, 2022.

G. Deposits and Investments

- 1. Investment in the Treasurer's Pool** - The City Controller/Treasurer invests on behalf of most funds of the City in accordance with the City's investment policy and the California Government Code Section 53601. The City Treasurer, who reports investments and earnings on a monthly basis to the City Council, manages the Treasurer's Investment Pool. The Treasurer's Investment Pool consists of two components: 1) pooled deposits and investments and 2) dedicated investment funds. The dedicated investment funds represent restricted funds related to bond issuances of Enterprise Funds. In addition to the Treasurer's Investment Pool, the City has other funds that are held by trustees. These funds are related to the issuance of Non-Enterprise Fund bonds and certain loan programs of the City.
- 2. Investment Valuation** - The City categorizes its investments at fair value measurement within the fair value hierarchy established by generally accepted accounting principles as codified in GASB Statement No. 72, *Fair Value Measurement and Application*.

All City investments are authorized by statute. The City is invested in the following authorized investment instrumentalities: obligations of the U.S. Treasury, agencies, state and local agencies, and supranationals, negotiable and non-negotiable certificates of deposit, medium term corporate notes, money market mutual funds, and the State Treasurer's investment pool. All are stated at fair value except for the non-negotiable certificates of deposit and money mutual fund which are stated at amortized cost.

- 3. Investment Income** - Cash balances of each of the City's funds, except for certain Trust and Custodial Funds and other restricted accounts, are pooled and invested by the City. Interest income from pooled investments is allocated to the individual funds based on the fund participant's average daily cash balance at month end in relation to total pooled investments. The City's policy is to charge interest to those funds that have a negative average daily cash balance at month end. Fiscal year-end deficit cash balances are reclassified as Due to Other Funds and funded by operating funds with positive cash balances.

H. Loans Receivable

For the purposes of the Fund Financial Statements, Special Revenue and Capital Projects Funds expenditures relating to long-term loans arising from loan subsidy programs are recorded as loans receivable net of an estimated allowance for potentially uncollectible loans. In some instances, amounts due from external participants are recorded with an offset to an allowance account. The balance of long-term loans receivable includes loans that may be forgiven if certain terms and conditions of the loans are met.

I. Inventories

Inventories recorded in the Proprietary Funds primarily consist of construction materials and maintenance supplies. Generally, Proprietary Funds value inventory at cost or average cost. Inventory is expensed as it is consumed (the consumption method of inventory accounting). The City uses the purchases method of accounting for inventories in governmental fund types, whereby inventory items are considered expenditures when purchased and are not reported in the balance sheet.

J. Former Redevelopment Agency Property Held for Resale

Property of the former RDA, some of which was allocated to Low and Moderate Income Housing (LMIH) (\$4.8 million) and some to the Successor Agency (\$0.3 million), is being held for resale per the law dissolving the RDA. The property is recorded at the current determination of the lower of estimated cost or market as documented in its approved Long-Range Property Management Plan (LRPMP). The LRPMP addresses the anticipated disposition and use of the real properties of the former RDA. At June 30, 2021, the adjusted value of the property was \$5.0 million.

Property held for sale may, during the period it is held by the City, generate rental income. This rental income is recognized as it becomes due and is considered collectible. The property held by the LMIH appears on the Nonmajor Governmental Fund Financial Statements and Government-Wide Financial Statements as Property Held for Resale. Property held for resale by the Successor Agency is included in the fiduciary funds.

K. Restricted Assets

Restricted cash is classified as restricted assets on the Statement of Net Position because it is maintained in separate bank accounts or tracked separately in the City Treasury group of accounts. Use of the proceeds is limited by applicable bond covenants and resolutions. Restricted assets account for the principal and interest amounts accumulated to pay debt service, unspent bond proceeds and amounts restricted for future capital projects. Restricted grants and interest receivable represent cash and receivables contributed for capital projects and the associated interest.

L. Capital Assets

Capital assets, which include land, buildings and improvements, machinery and equipment, infrastructure, and intangible assets, are reported in the applicable Governmental Activities or Business-Type Activities columns in the Government-Wide Financial Statements and in the Private-Purpose Trust Fund (former RDA). All land not included in property held for resale is defined as Capital Assets, regardless of the acquisition cost of the land. All other acquisitions or constructions (excluding Infrastructure) with an initial cost of \$15,000 or more (excluding bundled purchases) and having an estimated useful life in excess of two years are defined as Capital Assets. Computer purchases acquired through a capital lease are capitalized in bulk and not on an individual basis.

Infrastructure with an initial cost of more than \$50,000 is capitalized. Improvements that extend an asset's life or efficiency by over 25% are also capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed unless they fall below the initial cost threshold.

Asset Category	Capitalization Threshold
Land	All Land
Buildings, Improvements, and Machinery & Equipment	More than \$15,000
Infrastructure	More than \$50,000

Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value at the date of donation. Capital outlay is recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the Government-Wide Financial Statements to the extent the City's capitalization threshold is met. In prior years, interest cost incurred during the construction phase of capital assets of Business-Type Activities was included as part of the capitalized value of the assets constructed. Amortization of assets acquired under capital lease is included in depreciation and amortization.

Buildings and improvements, infrastructure, and machinery and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated used lives:

Asset Category	Useful Life (Years)
Buildings and Improvements	20 to 40
Infrastructure	15 to 55
Machinery and Equipment	3 to 12

Works of art and historical treasures held for public exhibition, education, or research in furtherance of public service, rather than financial gain, are not capitalized. These items are protected, kept unencumbered, cared for and preserved by the City.

Airports Department capitalizes noise mitigation costs consistent with GASB Statement No. 51 - *Intangible Assets*. Water Rights, in the Water Fund, are also capitalized as Intangible Assets with indefinite useful lives and no amortization. The Airports' Noise Mitigation program consists of improvements made to properties falling within Federal Aviation Administration (FAA) designated high noise impact areas. Although the properties do not belong to Airports, noise insulation measures are installed to reduce the impact of sound decibels inside properties located within the flight path of the airport. In exchange, property owners grant aviation easements to the Airports Department with the easement having an indefinite life. Funding for the program is provided through federal grants.

As of fiscal year end 2021, \$17.9 million has been capitalized as an intangible asset. Included in this amount are noise mitigation assets of \$2.3 million and Water Rights in the amount of \$15.7 million.

Capital Leases

Property, plant and equipment include the following property held under capital lease obligation at June 30, 2021 (in thousands):

	Governmental Activities
Machinery and Equipment	\$ 38,238
Less: Accumulated Depreciation	(22,631)
Net Machinery and Equipment	<u>\$ 15,607</u>

M. Bond Prepaid Insurance, Bond Premiums and Discounts and Accreted Interest Payable

In the Government-Wide Financial Statements, as well as in the Proprietary Fund type and the Fiduciary Fund type in the Fund Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Governmental Activities, Business-Type Activities, or Proprietary Fund and Fiduciary Fund Statement of Net Position. Bond prepaid insurance is reported as other assets and amortized over the term of the related debt. Bond issuance premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond issuance premium or discount. Interest accrued on

capital appreciation bonds is reported as accreted interest payable in the Proprietary Fund and as Long-Term Liabilities, Due In More Than One Year in the Government-Wide Statements.

N. Deferred Outflows of Resources

1. Refunding of Debt

The City records deferred outflows of resources in its Proprietary, Fiduciary, and Government-Wide Financial Statements for consumption of net position that is applicable to a future reporting period. These financial statement elements are distinct from assets.

Unamortized losses occurring from advance refunding of debt are reported as deferred outflows of resources. As of June 30, 2021, the ending balance of refunding charges yet to be amortized into expense consists of the following (in thousands):

Bonds	Charge on Refunding
Governmental Activities:	
Lease Revenue Bonds 2017 A&B, NNLB	\$ 40
Lease Revenue Bonds 2017, Parks Impact	796
Lease Revenue Bonds 2017, Various Capital Projects	17
Lease Revenue Bonds 2017, City Hall Chiller	54
Lease Revenue Bonds 2017, Public Safety	2,643
Total Governmental Activities	<u>3,550</u>
Business-Type Activities:	
Airport Revenue Refunding Bonds 2013	12
Lease Revenue Bonds 2017, Convention Center	(6)
Convention Center Improvements 2008 E&F	21
Lease Revenue Bonds 2017, Stadium	24
Lease Revenue Bonds 2017, Exhibit Hall	71
Lease Revenue Bonds 2017, Golf Course	56
Total Business-Type Activities	<u>178</u>
Fiduciary Funds:	
Successor Agency to the Fresno Redevelopment Agency:	
Tax Allocation Bonds Series 2003, Mariposa Project Area	5
Total Charge on Refunding	<u>\$ 3,733</u>

2. Pension and OPEB

In the Government-Wide Financial Statements and the Proprietary Fund type in the Fund Financial Statements, deferred outflows of resources are recorded for the current year employer pension contributions to the retirement systems, which represent contributions made after the measurement period in accordance with GASB Statement No. 71 and for the OPEB plan, the implicit subsidy (the employer contribution) made after the measurement period. Refer to Note 1 (W) on page 73 for additional information.

O. Unearned Revenues

Unearned revenues arise when resources are received by the City before it has a legal claim to them (i.e., upfront grants or when the City bills certain fixed rate services in advance). Amounts billed, but not yet earned, are amortized over the service period.

P. Deferred Inflows of Resources

The City records deferred inflows of resources in its Governmental, Proprietary, and Government-Wide Financial Statements for acquisition of net position that is applicable to a future reporting period. In the Government-Wide Financial Statements and the Proprietary Fund type in the Fund Financial Statements, deferred inflows of resources are recorded for unamortized pension revenue.

In the governmental fund statements, deferred inflows of resources consist of revenues not collected within the availability period after fiscal year-end. The deferred inflows of resources balance as of June 30, 2021 consists of the following unavailable resources (in thousands):

	Deferred Inflows of Resources			
	General Fund	Grants Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Property Taxes	\$ 8,140	\$ —	\$ —	\$ 8,140
Franchise Taxes	2,926	—	—	2,926
Business Tax	4,788	—	—	4,788
Measure C and Other Tax	—	—	544	544
Code Enforcement Revenue	5,993	—	—	5,993
Fire Revenue	1,744	—	—	1,744
Grant Revenue	6	13,059	1,004	14,069
Parking Citations, Fines and Other Revenue	589	—	—	589
Total	\$ 24,186	\$ 13,059	\$ 1,548	\$ 38,793

Q. Interfund Transfers

Interfund transfers are generally recorded as transfers in (out), except for certain types of transactions that are described below:

1. Charges for services are recorded as both revenues of the performing fund and expenditures of the requesting fund. Unbilled costs are recognized as an asset of the performing fund at the end of the fiscal year.
2. Reimbursements for expenditures initially made by one fund which are properly applicable to another fund are recorded both as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed.

R. Fund Balance (Deficit)

In the fund financial statements, fund balances of the governmental funds are reported in a hierarchy of classifications which are based on the extent to which the City is bound to honor constraints on the specific purposes for which the amounts in the funds can be spent. Governmental fund balance classifications consist of the following:

1. **Nonspendable** - Includes amounts that are either not in spendable form or are legally/contractually required to be maintained intact. These items include those not expected to be converted to cash, such as inventories, prepaid items, and certain long-term receivables.
2. **Restricted** - Includes amounts which have constraints placed on the use of the resources. The constraints are either externally imposed by creditors, grantors, contributors, the legally enforceable laws or regulations of other governments, or by the legally enforceable laws or enabling legislation of the government itself.
3. **Committed** - Includes amounts that can only be used for specific purposes. Various reserves, including the City's Emergency Reserve, are included as a committed reserve.

Resolution No. 2011-64 established the Reserve Management Act which set forth policy with stringent limitations on the reserve funds. This Act increased the minimum reserve balance to 10% of the adopted budget for the next year's General Fund appropriations.

A November 16, 2012 ballot measure amended Section 1212 of the City Charter to require that the Council establish a policy for managing the City Reserves. The measure also defined several "qualifying events" under which the City's Emergency Reserve could be used. Qualifying events were deemed to be 1) Natural catastrophe; 2) An immediate threat to health and public safety; or 3) A significant decline in General Fund Revenues, which in the opinion of the City Manager, impairs his/her ability to administer the Council adopted budget. All qualifying events must be declared by the Mayor and ratified by a super majority Council vote.

The Reserve Management Act (the Act) was further amended through Resolution 2015-77, which was adopted on May 15, 2015. The amendment to the Act permitted the use of the Emergency Reserve for year-end cash balancing purposes, with the approval of the Council.

On June 30, 2021, the Reserve balance identified as Committed Fund Balance was at \$40.7 million, including \$35.5 million for the General Fund Emergency Reserve.

On December 7, 2017, with the adoption of Resolution No. 2017-334, the Act was again amended. The Resolution stated that any real or personal asset sale of City property with proceeds greater than \$15,000, which would otherwise be deposited into the General Fund, shall instead be deposited into an Asset Sale/Special Windfall Reserve Fund. Proceeds deposited into this new fund are amortized over a five-to-ten year period and used to provide a revenue stream for General Fund items deemed necessary to deliver core City services for the protection and benefit of the citizens of Fresno. Monies from the Asset Sale/Special

Windfall Reserve Fund are currently being used to fund salaries of additional police dispatchers. The Committed Fund Balance as of June 30, 2021 includes \$1.3 million within this fund.

In addition to the City's Emergency Reserve, the Committed Fund Balance as of June 30, 2021 also consists of \$2.1 million designated exclusively for use in a year when a 27th pay period occurs. Monies are set aside each year to fund the extra pay period that is a product of paying employees bi-weekly. The next fiscal year containing a 27th pay period is fiscal year 2028.

The Committed Fund Balance as of June 30, 2021 also includes \$1.7 million for the Housing Reserve. Funds in this reserve are to be used exclusively for construction of low-income housing, or subsidizing private sector development of low-income housing.

4. **Assigned** - Includes amounts that are not classified as nonspendable, restricted, or committed, but which are intended by the City to be used for specific purposes. Intent is expressed by legislation or action of the City Council, the Mayor, or the City Manager which legislation has delegated the authority to assign amounts for specific purposes.
5. **Unassigned** - The residual classification for fund balance, which includes all amounts not reported as nonspendable, restricted, committed, or assigned. The General Fund may report either a positive or negative unassigned fund balance. Unassigned amounts are available for any purpose. Other governmental funds may report only negative unassigned fund balances if expenditures incurred for specific purposes exceeded amounts restricted, committed or assigned for those purposes.

When multiple classifications of resources are available for use, it is the City's policy to use resources in the order of restricted, committed, assigned, and unassigned.

Fund Balances of the governmental funds at June 30, 2021 consisted of the following (in thousands):

	General Fund	Grants Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Advances Receivable from Other Funds	\$ —	\$ —	\$ —	\$ —
Restricted:				
Debt Service	—	—	19,262	19,262
CDBG and Home Loans	—	25,285	—	25,285
Revitalization	—	—	247	247
Street Works	—	—	15,764	15,764
Transportation	—	—	16,345	16,345
Pedestrian and Bicycle Program	—	—	995	995
Prop 42 Traffic Congestion Relief	—	—	273	273
AD #131 UGM Reimbursement	—	—	1,781	1,781
Forfeitures	—	—	58	58
CASP Program Senate Bill 1186	—	—	646	646
Grants	—	867	—	867
CARES, Emergency Rental Assist, ARPA Grants	—	79,931	—	79,931
Impact Fees	—	—	44,937	44,937
Special Assessment Projects	—	—	14,247	14,247
Low to Moderate Income Housing	—	—	34,686	34,686
Committed:				
27th Pay Period Reserve	2,132	—	—	2,132
Emergency Reserve General Fund	35,528	—	—	35,528
Asset Sale Reserve Fund	1,316	—	—	1,316
Housing Reserve	1,679	—	—	1,679
Assigned:				
Public Works Maintenance	1,046	—	—	1,046
Median Island Maintenance	—	—	4	4
Parks Maintenance	1,555	—	734	2,289
Right of Ways Acquisition	—	—	1,243	1,243
Street Tree Fees	—	—	66	66
Public Protection	—	—	1,384	1,384
Public Works Projects	—	—	4,306	4,306
General Purpose	13,704	—	—	13,704
Enterprise Zone	—	—	4	4
City Hall Improvements	—	—	174	174
Various Capital Projects	—	—	2,224	2,224
Miscellaneous Paving	—	—	2,731	2,731
PD Capital Projects	—	—	151	151
Parking Garage 7	—	—	107	107
Woodward & Japanese Garden Projects	—	—	75	75
Police Administration & Patrol	543	—	—	543
Planning & Community Revitalization	2,401	—	—	2,401
Local Agency Protects	—	—	6	6
Unassigned	43,039	(53,454)	(3,296)	(13,711)
Total Fund Balances	\$ 102,943	\$ 52,629	\$ 158,788	\$ 314,360

S. Net Position/(Deficit)

Net position/(deficit) represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources in the Government-Wide and Proprietary Fund Statements of Net Position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the reported restricted assets. Unrestricted net position represents net position elements which are not restricted.

T. Cash Flows

The Statements of Cash Flows are presented for Proprietary Fund types. Cash and cash equivalents include all unrestricted and restricted highly liquid investments with original purchase maturities of three months or less. Pooled cash and investments in the City's Treasury represent monies in a cash management pool and such accounts are similar in nature to demand deposits.

U. Regulatory Assets and Liabilities

At June 30, 2021, the Statement of Net Position Business-Type Activities reflected approximately \$0.8 million in regulatory assets related to the Central Valley Project (CVP) Water Settlement. These assets will continue to have an impact on water rates which are to be charged to customers over approximately the next 20 years. The settlement for past deficiencies was negotiated between the City and the United States Bureau of Reclamation (USBR). Under GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*, regulatory assets represent future revenue associated with certain costs (CVP Settlement) that will be recovered from customers through the ratemaking process.

V. Pensions

For purposes of measuring the net pension asset, deferred outflows/inflows of resources related to pensions and pension revenue/expense, information about the fiduciary net position of the City's two pension plans, City of Fresno Employees Retirement System and the City of Fresno Fire and Police Retirement System (Plans), and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans, which is the accrual basis of accounting. Employer and employee contributions are recognized as revenue when due. Contributions are recorded in the period the related salaries are earned and become measurable. Investment income is recognized when it is earned. The net appreciation in fair value of investments held by the Plans is recorded as an increase to investment income based on the valuation of investments at fiscal year-end, which includes both realized and unrealized gains and losses on investments. Retirement benefits and refunds are recognized when due and payable under the terms of the Plans.

W. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB revenue/expense, information about the fiduciary net position of the City's OPEB Plan, and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis, which is the accrual basis of accounting. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. While participant retirees pay 100% of their premium costs, they are allowed to purchase insurance at blended premium rates. Thus, the City's contribution is deemed to be equal to the implicit subsidy, which is that portion of retiree claims costs over premiums contributed by retirees.

X. Estimates

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

Note 2. Cash and Investments

A. City Cash and Investments

1. Sponsored Investment Pool

As part of the City's total cash and investment portfolio, the Treasury Officer and staff, under the supervision of the Controller, manage an investment pool that includes only internal investors and is available for use by all funds. The pool is not registered with the Securities and Exchange Commission as an investment company. Investment activity is reported monthly to the City Council by posting reports to the City's web page and annually through an investment policy submitted to the Council for review and approval. The investments are reported at fair value, which is determined monthly. Participants' shares are determined by the daily cash balance deposited in the pool (the value of its pool shares). Investment income earned by the pooled investments is allocated to the various funds on a monthly basis, based on each fund's daily cash balance. Interest payments are paid to the various funds also on a monthly basis. The value of the pool shares is based upon amortized cost in day-to-day operations, but is adjusted to the fair value at year-end. The value of the shares is supported by the value of the underlying investments. Each fund type's portion of this pool is displayed on the financial statements as "Cash and Investments." In addition, certain funds related to debt issues have investments with trustees.

The following is a summary of cash, deposits, and investments at June 30, 2021 (in thousands):

(in thousands)	Primary Government			Total
	Governmental Activities	Business-Type Activities	Fiduciary Funds	
Cash and Investments	\$ 280,741	\$ 253,000	\$ 10,585	\$ 544,326
Restricted Cash and Investments	163,160	204,614	1,041	368,815
Pension Trust Investments at Fair Value	—	—	3,781,516	3,781,516
Collateral Held for Securities Lent	—	—	176,002	176,002
Total	\$ 443,901	\$ 457,614	\$ 3,969,144	\$ 4,870,659

2. Cash and Deposits

At year-end, the City's bank balance was \$64.9 million inclusive of Successor Agency to the Fresno Redevelopment Agency Private-Purpose Trust Fund and pension trust funds. The recorded balance reflected in the June 30, 2021 financial statements was \$67.6 million. The difference is due to deposits in transit and outstanding checks.

3. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly. Inputs to the valuation include 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.
- Level 3: Inputs are unobservable inputs for an asset or liability where there are little market activities. The inputs into the determination of fair value are based upon unobservable sources and may require estimation.

The City uses the market approach as a valuation technique in the application of GASB Statement No. 72. This method uses prices and other relevant information generated by market transactions involving identical or comparable assets or group of assets. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Securities listed on the fair value hierarchy are valued by the custodial bank using Data Feed purchased from Interactive Data Corporation (IDC). The Level 2 Data Feed provides end of day independent valuations utilizing rules based on logic and standard valuation techniques. It maximizes the use of relevant observable inputs including quoted prices for similar assets, benchmark yield curves, and market corroborated inputs.

The following is a summary of the fair value of the City's investments using the hierarchy previously discussed (in thousands):

Pooled Investments by Fair Value Level	June 30, 2021	Level 1	Level 2
Federal Farm Credit Bank Bonds	\$ 70,372	\$ —	\$ 70,372
Federal Home Loan Bank Bonds	128,328	—	128,328
Federal Home Loan Mortgage Corporation Bonds	19,919	—	19,919
Federal National Mortgage Association Bonds	29,891	—	29,891
Farmer MAC	4,923	—	4,923
U.S. Treasury Securities	70,963	70,963	—
U.S. Sovereign Bonds	5,398	—	5,398
Medium Term Corporate Notes	224,125	—	224,125
Negotiable Certificates of Deposit	36,360	—	36,360
Total Pooled Investments by Fair Value	590,279	70,963	519,316
Pooled Investments Not Subject to the Fair Value Hierarchy			
State Local Agency Investment Fund	93,636		
Time Deposits	4,400		
Municipal Bonds	74,872		
Supranationals	15,656		
Money Market Funds	16,000		
Total Pooled Investments Not Subject to the Fair Value Hierarchy	204,564		
Total Pooled Investments	794,843		
Investments Held Outside the Treasurer's Pool by Fair Value Level			
U.S. Treasury Securities	3,247	3,247	
Investments Held Outside the Treasurer's Pool Not Subject to the Fair Value Hierarchy			
Money Market Mutual Funds	47,249		
Total Investments Held Outside the Treasurer's Pool Not Subject to the Fair Value Hierarchy	47,249		
Total Investments Held Outside the Treasurer's Pool	50,496		
Grand Total of Investments	\$ 845,339	\$ 74,210	\$ 519,316

Note: There are no level 3 investments.

According to GASB Statement No. 72, money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less should be measured at amortized cost, and as such, are not shown in the fair value hierarchy. Additionally, the City's investment in LAIF is not presented, as the amount available for withdrawal is based on the amortized cost.

4. Cash, Deposits, and Investments

Cash includes amounts in demand and time deposits. Investments are reported in the accompanying financial statements at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as income from property and investments. Income from property and investments includes interest earnings; changes in fair value; any gains or losses realized upon the liquidation, unrealized gains and losses, maturity, or sales of investments; property rentals and the sale of City owned property.

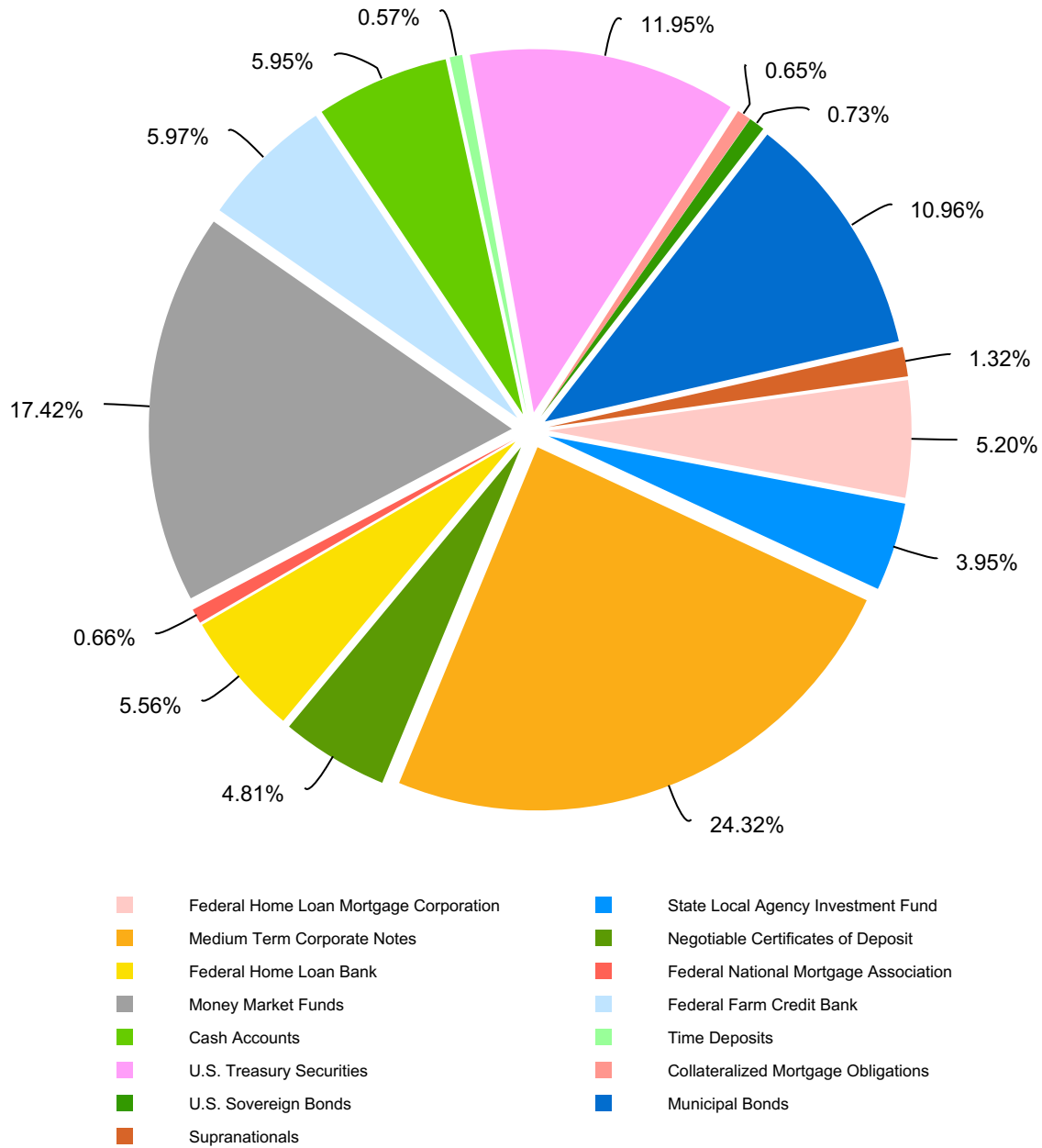
5. Investments Authorized by the California Government Code and the City's Investment Policy

The City maintains a formal investment policy, which is adopted annually by the City Council. All investments held in the Treasurer's Pool are consistent with the City's investment policy objectives of preservation of principal, adequacy of liquidity, and achievement of an average market rate of return.

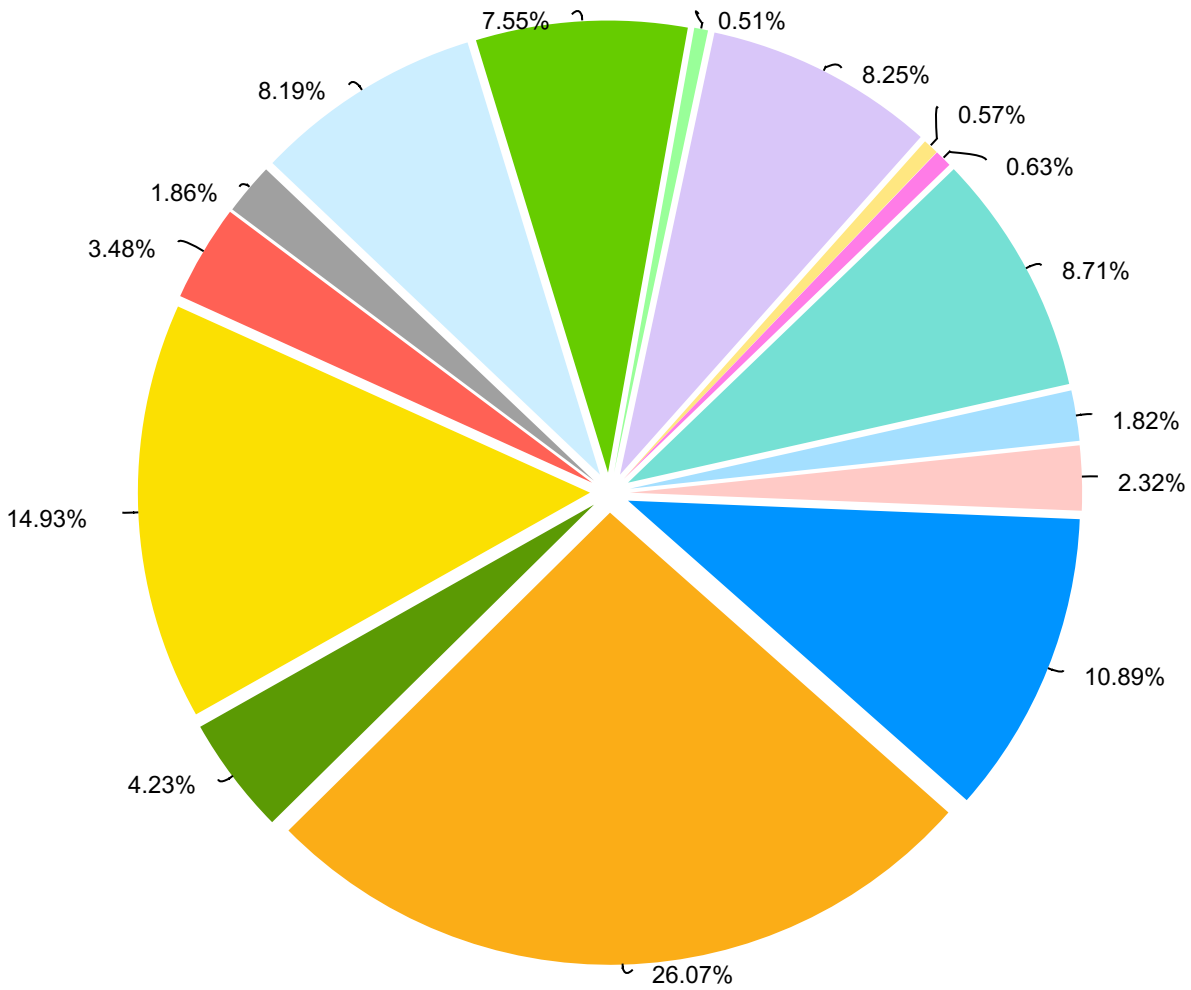
The policy addresses the soundness of financial institutions in which the City will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity. A copy of the City's current investment policy can be found at www.fresno.gov/finance/investmentpolicy.pdf.

The following graphs depict the allocation of the Treasury Pool's assets among the various authorized investments, as well as maturity periods, as of June 30, 2020 and June 30, 2021:

**City of Fresno Treasurer's Pool (Fair Value)
June 30, 2020**



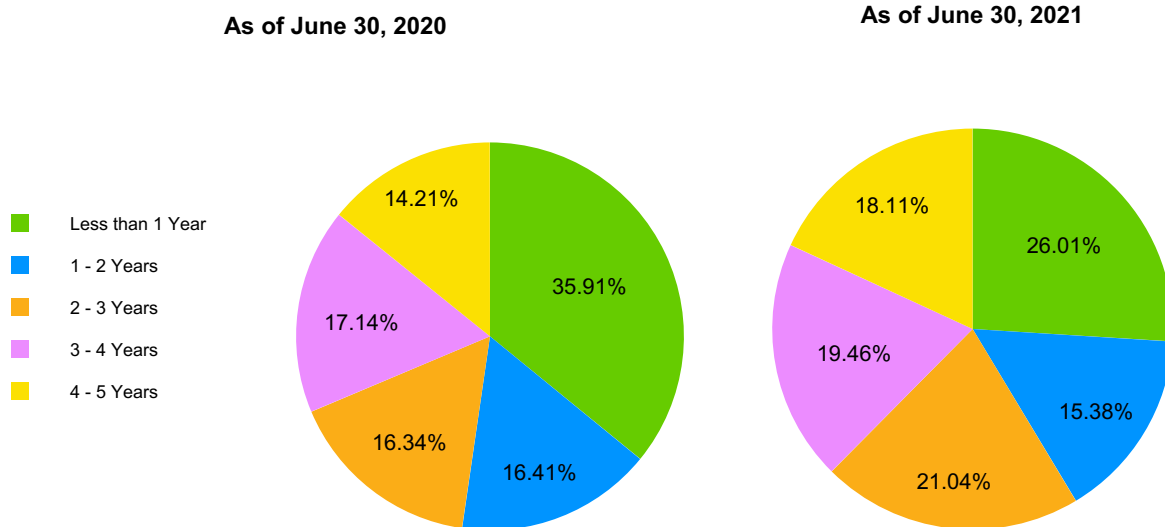
**City of Fresno Treasurer's Pool (Fair Value)
June 30, 2021**



- Federal Home Loan Mortgage Corporation
 - Medium Term Corporate Notes
 - Federal Home Loan Bank
 - Money Market Funds
 - Cash Accounts
 - U.S. Treasury Securities
 - U.S. Sovereign Bonds
 - Supranationals
- State Local Agency Investment Fund
 - Negotiable Certificates of Deposit
 - Federal National Mortgage Association
 - Federal Farm Credit Bank
 - Time Deposits
 - Collateralized Mortgage Obligations
 - Municipal Bonds

City of Fresno

Treasurer's Pool Maturity Schedule



B. Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City’s investment policy. Investments held outside the Treasurer's Pool consist mainly of required reserve funds for various bond issues. They are held by trustees, and are not available for the City's general expenditures.

Investment agreements are used for the investment of bond proceeds in accordance with the permitted investment provisions of the specific bond indentures, which are prepared in accordance with numerous safeguards to reduce the risk associated with a provider’s ability to meet its contractual obligations.

The City has invested bond trust monies into securities with maturity periods of one to three years under a “ladder” approach to investing. Such a structure allows for reinvestment in the short-term until interest rates begin to rise. Staff believes that investing in the long-term at this time would commit the City into low earnings, instead of taking advantage of opportunities in case rates begin to rise. During fiscal year 2021, total interest of \$0.1 million was earned from the following instruments:

- Money Market Funds - \$0.1 million

C. Types of Risk Associated with the Treasury Pool's Investments

1. Investment Risk

The City invests in no derivatives other than structured (step-up) notes, which guarantee coupon payments. These are minimal risk instruments. All investments are held by a third-party custodian in the City's name.

2. Deposit and Investment Risk

The risk disclosures below apply to the City's internal investment pool and deposits as well as investments held by trustees for debt service funds or bond proceeds. Portfolio investments are exposed to four main types of risk: concentration, interest rate, default, and custodial risk. Deposits are exposed primarily to custodial credit risk.

3. Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer, which are more restrictive than those stipulated by the California Government Code. While the State has no limit on the percentage of the portfolio that can be invested in a single U.S. Government Agency Security, the City's Investment Policy limits investment in any one issuer to 50% of the portfolio. Also, while the State limits investments to 30% of the Portfolio for any single issuer of Medium Term Notes, the City's Investment Policy limits investments to 20% of the portfolio invested in any single issuer. Investments in any one issuer (other than U.S. Treasury securities, money market funds, and external investment pools) that represent 5% or more of the total Treasurer's Pool investments or investments with trustees are as follows (in thousands):

Treasurer's Pool Investments			
Issuer	Investment Type	Amount	% of Total
Treasurer's Pool Investments:			
Federal Farm Credit Bank	U.S. Government Agency	\$ 70,373	8.19 %
Federal Home Loan Bank	U.S. Government Agency	128,328	14.93 %
Federal Home Loan Mortgage Corp. (FHLMC)	U.S. Government Agency	19,919	2.32 %
Federal National Mortgage Association (FNMA)	U.S. Government Agency	29,891	3.48 %
Farmer MAC	U.S. Government Agency	4,923	0.57 %
		<u>\$ 253,434</u>	<u>29.49 %</u>

4. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater will be the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments. Another way the City mitigates this risk is by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time to provide the cash flow and liquidity needed for operations. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The Investment Policy limits the portfolio's weighted average maturity to three years, except for debt agreements held by trustees which are governed by the indentures and may be longer.

Interest rate risk for the Treasurer's Pool and for investments with trustees is disclosed in the following table. As of June 30, 2021, the City had the following cash and investments in its portfolio (in thousands):

Treasurer's Pool	Fair Value	Investment Maturities			
		Less than 1 Year	1 to 5 Years	5 to 10 Years	More than 10 Years
Cash Accounts	\$ 64,907				
Treasurer's Pool Investments					
U.S. Government Agencies:					
Federal Farm Credit Bank	70,372	\$ —	\$ 70,372	\$ —	\$ —
Federal Home Loan Bank	128,328	5,084	123,244	—	—
Federal Home Loan Mortgage Corp.	19,919	—	19,919	—	—
Federal National Mortgage Association	29,891	5,068	24,822	—	—
Collateralized Mortgage Obligations	4,923	—	4,923	—	—
Subtotal of U.S. Government Agencies	253,433	10,152	243,280	—	—
U.S. Treasury Securities	70,963	30,310	40,653	—	—
U.S. Sovereign Bonds	5,398	—	5,398	—	—
Medium Term Corporate Notes	224,125	30,331	193,795	—	—
Negotiable Certificates of Deposit	36,360	5,082	31,278	—	—
State Local Agency Investment Fund (CA LAIF)	93,636	93,636	—	—	—
Time Deposits	4,400	4,400	—	—	—
Municipal Bonds	74,872	16,820	58,052	—	—
Supranationals	15,656	—	15,656	—	—
Money Market Mutual Funds	16,000	16,000	—	—	—
Total Treasurer's Pool Investments	859,750	\$ 206,731	\$ 588,112	\$ —	\$ —
Investments Held Outside the Treasurer's Pool					
Debt Service Funds/Bond Proceeds:					
Guaranteed Investment Contracts	—	\$ —	\$ —	\$ —	\$ —
Mutual Funds	47,249	47,249	—	—	—
U.S. Government & Agency Securities	3,247	3,247	—	—	—
		\$ 50,496	\$ —	\$ —	\$ —
Other Deposits	7,918				
Outstanding Checks	(8,141)				
Deposits in Transit	2,922				
Petty Cash	195				
Pension Trust Assets (See separate ACFRs)	3,957,519				
Total Cash and Investments	\$ 4,870,659				

5. Default Credit Risk

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

The following table represents the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type:

Issuer	Amount (in thousands)	Minimum Legal Rating	Rating at Year-End	% of Treasurer's Pool
Treasurer's Pool Investments:				
U.S. Government Agency Securities:				
Federal Farm Credit Bank	\$ 70,373	A	AA+	8.19%
Federal Home Loan Bank	128,328	A	AA+	14.93%
Federal Home Loan Mortgage Corporation	19,919	A	AA+	2.32%
Federal National Mortgage Association	29,891	A	AA+	3.48%
Farmer MAC	4,923	Unrated	Unrated	0.57%
U.S. Treasury Securities	70,963	A	AAA	8.25%
U.S. Sovereign Bonds	5,398	A	AA+U	0.63%
Medium Term Corporate Notes:				
AIG Global Funding	4,956	A	A+	0.58%
Apple Inc	8,952	A	AA+	1.04%
Bank of America	14,976	A	A-	1.74%
Bank of New York	3,181	A	A	0.37%
Berkshire Hathaway Inc	5,188	A	AA	0.60%
Caterpillar, Inc.	5,102	A	A	0.59%
Chevron Corp	10,369	A	AA-	1.21%
Credit Suisse	5,053	A	A+	0.59%
Estee Lauder Co	5,113	A	A+	0.59%
Exxon Mobil Corporation	5,365	A	AA-	0.62%
Florida Power & Light	5,348	A	A+	0.62%
Guardian Life	5,027	A	AA+	0.58%
Harvard Pres & Fellows	4,149	A	AAA	0.48%
HSBC USA Inc.	5,417	A	A-	0.63%
JP Morgan Chase	9,854	A	A-	1.15%
Lloyds Bank	5,443	A	A+	0.63%
Massmutual Global Fund	5,051	A	AA+	0.59%
New York Life	5,308	A	AA+	0.62%
Novartis Capital Corp	5,126	A	AA-	0.60%
Oracle *	15,481	A	BBB+	1.80%
Pricoa Global Funding	5,337	A	AA-	0.62%
Principal Lfe Glb Fnd	5,032	A	A+	0.59%
Protective Life	5,018	A	AA-	0.58%
Royal Bank of Canada	4,984	A	A	0.58%
Sanofi Pharmaceutical	5,287	A	AA	0.61%
Shell International Fin	10,541	A	A+	1.23%
Toyota Motor Credit Corp	17,309	A	A+	2.01%
U.S. Bank Corp	10,145	A	A+	1.18%
UBS Finance Delaware	4,994	A	A+	0.58%
U.S. Bank Na Cincinnati	10,645	A	AA-	1.24%
Wal-Mart Stores	5,336	A	AA	0.62%
Wells Fargo Bank	5,038	A	A+	0.59%

* Investment in Oracle notes sold subsequent to fiscal year end.

Issuer	Amount (in thousands)	Minimum Legal Rating	Rating at Year-End	% of Treasurer's Pool
Municipal Bonds				
Antelope Valley Union High	1,869	NA	AA	0.22%
California Dept Water Resource	4,060	NA	AA+	0.47%
California St Housing Finance	3,544	NA	AA	0.41%
City of Vallejo	1,519	NA	AA	0.18%
County of Riverside Ca	5,293	NA	AA+	0.62%
County of Westchester Ny	1,924	NA	AA+	0.22%
Los Alstos School Dist	5,053	NA	AAA	0.59%
New York State Dormitory	1,649	NA	AA-	0.19%
New York State Dormitory	997	NA	AA-	0.12%
New York State Urban Dev	5,172	NA	AA-	0.60%
New York State Urban Dev	1,257	NA	AA-	0.15%
State of California	5,206	NA	AA-	0.61%
State of California	5,330	NA	AA-	0.62%
State of California	5,418	NA	A	0.63%
State of Connecticut	5,204	NA	A	0.61%
State of Hawaii	3,798	NA	AA+	0.44%
State of Wisconsin	4,125	NA	SP-1+ ¹	0.48%
Texas A&M University	5,193	NA	AA-	0.60%
Texas A&M University	3,246	NA	AAA	0.38%
University of California	5,016	NA	AAA	0.58%
Supranational				
Inter American Development Bank	5,334	AA	AAA	0.62%
Inter American Development Bank	5,193	AA	AAA	0.60%
International Bank for Reconstruction & Dev	5,130	AA	AAA	0.60%
Negotiable Certificates of Deposit				
Negotiable Certificates of Deposit	36,360	NA	Unrated	4.23%
State Local Agency Investment Pool				
State Local Agency Investment Pool	93,636	NA	Unrated	10.89%
Time Deposits				
Time Deposits	4,400	NA	Unrated	0.51%
Money Market Mutual Funds				
Money Market Mutual Funds	16,000	NA	Unrated	1.86%
Total Treasurer's Pool Investments	\$ 794,846			92.46%

Issuer	Amount (in thousands)	Minimum Legal Rating	Rating at Year-End	% of Investments with Trustees
Investments with Trustees:				
Money Market Funds	\$ 47,249	NA	Unrated	93.57%
U.S. Government & Treasury Securities	3,247	NA	AAA	6.43%
Total Investments with Trustees	\$ 50,496			100.00%

¹Standard & Poor's rating of SP-1 indicates a strong capacity to pay principal and interest. An issue determined to possess a very strong capacity to pay debt service is given a plus (+) designation.

The City of Fresno's Investment Policy requires that the City only invest in high quality obligations, which means only those with a rating category of "A" or better by a nationally recognized rating service.

6. Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City maintains cash accounts at Bank of America. The City maintains separate accounts for payment of general accounts payable checks, payroll checks, and utility refund checks. Amounts in excess of \$250,000 are securitized in accordance with California Government Code Section 53652. The California Government Code and the City's investment policy contain legal or policy requirements that limit the exposure to custodial credit risk for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The collateral pledged to cover the public fund deposits in California is held in the name of the California Collateral Pool Administrator and is held in their name by the Federal Reserve Bank as custodian. The City had no uncollateralized cash at June 30, 2021. As of June 30, 2021, the City's deposits with institutions in excess of federal depository insurance limits were \$63.5 million held in accounts collateralized in accordance with California law as described above.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to the transaction, a government will not be able to recover the value of its investment of securities that are in the possession of the counterparty. As of June 30, 2021, in accordance with the City's investment policy, none of the City's investments were held with a counterparty. All of the City's investments were held with an independent third party custodian bank. The City uses Bank of New York Trust Company (BNY) as a third-party custody and safekeeping service for its investment securities. Custodial credit risk is the risk that the City will not be able to recover the value of its investments in the event of a BNY failure. All City investments held in custody and safe-keeping by BNY are held in the name of the City and are segregated from securities owned by the bank. This is the lowest level of custodial credit risk exposure.

D. Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF), which is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City'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 withdrawal is based on the accounting records maintained by LAIF, which are recorded on a fair value cost basis. The total amount invested by all public agencies in LAIF as of June 30, 2021, was \$37.1 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2021, had a balance of \$193.3 billion. Of that amount, 2.31% was invested in medium-term and short-term

structured notes and asset-backed securities. The average maturity of PMIA investments was 291 days as of June 30, 2021.

LAIF has the following restrictions on withdrawals:

- For same day transactions, the requesting agency must contact LAIF by 10 a.m. PST.
- Transaction calls received after 10 a.m. are processed the following business day.
- A requesting agency can only conduct a maximum of 15 transactions (combination of deposits and withdrawals) per month.
- 24-hour notice is needed for withdrawals of \$10 million or more.
- The minimum transaction amount is \$5,000, with amounts above the minimum transacted in increments of \$1,000.
- Prior to the funds transfer, an authorized person from the requesting agency must call LAIF to do a verbal transaction.

E. Pension Trust (Retirement Systems) Deposits and Investments

The investment guidelines for the City of Fresno's Retirement Systems (Systems) reflect the duties imposed by an investment standard known as the "prudent expert rule." The prudent expert rule includes anyone who has discretionary authority with respect to the Systems' investments.

The Fire and Police Retirement System's Investment Policy can be found at https://www.cfrs-ca.org/fire-and-police-retirement-system_investments, while the Employees Retirement System's Investment Policy can be found at <https://www.cfrs-ca.org/employee-retirement-system/investments>. Both investment policies can also be obtained by contacting the Retirement Office at 2828 Fresno Street, Suite 201, Fresno, CA 93721.

Northern Trust serves as custodian of the Systems' investments. The Systems' asset classes include U.S. Equity, International Equity, U.S. Fixed Income, International Fixed Income, Direct Lending, and Real Estate. Any class may be held in direct form, pooled form, or both. The Systems have 15 external investment managers, managing 19 individual portfolios.

Investments at June 30, 2021 consist of the following (in thousands):

Investments at Fair Value	
Domestic Equity	\$ 1,383,292
International Developed Market	588,786
International Emerging Market	144,512
Real Estate	465,224
Government Bonds	149,660
Corporate Bonds	381,524
Short-Term Investments	57,917
Alternatives	610,601
Total Investments at Fair Value	\$ 3,781,516

Both Retirement Boards have established policies for investing, specifying the following target allocations with a minimum and maximum range for each of these asset classes:

Asset Class	Minimum	Target	Maximum
Domestic Large Cap Equities	10.0%	15.8%	26.0%
Domestic Small Cap Equities	2.0%	7.2%	12.0%
International Developed Market Equities	14.0%	19.0%	24.0%
International Emerging Market Equities	3.0%	6.0%	9.0%
Core Fixed Income	7.0%	10.0%	15.0%
High Yield Bonds	4.0%	5.0%	12.0%
Core Real Estate	7.0%	11.0%	15.0%
Value Add Real Estate/REITs	2.0%	4.0%	6.0%
Infrastructure	2.0%	4.0%	6.0%
MLPs	2.0%	5.0%	8.0%
Private Equity	0.0%	5.0%	10.0%
Direct Lending/Private Debt	4.0%	8.0%	12.0%
Short-Term Investments	0.0%	0.0%	0.0%
		100.0%	

The Retirement Systems have investments in Tiers 1, 2, and 3 as defined under GASB Statement No. 72. For further information regarding the Retirement Systems' classification of investment, please see the Retirement Systems' Annual Comprehensive Financial Reports (Systems' ACFRs).

Investments of the Systems are exposed to custodial credit risk, credit and interest rate risk, concentration risk, and foreign currency risk. In addition to those risks, the Systems are also exposed to credit risk and market risk associated with their derivatives investments. For a detailed description of all of the risks associated with the Systems' investments, please see the Systems' ACFRs which can be found at <https://www.cfrs-ca.org/fire-and-police-retirement-system/financial/> and <https://www.cfrs-ca.org/employee-retirement-system/ers-financial/> or by contacting the Retirement Office at 2828 Fresno Street, Suite 201 Fresno, CA 93721.

F. Stewardship, Compliance and Accountability

There have been no material violations of finance-related legal or contractual provisions.

G. Restricted Assets

Restricted cash includes funds held by trustees relating to bonds payable and those amounts held by each fund for which a specific, non-operating use has been determined. Restricted interest receivable is interest earned with the trustee.

Restricted assets are as follows at June 30, 2021 (in thousands):

	Cash and Investments Current and Noncurrent	Interest Receivable	Total
Governmental Activities:			
General Fund	\$ 40,655	\$ —	\$ 40,655
Grants Special Revenue Fund	103,730	—	103,730
Nonmajor Governmental Funds	17,933	—	17,933
Internal Service Funds	842	—	842
Subtotal	163,160	—	163,160
Business-Type Activities			
Water System	58,970	174	59,144
Sewer System	52,388	208	52,596
Solid Waste Management	16,377	—	16,377
Transit	25,049	—	25,049
Airports	39,935	—	39,935
Convention Center	2,848	—	2,848
Stadium	3,077	—	3,077
Nonmajor Enterprise Funds	781	—	781
Internal Service Funds	5,189	—	5,189
Subtotal	204,614	382	204,996
Fiduciary:			
Private-Purpose Trust Fund	447	—	447
Custodial Funds	594	—	594
Subtotal	1,041	—	1,041
Total	\$ 368,815	\$ 382	\$ 369,197

Note 3. Property Taxes

Article XIII of the California Constitution (Proposition 13) limits ad valorem taxes on real property to 1% of value plus taxes necessary to pay indebtedness approved by voters prior to July 1, 1978. The Article also established the 1975/1976 assessed valuation as the base and limits annual increases to the cost-of-living adjustment, not to exceed 2% for each year thereafter. Property may also be reassessed to full market value after a sale, transfer of ownership, or completion of new construction. The State is prohibited under the Article from imposing new ad valorem, sales, or transaction taxes on real property. Local government may impose special taxes (except on real property) with the approval of two-thirds of the qualified electors.

All property taxes are collected and allocated by the County of Fresno to the various taxing entities. Property taxes are determined annually as of January 1 and attached as enforceable liens on real property. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. Secured property taxes become a lien on the property on January 1. Property taxes on the unsecured roll are due on the January 1 (lien date) and become delinquent if unpaid on August 31. Property tax revenues are recognized in the governmental funds in the fiscal period for which they are levied and collected, adjusted for any amounts deemed uncollectible and amounts expected to be collected more than 60 days after the fiscal year.

Note 4. Receivables

Receivables are presented in the financial statements net of the allowance for uncollectible accounts. The uncollectible accounts related to accounts receivable at June 30, 2021 were \$3.1 million for the General Fund, \$2.4 million for Water System, \$1.7 million for Sewer System, \$1.3 million for Solid Waste Management, \$0.5 million for Airports, and \$1.9 million for Other Enterprise Funds. The uncollectible accounts related to notes receivable at June 30, 2021 were \$11.0 million for Grants Special Revenue Fund and \$1.8 million for Other Governmental Funds. Accounts not scheduled for collection during the subsequent year are \$69.4 million for Governmental notes and loans and \$17.4 million for Business-Type notes and loans.

The allowance for doubtful accounts is a Statement of Net Position and/or Balance Sheet account that reduces the reported amount of a receivable. Providing an allowance for doubtful accounts presents a more realistic picture of how much of the receivable is likely to be turned into cash, particularly in the near term. The amount of the allowance for each fund is a determination made by management at the end of the fiscal year through a review of past collections received on each account. This analysis includes reviewing the aging of the receivable balance, past account write-offs and other known variables.

Receivables, net of amounts uncollectible, (in thousands) as of June 30, 2021 were as follows:

	Interest	Accounts Receivable	Grants Receivable	Intergovernmental Receivable		Loans, & Other Receivable	Total
				Property Taxes	Other		
Governmental Activities							
General Fund	\$ 320	\$ 17,600	\$ 6	\$ 11,603	\$ 31,887	\$ —	\$ 61,416
Grants Special Revenue Fund	292	—	13,566	—	—	55,366	69,224
Other Governmental Funds	516	211	1,277	—	5,912	20,614	28,530
Internal Service Funds	413	230	—	—	—	—	643
Subtotal	\$ 1,541	\$ 18,041	\$ 14,849	\$ 11,603	\$ 37,799	\$ 75,980	\$ 159,813
Advances to Successor Agency							8,902
Total							\$ 168,715
Business-Type Activities							
Water System	\$ 863	\$ 21,672	\$ —	\$ —	\$ —	\$ 2,037	\$ 24,572
Sewer System	672	11,629	—	—	874	5,840	19,015
Solid Waste Management	135	5,965	—	—	—	11,172	17,272
Transit	140	376	31,994	—	13,027	—	45,537
Airports	189	3,073	1,806	—	135	—	5,203
Fresno Convention Center	—	1,360	—	—	—	—	1,360
Stadium	16	469	—	—	—	—	485
Other Enterprise Funds	14	1,743	—	—	—	—	1,757
Internal Service Funds	85	1,421	—	—	—	—	1,506
Total	\$ 2,114	\$ 47,708	\$ 33,800	\$ —	\$ 14,036	\$ 19,049	\$ 116,707

Receivables are presented on the Statement of Net Position as follows (in thousands):

	Governmental Activities	Business-Type Activities	Total
Accounts Receivables, Net	\$ 92,736	\$ 97,276	\$ 190,012
Restricted Interest Receivable	—	382	382
Loans, Notes, Leases and Other Receivables, Net	75,980	19,050	95,030
Total	<u>\$ 168,716</u>	<u>\$ 116,708</u>	<u>\$ 285,424</u>

Note 5. Property, Plant and Equipment - Capital Assets

A. Citywide Capital Assets

The following is a summary of capital assets as of June 30, 2021 (in thousands):

	Primary Government			Total
	Governmental Activities	Business-Type Activities	Fiduciary Funds	
Capital Assets Not Being Depreciated:				
Land	\$ 263,040	\$ 54,426	\$ —	\$ 317,466
Intangibles (Indefinite Life)	—	17,949	—	17,949
Construction in Progress	71,103	408,818	—	479,921
Total Capital Assets Not Being Depreciated	334,143	481,193	—	815,336
Capital Assets Being Depreciated:				
Buildings and Improvements	307,178	1,041,179	—	1,348,357
Machinery and Equipment	165,773	94,578	2,850	263,201
Infrastructure	1,451,934	1,011,057	—	2,462,991
Total Capital Assets Being Depreciated	1,924,885	2,146,814	2,850	4,074,549
Less: Accumulated Depreciation for:				
Buildings and Improvements	(162,228)	(459,894)	—	(622,122)
Machinery and Equipment	(104,901)	(56,845)	(1,742)	(163,488)
Infrastructure	(1,049,827)	(350,723)	—	(1,400,550)
Total Accumulated Depreciation	(1,316,956)	(867,462)	(1,742)	(2,186,160)
Total Capital Assets Being Depreciated, Net	607,929	1,279,352	1,108	1,888,389
Total Capital Assets, Net	\$ 942,072	\$ 1,760,545	\$ 1,108	\$ 2,703,725

B. Governmental Activities

Capital asset activity related to governmental activities for the fiscal year ended June 30, 2021 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 261,608	\$ 1,740	\$ (308)	\$ 263,040
Construction in Progress	71,563	20,474	(20,934)	71,103
Total Capital Assets Not Being Depreciated	<u>333,171</u>	<u>22,214</u>	<u>(21,242)</u>	<u>334,143</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	309,137	12,735	(14,694)	307,178
Machinery and Equipment	179,936	14,504	(28,667)	165,773
Infrastructure	1,420,907	31,027	—	1,451,934
Total Capital Assets Being Depreciated	<u>1,909,980</u>	<u>58,266</u>	<u>(43,361)</u>	<u>1,924,885</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	(163,383)	(9,722)	10,877	(162,228)
Machinery and Equipment	(119,071)	(13,431)	27,601	(104,901)
Infrastructure	(1,016,159)	(33,668)	—	(1,049,827)
Total Accumulated Depreciation	<u>(1,298,613)</u>	<u>(56,821)</u>	<u>38,478</u>	<u>(1,316,956)</u>
Total Capital Assets Being Depreciated, Net	<u>611,367</u>	<u>1,445</u>	<u>(4,883)</u>	<u>607,929</u>
Total Capital Assets, Net	<u>\$ 944,538</u>	<u>\$ 23,659</u>	<u>\$ (26,125)</u>	<u>\$ 942,072</u>

Depreciation was charged to functions as follows (in thousands):

Function	Depreciation Amount
General Government	\$ 10,812
Public Protection	5,049
Public Ways and Facilities	35,955
Culture and Recreation	4,252
Community Development	753
Total Governmental Activities Depreciation Expense	<u>\$ 56,821</u>

C. Business-Type Activities

Capital asset activity related to Business-Type Activities for the fiscal year ended June 30, 2021 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 48,891	\$ 5,538	\$ (3)	\$ 54,426
Intangibles (Indefinite Life)	17,698	251	—	17,949
Construction in Progress	430,229	77,989	(99,400)	408,818
Total Capital Assets Not Being Depreciated	<u>496,818</u>	<u>83,778</u>	<u>(99,403)</u>	<u>481,193</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	964,378	103,352	(26,551)	1,041,179
Machinery and Equipment	98,777	6,651	(10,850)	94,578
Infrastructure	1,072,341	6,425	(67,709)	1,011,057
Total Capital Assets Being Depreciated	<u>2,135,496</u>	<u>116,428</u>	<u>(105,110)</u>	<u>2,146,814</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	(446,850)	(34,971)	21,927	(459,894)
Machinery and Equipment	(61,456)	(5,969)	10,580	(56,845)
Infrastructure	(370,203)	(34,316)	53,796	(350,723)
Total Accumulated Depreciation	<u>(878,509)</u>	<u>(75,256)</u>	<u>86,303</u>	<u>(867,462)</u>
Total Capital Assets Being Depreciated, Net	<u>1,256,987</u>	<u>41,172</u>	<u>(18,807)</u>	<u>1,279,352</u>
Total Capital Assets, Net	<u>\$ 1,753,805</u>	<u>\$ 124,950</u>	<u>\$ (118,210)</u>	<u>\$ 1,760,545</u>

Depreciation was charged to functions as follows (in thousands):

Function	Depreciation Amount
Water System	\$ 29,773
Sewer System	24,865
Solid Waste Management	588
Transit	5,385
Airports	10,845
Fresno Convention Center	2,340
Stadium	1,275
Other Enterprise Funds	185
Total Business-Type Activities Depreciation Expense	\$ 75,256

D. Fiduciary Funds

Capital asset activity related to fiduciary funds for the fiscal year ended June 30, 2021 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ —	\$ —	\$ —	\$ —
Capital Assets Being Depreciated:				
Machinery and Equipment	2,849	1	—	2,850
Less: Accumulated Depreciation for:				
Machinery and Equipment	(1,470)	(272)	—	(1,742)
Total Capital Assets Being Depreciated, Net	1,379	(271)	—	1,108
Total Capital Assets, Net	\$ 1,379	\$ (271)	\$ —	\$ 1,108

Depreciation was charged to functions as follows (in thousands):

Function	Depreciation Amount
Fire & Police Retirement System Pension Trust Funds	\$ 136
Employee Retirement System Pension Trust Funds	136
Total Business-Type Activities Depreciation Expense	\$ 272

E. Construction in Progress

At June 30, 2021, Construction in Progress consisted of the following (in thousands):

Project Title	Construction Costs To Date*
Governmental Activities:	
General Street Projects	\$ 36,072
Regional Park Improvements	26
Other Miscellaneous Projects	35,005
Total Governmental Activities	\$ 71,103
Business-Type Activities:	
Water Capital Projects	\$ 235,389
Sewer/Wastewater/Solid Waste Capital Projects	125,664
Airports Capital Projects	35,872
Transit Capital Projects	11,424
Miscellaneous Projects	469
Total Business-Type Activities	\$ 408,818
Total Construction in Progress	\$ 479,921

F. Fully Depreciated Assets

During the 2021 fiscal year, a detailed analysis of City-owned property was performed. All assets that were no longer in service were removed. The retirement of assets not in use City-wide totaled to \$99.6 million.

Note 6. Long-Term Liabilities

A. Summary of Long-Term Liabilities

The following is a summary of the City's Long-Term Liabilities as of June 30, 2021 (in thousands):

	Primary Government			Total Primary Government
	Governmental Activities	Business-Type Activities	Fiduciary Funds	
Long-Term Debt				
Revenue and Other Bonds	\$ 214,085	\$ 177,934	\$ —	\$ 392,019
Bonds From Direct Placements	—	34,244	—	34,244
Tax Allocation Bonds	—	—	815	815
Notes Payable From Direct Borrowings	1,648	424,552	1,212	427,412
Subtotal Net Principal Due	215,733	636,730	2,027	854,490
Accreted Interest	—	3,355	—	3,355
Issuance Premiums (Discounts)	9,774	1,693	(1)	11,466
Subtotal Accreted Interest, Issuance Prem/(Disc)	9,774	5,048	(1)	14,821
Capital Lease Obligations	41,153	—	—	41,153
Total Long-Term Debt	266,660	641,778	2,026	910,464
Other Long-Term Liabilities				
Retention Payable	2,358	—	—	2,358
Compensated Absences and Health Retirement Arrangement (HRA)	70,378	13,530	56	83,964
Net OPEB Liability	108,178	44,426	—	152,604
Liabilities for Self-Insurance	192,233	—	—	192,233
CVP Litigation Settlement	—	113	—	113
Accrued Closure Cost	—	12,104	—	12,104
Pollution Remediation	—	452	—	452
Total Other Long-Term Liabilities	373,147	70,625	56	443,828
Total Long-Term Liabilities Government-Wide Statement of Net Position	\$ 639,807	\$ 712,403	\$ 2,082	\$ 1,354,292
Due Within One Year	\$ 86,619	\$ 21,459	\$ 482	\$ 108,560
Due Within More Than One Year	553,188	690,944	1,600	1,245,732
Total Long-Term Liabilities Government-Wide Statement of Net Position	\$ 639,807	\$ 712,403	\$ 2,082	\$ 1,354,292

Internal service funds (ISFs), except for Utility Billing and Collection, primarily serve the governmental funds. Accordingly, Long-Term Liabilities for ISFs are included as part of the above totals for governmental activities, while the long-time liabilities for Utility Billing and Collection are included as part of the totals for Business-Type Activities. Governmental Activities also reflect compensated absences which are generally liquidated by the General Fund, claims/judgments which are liquidated by Risk Management and the Employees Healthcare Plan, and net OPEB liability which is liquidated by the Employees Healthcare Plan.

Activity of Long-Term Liabilities - Governmental (In Thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable (Revenue and Other Bonds):					
Lease Revenue Bonds, Series 2004	\$ 11,510	\$ —	\$ 885	\$ 10,625	\$ 935
Taxable Pension Obligation Bonds Refunding Series 2002	107,555	—	9,160	98,395	9,755
Lease Revenue Bonds 2017A, City Hall Refunding, Fresno Bee Building, Granite Park, Improvements	22,805	—	3,565	19,240	1,645
Lease Revenue Bonds, Series 2017A, City Hall Chilled	2,710	—	—	2,710	—
Lease Revenue Bonds, Series 2017A Parks Projects	21,540	—	765	20,775	805
Lease Revenue Bonds, Series 2017A&B, NNLB	8,115	—	2,580	5,535	2,705
Lease Revenue Bonds, Series 2017A, Police and Fire/Public Safety	29,985	—	1,110	28,875	1,170
Lease Revenue Bonds, Series 2017A, Various	11,360	—	575	10,785	605
Lease Revenue Bonds, Series 2020A, Animal Svcs		17,145	—	17,145	375
Total Revenue and Other Bonds	215,580	17,145	18,640	214,085	17,995
Less: Unamortized Amounts:					
For Issuance Premiums/(Discounts)	8,115	2,774	1,115	9,774	—
Notes Payable From Direct Borrowings:					
California Infrastructure Bank - City	1,481	—	84	1,397	87
HUD Sec 108 Note Neighborhood Streets/Parks	365	—	114	251	121
Total Notes Payable From Direct Borrowings	1,846	—	198	1,648	208
Capital Leases	43,121	7,055	9,023	41,153	8,858
Total Long-Term Debt	268,662	26,974	28,976	266,660	27,061
Other Liabilities:					
Retention Payable	1,089	1,269	—	2,358	2,358
Compensated Absences and Health Retirement Arrangement	66,833	15,032	11,487	70,378	10,162
Net OPEB Liability	105,415	2,763	—	108,178	—
Liability for Self-Insurance	154,408	111,768	73,943	192,233	47,038
Total Other Liabilities	327,745	130,832	85,430	373,147	59,558
Governmental Long-Term Liabilities Total	\$ 596,407	\$ 157,806	\$ 114,406	\$ 639,807	\$ 86,619

Activity of Long-Term Liabilities - Business-Type (In Thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Bonds Payable (Revenue and Other Bonds):					
Water System Revenue Bonds 2010	\$ 118,975	\$ —	\$ 27,635	\$ 91,340	\$ —
Sewer System Revenue Bonds 1993 A	6,935	—	6,050	885	—
Lease Revenue Bonds 1998 - Exhibit Hall Expansion	1,815	—	246	1,569	234
Airport Revenue Refunding Bonds 2013	25,110	—	1,595	23,515	1,670
Lease Revenue Bonds 2001 A and B - Stadium	13,615	—	865	12,750	925
Airport Revenue Bonds 2007 - Cons. Rental Car	20,755	—	370	20,385	435
Lease Revenue Bonds 2008 - Convention Center	5,580	—	2,035	3,545	2,175
Lease Revenue Bonds 2017A - Exhibit Hall Expansion	9,970	—	910	9,060	950
Lease Revenue Bonds 2017A - Convention Center	3,285	—	405	2,880	425
Lease Revenue Bonds 2017A - Stadium	11,355	—	805	10,550	845
Lease Revenue Bonds 2017A - Riverside Golf Course	1,510	—	55	1,455	55
Total Revenue and Other Bonds	218,905	—	40,971	177,934	7,714
Bonds Payable From Direct Placements:					
Airport Revenue Bonds 2019 - Airport Parking	35,000	—	756	34,244	780
Plus Accreted Interest:					
Accreted Interest on Capital Appreciation Bonds	3,595	264	504	3,355	—
Less: Unamortized Amounts					
For Issuance Premiums/(Discounts)	2,886	—	1,193	1,693	—
Notes Payable From Direct Borrowings:					
Construction of Water Supply Disinfection Buildings	1,228	—	95	1,133	97
Improvements on the Enterprise and Jefferson Canals	784	—	60	724	62
Water Meter Project	35,984	—	2,570	33,414	2,570
Southeast Surface Water Treatment Facility	160,222	8,109	4,578	163,753	2,361
Tertiary Treatment Facility	29,329	—	993	28,336	1,003
Enterprise Canal Raw Water Pipeline	20,246	26	579	19,693	588
Regional Transmission Mains	65,943	620	1,776	64,787	1,810
Kings River Pipeline	54,579	170	1,562	53,187	1,589
Southwest Quadrant Recycled Water Dist. System	38,780	20,745	—	59,525	—
Total Notes Payable From Direct Borrowings	407,095	29,670	12,213	424,552	10,080
Total Long-Term Debt	667,481	29,934	55,637	641,778	18,574
Other Long-Term Liabilities:					
Compensated Absences & Health Retirement Arrangement	13,168	2,895	2,533	13,530	2,085
Net OPEB Liability	43,257	1,169	—	44,426	—
CVP Litigation Settlement	—	113	—	113	—
Accrued Closure Cost	13,172	—	1,068	12,104	800
Pollution Remediation	486	—	34	452	—
Total Other Long-Term Liabilities	70,083	4,177	3,635	70,625	2,885
Business-Type Long-Term Liabilities Total	\$ 737,564	\$ 34,111	\$ 59,272	\$ 712,403	\$ 21,459

Activity of Long-Term Liabilities - Fiduciary (In Thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Fiduciary Funds:					
Successor Agency to the Fresno Redevelopment Agency:					
Tax Allocation Bonds:					
Series 2003, Mariposa Project Area	\$ 1,185	\$ —	\$ 370	\$ 815	\$ 397
Total Tax Allocation Bonds	<u>1,185</u>	<u>—</u>	<u>370</u>	<u>815</u>	<u>397</u>
Less: Unamortized Amounts:					
For Issuance Premiums/(Discounts)	(2)	—	1	(1)	—
Total Unamortized Amounts	<u>(2)</u>	<u>—</u>	<u>1</u>	<u>(1)</u>	<u>—</u>
Notes Payable From Direct Borrowings:					
California Infrastructure Bank	1,285	—	73	1,212	75
Total Notes Payable From Direct Borrowings	<u>1,285</u>	<u>—</u>	<u>73</u>	<u>1,212</u>	<u>75</u>
Total Long-Term Debt	<u>2,468</u>	<u>—</u>	<u>444</u>	<u>2,026</u>	<u>472</u>
Other Liabilities:					
Compensated Absences	46	14	4	56	10
Total Other Long-Term Liabilities	<u>46</u>	<u>14</u>	<u>4</u>	<u>56</u>	<u>10</u>
Fiduciary Funds Long-Term Liabilities Total	<u>\$ 2,514</u>	<u>\$ 14</u>	<u>\$ 448</u>	<u>\$ 2,082</u>	<u>\$ 482</u>

The following is a description of Long-Term Debt, Excluding Capital Lease Obligation, which had activity in 2021 (in thousands):

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	Fiscal Year 2021 Debt Service Payment
Governmental												
Revenue and Other Bonds												
Taxable Pension Obligation Bonds 2002	\$205,335 taxable	Refund 2000 Taxable Pension Obligation Bonds	6.46% to 6.55%	2/21/2002	6/1/2029	Repayment of bonds not limited to any special source of City funds. Principal due annually, interest due semiannually. City uses funds throughout the City based on full-time employees assigned to funds. For the General Fund, the City uses dedicated Property Tax Override (PTO) revenue first, and then other General Fund revenues to make its portion of the bond payment. Other citywide revenues make up the difference between total debt service and the General Fund portion. During 2021 \$15,216,883 of PTO revenue was used. In addition to PTO revenue, \$0 of General Fund and \$970,946 of Enterprise Fund/Internal Service Fund revenues were used to make the 2021 debt service payment of \$16,188.	\$9,755 to \$15,195	\$ 98,395	\$ 0	\$ 98,395	\$ 129,523	\$ 16,188
Fresno Joint Powers Financing Authority: Lease Revenue Refunding Bonds 2017 A&B, No Neighborhood Left Behind (NNLB)	A = \$11,010 tax-exempt; B = \$1,940 taxable	Refinance No Neighborhood Left Behind Projects	2.93% to 5.00%	5/10/2017	4/1/2023	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$2,962 was equal to debt service in 2021.	\$2,705 to \$2,830	5,757	(222)	5,535	5,930	2,962
Fresno Joint Powers Financing Authority: Lease Revenue Refunding Bonds (Chiller) 2017 A, City Hall Chiller	A = \$2,710 tax-exempt	Refinance City Hall Chiller	5.000%	5/10/2017	4/1/2024	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$136 was equal to debt service in 2021.	\$610 to \$2,100	2,910	(200)	2,710	3,086	136
Fresno Joint Powers Financing Authority: Lease Financing Refunding 2017 A&B, City Hall, Garage #7, Bee Bldg & Granite Park	A = \$10,125 tax-exempt; B = \$21,980 taxable	Refinance City Hall, Parking Garage #7, Fresno Bee Building and Granite Park	2.93% to 5.00%	5/10/2017	4/1/2031	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$4,428 was equal to debt service in 2021.	\$1,645 to \$2,270	19,240	0	19,240	23,637	4,428
Fresno Joint Powers Financing Authority: Lease Revenue Refunding Bonds 2017 A, Various Capital Projects	A = \$12,435 tax-exempt	Refinance Various Capital Improvement Projects	5.000%	5/10/2017	4/1/2035	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$1,143 was equal to debt service in 2021.	\$40 to \$1,785	12,080	(1,295)	10,785	16,061	1,143
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 2004 A,B,C, Various Capital Projects	A = \$15,810 tax-exempt; B = \$8,100 tax-exempt; C = \$28,870 taxable	Calcot Project, Fire Department Projects, Downtown Parking Projects, Santa Fe Depot Project, Roeding Business Park Project Area, other capital projects	5.900%	4/28/2004	10/1/2034	Repayment payable solely by revenues pledged in trust agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$1,538 was equal to debt service in 2021.	\$935 to \$1,400	10,634	(9)	10,625	13,666	1,538
Fresno Joint Powers Financing Authority: Lease Revenue Refunding Bonds (Parks Projects) 2017 A, Parks Impact Fee Projects	A = \$22,965 tax-exempt	Refinance Improvements to Various Park Facilities	5.000%	5/10/2017	4/1/2038	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$1,820 was equal to debt service in 2021.	\$805 to \$1,755	23,110	(2,335)	20,775	30,953	1,820
Fresno Joint Powers Financing Authority: Lease Revenue Refunding Bonds 2017 A, Police and Fire/Public Safety	A = \$32,065 tax-exempt	Refinance Public Safety Capital Improvement Projects (Police & Fire)	5.000%	5/10/2017	4/1/2039	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$2,553 was equal to debt service in 2021.	\$1,115 to \$2,300	31,891	(3,016)	28,875	43,307	2,553

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	Fiscal Year 2021 Debt Service Payment
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 2020 A, Animal Services Facility	A = \$17,145,000 tax-exempt	Animal Services Facility	4.00% to 5.00%	11/3/2020	4/1/2046	Repayment payable solely by revenues pledged in trust agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$306,463 was equal to debt service in 2021.	\$375 to \$1,075	19,842	(2,697)	17,145	27,994	306
Revenue and Other Bonds Total								223,859	(9,774)	214,085	294,157	31,074
Notes Payable												
HUD: Neighborhood Streets/Parks	\$1,500 Loaned	Section 108 Note to be used for improvements to various neighborhood streets & parks	6.07% to 6.120%	8/8/2002	8/1/2022	Annual principal payments, semiannual interest payments.	\$114 to \$130	251	0	251	267	133
Roeding Business Park	\$2,441 Loaned	Loaned from the California Infrastructure and Economic Development Bank to be used to complete the Roeding Business Park	3.530%	3/18/2004	8/1/2033	Secured by Facility Lease on City Hall Annex. Annual principal payments, semiannual interest payments.	\$84 to \$131	1,397	0	1,397	1,741	134
Notes Payable Total								1,648	0	1,648	2,008	267
Governmental Total								225,507	(9,774)	215,733	296,165	31,341
Business-Type												
Revenue and Other Bonds												
Water System Revenue Bonds (Non-Taxable) 2010 A-1, Water	A-1 = \$66,810 tax-exempt	Current Refund 1998 Water Bonds & improvements to the Water System	N/A	2/3/2010	6/1/2024	Repayment of bonds solely from revenues derived from the operation of the City Water System, except connection fees and charges, refundable deposits and capital contributions. Principal payable annually, interest semiannually. Bonds were fully defeased in fiscal year 2021.	N/A	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,405
Water System Revenue Bonds (Taxable Build America Bonds) 2010 A-2, Water	A-2 = \$91,340 taxable	Improvements to the Water System	6.50% to 6.75%	2/3/2010	6/1/2040	Repayment of bonds solely from revenues derived from the operation of the City Water System, except connection fees and charges, refundable deposits and capital contributions. Principal payable annually, interest semiannually. During Fiscal Year 2021, a federal Build America Bonds subsidy of \$2,017 was received.	\$4,090 to \$7,715	\$ 90,241	\$ 1,099	\$ 91,340	\$ 167,310	\$ 6,097
Sewer System Revenue Bonds 1993 A	A = \$196,280 tax-exempt	Rehabilitation and expansion of the City's Wastewater Treatment Facility	4.50% to 4.75%	10/6/1993	9/1/2023	Repayment of bonds solely from revenues derived from the operation of the City Sewer System, except connection fees and charges, refundable deposits and capital contributions. Principal payable annually, interest semiannually.	\$885	\$ 885	\$ 0	\$ 885	\$ 945	\$ 6,234
Fresno Joint Powers Financing Authority: Lease Revenue Refunding Bonds 2017 A, Convention Center	A = \$4,260 tax-exempt	Refinance Convention Center Improvement Projects (Phase I)	5.000%	5/10/2017	4/1/2027	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. During 2021, the City chose to make these lease payments from the General Fund in the amount of \$569, which was equal to debt service in 2021. While the City has the right to use any unencumbered funding source it wishes to use for future lease payments, it is anticipated that General Fund revenues will be used to make these future payments, which the Authority will then use to make the debt service payment.	\$425 to \$540	\$ 3,148	\$ (268)	\$ 2,880	\$ 3,404	\$ 569

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	Fiscal Year 2021 Debt Service Payment
Fresno Joint Powers Financing Authority: Lease Revenue Bonds (Conv. Ctr.) 2008 F, Convention Center	F = \$21,410 taxable	Refund a portion of 2006 Convention Center Bonds & finance various Convention Center improvements	6.700%	8/14/2008	4/1/2023	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. During 2021, the City chose to make these lease payments from the General Fund in the amount of \$2,409, which was equal to the debt service payment. While the City has the right to use any unencumbered funding source it wishes to use for future lease payments, it is anticipated that General Fund revenues will be used to make future lease payments, which the Authority will then use to make the debt service payment.	\$1,370 to \$2,175	\$ 3,541	\$ 4	\$ 3,545	\$ 3,874	\$ 2,409
Fresno Joint Powers Financing Authority: Lease Revenue Refunding Bonds 2017 A, Exhibit Hall Expansion Project Refunding	A = \$11,665 tax-exempt	Refinance Exhibit Hall Expansion Project	5.000%	5/10/2017	4/1/2029	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$1,409, which was equal to debt service in 2021. While the City has the right to use any unencumbered funding source it wishes to use for future lease payments, it is anticipated that General Fund revenues will be used to make these future payments, which the Authority will then use to make the debt service payment.	\$950 to \$1,330	\$ 10,022	\$ (962)	\$ 9,060	\$ 11,212	\$ 1,409
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 1998, Exhibit Hall Expansion Project	\$32,610 tax-exempt	Construction of an exhibit hall	N/A	9/1/1998	9/1/2028	Current Interest Serial Bonds (\$25,395) and Capital Appreciation Serial Bonds (\$7,215). Repayment payable solely by revenues pledged in trust agreement, primarily Base Rental Payments pursuant to a Facilities Lease. Principal due annually, interest due semiannually. During 2021, the City chose to make these lease payments from the General Fund in the amount of \$750, which was equal to the debt service payment. All remaining bonds are Capital Appreciation Bonds, so interest is accreted. While the City has the right to use any unencumbered funding source it wishes to use for future lease payments, it is anticipated that General Fund revenues will be used to make future lease payments, which the Authority will then use to make the debt service payment.	\$162 to \$234	\$ 4,867	\$ (3,298)	\$ 1,569	\$ 6,000	\$ 750
Fresno Joint Powers Financing Authority: Lease Revenue Refunding Bonds 2017 A, Stadium Project	A = \$13,510 tax-exempt	Refinance MultiPurpose Stadium Project	5.000%	5/10/2017	4/1/2031	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. During 2021, the City chose to make these lease payments from the General Fund in the amount of \$1,373, which was equal to the debt service payment. While the City has the right to use any unencumbered funding source it wishes to use for future lease payments, it is anticipated that General Fund revenues will be used to make future lease payments, which the Authority will then use to make the debt service payment.	\$845 to \$1,300	\$ 11,758	\$ (1,208)	\$ 10,550	\$ 13,660	\$ 1,373
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 2001 A & B, Stadium Project	A = \$23,615 tax-exempt; B = \$22,235 taxable	Acquire and construct a multipurpose outdoor stadium	6.93% to 7.03%	6/12/2001	6/1/2031	Repayment payable solely by revenues pledged in trust agreement, primarily Base Rental Payments pursuant to a Facilities Lease. Principal due annually, interest due semiannually. During 2021, the City chose to make these lease payments from the General Fund in the amount of \$1,819, which was equal to the debt service payment. While the City has the right to use any unencumbered funding source it wishes to use for future lease payments, it is anticipated that General Fund revenues will be used to make future lease payments, which the Authority will then use to make the debt service payment.	\$925 to \$1,700	\$ 12,763	\$ (13)	\$ 12,750	\$ 18,174	\$ 1,819
Fresno Joint Powers Financing Authority: Lease Revenue Refunding Bonds (Riverside Golf Course) 2017 A, Riverside Golf Course	A = \$1,615 tax-exempt	Refinance Improvements to Riverside Golf Course	5.000%	5/10/2017	4/1/2038	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. During 2021, the City chose to make these lease payments from the General Fund in the amount of \$129, which was equal to the debt service payment. While the City has the right to use any unencumbered funding source it wishes to use for future lease payments, it is anticipated that General Fund revenues will be used to make future lease payments, which the Authority will then use to make the debt service payment.	\$55 to \$125	\$ 1,619	\$ (164)	\$ 1,455	\$ 2,166	\$ 129

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	Fiscal Year 2021 Debt Service Payment
Airport Revenue Refunding Bonds 2013, Concourse Expansion	A = \$10,810 Non-AMT; B = \$22,820 AMT (Subject to Alternative Minimum Tax)	Refund 2000 Airport Revenue Bonds	4.00% to 5.125%	8/6/2013	7/1/2030	Repayment of bonds solely from operation of the City Airport System. Bond Indenture requires a minimum \$1,600 of PFC Contribution toward annual debt service from Passenger Facility Charges (PFC). During Fiscal Year 2021 \$1,600 of PFC and \$1,164 of eligible Airports operation revenues were used to make the debt service payment.	\$1,670 to \$5,335	\$ 23,753	\$ (238)	\$ 23,515	\$ 30,261	\$ 2,764
Airport Revenue Bonds 2007, Consolidated Rental Car Facility	\$22,000 taxable	Construction of a consolidated rental car facility and related improvements	5.833%	6/14/2007	7/1/2037	Repayment of bonds solely from operation of the City Airport System. While not required under the Bond Indenture, Airports uses Customer Facility Charge (CFC) revenues first to meet the debt payment, and then uses other permitted revenues to cover any difference between CFC's and the debt payment. Principal due annually, interest due semiannually. During Fiscal Year 2021 \$1,570 of CFC revenues was used to fully cover the debt service payment.	\$435 to \$2,265	\$ 20,385	\$ 0	\$ 20,385	\$ 33,177	\$ 1,570
Airport Revenue Bonds 2019, Airport Parking	\$35,000 taxable	Construction of a parking garage	3.450%	5/3/2019	7/1/2048	Bonds privately placed with the California Infrastructure and Development Bank (I-Bank). Interest rate includes 3.15% charged by the I-Bank for interest plus 0.30% charged by the I-Bank as a fee. Repayment of bonds solely from operation of the City Airport System. Principal due annually, interest due semiannually.	\$780 to \$1,802	\$ 34,244	\$ 0	\$ 34,244	\$ 53,145	\$ 1,951
Revenue and Other Bonds Total								\$ 217,226	\$ (5,048)	\$ 212,178	\$ 343,328	\$ 55,479
Notes Payable												
Water: Safe-Drinking Water Program	\$51,405 Loaned	Contract between the State Water Resources Control Board and the City for installation of water meters throughout the City of Fresno	0.000%	4/10/2012	10/1/2022	No interest loan. Repayment of the loan is funded from revenues of the Water Fund. Pledged in parity with the pledges securing the 2010 Bonds and other State loans for Water. Principal due in semiannual installments of \$1,285.	\$2,570	\$ 33,414	\$ 0	\$ 33,414	\$ 33,414	\$ 2,570
Water: Safe Drinking Water Program	\$1,947 Loaned	Contract between the State Water Resources Control Board and the City to protect the City's drinking water supplies from possible contaminating activities (PCA's)	2.292%	7/1/2009	7/1/2031	Repayment of loan is funded from revenues of the Water Fund. Pledged in parity with the pledges securing the 2010 Bonds and other State loans for Water. Principal and interest due in semiannual installments of \$61.	\$61 to \$119	\$ 1,133	\$ 0	\$ 1,133	\$ 1,282	\$ 122
Water: Safe Drinking Water Program	\$1,245 Loaned	Contract between the State Water Resources Control Board and the City for improvements on the Enterprise and Jefferson Canals	2.292%	7/1/2009	1/1/2032	Repayment of loan is funded from revenues of the Water Fund. Pledged in parity with the pledges securing the 2010 Bonds and other State loans for Water. Principal and interest due in semiannual installments of \$39.	\$39 to \$76	\$ 724	\$ 0	\$ 724	\$ 819	\$ 78
Water: Drinking Water State Revolving Fund Project 1010007-029C	\$26,520 Loaned	Contract between the State Water Resources Control Board and the City for construction of the Friant-Kern Canal Raw Water Pipeline	1.600%	4/5/2016	7/1/2048	Repayment of loan is funded from the revenues of the Water Fund. Pledged in parity with the pledges securing the 2010 Bonds and other State loans for Water. Principal and interest due in semiannual installments of \$451.	\$579 to \$889	\$ 19,693	\$ 0	\$ 19,693	\$ 23,580	\$ 901

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	Fiscal Year 2021 Debt Service Payment
Water: Drinking Water State Revolving Fund Project 1010007-028C	\$195,489 Loaned	Contract between the State Water Resources Control Board and the City for construction of a Southeast Surface Water Treatment Facility	1.663%	7/15/2015	1/1/2049	Repayment of loan is funded from the revenues of the Water Fund. Pledged in parity with the pledges securing the 2010 Bonds and other State loans for Water. Principal and interest due in semiannual installments of \$3,631. \$3 million of the loan was forgiven by the State Water Resources Control Board.	\$2,360 to \$7,352	\$ 163,753	\$ 0	\$ 163,753	\$ 189,932	\$ 7,263
Water: Drinking Water State Revolving Fund Project 1010007-030C	\$75,900 Loaned	Contract between the State Water Resources Control Board and the City for construction of a raw water pipeline to replace the Enterprise Canal for the Northeast Surface Water Treatment Facility	1.600%	8/23/2016	1/1/2049	Repayment of loan is funded from the revenues of the Water Fund. Pledged in parity with the pledges securing the 2010 Bonds and other State loans for Water. Principal and interest due in semiannual installments \$1,413.	\$1,810 to \$2,696	\$ 64,787	\$ 0	\$ 64,787	\$ 62,980	\$ 2,826
Water: Drinking Water State Revolving Fund Project 1010007-031C	\$65,876 Loaned	Contract between the State Water Resources Control Board and the City for construction of a Kings River Pipeline	1.600%	4/5/2016	7/1/2048	Repayment of loan is funded from the revenues of the Water Fund. Pledged in parity with the pledges securing the 2010 Bonds and other State loans for Water. Principal and interest due in semiannual installments of \$1,215. Project is not yet complete.	\$1,562 to \$2,405	\$ 53,187	\$ 0	\$ 53,187	\$ 57,728	\$ 2,430
Sewer: Clean Water State Revolving Fund Project	\$33,213 Loaned	Contract between the State Water Resources Control Board and the City for construction of a tertiary treatment facility	1.000%	10/17/2015	7/12/2046	Repayment of loan solely from all revenues derived from the operation of the City Sewer System, except connection fees and charges, refundable deposits and capital contributions. Pledged subordinate to the pledge securing the 1993 Bonds and in parity with State loans for Sewer. Principal and interest due in semiannual installments of \$1,286.	\$993 to \$1,282	\$ 28,336	\$ 0	\$ 28,336	\$ 32,167	\$ 1,286
Sewer: Clean Water State Revolving Fund Project No. 8061-110	\$70,600 Loaned	Contract between the State Water Resources Control Board and the City for construction of a recycled water distribution system in the southwest quadrant of the City	1.000%	8/19/2015	5/30/2047	Repayment of loan solely from all revenues derived from the operation of the City Sewer System, except connection fees and charges, refundable deposits and capital contributions. Pledged subordinate to the pledge securing the 1993 Bonds, and in parity with State loans for Sewer. Principal and interest due in semiannual installments to begin once project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount drawn down through the interest payment date.	No amortization schedule available until project is complete.	\$ 59,525	\$ 0	\$ 59,525	\$ 59,525	\$ 0
Notes Payable Total								\$ 424,552	\$ 0	\$ 424,552	\$ 461,427	\$ 17,476
Business-Type Total								\$ 641,778	\$ (5,048)	\$ 636,730	\$ 804,755	\$ 72,955

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	Fiscal Year 2021 Debt Service Payment
Fiduciary												
Tax Allocation Bonds												
Tax Allocation Refunding Bonds 2003, Mariposa Project Area	\$5,005 tax-exempt	Refund the Agency's 1993 Tax Allocation Bonds (Mariposa Project Area)	5.625%	2/1/2012	2/1/2023	Principal is due in annual installments, interest is due semiannually. Repayment of bonds is payable solely from tax increment revenues allocated by the Successor Agency to the City of Fresno Redevelopment Agency's Mariposa Project area. All such revenues are pledged. Tax increment in Mariposa Project Area of \$437 was equal to debt service in 2021.	\$397 to \$418	\$ 814	\$ 1	\$ 815	\$ 884	\$ 437
Tax Allocation Bonds Total								\$ 814	\$ 1	\$ 815	\$ 884	\$ 437
Notes Payable												
RDA: Roeding Business Park	\$2,118 Loaned	Loaned from the California Infrastructure and Economic Development Bank to be used to complete the Roeding Business Park	3.530%	3/18/2004	8/1/2033	Principal and interest due in annual installments. Secured by Tax Increment revenue received into the Roeding Business Park Project area.	\$73 to \$114	\$ 1,212	\$ 0	\$ 1,212	\$ 1,511	\$ 117
Notes Payable Total								\$ 1,212	\$ 0	\$ 1,212	\$ 1,511	\$ 117
Fiduciary Total								\$ 2,026	\$ 1	\$ 2,027	\$ 2,395	\$ 554
Grand Total								\$ 869,311	\$ (14,821)	\$ 854,490	\$ 1,103,315	\$ 104,850

B. Debt Service Requirements (Excluding Capital Leases)

The annual debt service requirements excluding capital lease obligations for the City's long-term debt outstanding as of June 30, 2021 are as follows (in thousands):

Year Ending June 30	Governmental Activities		Business-Type Activities			Fiduciary Funds	
	Principal	Interest	Principal	Interest Accretion	Interest	Principal	Interest
2022	\$ 17,995	\$ 11,840	\$ 7,714	\$ 516	\$ 11,250	\$ 397	\$ 46
2023	19,610	10,830	8,102	528	10,809	418	24
2024	19,045	9,716	6,176	539	10,399	—	—
2025	17,940	8,610	10,614	551	10,091	—	—
2026	18,270	7,545	11,150	560	9,500	—	—
2027-2031	75,695	20,912	62,148	1,737	36,271	—	—
2032-2036	26,400	10,005	38,475	—	18,661	—	—
2037-2041	14,150	613	33,555	—	5,267	—	—
2042-2046	4,980	—	—	—	—	—	—
2047-2051	—	—	—	—	—	—	—
2052-2056	—	—	—	—	—	—	—
Subtotal	214,085	80,071	177,934	4,431	112,248	815	70
	Direct	Direct	Direct	Direct	Direct	Direct	Direct
	Borrowings	Borrowings	Borrowings	Borrowings	Borrowings	Borrowings	Borrowings
	Principal	Interest	Principal	Interest	Principal	Interest	Interest
2022	208	59	10,860	5,041	75	41	
2023	220	49	13,381	6,239	78	39	
2024	93	41	13,565	6,052	81	36	
2025	96	38	13,753	5,862	83	33	
2026	99	35	13,944	5,668	86	30	
2027-2031	552	117	72,707	25,300	479	102	
2032-2036	380	20	71,955	19,922	330	18	
2037-2041	—	—	69,861	14,097	—	—	
2042-2046	—	—	135,666	7,701	—	—	
2047-2051	—	—	43,105	1,346	—	—	
2052-2056	—	—	—	—	—	—	
Subtotal	1,648	359	458,797	97,228	1,212	299	
Issuance Premiums/ (Discounts)	9,774	—	1,693	—	—	(1)	—
Unaccreted Interest	—	—	—	(1,076)	—	—	—
Total	\$ 225,507	\$ 80,430	\$ 638,424	\$ 3,355	\$ 209,476	\$ 2,026	\$ 369

C. Debt Compliance

There are a number of limitations and restrictions contained in the various loan, note and bond indentures. The City believes it is in compliance with all significant limitations, restrictions and covenants.

D. Debt Management Policy

The City maintains a Debt Management Policy (Policy) which sets forth certain debt management objectives, establishes overall parameters, and provides general direction in the planning, issuing, and administering of the City's debt. The purpose of the Policy is to assist in the City's ability to incur debt and other long-term obligations at favorable interest rates for capital improvements, facilities and equipment which are beneficial to the City and necessary for providing essential services.

The Policy integrates the best practices of other debt management plans utilized by similar California cities and is consistent with the provisions of the City Charter, and any enabling legislation.

As part of the Lease Revenue Bond refinancing that took place in 2017, the City's Debt Management Policy was reviewed to ensure compliance with Senate Bill 1029 (SB 1029). That update was approved by Council on April 6, 2017.

E. Legal Debt Limit and Legal Debt Margin

Article XVI, Section 18 of the California Constitution, (the "debt limit") prohibits cities (including chartered cities), counties, and school districts from entering into indebtedness or liability that in any year exceeds the income and revenue provided for such year unless the local agency first obtains two-thirds voter approval for the obligation. This general limitation has several important exceptions as described below. It is important to remember that this limitation applies not only to traditional bonds, but could apply to many forms of indebtedness or liability, such as installment payment obligations, long-term service or construction contracts, letter-of-credit reimbursement agreements, and other types of arrangements commonly seen in public finance transactions. In determining whether the arrangement under consideration might pose a problem under the debt limit it is useful to ask the following questions:

- Does the arrangement provide for payment in future fiscal years that comes out of revenue generated in those years?
- Does the arrangement call for payments by a city, county, or school district (as opposed to other types of governmental agencies)?

If the answer to these two questions is "yes", then the analysis should proceed to determine if one of the exceptions to the debt limit applies. There are three major exceptions to the debt limit that have been recognized by California courts: the Offner-Dean lease exception, the special fund doctrine, and the "obligations imposed by law" exception.

As of June 30, 2021, the City's debt limit (20% of valuation subject to taxation) was \$8.17 billion. This number was calculated by taking the Total Assessed Values (Gross) from the County of Fresno Tax Rate Book, page 14 multiplied by 20%. This is in comparison with debt limits of \$7.71 billion in 2020. The City's legal debt margin is equal to the City's debt limit because it has no debt subject to the limitation.

F. Arbitrage

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. The requirements stipulate, in general, the earnings from the investment of tax-exempt bond proceeds that exceed related interest expenditures on the bonds must be remitted to the federal government on every fifth anniversary of each bond issue. The City has evaluated each general obligation bond and lease revenue bond issue subject to the arbitrage rebate requirements and has deferred credits and other liabilities in the governmental funds. Each Enterprise Fund has performed a similar analysis of the debt the respective enterprise has issued which is subject to arbitrage rebate requirements. Any material arbitrage liability related to the debt of the Enterprise Funds has been recorded as a liability in the respective fund. In addition, the Successor Agency to the former Redevelopment Agency records any arbitrage liability in deferred credits and other liabilities. As of June 30, 2021, the City had an arbitrage liability of \$138,951 related to the 1993A Sewer Revenue Bonds.

G. State Loan Program (Projects Currently In Progress)

On July 15, 2015, the City entered into a 30-year agreement to borrow \$195,489,000 from the California State Water Resources Control Board for construction of a new surface water treatment facility in southeast Fresno. The interest rate is fixed at 1.663% for the term of the loan. Principal and interest due in semiannual installments will begin once the project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount received by the City through the interest payment date. As of June 30, 2021, the City has received \$177,894,081 in proceeds. This amount is net of \$3,000,000 in loan forgiveness by the State Water Resources Control Board. The loan forgiveness was part of the loan agreement with the State. Debt service payments will be funded from revenues of the Water Enterprise. Construction is now complete and annual debt service is \$7,262,903.

On August 19, 2015, the City entered into a 30-year agreement to borrow \$52,475,049 from the California State Water Resources Control Board's Clean Water State Revolving Fund for construction of a recycled water distribution system in the southwest quadrant of the City. The interest rate is fixed at 1.0% for the term of the loan. Principal and interest due in semiannual installments will begin once the project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount received by the City through the interest payment date. As of June 30, 2021, the City has received \$59,525,038 in proceeds. Debt service payments will be funded from revenues of the Sewer Enterprise. Once construction is completed, annual debt is estimated to be \$2,028,979.

On April 5, 2016, the City entered into a 30-year agreement to borrow \$26,520,000 from the California State Water Resources Control Board for construction of a raw water pipeline to replace the Enterprise Canal as a primary conveyance system for the Northeast Surface Water Treatment Facility. The interest rate is fixed at 1.6% for the term of the loan. Principal and interest due in semiannual installments will begin once the project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount received by the City through the interest payment date. As of June 30, 2021, the City has received \$21,379,590 in proceeds. Debt service payments will be funded from revenues of the Water Enterprise. Even though the project was not

fully completed, the City was required to make a principal payment of \$579,130 plus interest of \$321,980 during the current fiscal year. Once construction is fully completed, the annual debt is estimated to be \$1,116,533.

On April 5, 2016, the City entered into a 30-year agreement to borrow \$65,875,669 from the California State Water Resources Control Board for construction of a pipeline from Kings River to the Southeast Water Treatment Facility. The interest rate is fixed at 1.6% for the term of the loan. Principal and interest due in semiannual installments will begin once the project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount received by the City through the interest payment date. As of June 30, 2021, the City has received \$57,605,718 in proceeds. Debt service payments will be funded from revenues of the Water Enterprise. Even though the project was not fully completed, the City was required to make a principal payment of \$1,562,376 plus interest of \$867,478 during the current fiscal year. Once construction is fully completed, the annual debt is estimated to be \$2,773,546.

On August 23, 2016, the City entered into a 30-year agreement to borrow \$75,900,000 from the California State Water Resources Control Board for construction of regional transmission mains to transport water from facilities throughout the City. The interest rate is fixed at 1.6% for the term of the loan. Principal and interest due in semiannual installments will begin once the project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount received by the City through the interest payment date. As of June 30, 2021, the City has received \$67,436,972 in proceeds. Debt service payments will be funded from revenues of the Water Enterprise. Even though the project was not fully completed, the City was required to make a payment of \$1,776,159 plus interest of \$1,050,209. Once construction is completed, the annual debt is estimated to be \$3,195,506.

H. Capital Lease Obligations

The City has entered into several Master Lease Agreements that allowed for a set amount of financing over the term of the Master Lease. Several financings took place under these Master Leases whose maturities exceeded the term of the Master Lease. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at present value of their future minimum lease payments as of the inception date. Prior lease agreements with outstanding balances are with DeLage Landen, Dell Financial Services, Kansas State Bank, Community Leasing Partners and Key Government Finance, Inc.

On December 13, 2013, the City entered into a Master Lease Agreement with Dell Financial Services to lease/purchase computers. Each lease schedule represents a separate lease with annual upfront payment terms provided by the lender at the time the computers are purchased. To date, there have been forty-five lease schedules executed totaling \$1,166,318 with interest rates ranging from 3.96% to 10.15% and terms between three and five years. As of June 30, 2021, four of these leases remain outstanding.

On January 13, 2017, the City entered into a Master Equipment Lease-Purchase Agreement with Banc of America Public Capital Corp. (BAPCC). The purpose of the lease is to finance new and replacement equipment throughout the City. To date, there have been nineteen lease schedules

executed totaling \$25,184,972 with interest rates ranging from 1.92% to 3.16% and terms between five and ten years. Early in fiscal year 2019, the City reached the maximum amount available to borrow under this master lease which was \$25 million. As a result, the City entered into a new agreement with BAPCC on December 6, 2018. This new master lease will expire at an aggregate of \$65 million financed or December 31, 2021, whichever comes first. As of June 30, 2021, there have been nineteen lease schedules funded under the new master lease totaling \$17,629,247 with interest rates ranging between 0.91% and 2.83%.

On October 14, 2019, the City entered into a new \$134,076 lease purchase agreement with AT&T Capital Services, Inc. at a rate of 3.87%. The funds were used to update communication equipment on fire vehicles.

On February 21, 2020, the City entered into a new \$5.6 million lease purchase agreement with Alliance Funding Solution, Inc., at a rate of 2.95%. The funds were used to install solar equipment and other energy efficient equipment at both City Hall and the City's Municipal Service Center.

The following table lists the City's Capital Lease Obligations by lender as of June 30, 2021 (in thousands):

Lender	Date of Loan	Term (Years)	Purchased	Interest Rate	Annual (P&I Payment)
Community First National Bank	7/13/2015	10	2015 Smeal Engines on Spartan Metrostar Chassis (4)	2.92%	\$ 210
Community First National Bank	9/22/2015	10	2015 Smeal Engines on Metrostar (3) & Aerial on Gladiator (1)	2.69%	340
Community First National Bank	2/22/2016	10	2012 Smeal Engine & 2016 Water Tender on Kenworth	2.09%	157
Dell Financial Services	9/1/2018	5	Dell OptiPlex 5050SFF(36) & Latitude 3580 (6)	5.63%	10
Dell Financial Services	3/1/2020	4	Dell Latitude Laptops (3)	3.96%	1
Dell Financial Services	5/1/2020	4	Computers Various Models (55)	4.28%	14
Dell Financial Services	5/1/2020	3	Computers Various Models (85)	5.32%	37
Key Government Finance, Inc.	4/10/2019	5	City-Wide Date System	3.88%	1,462
Banc of America Public Capital Corp	4/10/2017	5	Fire Chevy Silverado Pickup	2.07%	10
Banc of America Public Capital Corp	5/2/2017	10	Fire Engines & Pumpers	2.52%	464
Banc of America Public Capital Corp	5/11/2017	5	Police Vehicles (84)	1.96%	692
Banc of America Public Capital Corp	11/20/2017	5	Police Vehicles (55)	2.14%	587
Banc of America Public Capital Corp	8/1/2017	5	Police Motorcycles (14) & Fire Vehicles (9)	1.92%	164
Banc of America Public Capital Corp	11/29/2017	5	DARM Ford F-150 Pickup Trucks (24)	2.14%	115
Banc of America Public Capital Corp	11/23/2017	7	Microwave Date & Radio Console Network	2.46%	783
Banc of America Public Capital Corp	2/2/2018	5	Police MAGEC Vehicles (4)	2.44%	28
Banc of America Public Capital Corp	4/24/2018	5	DARM Ford-150 Pickup Trucks (14) & Parks (4)	2.62%	95
Banc of America Public Capital Corp	6/26/2018	10	Fire Ladder Truck & Pumpers (3)	3.16%	371
Banc of America Public Capital Corp	7/2/2018	5	Police CIT Vehicles (5)	2.76%	56
Banc of America Public Capital Corp	7/17/2018	5	Parks Ford Transit Wagon (1)	2.74%	4
Banc of America Public Capital Corp	7/17/2018	5	Police MAGEC Vehicle (1)	2.74%	7
Banc of America Public Capital Corp	9/14/2018	5	Fire Light Duty Vehicles (5)	2.73%	34
Banc of America Public Capital Corp	9/28/2018	5	Parks John Deere Tractor (1)	2.75%	9
Banc of America Public Capital Corp	10/5/2018	5	Police Vehicles (50)	2.84%	540
Banc of America Public Capital Corp	10/11/2018	5	Police Motorcycles (10)	2.86%	67
Banc of America Public Capital Corp	11/2/2018	5	DARM Ford-150 Pickup Trucks (27)	2.91%	147
Banc of America Public Capital Corp	11/9/2018	5	Police Undercover Vehicles (33)	2.90%	193
Banc of America Public Capital Corp	3/20/2019	5	Police SRO Vehicles (16) & Undercover (2)	2.73%	204
Banc of America Public Capital Corp	4/2/2019	5	Police F-150 Super Crew Pickup Trucks (15)	2.72%	118
Banc of America Public Capital Corp	5/29/2019	10	Fire Pumper Trucks (3)	2.83%	239
Banc of America Public Capital Corp	6/6/2019	5	Police Undercover Vehicles (10)	2.43%	109
Banc of America Public Capital Corp	8/30/2019	5	2019 Police Motorcycles (10)	1.90 %	75
Banc of America Public Capital Corp	11/12/2019	5	2020 Fire Ford Escapes (4), Ford F-250's (2)	1.95 %	60
Banc of America Public Capital Corp	2/11/2020	5	2020 Police U.C. Vehicles (28)	1.97 %	197
Banc of America Public Capital Corp	4/10/2020	5	2020 Police Vehicles (30)	1.11 %	359
Banc of America Public Capital Corp	4/21/2020	5	2020 Police U.C. Vehicles (3)	1.09 %	26
Banc of America Public Capital Corp	5/4/2020	5	2020 Fire Ford F-350 (1) & Ford Interceptor (1)	1.03 %	31
Banc of America Public Capital Corp	5/15/2020	10	2020 Fire Engines (4)	1.34 %	311
AT&T Capital Services, Inc.	10/14/2019	5	Cradlepoint System	3.87 %	33
Alliance Funding Solutions, Inc.	2/21/2020	15	Energy Efficient Equipment and Solar PPA (City Hall & MSC)	2.95 %	417
Banc of America Public Capital Corp	8/17/2020	10	Type III Fire Engines (2)	1.26%	82
Banc of America Public Capital Corp	11/19/2020	5	PARCS Ford Transit Van (1)	0.92%	8
Banc of America Public Capital Corp	11/19/2020	5	Freightliner Street Sweepers (2)	0.92%	163
Banc of America Public Capital Corp	1/19/2021	5	Fire Ford F-2150 (1)	0.91%	21
Banc of America Public Capital Corp	2/19/2021	5	Fire Squad Vehicle (1)	0.92%	29
Banc of America Public Capital Corp	3/25/2021	5	IPS Parking Meters	1.03%	413
Banc of America Public Capital Corp	6/9/2021	10	Fire Engines (2) & Truck (1)	1.73%	319
Banc of America Public Capital Corp	6/18/2021	5	Fire Light Duty Vehicle (3)	1.06%	60
			Total		<u>\$ 9,871</u>

Capital Lease Debt service requirements are presented below (in thousands). Interest rates range from 0.91% to 5.63%.

Year Ended	Governmental Activities	
	June 30	Interest
2022	\$ 8,859	\$ 898
2023	8,520	727
2024	7,624	507
2025	4,421	343
2026	3,034	258
2027-2031	6,844	624
2032-2036	1,851	127
Total	\$ 41,153	\$ 3,484

I. General Fund Short-Term Borrowing Obligations

The City did not issue any short-term debt during fiscal year 2021 and did not have any short-term debt outstanding during the fiscal year.

J. Unused Lines of Credit

The following table lists the City's unused lines of credit as of June 30, 2021 (in thousands):

Line of Credit	Contract Amount	Used	Unused
CA State Water Resources Control Board			
Drinking Water State Revolving Fund (1010007-28C)	\$ 195,489	\$ 177,894	\$ 17,595
Drinking Water State Revolving Fund (1010007-29C)	26,520	21,380	5,140
Drinking Water State Revolving Fund (1010007-30C)	75,900	67,437	8,463
Drinking Water State Revolving Fund (1010007-31C)	65,876	57,606	8,270
Banc of America Public Capital Corporation			
Police Vehicle Leases	4,653	4,474	179
Fire Vehicle Lease	583	244	339
Microwave Data & Radio Console Network Lease	5,018	4,626	392
Parking Meter Project Lease	2,006	—	2,006
Key Government Finance, Inc			
Citywide Data System	9,500	9,061	439
Alliance Funding Solutions, Inc.			
Energy Efficient Equipment & Solar	5,555	4,097	1,458
Total	\$ 391,100	\$ 346,819	\$ 44,281

K. Debt Collateral

The following table lists the City's assets that are pledged as collateral for various City debts:

Debt	Asset Pledged	Expiration Date
JPFA Lease Revenue Bonds		
1998 B Exhibit Hall Expansion Project	Fresno Convention Center, 848 M. Street	September 1, 2028
2001 A&B Stadium Project	Fire Station #19, 2187 W. Belmont Ave	June 1, 2031
	Saroyan Theater, 730 M. Street	June 1, 2031
2004 A,B,C Various Capital Projects	Convention Center Parking Garage, Inyo & O Streets	October 1, 2034
	Fire Station #15, 5630 E. Park Circle	October 1, 2024
	Fire Station #17, 10512 N. Maple Ave	October 1, 2024
2008 F Convention Center 2017 A Various Refunding Bond	Fresno City Hall, 2600 Fresno Street	April 1, 2046
	Fire Station #16, 2510 N. Polk Ave	April 1, 2039
	Fresno Memorial Auditorium, 2425 Fresno Street	April 1, 2039
	Fresno Municipal Center, 1325 El Dorado Street	April 1, 2039
	Parking Garage #4, 1919 Tulare Street	April 1, 2039
	Parking Garage #8, 1077 Van Ness Ave	April 1, 2024
	Police Regional Training Center, 6375 W. Central Ave	April 1, 2039
	Selland Arena, 700 M Street	April 1, 2024
	Chukchansi Park, 1800 Tulare Street	April 1, 2031
	Valdez Hall, 702 M Street	April 1, 2039
2020 A Animal Services Center	Southern Portion of Woodward Park, 7775 N. Friant Road	April 1, 2024
	Fresno City Hall, 2600 Fresno St.	April 1, 2046
California Infrastructure & Development Bank		
Roeding Business Park Loan	City Hall Annex, 2326 Fresno Street	August 1, 2033
U.S. Department of Housing and Urban Development		
Neighborhood Streets & Parks Loan	Al Radka Park, 5897 E. Belmont Ave	August 1, 2022
	Jaswant Singh Khaira Park, 3861 W. Clinton Ave	August 1, 2022
	Todd Beamer Park, 1890 E. Plymouth Way	August 1, 2022
	Romain Playground, 745 N. First Ave	August 1, 2022

L. Significant Events of Default, Termination and Subjective Acceleration Clauses

The City's debt agreements contain the following terms regarding significant Events of Default, Termination and Subjective Acceleration Clauses:

Bonds

For all City bonds, an Event of Default is generally classified as one or more of the following (1) nonpayment or late payment of principal and/or interest due on the bonds, (2) failure to be in compliance with debt covenants and agreements, and (3) the City filing for bankruptcy. If an Event of Default occurs, the majority owners of the bonds (not less than 51%) may declare the principal amount of all bonds outstanding and the interest accrued on them to be due and payable immediately. This applies to all City bonds except for the Series 2003 Tax Allocation Bonds. Only 25% of bond owners are required to declare the bonds due and payable immediately.

The City's bond agreements do not contain Subjective Acceleration Clauses.

Notes & Loans

For City loans associated with the construction of Water Supply Disinfection Buildings, improvements to the Enterprise and Jefferson Canals, and the City's Water Meter Project, an Event of Default is generally classified as one or more of the following: (1) nonpayment of any installment when due, (2) failure to make any remittances required by the agreement, (3) substantial breach to the agreement, (4) making any false warranty, representation, or statement with respect to the agreement, and (5) loss, theft or damages to any collateral given as security under the agreement. In an Event of Default, the State of California may do any or all of the following: (1) declare the City's obligations due and payable immediately, (2) terminate any obligation to make further cash disbursements to the City, and (3) exercise all rights and remedies available to a secured creditor after default.

For City loans associated with the Southeast Surface Water Treatment Facility, the Regional Transmission Mains, the Enterprise Canal Raw Water Pipeline, the Kings River Pipeline, the Southwest Quadrant Recycled Water Distribution System, and the Tertiary Treatment Facility, the agreements can be terminated by the State Water Resources Control Board (SWRCB) if the City violates any material provision of the agreement. Some examples of violations would be if the City fails to notify the SWRCB of (1) principal and interest payment delinquencies, (2) unscheduled draws on debt service reserves, (3) bankruptcy or insolvency of the City. If a termination event occurs, the City can be demanded by the SWRCB to immediately repay an amount equal to the funds disbursed to them plus accrued interest and penalties.

For City loans associated with HUD Section 108, an Event of Default under these agreements is generally classified as one or more of the following: (1) failure to pay an installment of principal or interest due, (2) failure to properly comply with any covenant or condition of the agreement, and (3) failure to comply substantially with Title I of The Housing and Community Development Act of 1974. In an Event of Default, the Department of Housing and Urban Development Secretary may do any or all of the following: (1) use funds or security pledged under the agreement to (a) continue to make payments due on the note, (b) make an acceleration payment of the principal amount subject to Optional Redemption, (c) pay any interest due for late payment, or (d) pay any other expense incurred by the Secretary as a result of the City's default; (2) withhold the grants not yet disbursed; (3) direct the City's financial institution to refuse to honor any draws on the Guaranteed Loan Funds Account or the Loan Repayment Account by the City; (4) accelerate the note amount subject to Optional Redemption, and (5) exercise any other remedies available by law including recovery of Guaranteed Loan Funds or reimburse any expense incurred as a result of City's default.

For the City loan associated with Roeding Business Park, an Event of Default under this agreement is classified as one or more of the following: (1) failure to pay principal and interest on the loan, (2) the occurrence of an event of default with any parity debt or subordinate debt which causes all principal of parity or subordinate debt to become due and payable immediately, (3) failure to comply with any of the covenants or conditions of the agreement, (4) filing for bankruptcy, (5) any false representation by the City, and (6) failure to pay amounts due under any other City debt if unpaid amount shall exceed \$50,000. In an Event of Default, the California Infrastructure Bank may (1) declare the principal of the loan and the accrued interest on all unpaid balances to be due and payable immediately and (2) exercise any other remedies available by law.

The City's note and loan agreements do not contain Subjective Acceleration Clauses.

Capital Leases

For all City leases associated with Banc of America Public Capital Corp (BAPCC), an Event of Default is classified as one or more of the following: (1) failure to pay in full the rental payment due, (2) failure to comply with any covenant or agreement of the lease, (3) filing for bankruptcy, (4) any warranty, representation or statement made by the City to be found materially incorrect, (5) any default occurring under any other debt agreement the City has, and (6) the City selling, leasing, or encumbering any of the equipment under the lease. In an Event of Default, BAPCC may do any or all of the following: (1) immediately terminate the lease and repossess the equipment thereunder and (2) exercise any other remedies available by law.

For the City lease associated with Key Government Finance, Inc. an Event of Default is classified as one or more of the following: (1) failure to pay any rental payment, (2) failure to observe and perform any covenant or condition under the agreement, (3) any warranty, representation or statement made by the City to be found materially incorrect, and (4) filing for bankruptcy by the City. In an Event of Default, Key Government Finance, Inc. may do any or all of the following: (1) declare all rental payments and other amounts payable to the end of the then current budget year to be due, (2) retake possession of the property under the lease, (3) instruct the escrow agent to release all proceeds and any earnings thereon to Key Government Finance, Inc. and (4) take any action that is permitted by law to protect its rights under the agreement.

For the City's lease associated with Alliance Funding Solutions, Inc., an Event of Default is classified as one or more of the following: (1) failure to make rental payments when due, (2) failure to maintain insurance on lease property, (3) failure to perform or observe any obligations, covenants or conditions under the lease, (4) filing for bankruptcy by the City, and (5) any warranty, representation or statement made by the City to be found materially incorrect. In an Event of Default, lessor may do any or all of the following: (1) require the City to pay all amounts currently due and all payments remaining due during the fiscal year in which default occurs, (2) exercise any other remedies available under the law, (3) take possession of the equipment and sell or lease it to pay for past due lease payments owed by the City, (4) terminate the lease, and (5) terminate the escrow fund and apply any remaining amount to the balance owed by the City.

The City's capital lease agreements do not contain Subjective Acceleration Clauses.

Note 7. Interfund Activity

A. Due to/from Other Funds

Due to/from Other Funds represents short-term borrowings resulting from a fund's temporary need for additional cash. Primarily, these amounts have been recorded when timing differences between when the services are provided and when they are paid for/reimbursed causes the funds to temporarily overdraw their share of pooled cash. These balances are generally expected to be repaid within the next few months and not longer than a 12-month fiscal operating cycle.

The composition of interfund balances as of June 30, 2021, is as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 2,048
	Nonmajor Enterprise Funds	470
	Internal Service Funds	3,688
		<u>6,206</u>
Grants Special Revenue Fund	Internal Service Funds	<u>1,533</u>
Nonmajor Governmental Funds	Internal Service Funds	<u>1,814</u>
Internal Service Funds	General Fund	1,084
	Grants Special Revenue Fund	1
	Nonmajor Government Funds	593
	Water System	319
	Sewer System	294
	Solid Waste Management	1,098
	Transit	209
	Airports	86
	Nonmajor Enterprise Funds	265
	Internal Service Funds	24
		<u>3,973</u>
Total Due to/from Other Funds		<u><u>\$ 13,526</u></u>

B. Advances

Advances represent long-term borrowing between funds.

Fire Headquarters

In fiscal year 2018, the General Fund borrowed \$3.1 million from the Wastewater Operation Fund and the Sewer Stabilization Fund in order to provide sufficient funding for the purchase of the Fire Department's Headquarters Building. The governing resolution formalizing this advance was adopted by Council on May 10, 2018. The term of the advance is five years and the rate of interest is equal to the rate of interest paid on the City's pooled deposits and investments. As of the effective date of the agreement (June 25, 2018) the interest rate was 1.35%.

Fire Station No. 18

On November 14, 2019, a loan was executed between the City's UGM Area Wide Oversized Sewer fund, the City's UGM Wellhead Treatment Area 101S Fund, and the City of Fresno's Fire Station 18 Construction Fund, whereby funds were loaned to the Fire Station 18 Construction Fund to cover building costs of Fire Station 18. An amount not to exceed \$2.4 million was borrowed from the UGM Area Wide Oversized Sewer Fund and \$1.46 million was borrowed from the UGM Wellhead Treatment Area 101S Fund. The term of the loan will be not more than five (5) years and shall be repaid in full by July 31, 2024. Interest will accrue at a rate equal to the City's Pooled Investment Rate, which was 2.325% as of the effective date of the Loan Agreement. Each year, Fire Station 18 Construction Fund shall pay at least 1/5th of the principal balance of the loan plus interest accrued to the payment date. To the UGM Area Wide Oversized Sewer Fund, the annual principal payment is \$480,000, while the annual payment to the UGM Wellhead Treatment Area 101S Fund is \$291,450. As of June 30, 2021, \$3.9 million of proceeds from this loan had been transferred to the Fire Station 18 Construction Fund and \$0.7 million had been repaid.

Animal Shelter

On June 1, 2020, a loan was budgeted between the City's Water Enterprise Fund and the City of Fresno Animal Shelter Construction Fund, whereby funds were loaned to the Animal Shelter Construction Fund to cover building costs of a new Animal Shelter. An amount not to exceed \$18.54 million was budgeted to be borrowed from the Water Enterprise Fund. The term of the loan will be not more than five (5) years. Interest will accrue at a rate equal to the City's Pooled Investment Rate, which was 2.042% as of March 2020. Each year, the Animal Shelter Construction Fund shall pay at least 1/5th of the principal balance of the loan plus interest accrued to the payment date. During fiscal year 2021, bond proceeds from the 2020-A Animal Services Facility Lease Revenue Bonds became available to fund construction. As of June 30, 2021, no proceeds from the Water Fund had been or are expected to be transferred to the Animal Shelter Construction Fund.

DPU Facility

On April 1, 2021, a loan was executed between the City's Water Division and the Solid Waste Division, whereby \$3.7 million was loaned to the Solid Waste Division for the joint purchase of a facility to bring all Utilities services that can be merged into one facility. The term of the loan will be 5 years from the effective date of the loan, or April 1, 2026, and will accrue interest at a rate equal to the City's pooled rate, which was 1.78% as of the effective date of the loan agreement. The Solid Waste Division shall make principal payments in the amount of 1/10th of the loan amount and interest payments twice per year on October 1 and April 1 of each fiscal year. As of June 30, 2021, all \$3.7 million of proceeds from this loan had been transferred to the Solid Waste Fund and \$0 had been repaid.

Valley Inn

On June 29, 2021, a loan was executed between the City's Sewer Operations Fund and the General Fund, whereby \$10 million was loaned to the General Fund for the purchase of a local motel for the purpose of housing the City's homeless population, as well as providing rehabilitation and property management services. The term of the loan will expire on June 30, 2022 and will accrue interest at a rate equal to the City's pooled rate, which was 1.78% as of the effective date of the loan agreement. As of June 30, 2021, all \$10 million of proceeds from this loan had been transferred to the General Fund and \$0 had been repaid.

Redevelopment Agency

Advances over the years between the City and the former Redevelopment Agency (RDA) were made to provide funds for the purpose of eliminating blight and developing, constructing, rehabilitating, and revitalizing Fresno's inner city neighborhoods, downtown, and industrial areas. The advances had all been secured by and payable from the incremental property tax revenues of the redeveloped properties. Interest rates varied between 5% and 9%, with payments on the advances and related interest based upon budgetary priority as approved by the former RDA.

In June 2011, all California RDAs were required to dissolve effective February 1, 2012. The law dissolving the RDAs called for the creation of a Successor Agency (SA) to wind down RDA business.

The initial dissolution law provided that the SA would pay "enforceable obligations" of the former RDA. However, the law initially excluded debt a former agency owed to the city that created it from the definition of enforceable obligations, unless the debt was created in the first two years following the agency's creation or was debt that represented third party obligations. Subsequent legislation allowed limited, conditional repayment of loans by the SA to the community that created it.

When the RDA dissolution process began, City staff considered it to be premature to consider the debt owed by the former RDA to the City as being current. Thus, an allowance for doubtful accounts was created by the City, which at June 30, 2011, totaled \$80.1 million. This amount, which was equal to the calculated amount of the debt, was reflective primarily of principal and interest accrued over the years on the advances. As payments on the debt have been received and legal decisions have been rendered, which further defined an "enforceable obligation", staff revisited that initial

allowance for doubtful accounts amount and refined it. At the end of fiscal year 2021, the allowance for doubtful accounts stood at \$6.4 million.

As the funds are received, 20% of any loan repayment received by the City must be deducted from the loan repayment amount and be transferred to the Low and Moderate Income Housing Fund. In fiscal year 2021, this amount totaled \$0.8 million. The repayment is reflected on the ACFR on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds, under the Special Revenue Low and Moderate Income Housing Fund.

On June 23, 2016, the City Council approved a resolution requiring any amount of the annual repayments of RDA debt that are received and not related to Enterprise Funds related loans would go toward the rebuilding of the City's Emergency Reserve Fund. Through June 30, 2021, the City had received \$30.3 million in loan repayments from the SA. With the adoption of the fiscal year 2019 budget and the corresponding achievement of a 10% reserve, these repayments became a General Fund revenue source.

City of Fresno Advances to Former Redevelopment Agency (In Thousands)

Receivable Fund	Principal Cumulative				Interest Cumulative				Total		
	Beginning Balance	Advances/ Adjustments	Payments/ Write-offs	Ending Balance	Beginning Balance	Accruals/ Adjustments	Payments/ Write-offs	Ending Balance	Total Receivable	Allowance for Doubtful	Receivable (Net of Allowance)
General Fund:											
General Fund	\$ 838	\$ —	\$ —	\$ 838	\$ 596	\$ 25	\$ —	\$ 621	\$ 1,459	\$ (1,459)	\$ —
Parking Trust	150	—	—	150	107	5	—	112	262	(262)	—
	988	—	—	988	703	30	—	733	1,721	(1,721)	—
Grants Special Revenue Fund	6,655	—	(1,885)	4,770	8,394	143	(2,264)	6,273	11,043	(2,141)	8,902
Nonmajor Governmental Funds:											
Gas Tax											
	1,150	—	—	1,150	824	34	—	858	2,008	(2,008)	—
	1,150	—	—	1,150	824	34	—	858	2,008	(2,008)	—
Fresno Convention Center											
	304	—	—	304	210	9	—	219	523	(523)	—
	304	—	—	304	210	9	—	219	523	(523)	—
Total	\$ 9,097	\$ —	\$ (1,885)	\$ 7,212	\$ 10,131	\$ 216	\$ (2,264)	\$ 8,083	\$ 15,295	\$ (6,393)	\$ 8,902

Subsequent to fiscal year-end, the City received a reimbursement on loans made to the former RDA. The amount received was \$2.1 million, of which \$1.7 million was paid to the City and \$0.4 million was paid to the Housing Successor.

Redevelopment Agency - Housing Assets

The City became the "Housing Successor" of the former RDA's Housing Assets. These assets were transferred to the City, who has sole legal authority to administer housing assets pursuant to the Redevelopment Dissolution Laws. This allows the City to complete projects under contract, liquidate surplus real estate and distribute proceeds to taxing entities, pursue repayment of RDA obligations to the City, and administer housing assets.

Other Advances

The Sewer System sold land to the General Fund for the purpose of constructing a regional public safety training facility. Interest for the advance is equal to two percent (2%) above the City's monthly Pooled Investment Rate. The first interest only payment was due July 31, 2008. Principal, at not less than 1/29th of the original principal, and interest payments are due annually thereafter. The remaining advances are interest free and payable on demand. The amounts are not expected to be repaid within the next twelve-month fiscal operating cycle.

The composition of interfund balances (advances from/to other funds) as of June 30, 2021, is as follows (in thousands):

Receivable Fund	Payable Fund	Amount
Grants Special Revenue Fund	Fiduciary Funds	\$ 8,902
Nonmajor Governmental Funds	Nonmajor Governmental Funds	62
Water System	Nonmajor Governmental Funds	1,254
	Solid Waste	3,711
		<u>4,965</u>
Sewer System	General Fund	11,497
	NonMajor Governmental Funds	1,920
		<u>13,417</u>
Total Advances		<u><u>\$ 27,346</u></u>

C. Transfers

Transfers represent subsidies by one fund to another in accordance with the budget and provide for various City programs and provide resources for the payment of debt service.

The following is a summary of interfund transfers for the fiscal year ended June 30, 2021 (in thousands):

Receiving Fund	Paying Fund	Amount
General Fund	Grants Special Revenue Fund	\$ 71,681
	Nonmajor Governmental Funds	236
	Solid Waste Management	708
	Transit	597
	Internal Service Funds	1,765
		<u>74,987</u>
Grants Special Revenue Fund	General Fund	34
	Nonmajor Governmental Funds	46
		<u>80</u>
Nonmajor Governmental Funds	General Fund	25,840
	Grants Special Revenue Fund	1,166
	Nonmajor Governmental Funds	11,379
	Water System	383
	Sewer System	353
	Solid Waste Management	328
	Transit	867
	Airports	231
	Nonmajor Enterprise Funds	123
	Internal Service Funds	960
	<u>41,630</u>	
Water System	Grants Special Revenue Fund	<u>165</u>
Sewer System	Grants Special Revenue Fund	<u>165</u>
Transit	Grants Special Revenue Fund	<u>24</u>
Solid Waste Management	General Fund	703
	Grants Special Revenue Fund	208
	Nonmajor Enterprise Funds	959
	<u>1,870</u>	
Airports	Grants Special Revenue Fund	<u>46</u>
Fresno Convention Center	General Fund	<u>6,427</u>
Stadium	General Fund	<u>3,171</u>
Nonmajor Enterprise Funds	Grants Special Revenue Fund	62
	Internal Service Funds	685
		<u>747</u>
Internal Service Funds	General Fund	783
	Grants Special Revenue Fund	6,719
	Internal Service Funds	16
	<u>7,518</u>	
Total Transfers		<u>\$ 136,830</u>

The General Fund transferred \$25.8 million to Nonmajor Governmental Funds to provide support for debt service payments and capital projects; \$6.4 million to the Convention Center for debt service as well as general operating support; \$0.8 million to Internal Service Funds for provided services; \$0.7 million to Solid Waste for transverse charges and \$3.2 million to the Stadium Fund for debt service payments.

The Grants Special Revenue Fund transferred \$68.3 million to the General Fund, \$0.1 million to Nonmajor Governmental Funds, and \$7.4 million to Proprietary Funds for Coronavirus Aid Relief, and Economic Security (CARES) Act eligible expenses.

Nonmajor Governmental Funds transferred \$11.7 million for debt service and miscellaneous purposes. Internal Service Funds transferred \$1.0 million to Nonmajor Governmental Funds for debt service payments. Enterprise Funds transferred \$2.3 million to Nonmajor Governmental Funds for debt service payments.

D. Recap of Interfund Activity

The following schedule recaps Interfund Activity at June 30, 2021 (in thousands):

	Due from Other Funds	Due to Other Funds	Advances Receivable from Other Funds	Advances Payable to Other Funds	Transfers In	Transfers Out
Governmental Funds:						
General Fund	\$ 6,206	\$ 1,084	\$ —	\$ 11,497	\$ 74,987	\$ 36,958
Grants Special Revenue Fund	1,533	1	8,902	—	80	80,236
Nonmajor Governmental Funds	1,814	2,641	62	3,236	41,630	11,661
Total Governmental Funds	9,553	3,726	8,964	14,733	116,697	128,855
Proprietary Funds:						
Water System	—	319	4,965	—	165	383
Sewer System	—	294	13,417	—	165	353
Solid Waste Management	—	1,098	—	3,711	1,870	1,036
Transit	—	209	—	—	24	1,464
Airports	—	86	—	—	46	231
Fresno Convention Center	—	—	—	—	6,427	—
Stadium	—	—	—	—	3,171	—
Nonmajor Enterprise Funds	—	735	—	—	747	1,082
Internal Service Funds	3,973	7,059	—	—	7,518	3,426
Total Proprietary Funds	3,973	9,800	18,382	3,711	20,133	7,975
Fiduciary Funds:						
Major Governmental Funds	—	—	—	8,902	—	—
Total Fiduciary Funds	—	—	—	8,902	—	—
Total	\$ 13,526	\$ 13,526	\$ 27,346	\$ 27,346	\$ 136,830	\$ 136,830

Note 8. Defeasances

Current Year Defeasances

On December 10, 2020, the City defeased the remaining \$27,635,000 on the Series 2010 A-1 Water System Revenue bonds. The majority of the funding for the defeasance came directly from City funds with the remaining amount coming from the bonds' reserve balance and interest earnings.

In September 2020, the City funded an irrevocable escrow account with \$6,387,329 in order to prepay the City's Airport 2007, 2013 & 2019 bonds debt service for fiscal year 2021 only. The prepayment was done in order to ensure Airports stayed in compliance with its debt service coverage test in light of a decline in operating revenues resulting from the COVID pandemic. In order to mitigate the risk of technical default on their bonds, the City executed the prepayment. The Bonds were not defeased pursuant to the terms of their indentures. The \$6.38 million prepayment was funded by \$1.6 million in Passenger Facility Charges (PFC) from the PFC Debt Service Escrow Fund and \$4.8 million from the Airports' unrestricted cash, as supplemented by \$3.2 million of Airports' dedicated CARES allocation.

Note 9. Risk Management Fund

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; automobile liability and accident claims; natural disasters; employee health benefit claim payments; and injuries to employees (workers' compensation). With certain exceptions, it is the policy of the City to use a combination of self-insurance and purchased commercial insurance against property, liability, or workers' compensation risks. The City believes it is more economical to manage its risks internally and set aside funds as needed for estimated current claim settlements and unfavorable judgments through annual appropriations and supplemental appropriations. The City maintains limited coverage for certain risks that cannot be eliminated. The Risk Management Division investigates and manages all liability claims and property losses, evaluates risk exposure and insurance needs, protects against contractual loss by reviewing/preparing insurance and indemnification portions of contractual documents, emphasizes ongoing operational loss control, and purchases all insurance coverage for the City.

The City maintains General Liability insurance, with limits of liability of \$25 million per occurrence and \$35 million aggregate in Excess Liability coverage. There is a \$5 million self-insured retention (SIR). Coverage is provided by the Safety National Insurance Company (\$2 million/\$4 million) or Safety Specialty (\$2 million), depending on the line of coverage, and thereafter Safety Specialty Insurance Company (\$3 million/\$6 million), Allied Insurance Company (\$10 million/\$10 million), Hallmark Insurance (\$5 million / \$5 million) and Gemini Insurance (\$5 million/\$5 million). The City has procured Automobile Physical Damage coverage through Hanover Insurance Company with a \$10 million limit. For this policy, the deductible is \$50,000 for vehicles valued at less than \$150,000, while the deductible is \$100,000 for vehicles valued at \$150,000 or more. The City carries Government Crime coverages with a \$5 million limit secured through Zurich Insurance Company with a \$50,000 deductible and Cyber liability coverage under Indian Harbor with a \$500,000 SIR and a \$5 million limit. The City also maintains Airport Owners and Operators General Liability insurance and Aviation (Aircraft Liability), with limits of liability of \$100 million. There is no deductible or SIR. Coverage is provided by Old Republic Insurance Company through Phoenix Aviation Managers (Texas), Inc.

Furthermore, the City maintains Property insurance and Boiler and Machinery insurance with Travelers Insurance, with total insured values of \$2,075,298,620 and limits of liability of \$500,000,000. There is a \$100,000 deductible for most losses. Flood losses have a \$250,000 deductible. Property insurance does not cover losses due to seismic events. Finally, the City maintains Aviation (Aircraft Hull) insurance for two helicopters, with limits of liability of \$50 million. There is a 1.0% of insured value each claim, subject to a maximum of \$15,000, rotors in-motion deductible and \$0 rotors not in-motion deductible of each helicopter. Coverage is provided by Old Republic Insurance Company through Phoenix Aviation Managers (Texas), Inc.

The City's Workers' Compensation Program consists of \$2 million SIR, with purchased excess insurance layers up to the statutory limits. Settled claims have not exceeded the SIR in any of the last five fiscal years. The claims liabilities and workers' compensation liabilities reported on the Statement of Net Position have been actuarially determined and include an estimate of incurred but not reported losses.

The estimated liabilities of the Risk Management ISF as of June 30, 2021 are determined by the City based on recommendations from an independent actuarial evaluation. The liabilities are based on estimates of the ultimate cost of claims (including future claim adjustments expenses) that have been reported but not settled, and claims that have been incurred but not reported (IBNR). The claims liability of \$185.7 million reported in the Risk Management Internal Service Fund at June 30, 2021 is based on the requirement that claims be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

The recorded liabilities for each program at June 30, 2021 are as follows (in thousands):

Workers' Compensation *	\$	134,950
Liability and Property Damage *		<u>50,783</u>
Total	\$	<u><u>185,733</u></u>

* The liabilities for workers' compensation and general liability are presented at present value, using a discount rate of 3%.

Changes in the funds claims liability amount for the last two fiscal years are as follows (in thousands):

Fiscal Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Fiscal Year Liability
2020	\$ 128,390	\$ 43,995	\$ 22,077	\$ 150,308
2021	\$ 150,308	59,722	24,297	185,733

See Note 10 (G) on page 148 for changes in funds claims liability related to Employees Healthcare Plan.

Note 10. Employee Benefit Programs

A. Retirement Plans

The City sponsors two single-employer, contributory, defined benefit pension plans. The City of Fresno Employees Retirement System and the City of Fresno Fire and Police Retirement System (Systems) were established under Charter Section 910 and are governed by Article 5 Chapter 3 (Employees) and Articles 3 and 4 Chapter 3 (Fire and Police) of the City of Fresno Municipal Code, respectively. The Systems provide lifetime retirement, disability, and death benefits to its members.

The Systems are administered by their respective Retirement Boards (Boards) which operate in compliance with the City of Fresno Municipal Code, and also in accordance with the California Pension Protection Act of 1992. The Boards do not operate under the control of the City Council. Rather, the Boards have the sole and exclusive responsibility to administer the respective Systems in a manner that will assure prompt delivery of benefits and related services to the members and their beneficiaries.

Membership and Benefit Eligibility

All permanent full-time employees of the City, except sworn Fire and Police personnel, are eligible to participate in the Employees' plan. The Fire and Police is one System with two tiers. Effective August 28, 2008, the City of Fresno added the Fire and Police Tier 2 for all full-time sworn Fire, Police and Airport safety personnel hired on or after that date (and closed the Fire and Police Tier 1 to new entrants). Employees become eligible for membership on their first day of full-time regular employment, and become fully vested after earning 5 years of service credit. Employees working in limited, interim, provisional, temporary, seasonal or part-time positions are not eligible to participate in the Systems. Participation is mandatory if an employee is eligible, except in the case of the City Manager, City Attorney, City Clerk, Department Heads and Council Assistants who may negotiate other retirement benefits if such an agreement is established by resolution of the Council as provided for in the Fresno Municipal Code (FMC) Section 5-318.

Total participants in each System were comprised of the following, as of June 30, 2021:

	Employees	Fire & Police	Total
Active Members			
Vested	1,319	845	2,164
Non-Vested	994	240	1,234
Total Active Members	2,313	1,085	3,398
Retirees and Beneficiaries of Deceased Retirees			
Retirees, Currently Receiving Benefits	2,129	1,125	3,254
Inactive Vested Members	248	90	338
Total Retirees and Inactive Members	2,377	1,215	3,592
Grand Total	4,690	2,300	6,990

Benefit Provisions

The retirement (pension) benefits that Employees members receive are based upon a combination of age at retirement, years of credited service, final average monthly salary, and the distribution option selected by the participant. For Fire and Police, the benefits are further based upon the tier and option selected by the participant. Members' contributions, including interest, are 100% vested at all times. Employer contributions do not become vested until completion of five years of credited service, and are not payable until the member attains the age of 55. Effective January 28, 2008, members may retire between ages 50-55 with an actuarially equivalent service retirement benefit. For Fire and Police, the employer contributions do not become vested until completion of ten years of credited service under Tier 1 and five years of credited service under Tier 2. Those benefits are not payable until the member attains the age of 50 under both tiers. Contributions are made by the members and the employer at rates recommended by the Systems' actuary and adopted by the Boards.

Member Retirement Benefits

Employee members are eligible for service retirement benefits upon completion of at least five years of service upon termination of service (if they have left their contributions and interest with the System) and are at least age 55. They are also eligible if their permanent termination from City service was caused by a layoff. In those cases, they can retire at age 50 at a reduced benefit. They may also be eligible for service retirement benefit if they have less than five years of service with the City, have established reciprocity with a prior employer, and are eligible to retire from that agency.

The service retirement monthly benefit calculated pursuant to the provisions of the Fresno Municipal Code is equal to 2% of final compensation times each of the first 25 years of accrued retirement service credit plus 1% of final compensation times any years of accrued retirement service credit in excess of 25 years, multiplied by the age factor at retirement age. Final average compensation consists of the highest average consecutive 36 months of earnable compensation calculated using the rate of pay in effect at the time of retirement.

Fire and Police members of Tier 1 are eligible to retire once they attain the age of 65 regardless of service, or at age 50 and have acquired ten or more years of retirement service credit. The Tier 1 monthly benefit for a member with at least 20 years of service who retires from active status is equal to 55% of final compensation plus 2% of final compensation for each year of service in excess of 20 years completed after age 50. For Tier 1, final average compensation consists of the final highest consecutive 36 months of compensation earnable calculated using the rate of pay actually earned by the member in effect at the time of retirement. Some members can elect to have their final compensation based on a rank average. Members of Tier 2 are eligible to retire once they attain the age of 65 regardless of service or at age 50 and have acquired 5 or more years of retirement service credit. The Tier 2 monthly benefit for a member who is age 55 or older is equal to 2.70% of final compensation times years of accrued retirement service credit. The maximum monthly retirement allowance is 75% of final compensation. Tier 2 final average compensation consists of the highest consecutive 36 months of compensation earnable before the date of retirement.

The members of each System may elect an unmodified retirement allowance, or choose one of four optional retirement allowances. Each of the optional retirement allowances require a reduction in the unmodified retirement allowance in order to allow the members the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member. For Employee members, the unmodified retirement allowance provides the highest monthly benefit and 50% continuance to an eligible surviving spouse or domestic partner. For Fire and Police members, the unmodified retirement allowance also provides the highest monthly benefit and a 66 2/3% continuance to an eligible surviving spouse or domestic partner.

The Municipal Code provides that the Retirement staff must research the percentage change in the Consumer Price Index (CPI) (US city-average for urban wage earners and clerical workers - all items) and propose that percentage to the appropriate Boards as the cost-of-living adjustments (COLA) to be adopted for the following year. This procedure must be completed by the end of April of each year for implementation in July (employees) or January (public safety). The COLA is limited to a 5% maximum change per year (employee) or 3% maximum change (public safety). Any excess over the maximum change is “banked” for use in a year where the percent of CPI change is less than the maximum.

The Fire and Police Tier 1 COLA depends on the type of method chosen by the member at retirement. If the member chose the Career Rank method, the COLA is a recalculation of his/her retirement based on the new salaries adopted for the current year. If the method chosen by the retiree is the final 3-year method, the COLA is based on the change in the weighted mean average compensation attached to all ranks in the department, with a cap of 5% per year. Any excess over the 5% is “banked” for use in years when the COLA calculated is less than 5%.

Each System also has a Deferred Retirement Option Program (DROP), which is an optional voluntary program that allows the member to have his or her retirement benefits deposited in a special account within the Systems while the member continues to work in his or her current position. It is a voluntary method of receiving a distribution of their retirement benefits; it is not an additional retirement benefit. Additional information on DROP may be found in the ACFR for each respective System.

Terminated Member Benefits

If a member terminates before earning five years of credited service, the member forfeits the right to receive his or her service retirement benefit and is entitled to withdraw refundable contributions made, together with accumulated interest. If the member enters a reciprocal retirement system within 180 days (6 months) of terminating employment with the City and elects to leave their accumulated contributions on deposit with the System, then the member will receive a deferred retirement allowance when eligible.

Death and Disability Benefits

Death benefits are based upon whether the death occurred before or after retirement. Disability benefits are based upon whether the member has at least ten years of credited service, over or under age 55 and whether the permanent incapacity is found to be service or non-service connected.

Basis of Accounting

The Systems' financial statements are prepared using the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America (GAAP), under which revenues are recognized when earned and deductions are recorded when the liability is incurred. Securities lending transactions are accounted for in accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*.

Valuation of Investments

For financial reporting purposes, the Systems' investments are reported at fair value. Fair value for investments of publicly traded securities is based upon closing sales prices reported on recognized securities exchanges on the last business day of the period or, for listed securities having no sales reported and for unlisted securities, based upon last reported bid prices. All purchases and sales of securities are accounted for on a trade date basis. Dividends declared but not received are accrued on the ex-dividend date. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Investments in both bonds and mortgage backed pass-through certificates are carried at fair value. Cost values are derived from Master Custodial Transaction Records. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

For asset/liability calculation purposes and for actuarial purposes, asset valuation is based on market value of assets less unrecognized returns from each of the last five years. Unrecognized returns are equal to the difference between the actual market return and the expected return on a market value basis and are recognized over a five-year period. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves.

Rate of Return

For the fiscal year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of investment expense was 30.43%, for the Employees and Fire and Police. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Reporting

The following data is for employer reporting as required by GASB Statement No. 68 as of June 30, 2021. The results used in preparing the GASB Statement No. 68 report are comparable to those used in preparing the GASB Statement No. 67 report for the plan based on a reporting date and measurement date as of June 30, 2020. The valuation is based upon:

- The benefit provisions of the Systems as administered by the Boards;
- The characteristics of covered active members, terminated vested members, and retired members and beneficiaries as of June 30, 2020;
- The assets of each Plan as of June 30, 2020;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee termination, retirement, death, etc.

The Total Pension Liability (TPL) and the Plans' Fiduciary Net Positions include liabilities and assets held for DROP, Post-Retirement Supplemental Benefits (PRSB) and City Surplus reserves. The Net Pension Liability (NPL) is equal to the difference between the TPL and the each Plan's Net Position. Each Plan's Fiduciary Net Position is equal to the market value of assets and, therefore, the NPL measure is very similar to an Unfunded/(Prefunded) Actuarial Accrued Liability calculated on a market value basis. The NPL was measured as of June 30, 2020 and determined from the actuarial valuations as of June 30, 2020. The Plans' Fiduciary Net Positions (Plan Assets) were valued as of the measurement dates. Consistent with the provisions of GASB Statement No. 68, the assets and liabilities measured as of June 30, 2020 were not adjusted or rolled forward to the June 30, 2021 reporting date. The discount rates used for each Plan to determine the TPL and NPL as of June 30, 2020 was 7.00%, following the same assumptions used by the Retirement Systems in the funding valuations as of the same dates.

Funding Policy

The City contributes to the retirement plans based upon actuarially determined contribution rates adopted by the Boards. Employer contribution rates are adopted annually based upon recommendations received from the Retirement Systems' actuary after the completion of the annual actuarial valuation.

For the Employees System, the average employer contribution rate as of June 30, 2021, for 2020-2021 (based on the June 30, 2019 valuation) was 13.03% of compensation. The average employee member contribution rate as of June 30, 2021 for 2020-2021 (based on the June 30, 2019 valuation) was 9.04% of compensation.

For the Fire and Police System, the average employer contribution rate as of June 30, 2021, for 2020-2021 (based on the June 30, 2019 valuation) was 22.81% of compensation. The average employee member contribution rate as of June 30, 2021 for 2020-2021 (based on the June 30, 2019 valuation) was 8.89% of compensation.

All active Fire and Police members are required to make contributions to the System. Employee contribution rates vary in the First Tier according to entry age. The Tier 1 average member contribution rate as of June 30, 2021 for 2020-2021 (based on the June 30, 2019 valuation) was 0.00% of compensation. Employee contribution rates in the Second Tier are established at 9% of pensionable base pay.

The aggregate employer contribution rate for the Fire and Police System as of June 30, 2021 for 2020-2021 (based on the June 30, 2019 valuation) was 22.82% of compensation.

Actuarial Funding Policy and Actuarial Cost Methodology for Funding Purposes

The City currently funds, at a minimum, the amounts recommended by the actuary and approved by the Boards. These minimum contributions are recognized currently in each System's statement of changes in fiduciary net position. Employees' contributions are funded and recognized currently through payroll deductions in amounts recommended by the actuary. Costs of administering the System are charged against System assets.

Funding Status and Method

The Employees System Board adopted a Comprehensive Actuarial Funding Policy on November 7, 2012. For the Employees Retirement System, this policy included a change in actuarial cost methodology from the Projected Unit Credit (PUC) method previously used for funding purposes to the Entry Age Normal (EAN) method.

On the same date, the Fire and Police Board adopted a Comprehensive Actuarial Funding Policy. For the Fire and Police Retirement System, this policy included a change in actuarial cost methodology from the aggregate EAN funding method to the individual EAN method. The Boards made the change due to the adoption of GASB Statement No. 67 in fiscal year 2014.

Funding Requirements and Policy Components

The Systems' annual funding requirements are comprised of a payment of the Normal Cost and a payment on the Unfunded Actuarial Accrued Liability (UAAL), if applicable. The Normal Cost and the amount of the payment on UAAL are determined by three components of the respective Board's funding policy: 1) Actuarial Cost Method - the techniques used to allocate the cost/liability of retirement benefits to a given period; 2) Asset Smoothing Method - the techniques that spread the recognition of investment gains or losses over a period of time for the purposes of determining the Actuarial Value of Assets used in the actuarial valuation process; and 3) Amortization Policy - the decisions on how, in terms of duration and pattern, to fund the difference between the UAAL and the Actuarial Value of Assets in a systematic manner.

As of June 30, 2021, the Systems did not have UAAL.

The Boards adopted an Amortization Policy, which sets forth the amortization procedures for funding any UAAL or amortization and allocation of any available Surplus in the Systems. A detailed

description of the policy can be found in the Notes to the Financial Statements for the Retirement Systems, which are located at <http://www.cfrs-ca.org/Employee/Communications/Reports.asp> for the Employees System or at <http://www.cfrs-ca.org/Fire-Police/Communications/Reports.asp> for the Fire and Police System.

The Systems use a 5-year smoothing of market gains and losses above and below the assumed actuarial rate of return to derive the actuarial value of assets. As of the fiscal year ended June 30, 2021, the actuarial valuation value of the Employees' System assets was \$1.380 billion with a funded percentage of 116.0% on a valuation value of assets, whereas the actuarial value of Fire and Police assets was \$1.696 billion with a funded percentage of 121.6% on a valuation value of assets.

Contributions Required and Contributions Made

The employer's required normal contributions to the Systems have two components: basic and COLA. For fiscal year 2021, the City's required normal contributions (basic and COLA) to the Systems were as follows (in thousands):

	Normal Cost Employees System	
	FY 2021	
Employer Contributions	\$	20,594
Prior Year Contribution (Surplus)/Shortfall		(450)
Net Employer Contributions	\$	20,144
Pensionable Payroll	\$	154,031
Member Contributions	\$	13,750
Employer Contribution Rate		13.37%

Employer and employee contributions represented 13.03% and 9.04% respectively, of the fiscal year 2021 covered payroll for the Employees System.

	Normal Cost Fire and Police System (In Thousands)		
	FY 2021		
	Tier 1	Tier 2	Total
Employer Contributions	\$ 871	\$ 28,897	\$ 29,768
Prior Year Contribution (Surplus)/Shortfall	(220)	(3,233)	(3,453)
Net Employer Contributions	\$ 651	\$ 25,664	\$ 26,315
Pensionable Payroll	\$ 3,293	\$ 112,049	\$ 115,342
Member Contributions	\$ 195	\$ 10,062	\$ 10,257
Employer Contribution Rate	29.55%	25.79%	

Employer and employee contributions represented 22.81% and 8.89%, respectively, of the fiscal year 2021 covered payroll for the Fire and Police System.

Net Pension Asset

The net pension liability (asset) reported as of June 30, 2021 was measured as of June 30, 2020, and determined based upon the total pension liability (on GASB Statement No. 68 basis) from actuarial valuations as of June 30, 2020.

The City's total pension liability, plan fiduciary net position, and net pension liability (asset) for each System as of June 30, 2021 were as follows (in thousands):

	Employees System	Fire and Police System
Total Pension Liability	\$ 1,337,308	\$ 1,565,631
Plan Fiduciary Net Position	<u>(1,360,837)</u>	<u>(1,635,300)</u>
Net Pension Liability (Asset)	<u>\$ (23,529)</u>	<u>\$ (69,669)</u>
 Plan Fiduciary Net Position as a percentage of the total pension liability	 101.76%	 104.45%

Changes in Net Pension Liability (Asset)

The components of the net pension liability (asset) for each System as of June 30, 2021 and a measurement date of June 30, 2020 were as follows (in thousands):

	Employees System	Fire and Police System
Total Pension Liability (Asset)		
Beginning Balance	\$ 1,278,096	\$ 1,504,129
Service Cost	28,762	37,619
Interest	89,222	105,570
Differences Between Expected & Actual Experience	5,748	260
Benefit Payments, Including Refunds	(64,519)	(67,202)
Changes of Assumptions	—	(14,745)
Net Change in Total Pension Liability	59,213	61,502
Ending Balance	\$ 1,337,309	\$ 1,565,631
Plan Fiduciary Net Position		
Beginning Balance	\$ 1,379,415	\$ 1,647,800
Contributions - Employer	16,554	22,324
Contributions - Employee	11,028	10,012
Net Investment Income	20,109	24,206
Benefit Payments (Including Refunds, PRSB)	(64,519)	(67,202)
Administrative & Professional Expense	(1,749)	(1,839)
Net Change in Plan Fiduciary Net Position	(18,577)	(12,499)
Ending Balance	1,360,838	1,635,301
Net Pension Liability (Asset)	\$ (23,529)	\$ (69,670)

Discount Rate and Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The discount rate used to measure the TPL was 7.00% and 7.00% as of June 30, 2020 and June 30, 2019, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only 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 on those assumptions, the pension Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both June 30, 2020 and June 30, 2019.

The following presents the NPL of the Employees and Fire and Police Retirement Systems as of June 30, 2020. The Systems use the current discount rate to measure the TPL for the measurement date of June 30, 2020, as well as what the NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

NPL of Employees and Fire and Police Retirement Systems			
As of June 30, 2020			
(In Thousands)			
	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Employees System	\$ 132,560	\$ (23,529)	\$ (151,412)
Fire and Police System	146,017	(69,669)	(242,897)

Long-Term Expected Real Rate of Return

The long-term expected rate of return on the Systems' investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and net of inflation) are developed for each major asset class. This information is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expense, used in the derivation of the long-term expected rate of return assumption are summarized in the following table:

**Asset Class/Target Allocation/Long-Term Expected
Rate Return Table**

As of June 30, 2021

Asset Class	Target Asset Allocation	Weighted Average Long-Term Expected Rate of Return (Arithmetic)
Large Cap U.S. Equity	15.8%	5.44%
Small Cap U.S. Equity	7.2%	6.18%
Developed International Equity	19.0%	6.54%
Emerging Market Equity	6.0%	8.73%
Private Equity	5.0%	9.27%
Domestic Fixed Income	10.0%	1.42%
High Yield Bonds	5.0%	3.64%
Private Debt/Direct Lending	8.0%	5.54%
Midstream Energy	5.0%	6.24%
Real Estate	15.0%	4.6%
Private Real Assets - Infrastructure/Land	4.0%	4.89%
Total	100.0%	

Mortality Rates

For the Employees System, the mortality rates used in the latest actuarial valuation are based on Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) times 105% for healthy members and beneficiaries, projected generationally with the two-dimensional mortality improvement scale MP-2018. For disabled members, the mortality rates used in the latest actuarial valuation are based on Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2018.

For the Fire and Police System the mortality rates used in the latest actuarial valuation are based on Pub-2010 Safety Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) for healthy members, projected generationally with the two-dimensional mortality improvement scale MP-2018. For Beneficiaries, Pub-2010 General Healthy Retiree Amount Weighted Mortality Table (separate tables for males and females) times 105%, projected generationally with the two-dimensional mortality improvement scale MP-2018. For disabled members, Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with the two dimensional mortality improvement scale MP-2018. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Actuarial Assumptions

The TPL as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2020. The actuarial assumptions used in the valuation were based on the results of an experience study for the period from July 1, 2015 through June 30, 2018.

In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.75% to 11.25%, varying by service, including inflation (Employees). 4.00% to 12.75%, varying by service, including inflation (Fire and Police).
Investment rate of return	7.00%, net of pension plan investment expense, including inflation.
Other assumptions	See the Employees' Plan and the Fire and Police Plan June 30, 2021 Actuary Reports for the service retirement rates after they have been adjusted to treat DROP participation as service retirement.

Net Position Restricted for Pension Benefits

Net position restricted for pension benefits is segregated into Active Members Reserve (members' accumulated contributions) and reserves established by the Boards for various benefit payments. Reserves are established by the Systems from member and employer contributions and the accumulation of investment income after satisfying investment and administrative expenses.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ending June 30, 2021, the City incurred a pension expense of \$41.7 million for the employees Plan and \$52.8 million for the Fire and Police Plan for a total pension expense of \$94.5 million.

As of June 30, 2021, the City has deferred outflows and deferred inflows of resources related to the pensions as follows:

Pension Expense and Deferred Outflows and Inflows of Resources

(in thousands)

Components of Pension Expense	Employees System	Fire and Police System
Service cost	\$ 28,762	\$ 37,619
Interest on the total pension liability	89,222	105,570
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	1,592	57
Actual member contributions	(11,028)	(10,012)
Projected earnings on plan investments	(95,205)	(114,061)
Expensed portion of current-period differences between actual and projected earnings on plan investments	15,019	17,971
Expensed portion of current-period effects of Assumption Changes	—	(3,248)
Administrative expense	1,749	1,839
Recognition of beginning of year deferred outflows of resources as pension expense	32,559	44,691
Recognition of beginning of year deferred inflows of resources as pension expense	(20,941)	(27,586)
Pension Expense	\$ 41,729	\$ 52,840

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred Outflows of Resources		
Contributions subsequent to Measurement Date	\$ 19,159	\$ 24,533
Changes of assumptions or other outputs	17,518	33,976
Difference between expected and actual experience in the Total Pension Liability	4,156	4,092
Net difference between projected and actual earnings on pension plan investments	53,030	63,527
Deferred Outflows of Resources	\$ 93,863	\$ 126,128
Deferred Inflows of Resources		
Changes of assumptions	—	11,497
Difference between expected and actual experience in the Total Pension Liability	953	4,159
Deferred Inflows of Resources	\$ 953	\$ 15,656

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

2021	N/A	N/A
2022	\$ 11,381	\$ 11,182
2023	25,963	28,705
2024	21,388	29,804
2025	15,019	16,248
Thereafter	—	—

Any differences between projected and actual investment earnings on pension plan investments are recognized over a period of five years beginning with the year in which they occur. Differences between expected and actual experiences are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through the Retirement Systems determined as of June 30, 2019 (the beginning of the measurement period ending June 30, 2020) and is 3.61 years for the Employees System and 4.54 years for the Fire & Police System.

Administrative Expenses

The Fresno Municipal Code (FMC) provides that all administrative costs of the Systems shall be a charge against the assets of the Systems. Per the FMC, the Administrative expenses are a component of the City's contribution calculation.

The Systems issue publicly available financial reports that include financial statements and required supplementary information for the Employees Retirement System and the Fire and Police Retirement System. The reports may be obtained by writing the City of Fresno Retirement Office, 2828 Fresno Street, Suite 201, Fresno, California 93721, or by visiting:

<https://www.cfrs-ca.org/employee-retirement-system/ers-financial/> for the Employee System, or
<https://www.cfrs-ca.org/fire-and-police-retirement-system/financial/> for the Fire and Police System.

Successor Agency Retirement Plan

The Successor Agency participates in a public agency cost-sharing multiple-employer defined benefit pension plan (the Plan) administered by the California Public Employees' Retirement System (CalPERS). Employer contribution rates are determined on an annual basis by an actuary and are effective on the July 1 following notice of a change in the rate.

The Plan fiduciary net position disclosed in the Successor Agency's accounting valuation may differ from the Plan assets reported in the Successor Agency's funding actuarial valuation report due to CalPERS keeping various items included in its fiduciary net position which are excluded for rate setting purposes in the Successor Agency's funding actuarial valuation. Differences may also result from timing of financial reporting by CalPERS and final reconciled reserves.

As of the beginning of the measurement period (July 1, 2020), the net pension liability for the Plan is \$523,185. For the measurement period ended June 30, 2021 (the measurement date), the net pension liability for the Plan is \$574,573 and the Successor Agency incurred pension expense of \$89,184 for the Plan.

As of June 30, 2021, the Successor Agency reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$ 45	\$ —
Difference between expected and actual experience	—	(30)
Changes in assumptions	—	4
Net difference between projected and actual earnings on pension plan investments	17	—
Changes in employer's proportions	30	—
Difference between the employer's contributions and the employer's proportionate share of contributions	—	56
Total	<u>\$ 92</u>	<u>\$ 30</u>

For more detailed information related to the Successor Agency's retirement plan, refer to the Successor Agency's separate audited financial statements which can be obtained by contacting the Successor Agency at 2344 Tulare Street, Suite 200, Fresno, CA 92721.

B. Deferred Compensation Plan

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code (IRC) Section 457. The deferred compensation plan (the Plan), available to all permanent full-time and part-time employees and Council Members, permits deferral of a portion of the employee's salary into a tax-deferred program. The deferred compensation is not available to employees or other beneficiaries for withdrawal until termination, retirement, death, or unforeseeable emergency, or loan program. Upon separation from employment with the City, an individual may roll over their deferred account into another IRS Allowable Plan or, upon receipt, the distribution will become taxable.

The Deferred Compensation Board contracted with Fidelity Management Trust Company (Fidelity) as the trustee and plan administrator. The City's Retirement System Administration assists Fidelity in the administration of the Plan. In addition to the Retirement Office, City staff in the Payroll section of the Finance Department, the City Attorney's Office, and Information Services Department all assist in the administration of the Plan. The City has no fiduciary accountability for the Plan. Accordingly, the Plan assets and related liabilities to Plan participants are not included in the basic financial statements.

C. Compensated Absences

Vacation pay, which may be accumulated up to 600 hours depending on an employee's bargaining group and length of service, is payable upon termination. Sick leave, which may be accumulated up to 12 hours per month, has no maximum. If eligible, most bargaining units receive a portion of the value of their sick leave balance at termination in their Health Reimbursement Account (HRA). Otherwise, employees do not receive any value from their sick leave balances at termination.

Annual leave, which may be accumulated up to 1,200 hours, depending upon bargaining unit and length of service, is payable upon termination or retirement. Holiday leave may be accumulated indefinitely depending upon the bargaining groups and is payable for active employees as well as at termination or retirement. Annual leave allows for the cashing out of the higher of 10% of the accumulated balance or 48 hours, once per fiscal year. Supplemental sick leave is awarded to unrepresented management, professionals and to white collar employees at the rate of 40 hours at the beginning of each fiscal year. The balance can only be used after other leave balances are exhausted, or for other specific reasons outlined in the various Memoranda of Understanding (MOU's) or the current Salary Resolution. The balance is payable at termination/retirement or is accounted for as part of an HRA which is unfunded and expended on a pay-as-you-go basis.

Starting in fiscal year 2006, some bargaining units selected to account for some or all of their sick leave and supplemental sick leave balances as an HRA. The book value of these balances is accounted for (by employee) in off-line spreadsheets, administered by HealthComp, is given credit for calculated interest, and is used to pay health premiums for the employee, their spouse and

dependents until their individual balance is exhausted. The HRA is not held in a trust, but is funded on a pay-as-you-go-basis.

The portion of the City's obligation relating to employees' rights to receive compensation for leave balances attributable to services already rendered is accrued when incurred in the Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. Compensated absences upon termination are funded through a cost allocation formula which is based upon a citywide history of payouts (approximately \$2 million per year). Accruals are reviewed by bargaining unit and the \$2 million base is allocated in proportion to each unit's current liability for a contribution per unit cost. This unit cost is then converted to a cost per employee and becomes part of the budgeted employee service cost in each department's annual base budget.

Accrued Employee Leave balances as of June 30, 2021, are as follows (in thousands):

Department/Activity	Total Accrued Vacation, Sick Leave, and HRA	Current Portion
Governmental Activities:		
General Fund	\$ 62,841	\$ 9,303
Grants Special Revenue Fund	962	89
Special Gas Tax	873	78
Measure C	1,542	192
Community Services	402	69
Special Assessment	102	30
General Services	3,502	363
Risk Management	154	38
Total Governmental Activities	\$ 70,378	\$ 10,162
Business-Type Activities:		
Water System	2,281	290
Sewer System	2,139	321
Solid Waste Management	1,596	290
Transit	3,193	702
Airports	1,856	299
Convention Center	28	—
Community Sanitation	497	50
Parks and Recreation	6	1
Billing and Collection	1,933	132
Total Business-Type Activities	\$ 13,529	\$ 2,085
Fiduciary Funds:		
Private-Purpose Trust Fund	56	10
Total	\$ 83,963	\$ 12,257

Accrued employee leave balances related to governmental activities are recorded in the Government-Wide Financial Statements under Long-Term Liabilities.

D. Termination Benefits

During fiscal year 2021, there were no employees who received severance pay.

E. Health Benefit Plan

The City offers its employees participation in the Fresno City Employees Health and Welfare Trust Plan (Trust). The Trust offers a self-insured medical plan for full-time and permanent part-time employees and their dependents. The Trust also provides dental, vision, pharmacy, mental health, and chiropractic coverage.

There are two medical plan options available to employees. Employees have the opportunity, on an annual basis, to elect either a higher benefit level Preferred Provider Organization (PPO) option or a reduced benefit level PPO option. Employees electing to receive the higher benefit level option pay a percentage of the monthly premium through payroll deductions. Employees electing the lower benefit level pay nothing for their coverage.

The first option is a higher benefit level PPO plan which has a \$200 individual annual deductible and a \$600 family maximum annual deductible. Under this option, the plan pays 80% of covered charges and the employee is responsible for 20% of the covered charges. Once a covered member incurs \$15,000 in covered charges, the plan then pays 100% until the end of the plan year.

The second option is a reduced benefit level PPO plan which has a \$1,300 individual annual deductible with a \$2,600 family maximum annual deductible. The benefit reduction amount is set by the Board of Trustees for the plan and depends on the amount of contributions received by the Trust on behalf of the employee.

The percentage of the premium the employee is required to pay to receive the higher benefit level is negotiated by each bargaining unit.

During fiscal year 2014, a number of units negotiated a 75% - 25% contribution split. For these units, the City contributes 75% of the premium and the employees, if they wish to have the higher benefit level PPO, contribute 25% of the premium. If they choose not to make the contribution, the medical benefits are reduced by 30%. This reduction results in the plan paying 56% of covered charges and the employee is responsible for 44% of covered charges.

Only one bargaining unit continues to have a different contribution amount than the balance of the Unions. For Fresno City Employees Association, Inc. (FCEA) employees hired after July 11, 2011, the City contributes 70% of the premium and the employees, if they wish to have the higher benefit level PPO, contribute 30% of the premium. If they choose not to make the contribution, the medical benefits are reduced by 35%. This reduction results in the plan paying 52% of covered charges and the employee is responsible for 48% of covered charges. Employees in the FCEA hired before July 11, 2011, continue to have an 80% - 20% contribution split as described above.

City retirees are also eligible for participation in the plans by paying the full blended premium cost. The City continues to assess the impact of the federal healthcare reform legislation on the City's liabilities.

The Health and Welfare Trust Board approved the purchase of a \$500,000 stop-loss insurance policy on May 11, 2016. The policy was purchased in fiscal year 2017. The purpose of the policy was to protect the Trust from having to pay any claim or series of claims associated with one case that totaled more than \$500,000. In addition to the stop-loss insurance, the Health and Welfare Trust Board also approved a policy of setting aside a portion of the Health and Welfare Trust Fund's fund balance for the payment of catastrophic health claims.

F. Other Post-Employment Benefits

Plan Description

The City of Fresno Retirees Healthcare Plan is a single-employer defined benefit medical plan administered by HealthComp and funded through the City of Fresno Health and Welfare Trust. It is reported as an Internal Service Fund of the City and provides Other Post-Employment Benefits (OPEB) to eligible retirees and his/her dependents, spouse or domestic partner. The trust does not issue separate publicly available financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions*, requires governments to account for OPEB on an accrual basis of accounting, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefits. The post-employment benefit liability is recognized on the Statement of Net Position over time.

Contributions

The City provides post-employment healthcare benefits for certain eligible retirees. OPEB includes the authorization for retirees to purchase health insurance through the plan at current employee rates. The establishment and amendment of benefit provisions are negotiated between the employee bargaining units and the City, and are recommended by the City Manager subject to the approval of the Mayor and the City Council. While participant retirees pay 100% of their premium costs, they are allowed to purchase insurance at blended premium rates. Thus, the City's contribution is deemed to be that portion of retiree claims costs over premiums required to be contributed by retirees. Currently, the City does not pre-fund retiree health benefits and instead provides for benefits on a pay-as-you-go basis.

Employees Covered

As of July 1, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	350
Inactive employees entitled to but not yet receiving benefit payments	—
Active employees	<u>3,293</u>
Total participants covered by OPEB Plan	<u><u>3,643</u></u>

Net OPEB Liability

The City's net OPEB liability of \$152.6 million was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date to determine the June 30, 2021 total OPEB liability.

Actuarial Assumptions and Other Inputs

The net OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Reporting Date	June 30, 2021
Measurement Date	June 30, 2020
Valuation Date	July 1, 2019
Discount Rate	2.16%
Healthcare Cost Trend Rates:	
Current Year Trend	0
Second Year Trend	7.00%
Decrement	NA
Ultimate Trend	4.04%
Year Ultimate Trend is Reached	2089
Salary Increases	2.00%
Actuarial Cost Method	Entry Age Normal (Percent of Salary)

The discount rate was based on the index provided by *Bond Buyer 20-Year General Obligation Index* based on the 20 year AA municipal bond rate as of June 30, 2020.

Mortality rates were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2019 (Base Year 2006).

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The July 1, 2019 valuation was prepared using a discount rate of 2.16%. If the discount rate were 1% higher than what was used in this valuation, the Net OPEB Liability would decrease to \$125.0 million or by (18.09)%. If the discount rate were 1% lower than was used in this valuation, the Net OPEB Liability would increase to \$181.0 million, or by 18.58%.

	1% Decrease	Current Discount Rate	1% Increase
	1.16%	2.16%	3.16%
Net OPEB Liability (in thousands)	\$ 180,957	\$ 152,604	\$ 125,005

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The July 1, 2019 valuation was prepared using an initial trend rate of 0.0%. If the trend rate were 1% higher than what was used in this valuation, the Net OPEB Liability would increase to \$186.0 million or by (21.88)%. If the trend rate were 1% lower than was used in this valuation, the Net OPEB Liability would decrease to \$122.3 million or by 19.84%.

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
	3.65% / 10.63%	0.0%	4.65% / 12.63%
Net OPEB Liability (in thousands)	\$ 122,331	\$ 152,604	\$ 185,994

Changes in the Net OPEB Liability

The changes in the Net OPEB Liability for the City OPEB Plan are as follows:

	Net OPEB Liability
	Increase / (Decrease) (in thousands)
Net OPEB Liability as of June 30, 2020	\$ 148,672
Changes for the Year:	
Service Cost	10,052
Interest	3,045
Assumption Changes	(6,622)
Benefit Payments	(2,543)
Net Changes	3,932
Net OPEB Liability as of June 30, 2021	\$ 152,604

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended June 30, 2021, the City recognized an OPEB expense of \$13.7 million. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to the Measurement Date	\$ 2,911	\$ —
Changes of Assumptions	33,808	(18,760)
Difference Between Actual and Expected Experience	267	(6,220)
Total	<u>\$ 36,986</u>	<u>\$ (24,980)</u>

The \$2.9 million reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Fiscal Year	Deferred Outflows/(Inflows) of Resources
2022	\$ 612
2023	612
2024	612
2025	612
2026	612
Thereafter	6,035
Total:	<u>\$ 9,095</u>

G. Healthcare Plan Claims Liability

The recorded liability for the Employees Healthcare Plan at June 30, 2021 for employee health benefit claim payments for direct provider care is \$6.5 million.

Changes in the funds claims liability amount for the last two fiscal years are as follows (in thousands):

Fiscal Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Fiscal Year Liability
2020	\$ 4,300	\$ 49,446	\$ 49,646	\$ 4,100
2021	4,100	52,186	49,786	6,500

Note 11. No-Commitment Debt

The City is not liable for repayment of any of the following bonds, and accordingly, they are not reflected in the accompanying basic financial statements.

A. Special District Debt

The City is not obligated in any manner for the Special District debt, but is acting as an agent for property owners in collecting the taxes/assessments, forwarding the collections to the trustee/paying agent, and initiating foreclosure proceedings, if appropriate. Special District debt payable to bond holders was \$2.83 million at June 30, 2021, as compared to \$3.05 million at June 30, 2020.

Note 12. Commitments and Contingencies

A. Closure and Post-Closure Care Cost

The City continues to monitor a former landfill site as part of the Environmental Protection Agency's (EPA) Superfund program. Management estimates the remaining monitoring costs as of June 30, 2021 to be \$12.2 million. A liability in this amount has been recorded in the Solid Waste Management Fund. It is anticipated that approximately \$0.8 million in monitoring costs and landfill site closure costs will be paid in fiscal year 2022. The former landfill site has not received solid waste since 1987. It was redesigned as part of a 350-acre "green" facility to integrate the former landfill site into a championship caliber sports complex/regional park. The estimated total remaining post-closure care costs are based on the equipment, facilities, and services required to monitor/maintain the closed landfill. The liability for post-closure care costs is an estimate and subject to change resulting from inflation, deflation, technology or changes in applicable laws.

Fees paid by utility users will be used to cover the remaining monitoring costs. A receivable totaling \$11.2 million has been recorded in the Solid Waste Management Fund.

B. CVP Water Contract

The City's 60,000 acre-foot water supply entitlement from the United States Bureau of Reclamation (USBR, or the Bureau) is equivalent to approximately 40% of the City's annual water demand. This supply, derived from the Friant Dam on the San Joaquin River, is the primary resource for the operation of the City's current and future surface water treatment facilities.

The City and the Bureau have what is known as a Repayment Contract. While most traditional federal Reclamation Law provisions continue to apply, the City receives some important benefits by utilizing the Repayment Contract, including:

1. **Permanent water supply** - The Repayment Contract provides for an ongoing, permanent annual supply of up to 60,000 acre-feet of water from the Friant Division of the CVP. No further periodic renewal negotiations are required.
2. **Pricing benefits** - Certain components of the Bureau water rate structure, such as tiered pricing, are eliminated.
3. **Financing cost savings** - Under the previous Bureau rate structure, the City paid certain financing costs and interest on the outstanding capital and operation and maintenance obligations that the Bureau attributed to the City. Under a Repayment Contract, those costs are not passed on to the City.

Because repayment contracts do not require periodic renewal, compliance with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) need not be repeated. This obligation is amortized and included in the volumetric water rates the City pays the USBR. The present value of the City's debt obligation to the Bureau has been fully capitalized in the

Water Fund under the caption “Unamortized CVP Water Settlement”, and is being amortized against expected future revenues generated through water rates. The “Unamortized CVP Water Settlement” totaled \$0.8 million on June 30, 2021, while the related liability reported as “CVP Litigation Settlement” totaled \$0.1 million on June 30, 2021.

C. Other Litigation

There are various other lawsuits and claims pending against the City. Although the outcome of these claims and lawsuits is not presently determinable, management, after consultation with legal counsel, is of the opinion that a majority of these matters will not have a material adverse effect on the financial condition of the City at June 30, 2021.

D. Toxics Mitigation

Old Hammer Field

Contamination, primarily from the common solvent trichloroethylene (TCE), was discovered and identified in 1989 in soils and groundwater beneath property currently owned by the City. The site known as Old Hammer Field (OHF), a prior Army military base in the 1940’s, was the subject of investigation and cleanup efforts which had previously been jointly funded by the Boeing Company (Boeing), the U.S. Army Corps of Engineers and the City of Fresno. The area had been used for the repair, overhaul, maintenance, refurbishing and construction of aircraft during and after World War II. The California Department of Toxic Substances Control (DTSC) was the lead regulatory agency overseeing site cleanup.

After years of legal negotiations, a settlement agreement between the U.S. Army Corps of Engineers, the Boeing Company, and the City was reached. The settlement called for the Airports Department to be responsible, going forward, for 10% of the cleanup costs. The settlement also called for the U.S. Army Corps of Engineers and Boeing to make a joint one-time payment of \$1,350,000 for past costs. This payment was made in fiscal year 2011.

The Court approved the settlement agreement which included the one-time payment noted above, covenants not to sue and an operating agreement for purposes of coordinating further efforts to implement the State-Approved Remedial Action Plan to obtain Site Closure. All parties agreed to bear their own costs and expenses, including attorney’s fees in the case.

A liability for future cleanup costs on the Old Hammer Field site is recorded on the fiscal year 2021 ACFR in the amount of \$451,119. Total costs have been estimated to range between \$10 and \$20 million, with the City’s share of cleanup costs to be 10%. The cleanup time frame has also been estimated and is expected to continue for 20 to 40 years. Cleanup costs totaled \$34,390 in fiscal year 2021.

The City will re-evaluate this accrual annually and make adjustments as necessary.

DBCP Groundwater Contamination

The occurrence of DBCP, an agricultural pesticide, in certain groundwater has been identified throughout the Fresno Metropolitan Area. At various City well sites, DBCP exceeds drinking water limits and is removed by Granular Activated Carbon (GAC) treatment. The City fronted the costs of clean up with respect to the known wells and reimbursed itself from a litigation settlement in an original amount of approximately \$21 million. \$10 million was stipulated to be used toward past costs, and \$11 million was to be applied toward the installation of additional GAC treatment units, all of which have been completed. Subject to numerical limits, the settlement arrangement also provides for the City to be reimbursed for the capital costs of the installation of GAC treatments at wells exceeding maximum contaminant levels, with reimbursements ranging from \$337,500 to \$540,000 depending on the well site. Funding also is provided for the ongoing operation and maintenance cleanup costs of approximately \$27,900 to \$31,000 per contaminated well (depending on type), adjusted for inflation, with such payment obligations ending on June 26, 2035. The City is not responsible for “cleanup” in the context common to hazardous material remediation.

The City can elect to treat wells or simply shut them down. Future costs to clean up and monitor new discoveries of contamination at existing sites or additional sites that may be identified are eligible for reimbursement under the settlement agreement through June 26, 2035.

An obligating event as defined by GASB Statement No. 49 has not occurred during the fiscal year; therefore, no liability exists.

Pollution Remediation

Although the Successor Agency is generally not involved with operations that pose a high risk for environmental liabilities, properties acquired for redevelopment purposes could be contaminated or may contain hazardous substances, such as petroleum products, lead, and/or asbestos. The former RDA’s due diligence property acquisition policies required that the RDA obtain a Phase I Environmental Site Assessment (ESA) report on all properties to be acquired by the RDA to minimize or avoid potential environmental liabilities. If the Phase I ESA findings and conclusions indicate the need for further environmental investigation, a Phase II ESA is commissioned. In the event of an acquisition leading to demolition, the former RDA obtained a Phase I and/or Phase II report and, if necessary, remediated the property according to state and federal laws prior to demolition. In instances where hazardous substances or petroleum products were detected by the Phase II ESA, environmental remediation (cleanup) is subsequently planned and executed. The Phase II ESA and cleanup work are normally supervised and sanctioned by local environmental agencies such as the California Regional Water Quality Control Board (RWQCB). This agency accepts the completion of the cleanup work by issuing a “Case Closure” letter that officially declares the property free of hazardous substances or petroleum products.

During fiscal year 2016, the Successor Agency held one parcel subject to environmental investigation at 655 “G” Street - Chinatown. In February 2009, the City transferred title to four parcels in the Chinatown project area to the RDA. In October 1995, a Phase II ESA was completed for the four parcels. The parcel at 718 “F” Street and two parcels at 705 “G” Street were free of hazardous substances or petroleum products. The fourth parcel at 655 “G” Street was found to be in need of

further assessment (Phase II ESA) because suspected leaking gasoline tanks had been removed from the site. The RWQCB advised the City that additional assessment was necessary to further evaluate impacted soils and groundwater and required a work plan outlining the assessment. Recently, the Successor Agency obtained an EPA grant to assess 655 "G" Street, as required by the RWQCB. The work plan and field work have been completed and test results have been received. Monitoring wells have been installed at the site and water samples are to be tested quarterly. RWQCB will review the results and advise if further action is needed. At this time, any potential costs cannot be estimated with any degree of certainty. Until such time as the costs can be estimated with more certainty, no liability will be accrued.

E. Measure Z, Zoo Accreditation, Fresno Chaffee Zoo Corporation

In accordance with an agreement between the City and the Fresno Chaffee Zoo Corporation (FCZC), a California benefit corporation, a non-profit board operates the Chaffee Zoo (Zoo). The City and the FCZC also negotiated a lease and a financing arrangement.

The lease agreement, dated January 1, 2006, was negotiated for a 30-year period. There is also a 25-year renewal of the term if the Zoo Tax was reinstated after its initial 10-year term, or two additional 10-year renewal options if the tax was not renewed. On November 4, 2014, a new incarnation of Measure Z which extends the tax for another 10 years was passed triggering the 25-year lease renewal. The lease rate is at \$1.00 per year.

The lease agreement sets forth the terms and conditions between the City and FCZC, with respect to the Zoo premises and any expansion that might occur in a designated expansion area. The City is responsible for all maintenance and operation costs in the expansion area, until such time as the FCZC takes possession of the expansion area by exercising its rights in accordance with lease provisions.

The City retained ownership of the land, buildings, structures, permanent fixtures, and improvements in existence at the commencement date of the lease, while the FCZC is the owner of all buildings, structures, and improvements constructed thereafter until the end of the lease term.

The Financing Agreement conveyed the Zoo animals and Zoo personal property to the FCZC, along with all obligations the City had with respect to the animals exhibited, housed or otherwise kept or cared for at the Zoo during the term of the lease. At the termination of the lease or the end of the lease term, should the City decide not to continue operations of the Zoo, the FCZC has the right to sell or dispose of the Zoo animals and keep the proceeds of any sale or disposition at its sole cost or expense. The FCZC also has the authority to acquire, sell or dispose of Zoo animals in the course of the lease so long as the compliment of animals at all times is similar in type and proportion to the Zoo animals on hand upon commencement of the lease.

The FCZC must maintain Association of Zoo & Aquariums (AZA) accreditation of the Chaffee Zoo.

F. Granite Park

In 2005, the City entered into a Contingent Debt Purchase Agreement guaranteeing a loan regarding a 20-acre sports-related complex under development and adjacent to office and commercial retail amenities, known as Granite Park.

On June 30, 2009, a formal demand was made on the City to purchase the Loan Package for a stipulated purchase price. On September 17, 2009, the City deposited \$5,105,271 in a loan purchase escrow. The City utilized funds from its cash pool with the intention of ultimately issuing long-term bonds to finance the acquisition over 30 years.

The City proceeded to purchase the Granite Park property at a unified foreclosure sale and took title to and possession of Granite Park sports fields pursuant to a Trustee's Deed recorded in Fresno County on March 16, 2010. The City paid \$5,105,218 and holds the property for possible use, development and/or disposition.

The City entered into a 25-year ground lease and 10-year service contract with Central Valley Community Sports Foundation (CVCSF) on September 24, 2015. The ground lease calls for the CVCSF to make rent payments of \$62,500/year, which are increased annually by 2.75%/year. The CVCSF is responsible for maintenance of Granite Park's sports-related complex, as well as the financing of various capital improvements. Under the service contract, the City pays the CVCSF \$150,000/year to provide a variety of sports and recreational programming.

G. Operating Leases

The City has operating leases for certain buildings, parking areas, ponding basins, hanger space and storage areas which require the following minimum annual payments:

Governmental Activities (in thousands)

Fiscal Years	Police	Fire	Public Works	Other Departments	Total
2022	\$ 522	\$ 18	\$ 156	\$ 3,070	\$ 3,766
2023	506	18	159	2,836	3,519
2024	514	18	—	2,827	3,359
2025	523	18	—	77	618
2026	548	18	—	78	644
2027-2031	375	—	—	348	723
Total	\$ 2,988	\$ 90	\$ 315	\$ 9,236	\$ 12,629

Operating lease expense incurred for fiscal year 2021 was approximately \$3.7 million for governmental activities.

Business-Type Activities (in thousands)

Fiscal Years	Airports	Water	Other Departments	Total
2022	\$ 369	\$ 537	\$ 167	\$ 1,073
2023	375	537	15	927
2024	381	537	15	933
2025	388	537	16	941
2026	—	537	16	553
2027-2031	—	2,686	—	2,686
2032-2036	—	—	—	—
Total	\$ 1,513	\$ 5,371	\$ 229	\$ 7,113

Operating lease expense incurred for fiscal year 2021 was approximately \$1.0 million for Business-Type Activities.

The City has various other operating leases (both Governmental and Business-Type) that have either expired and are now functioning on a month-to-month basis, or were written on a month-to-month or some other basis, or which state no specified expiration date. The City also leases property to others outside of the City. All of these leases generally operate on a month-to-month basis. The combined current annual income from these leases total approximately \$14.8 million.

H. Construction and Other Significant Commitments

At June 30, 2021, the City had commitments for the following major construction projects (in thousands):

Project Title	Remaining Construction Committed
Governmental:	
Slurry Seal - Various Locations	\$ 1,673
Overlay - Various Locations	4,005
Traffic Signals - Various Locations	12,822
UGM Fire Station #18	3,449
Animal Shelter	13,622
Total Governmental	<u><u>35,571</u></u>
Proprietary:	
TCP Plan and Remediation	489
Odor Control - Headworks	770
Collection System Rehabilitation and Extensions	708
PTMISEA	931
South East Fresno Surface Water Treatment Facility	1,057
Lift Station Rehabilitation	1,317
South East Fresno Surface Water Treatment Facility	1,475
South East & South West Treatment Plant Transmission Pipelines	1,676
Water Well Construction & Rehabilitation	2,064
Extended Bus Routes- Fresno Area Transit	2,260
Regional Wastewater Reclamation Facility Renovations	2,949
Terminal Renovations & Expansion	4,006
Water Main Renewal & Extensions	6,803
TIRCP- South West Community Connector	7,925
FAT Parking Garage	14,298
Total Proprietary	<u>48,728</u>
Total Major Construction Projects	<u><u>\$ 84,299</u></u>

I. Discolored Water

In February 2016, the City undertook a broad investigation into reports of discolored water and the presence of lead in drinking water in certain homes located in Northeast Fresno. The City conducted the investigation with oversight from the State Water Resources Control Board - Division of Drinking Water (DDW), Fresno County Department of Public Health, and the U.S. Environmental Protection Agency (EPA). The investigation has included, for example, water quality sampling, soil sampling, pipe testing, field investigations and home inspections, consultations with national corrosion experts, multiple community meetings and presentations, and public distribution of information and education materials.

In early 2017, the EPA conducted a comprehensive review of the City and the State of California's oversight of the City's drinking water treatment and testing program. The EPA concluded that the City has historically complied with the regulatory action level for lead, and that the City's water system has been optimized for corrosion control since 1996.

In September 2016 and May 2017, groups of residents filed two lawsuits against the City and other parties seeking damages for harm allegedly caused by the City's water supply. Litigation is currently ongoing. The City will continue to vigorously defend itself in these matters.

The City continues to work with residents by regularly monitoring their water. For more information regarding the City's continued efforts to resolve discolored water issues, please see <https://www.fresno.gov/publicutilities/water-quality-operations-testing/>.

The City has spent \$5,117,780 through June 30, 2021 to investigate and address the discolored water complaints. All of these costs have been and will continue to be recorded in the Water Fund.

Note 13. Securities Lending

The City does not engage in securities lending with any investment instruments that it holds. The City's Retirement Systems are permitted under the City's Municipal Code and Retirement Boards' policies to enter into securities lending transactions. For a detailed description of the Retirement Systems' security lending policies and the financial effect of such lending, please see the Retirement Systems' ACFRS, which can be found at <https://www.cfrs-ca.org/fire-and-police-retirement-system/financial/> for the Fire and Police Retirement System and <https://www.cfrs-ca.org/employee-retirement-system/ers-financial/> for the Employees Retirement System.

Note 14. Other Information

Construction Retainage Escrow Accounts

The City enters into construction contracts with various outside third-party contractors with respect to major capital projects. As the construction progresses, progress payments are made to the contractors. Portions of the payments, called retention payments, are paid into an escrow account. While these funds are earned by the contractors, generally 5% to 10% of the contract amount, they are not released out of the escrow account to the contractor until some agreed upon date, usually the completion of the job. These amounts are retained for a variety of reasons, as an incentive to complete the job in a timely manner, or as a fund for the benefit of suppliers and subcontractors. The City may not convert the funds in these escrow accounts for its use unless a breach of contract occurs. At June 30, 2021, the City had made payments into various contract escrow accounts in the amount of \$11.7 million.

COVID-Related Funding

The City has received a substantial amount of funding from the Federal and State government since the beginning of the COVID-19 pandemic to offset the pandemic's health and economic impacts. The following are the major COVID-19 mitigation funding sources that have been awarded to/received by the City as of June 30, 2021

Coronavirus Aid, Relief, and Economic Security (CARES) Act – The City received \$92.8 million in CARES funding in April 2020. As of June 30, 2021, 96.7% (or \$89.7 million) of this funding has been expended. Funding has been used for services such as expanded COVID testing and contact tracing for residents, food assistance, homeless transitional housing, small business assistance, and residential housing retention grants.

Transit CARES - The City's Transportation Department (Transit) was awarded \$32.5 million to assist in Fixed Route Operation, Handy Ride Operating Support, and bus purchases. This funding was intended to offset funding losses caused due to COVID-related shutdowns of service or ridership restrictions. As of June 30, 2021, Transit had not received any of the awarded amount.

Airports CARES – The City's airport was granted a total of \$13 million in Airport CARES funds. Of this amount, \$7.7 million was used in Fiscal Year 2021 for operating costs and debt payments (please see Note 8 on page 125). \$5.2 million will be used in Fiscal Year 2022 to reimburse costs related to the Terminal Design Project.

American Rescue Plan Act (ARPA) – The City was awarded \$170.8 million of ARPA funds in March 2021. The City received \$85.4 million in May 2021, and will receive the remaining \$85.4 million in May 2022. As of June 30, 2021, no funds have been expended as the City awaits the finalization of guidelines on the use of ARPA funds.

Emergency Rental Assistance Program (ERAP) – The City was awarded \$67.3 million in ERAP funding: \$35.7 million from the Federal government and \$31.6 million from the State. As of June 30, 2021, the City had received \$15.8 million of its awarded total. The program is designed to assist qualified residents in retaining housing and utilities by reimbursing landlords and utility providers for past due billings. As of June 30, 2021, the City had spent \$7.0 million of its awarded amount, with \$1.4 million paid directly to landlords and utility providers for delinquent rent and utilities.

Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) - The City's Transit Department was awarded \$5.6 million in CRRSAA funds. The funds are to be spent on capital projects, vehicle procurement, COVID-related expenses, and operating expenses. The City's Airports Department was awarded \$4.6 million in CRRSAA funds. A portion of the funding (\$0.2 million) is reserved for concession relief. The remaining funds can be spent on debt service payments, COVID-related expenses and operating expenses. As of June 30, neither Transit nor Airports had spent any of their CRRSAA award.

Note 15. Deficit Fund Equity

The Convention Center Fund, Risk Management Internal Service Fund, and High Speed Rail Fund all had deficit net position balances as of June 30, 2021.

The deficit net position in the Convention Center Fund of \$1.2 million is a continuation of many years of annual operating deficits. The 2021 fiscal year saw a \$1.3 million decrease in the deficit net position, from \$2.5 million to \$1.2 million. The main driver of the decrease in the deficit net position was due to scheduled debt service payments which reduced the fund's Bonds Payable amount.

The deficit net position in the Risk Management Fund at June 30, 2021 was \$173.4 million, an increase of \$33.0 million. The increase was due to the City reflecting a Liability for Self-Insurance on its Combining Statement of Net Position in the amount of \$185.7 million. This liability, which is not required to be prefunded, grew by \$35.4 million between fiscal years 2020 and 2021.

The deficit net position in the High Speed Rail Fund at June 30, 2021 was \$3.3 million. The deficit net position of this fund at the end of fiscal year 2020 was \$5.6 million. The decrease in the deficit net position of \$2.3 million is due to a \$10 million increase in capital outlay construction projects alongside a \$13 million increase in federal reimbursements.

The City management continues to evaluate strategies for reducing and eliminating these deficit fund equity balances.

Note 16. Subsequent Events

In compliance with accounting standards, management has evaluated events that have occurred after fiscal year-end to determine if these events are required to be disclosed in the basic financial statements. Events were considered through January 19, 2022, which is the date the financial statements were available to be issued.

A. Bond Ratings

Moody's upgraded the City's Lease Revenue Bond from Baa1 to A3, its Pension Obligation Bond rating from Baa2 to Baa1, and its General Obligation rating from A3 to A2 on August 19, 2021. All three ratings maintained a Stable outlook. Moody's cited the City's strengthened financial performance and conservative debt profile among the reasons why they upgraded the City's credit ratings.

Standard and Poor's upgraded the Airports' bond rating from A- to A on November 2, 2021. Standard and Poor's also upgraded the outlook from Negative to Stable. As justification for the rating action, the agency cited the recovery in passenger traffic along with the corresponding improvement in revenues and liquidity.

The most current City ratings are as follows:

Rating Agency	Effective Date	Rating	Outlook
Lease Revenue Bonds			
Fitch	6/2016	A-	Stable
Standard & Poor's	9/2020	A	Stable
Moody's	8/2021	A3	Stable
General Obligation (GO)			
Fitch	6/2016	A	Stable
Standard & Poor's	9/2020	A+	Stable
Moody's	8/2021	A2	Stable

B. Tax and Revenue Anticipation Bonds

The City chose to once again not issue Tax and Revenue Anticipation Notes subsequent to the end of fiscal year 2021.

C. Housing and Urban Development Department Audit of Community Development Block Grant Monies Utilized By The City

The Office of Inspector General (OIG) of the Housing and Urban Development Department (HUD) began an audit of the City's Community Development Block Grant (CDBG) expenditures on August 25, 2016. The audit, which covered expenditures made between July 1, 2014 and September 30, 2016, was in response to two HUD monitoring visits that were conducted in 2012 and 2015. Both of those visits had turned up eligibility issues with the City's CDBG expenditures. OIG's fieldwork was completed on April 28, 2017. OIG issued its audit report on August 9, 2017. In the report, OIG concluded that the City still had eligibility issues with its CDBG expenditures. Specifically, the report stated that the City did not:

- meet requirements for the expenditure of CDBG monies on code enforcement activities,
- ensure that CDBG funds were spent on non-general government expenditures for its anti-graffiti program,
- ensure that one program met a CDBG national objective,
- properly monitor its sub-recipient or City departments,
- use its program income before its entitlement funds, and
- report program income to HUD in a timely manner.

The OIG attributed these errors to a lack of experience and capacity to administer and implement the program on the City's part, the lack of adequate procedures and controls in place, and a disregard for HUD requirements.

The OIG recommended the payback of \$163,555 that were identified as being spent on ineligible costs. The OIG noted that \$428,373 would be deemed ineligible expenditures in the upcoming program year if the City did not develop proper code enforcement policies and procedures. Finally, the OIG identified approximately \$7.9 million in CDBG funded expenditures whose eligibility was questionable. The OIG requested additional supporting documentation for the \$7.9 million of expenditures to make a final determination on eligibility.

The City has repaid the \$412,204 that the OIG recommended be paid back. The City also ceased funding its code enforcement program with CDBG funds, thus preserving the \$428,373 that was noted for possible disallowance. Additionally, the City provided, and HUD accepted, documentation that supported \$2.6 million in questioned expenditures. In March 2021, HUD notified the City that it had made its final determination and would require the City repay HUD \$5.3 million.

In July 2021, the City entered into a two-year repayment agreement with HUD. The City made its first repayment in July 2021 and will make the second half of the repayment by July 31, 2022. Once HUD receives the second and final repayment, the City's obligation will be met and the audit will be closed.

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REQUIRED SUPPLEMENTARY INFORMATION



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CITY OF FRESNO, CALIFORNIA

Schedule of Revenues and Expenditures - Budget and Actual

(Non-GAAP Budgetary Basis) - General Fund

Fiscal Year Ended June 30, 2021

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Over (Under) Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 68,210	\$ 70,596	\$ 70,240	\$ (356)
Resources (inflows):				
Taxes:				
Property Taxes	140,218	148,547	151,479	2,932
Sales Taxes	98,394	94,420	122,955	28,535
Other Taxes	38,297	32,540	34,812	2,272
Franchise Taxes	14,079	14,246	15,202	956
Licenses and Permits	6,946	8,767	9,476	709
Intergovernmental:				
State Motor Vehicle In-Lieu	280	416	400	(16)
Other State Revenue	1,706	1,740	4,504	2,764
Other Intergovernmental	371	169	235	66
Charges for Services:				
Charges for Services	34,716	37,525	35,819	(1,706)
Fines and Violations	4,499	2,985	1,805	(1,180)
Use of Money and Property	1,639	1,247	1,183	(64)
Miscellaneous	28,874	35,293	23,988	(11,305)
Other Financing Sources:				
Transfers from Other Funds	2,383	76,530	84,218	7,688
Total Available for Appropriations	<u>440,612</u>	<u>525,021</u>	<u>556,316</u>	<u>31,295</u>
Charges to Appropriations (outflows):				
General Government:				
Mayor and City Council	10,020	10,691	8,789	(1,902)
Other General Government	30,858	76,788	61,709	(15,079)
Public Protection:				
Police Department	184,420	198,407	188,710	(9,697)
Fire Department	68,293	70,758	72,128	1,370
Public Ways & Facilities	16,721	18,144	15,914	(2,230)
Culture and Recreation	21,351	27,539	24,200	(3,339)
Community Development	34,363	39,842	34,110	(5,732)
Capital Outlay	9,443	22,766	18,761	(4,005)
Other Financing Uses:				
Transfers to Other Funds	26,500	29,547	27,775	(1,772)
Total Charges to Appropriations	<u>401,969</u>	<u>494,482</u>	<u>452,096</u>	<u>(42,386)</u>
Less Estimated Attrition Savings	<u>6,913</u>	<u>8,320</u>	<u>—</u>	<u>(8,320)</u>
Excess Resources Over Appropriations	<u>\$ 45,556</u>	<u>\$ 38,859</u>	<u>\$ 104,220</u>	<u>\$ 65,361</u>

See accompanying notes to the required supplementary information.

CITY OF FRESNO, CALIFORNIA

Schedule of Revenues and Expenditures - Budget and Actual

(Non-GAAP Budgetary Basis) - General Fund

Fiscal Year Ended June 30, 2021 (Continued)

(in thousands)

Explanation of differences between budgetary inflows and outflows and GAAP Revenues and Expenditures:

Sources/Inflows of Resources:

Actual amounts (budgetary basis) available for appropriation from the Budget to Actual Comparison Schedule.	\$ 556,316
Differences - Budget to GAAP: The City budgets for taxes, intergovernmental and miscellaneous revenue on the cash basis of accounting, rather than on the modified accrual basis of accounting.	1,104
Interfund reimbursements are not revenues and are expenditures for financial reporting.	(21,356)
Carryovers are inflows of budgetary resources but are not revenues for financial reporting purposes.	(70,240)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(84,218)
Nonreciprocal interfund activity is not revenue and is a transfer for financial reporting.	(4,624)
The proceeds from the sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes.	—
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.	<u>\$ 376,982</u>

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the Budget to Actual Comparison Schedule.	\$ 452,096
Differences - Budget to GAAP: The City budgets for expenditures on the cash basis of accounting, rather than on the modified accrual basis of accounting.	(1,275)
Interfund reimbursements are a reduction of expenditures for financial reporting.	(21,356)
Pension Obligation bond debt payments and City Hall rent are recognized as transfers out to other funds.	(14,472)
Transfers to other funds are outflows of budgetary resources, but are not expenditures for financial reporting purposes.	(27,775)
Return on capital asset as offset for Advances to Other Funds	
Capital Lease additions are expenditures for financial reporting purposes.	<u>861</u>
Total charges to appropriations as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.	<u>\$ 388,079</u>

See accompanying notes to the required supplementary information.

CITY OF FRESNO, CALIFORNIA

Schedule of Revenues and Expenditures - Budget and Actual
 (Non-GAAP Budgetary Basis) - Grants Special Revenue Fund
 Fiscal Year Ended June 30, 2021
 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Over (Under) Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ (7,304)	\$ (9,755)	\$ 70,299	\$ 80,054
Resources (inflows):				
Intergovernmental:				
Federal Grants	44,382	227,925	117,025	(110,900)
State Grants	18,880	68,000	13,049	(54,951)
Local Support	102	74	42	(32)
Charges for Services	1,478	1,366	1,416	50
Use of Money and Property	(14)	(37)	2,688	2,725
Miscellaneous	351	236	656	420
Other Financing Sources:				
Transfers from Other Funds	309	1,579	1,200	(379)
Total Available for Appropriations	<u>58,184</u>	<u>289,388</u>	<u>206,375</u>	<u>(83,013)</u>
Charges to Appropriations (outflows):				
General Government	4,200	43,721	10,217	(33,504)
Public Protection	5,371	6,186	4,908	(1,278)
Public Ways & Facilities	35,140	42,817	12,070	(30,747)
Culture and Recreation	1,838	11,621	557	(11,064)
Community Development	14,669	49,929	6,667	(43,262)
Capital Outlay	34,479	81,221	10,858	(70,363)
Other Financing Uses:				
Transfers to Other Funds	845	101,451	76,961	(24,490)
Total Charges to Appropriations	<u>96,542</u>	<u>336,946</u>	<u>122,238</u>	<u>(214,708)</u>
Excess (Deficit) Resources Over Appropriations	<u>\$ (38,358)</u>	<u>\$ (47,558)</u>	<u>\$ 84,137</u>	<u>\$ 131,695</u>

See accompanying notes to the required supplementary information.

CITY OF FRESNO, CALIFORNIA

Schedule of Revenues and Expenditures - Budget and Actual
(Non-GAAP Budgetary Basis) - Grants Special Revenue Fund
Fiscal Year Ended June 30, 2021 (Continued)
(in thousands)

Explanation of differences between budgetary inflows and outflows and GAAP Revenues and Expenditures:

Sources/Inflows of Resources:

Actual amounts (budgetary basis) available for appropriation from the Budget to Actual Comparison Schedule.	\$ 206,375
Differences - Budget to GAAP: Grant reimbursements are budgeted on the cash basis of accounting rather than on the modified accrual basis of accounting.	(27,995)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(1,200)
Interfund reimbursements are not revenues and are expenditures for financial reporting.	(1,245)
Carryovers are inflows of budgetary resources but are not revenues for financial reporting purposes.	(70,299)
Payments from the Successor Agency to the Fresno Redevelopment Agency on advances with full allowance are revenues.	(33)
The receipt of loan payments are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(2,844)</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.	<u>\$ 102,759</u>

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the Budget to Actual Comparison Schedule.	\$ 122,238
Differences - budget to GAAP: The City budgets for expenditures on the cash basis of accounting rather than on the modified accrual basis of accounting.	6,907
Interfund reimbursements are a reduction of expenditures for financial reporting.	(1,245)
Pension Obligation bond debt, HUD debt, and City Hall rent are recognized as transfers out to other funds.	(246)
The issuance of notes receivable are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(931)
Changes in allowance for doubtful accounts on notes receivable, notes that should become grants, and adjustments are expenditures for financial reporting purposes.	(89)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(76,961)</u>
Total charges to appropriations as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.	<u>\$ 49,673</u>

See accompanying notes to the required supplementary information.

Notes to the Required Supplementary Information

A. Budgetary Data

The City of Fresno (the City) operates under the Strong-Mayor form of government. Under the Strong-Mayor form of government, the Mayor serves as the City's Chief Executive Officer, appointing and overseeing the City Manager, recommending legislation, and presenting the annual budget to the City Council.

The City adopts annual budgets for all governmental and business-type funds (except Fresno Revitalization Corporation, Financing Authorities and Corporations, and City Debt Service) on the cash basis of accounting plus encumbrances. The budget includes: (1) the programs, projects, services, and activities to be provided during the fiscal year, (2) the estimated resources (inflows) and amounts available for appropriation, and (3) the estimated charges to appropriations. The budget represents a process through which policy decisions are made, implemented, and controlled. The City Charter (the Charter) prohibits expending funds for which there is no legal appropriation.

The budget of the City of Fresno, within the meaning and context of Section No. 1205 of the Charter, must be adopted by resolution of the City Council by June 30 of a given year. The following procedures are used in establishing the budgetary data reflected in the budgetary comparison schedules.

As provided by Section No. 1206 of the Charter, any adjustments in the amounts appropriated for the purposes indicated at the department/fund level are made only upon a motion to amend the resolution adopted by the affirmative votes of at least five City Council members.

B. Budget Development

The preparation of the budget document is the result of a Citywide effort. Each department is presented with an operating base budget that is used as the foundation for building their requests for the operations of their organizations. All one-time expenditure increases are removed, except for those demonstrable and mandatory. A five-year capital budget is required from all departments. The purpose is to give the Mayor and City Council a tool to plan for the future as well as to more realistically reflect the timing of many capital projects that take more than one year to complete.

Departments submit their requests to be analyzed and reviewed by the City's Budget and Management Studies Division (BMSD). Requests are evaluated based on individual operations, City funding resources, and the goals and strategies identified by each organization related to the impact on performance measures. Recommendations are presented to the Mayor and City Manager in a series of review meetings comprised of the Mayor, Mayor's Chief of Staff, City Manager, Assistant City Managers, Budget Manager, Department Directors and representatives from each department, and BMSD. Upon final decisions of format and content, the Mayor's Recommended Budget Document is printed and presented to the City Council for deliberation and adoption.

C. Original Budget

Prior to June 1, the Mayor submits to the City Council a recommended detailed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain taxpayer comment on the proposed annual budget. The Mayor and his staff analyze, review, and refine the budget submittals.

Prior to July 1, the budget is legally enacted through adoption of a resolution by the City Council.

D. Final Budget

Certain annual appropriations are budgeted on a project or program basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations are carried forward to the following year through either an encumbrance or an amendment to the budget. In certain circumstances, other programs and regular annual appropriations may be carried forward after appropriate approval. Annually appropriated funds not authorized to be carried forward lapse at the end of the fiscal year. Appropriations carried forward from the prior year are included in the final budgetary data.

The City Manager is authorized to transfer funds already appropriated within a department's budget within a fund. However, any revisions that alter the total appropriations of a department within a fund must be approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the department level within a fund.

The City adopts an annual budget for all governmental and business-type funds. The Adopted Budget Document is prepared to include all the various changes approved by the City Council. No budgets are legally adopted for Fresno Revitalization Corporation, Financing Authorities and Corporations, and City Debt Service. Budgeted amounts are reported as amended. During the year, several supplementary appropriations were necessary, but were not material in relation to the original appropriations.

E. Budgetary Results Reconciliation

1. Basis Differences

The City's budgetary process is based upon an accounting basis other than generally accepted accounting principles (GAAP). The results of operations (actual) are presented in the budget and actual comparison schedule in accordance with the budgetary process (Budget basis) to provide a meaningful comparison with the budget, while the financial statements are presented using the GAAP basis. Loan proceeds, loan repayments, transfers, and interfund reimbursements primarily cause the basis differences.

2. Timing Differences

One of the major differences between the Budget basis and GAAP basis are timing differences. Timing differences represent transactions that are accounted for in different periods for the Budget basis as opposed to the GAAP basis of reporting. Revenues such as grant revenues recognized on a cash basis are unavailable for GAAP reporting, while various expenditures not recognized on a cash basis have been accrued for GAAP reporting.

Administrative amendments within the same department/fund level may be made without approval of the City Council within written guidelines established by the Chief Administrative Officer/City Manager.

For accounting and auditing convenience, appropriations for capital improvements may be established in two or more different funds for the same capital project.

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund and Special Revenue Funds are included in the annual appropriated budget. Project-length financial plans are adopted for certain capital projects. The level of budgetary controls (the level at which expenditures cannot legally exceed the appropriated amount) is maintained at the department level by major expenditure category. Purchase orders that result in an overrun (encumbrance exceeding available appropriations) of department-level balances by object are not released until additional appropriations are made available. Open encumbrances at June 30 are reported as restricted, committed, or assigned fund balance in the governmental funds Balance Sheet.

The City assumed an attrition savings amount of \$6.9 million in its fiscal year 2021 budget. The amount was in recognition of the fact that not all positions budgeted in the General Fund are filled during the entire fiscal year. The attrition savings was established as a negative appropriation in each General Fund department's Personnel Services budget. However, no actual savings accrued against the attrition savings account. For purposes of the Budget-to-Actual report in the Required Supplementary Information, the difference between the negative appropriation and the actual lack of activity results in the account appearing to be over-budget.

Actual Transfers from Other Funds were \$7.7 million higher than budgeted levels in fiscal year 2021. The overage was mostly due to transfers from the CARES Grant fund for eligible expenditures.

Schedule of Investment Returns

PENSION TRUST FUNDS EMPLOYEES, FIRE AND POLICE RETIREMENT SYSTEMS Last Ten Fiscal Years

Fiscal Year Ending June 30	Annual Money-Weighted Rate of Return Gross of Investment Expenses	Annual Money-Weighted Rate of Return Net of Investment Expense
2021	30.85%	30.43%
2020	1.61%	1.26%
2019	5.54%	5.20%
2018	8.93%	8.57%
2017	14.73%	14.35%
2016	0.82%	0.53%
2015	3.32%	2.93%
2014	17.61%	17.16%
2013	13.65%	13.20%
2012	(0.20)%	(0.57)%

The Schedule of Investment Returns above shows the annual money-weighted rate of return on the assets of the Systems, both gross and net of investment expense for ten fiscal years (2012-2021). The money-weighted rate of return expresses investment performance adjusted for timing of cash flows and the changing amounts actually invested. These returns differ slightly from the time-weighted rate of returns calculated and reported by the Systems' custodian, Northern Trust, and as independently reported by the Systems' investment consulting firm, NEPC, LLC. The Systems' custodian and investment consulting firm must use time-weighted returns as opposed to money-weighted returns in order to meet Global Investment Performance Standards for the purposes of effectively evaluating and reporting the performance of the Systems' investment managers.

The time-weighted return method is a measure of the compound rate of return of a portfolio over a stated period of time. It requires a set of sub-period returns to be calculated whenever there is an external cash flow, such as a deposit or withdrawal from the portfolio. In essence, it calculates the geometric total and mean return as opposed to the arithmetic total and mean return. This method does not include or have any distortions created when money is deposited or withdrawn from a portfolio. This is in contrast to money-weighted returns.

Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios

PENSION TRUST FUNDS FIRE AND POLICE RETIREMENT SYSTEMS

Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios⁽²⁾

Change in Net Pension Liability (in thousands)

For the Fiscal Year Ended:	6/30/2021	6/30/2020	6/30/2019
Reporting Date:	6/30/2021	6/30/2020	6/30/2019
Measurement Date:	6/30/2020	6/30/2019	6/30/2018
Total Pension Liability			
Service Cost	\$ 37,619	\$ 33,211	\$ 30,298
Interest	105,570	100,609	95,274
Differences between expected & actual experience	260	(7,067)	6,722
Changes of assumptions	(14,745)	55,856	2,891
Benefit payments, including refunds	(67,202)	(65,962)	(63,071)
Net Change in Total Pension Liability	61,502	116,647	72,114
Total Pension Liability - Beginning	1,504,129	1,387,482	1,315,368
Total Pension Liability - Ending (a)*	\$1,565,631	\$1,504,129	\$1,387,482
Plan Fiduciary Net Position			
Contributions - employer	\$ 22,324	\$ 20,604	\$ 19,697
Contributions - employee	10,012	9,597	8,964
Net Investment Income	24,206	82,872	129,163
Benefit Payments including Refunds, PRSB	(67,202)	(65,962)	(63,071)
Administrative & Professional Expense	(1,839)	(1,897)	(1,710)
Net Change in Plan Fiduciary Net Position	(12,499)	45,214	93,043
Plan Fiduciary Net Position - Beginning	1,647,800	1,602,586	1,509,543
Plan Fiduciary Net Position - Ending (b)	\$1,635,301	\$1,647,800	\$1,602,586
Plan Net Pension Liability (Asset) - Ending (a) - (b)	\$ (69,670)	\$(143,671)	\$(215,104)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	104.45 %	109.55 %	115.50 %
Covered Payroll ⁽¹⁾	\$ 113,843	\$ 109,803	\$ 103,934
Plan Net Pension Liability as a percentage of covered payroll	(61.20)%	(130.84)%	(206.96)%

* Data above is provided in accordance with provisions of GASB Statement No. 68 for determining Total Pension Liability which for financial reporting purposes uses a version of the Entry Age method whereby the Actuarial Accrued Liability is fully accrued when a member either enters DROP or is expected to elect DROP.

(1) Covered payroll represents payroll in which contributions to the Systems are based.

(2) Ten year data will be presented in future years as information becomes available.

**PENSION TRUST FUNDS
FIRE AND POLICE RETIREMENT SYSTEMS**

Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios (cont)

				Change in Net Pension Liability (in thousands)	
6/30/2018	6/30/2017	6/30/2016	6/30/2015		For the Fiscal Year Ended:
6/30/2018	6/30/2017	6/30/2016	6/30/2015		Reporting Date:
6/30/2017	6/30/2016	6/30/2015	6/30/2014		Measurement Date:
					Total Pension Liability
\$ 28,838	\$ 26,569	\$ 26,518	\$ 28,058		Service Cost
90,185	88,363	86,771	86,092		Interest
10,896	(42,952)	(36,528)	(49,879)		Differences between expected & actual experience
—	49,427	—	—		Changes of assumptions
(59,273)	(56,581)	(54,612)	(52,720)		Benefit payments, including refunds
					Net Change in Total Pension Liability
70,646	64,826	22,149	11,551		
1,244,722	1,179,896	1,157,747	1,146,196		Total Pension Liability - Beginning
\$1,315,368	\$1,244,722	\$1,179,896	\$1,157,747		Total Pension Liability - Ending (a)*
					Plan Fiduciary Net Position
\$ 18,543	\$ 18,738	\$ 18,967	\$ 18,575		Contributions - employer
8,169	7,748	7,385	7,294		Contributions - employee
192,315	6,063	39,164	201,838		Net Investment Income
(59,273)	(56,581)	(54,612)	(52,720)		Benefit Payments including Refunds, PRSB
(1,500)	(1,397)	(1,108)	(1,119)		Administrative & Professional Expense
					Net Change in Plan Fiduciary Net Position
158,254	(25,429)	9,796	173,868		
1,351,289	1,376,718	1,366,922	1,193,054		Plan Fiduciary Net Position - Beginning
\$1,509,543	\$1,351,289	\$1,376,718	\$1,366,922		Plan Fiduciary Net Position - Ending (b)
\$ (194,175)	\$ (106,567)	\$ (196,822)	\$ (209,175)		Plan Net Pension Liability (Asset) - Ending (a) - (b)
114.76 %	108.56 %	116.68 %	118.07 %		Plan Fiduciary Net Position as a percentage of Total Pension Liability
\$ 97,369	\$ 94,266	\$ 91,075	\$ 91,721		Covered Payroll ⁽¹⁾
(199.42)%	(113.05)%	(216.11)%	(228.06)%		Plan Net Pension Liability as a percentage of covered payroll

PENSION TRUST FUNDS
EMPLOYEES RETIREMENT SYSTEMS

Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios⁽²⁾

Change in Net Pension Liability (in thousands)			
For the Fiscal Year Ended:	6/30/2021	6/30/2020	6/30/2019
Reporting Date:	6/30/2021	6/30/2020	6/30/2019
Measurement Date:	6/30/2020	6/30/2019	6/30/2018
Total Pension Liability			
Service Cost	\$ 28,762	\$ 23,509	\$ 21,275
Interest	89,222	86,110	82,833
Differences between expected & actual experience	5,748	(446)	(4,164)
Changes of assumptions	—	35,773	2,939
Benefit payments, including refunds	(64,519)	(62,144)	(57,666)
Net Change in Total Pension Liability	59,213	82,802	45,217
Total Pension Liability - Beginning	1,278,096	1,195,294	1,150,077
Total Pension Liability - Ending (a)*	\$1,337,309	\$1,278,096	\$1,195,294
Plan Fiduciary Net Position			
Contributions - employer	\$ 16,554	\$ 14,627	\$ 14,609
Contributions - employee	11,028	10,515	10,330
Net Investment Income	20,109	69,389	108,915
Benefit Payments including Refunds, PRSB	(64,519)	(62,144)	(57,666)
Administrative & Professional Expense	(1,749)	(1,663)	(1,619)
Net Change in Plan Fiduciary Net Position	(18,577)	30,724	74,569
Plan Fiduciary Net Position - Beginning	1,379,415	1,348,691	1,274,122
Plan Fiduciary Net Position - Ending (b)	\$1,360,838	\$1,379,415	\$1,348,691
Plan Net Pension Liability (Asset) - Ending (a) - (b)	\$ (23,529)	\$(101,319)	\$(153,397)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	101.76 %	107.93 %	112.83 %
Covered Payroll ⁽¹⁾	\$ 149,403	\$ 138,396	\$ 128,461
Plan Net Pension Liability as a percentage of covered payroll	(15.75)%	(73.21)%	(119.41)%

* Data above is provided in accordance with provisions of GASB Statement No. 68 for determining Total Pension Liability which for financial reporting purposes uses a version of the Entry Age method whereby the Actuarial Accrued Liability is fully accrued when a member either enters DROP or is expected to elect DROP.

(1) Covered payroll represents payroll in which contributions to the Systems are based.

(2) Ten year data will be presented in future years as information becomes available.

PENSION TRUST FUNDS
EMPLOYEES RETIREMENT SYSTEMS

Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios (cont)

Change in Net Pension Liability (in thousands)				
6/30/2018	6/30/2017	6/30/2016	6/30/2015	For the Fiscal Year Ended:
6/30/2018	6/30/2017	6/30/2016	6/30/2015	Reporting Date:
6/30/2017	6/30/2016	6/30/2015	6/30/2014	Measurement Date:
				Total Pension Liability
\$ 18,885	\$ 18,687	\$ 18,476	\$ 19,342	Service Cost
79,266	79,763	78,212	77,010	Interest
5,263	(24,394)	(24,691)	(29,889)	Differences between expected & actual experience
—	9,612	—	—	Changes of assumptions
(55,550)	(52,529)	(50,546)	(48,581)	Benefit payments, including refunds
47,864	31,139	21,451	17,882	Net Change in Total Pension Liability
1,102,213	1,071,074	1,049,623	1,031,741	Total Pension Liability - Beginning
\$1,150,077	\$1,102,213	\$1,071,074	\$1,049,623	Total Pension Liability - Ending (a)*
				Plan Fiduciary Net Position
\$ 15,205	\$ 13,060	\$ 12,327	\$ 11,440	Contributions - employer
10,181	9,098	8,750	7,945	Contributions - employee
162,374	5,089	33,310	172,773	Net Investment Income
(55,550)	(52,529)	(50,546)	(48,581)	Benefit Payments including Refunds, PRSB
(1,387)	(1,346)	(1,071)	(1,086)	Administrative & Professional Expense
130,823	(26,628)	2,770	142,491	Net Change in Plan Fiduciary Net Position
1,143,299	1,169,927	1,167,157	1,024,666	Plan Fiduciary Net Position - Beginning
\$1,274,122	\$1,143,299	\$1,169,927	\$1,167,157	Plan Fiduciary Net Position - Ending (b)
\$(124,045)	\$ (41,086)	\$ (98,853)	\$(117,534)	Plan Net Pension Liability (Asset) - Ending (a) - (b)
110.79 %	103.73 %	109.23 %	111.20 %	Plan Fiduciary Net Position as a percentage of Total Pension Liability
\$ 119,007	\$ 108,541	\$ 105,820	\$ 103,597	Covered Payroll ⁽¹⁾
(104.23)%	(37.85)%	(93.42)%	(113.45)%	Plan Net Pension Liability as a percentage of covered payroll

Schedule of Employer Contribution - Pension Trust Funds

FIRE AND POLICE RETIREMENT SYSTEM

Schedule of Employer Contributions
Last Ten Fiscal Years
(in thousands)

Fiscal Year Ending June 30	Actuarially Determined Contribution (ADC) ¹	Contributions in Relation to the ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 26,315	\$ 26,315	\$ —	\$ 115,341	22.81%
2020	22,324	22,324	—	113,843	19.61%
2019	20,604	20,604	—	109,803	18.76%
2018	19,697	19,697	—	103,934	18.95%
2017	18,543	18,543	—	97,369	19.04%
2016	18,738	18,738	—	94,266	19.88%
2015	18,967	18,967	—	91,075	20.83%
2014	18,575	18,575	—	91,721	20.25%
2013	18,725	18,725	—	94,368	19.84%
2012	22,875	22,875	—	96,195	23.78%

EMPLOYEES RETIREMENT SYSTEM

Schedule of Employer Contributions
Last Ten Fiscal Years
(in thousands)

Fiscal Year Ending June 30	Actuarially Determined Contribution (ADC) ¹	Contributions in Relation to the ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 20,144	\$ 20,144	\$ —	\$ 154,031	13.08%
2020	16,554	16,554	—	149,403	11.08%
2019	14,627	14,627	—	138,396	10.57%
2018	14,609	14,609	—	128,461	11.37%
2017	15,205	15,205	—	119,007	12.78%
2016	13,060	13,060	—	108,541	12.03%
2015	12,327	12,327	—	105,820	11.65%
2014	11,440	11,440	—	103,597	11.04%
2013	13,330	13,330	—	105,509	12.63%
2012	11,374	11,374	—	110,492	10.29%

¹ Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. As such, the actuarial valuation dated June 30, 2020, will impact the contribution rate for the fiscal year ended June 30, 2022.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
For Fiscal Year Ending June 30

(in thousands)

	2018	2019	2020	2021
Net OPEB Liability Beginning of Year	\$ 84,639	\$ 92,820	\$ 113,700	\$ 148,672
Changes for the Year:				
Service Cost	\$ 4,769	\$ 5,777	\$ 10,885	\$ 10,052
Interest	2,995	3,688	3,012	3,045
Difference between Actual and Expected Experience	417	—	(7,800)	—
Assumption Changes		13,406	30,936	(6,622)
Benefit Payments	—	(1,991)	(2,061)	(2,543)
Net Changes	8,181	20,880	34,972	3,932
Net OPEB Liability End of Year	\$ 92,820	\$ 113,700	\$ 148,672	\$ 152,604

Covered-Employee Payroll as of December 31 ¹	\$ 229,256	\$ 236,134	\$ 250,860	\$ 257,132
Net OPEB Liability as a percentage of covered-employee payroll	40.49%	48.15%	59.26%	59.35%

Notes to Schedule

Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable.

Future years information will be displayed up to 10 years as information becomes available.

The City does not accumulate assets in a dedicated trust, or equivalent arrangement, for the purpose of funding its retiree healthcare obligation. Therefore, the actuarial value of plan assets is zero.

¹Covered-employee payroll used in the most recent valuation was calculated based on mid-year, as it was considered representative of the payroll during the fiscal year.

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NONMAJOR GOVERNMENTAL FUNDS



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CITY OF FRESNO, CALIFORNIA

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2021

(in thousands)

	Special Revenue					
	High Speed Rail	Fresno Revitalization Corporation	Special Gas Tax	Measure C	Community Services	UGM Impact Fees
Assets						
Cash and Investments	\$ 45	\$ 390	\$ 15,982	\$ 14,726	\$ 9,955	\$ 46,955
Receivables, Net	—	4	75	60	248	223
Grants Receivable	915	—	—	—	89	—
Intergovernmental Receivables	—	—	2,291	3,521	8	—
Due From Other Funds	—	—	—	—	243	1,571
Advances to Other Funds	—	—	—	—	—	—
Property Held for Resale	—	—	—	—	—	—
Restricted Cash	—	—	—	—	1,361	—
Loans, Notes, Leases, Other Receivables, Net	—	—	—	—	—	—
Total Assets	<u>\$ 960</u>	<u>\$ 394</u>	<u>\$ 18,348</u>	<u>\$ 18,307</u>	<u>\$ 11,904</u>	<u>\$ 48,749</u>
Liabilities						
Accrued Liabilities	\$ 1,293	\$ 85	\$ 2,241	\$ 1,242	\$ 310	\$ 638
Unearned Revenue	—	—	—	—	—	—
Due to Other Funds	2,048	—	343	176	—	—
Advances From Other Funds	—	62	—	—	—	3,174
Deposits From Others	—	—	—	—	4	—
Total Liabilities	<u>3,341</u>	<u>147</u>	<u>2,584</u>	<u>1,418</u>	<u>314</u>	<u>3,812</u>
Deferred Inflows of Resources						
Unavailable Revenue-Other	915	—	—	544	89	—
Total Deferred Inflows of Resources	<u>915</u>	<u>—</u>	<u>—</u>	<u>544</u>	<u>89</u>	<u>—</u>
Fund Balances						
Restricted	—	247	15,764	16,345	3,753	44,937
Assigned	—	—	—	—	7,748	—
Unassigned	(3,296)	—	—	—	—	—
Total Fund Balances	<u>(3,296)</u>	<u>247</u>	<u>15,764</u>	<u>16,345</u>	<u>11,501</u>	<u>44,937</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 960</u>	<u>\$ 394</u>	<u>\$ 18,348</u>	<u>\$ 18,307</u>	<u>\$ 11,904</u>	<u>\$ 48,749</u>

	Debt Service			Capital Projects	Total Nonmajor Governmental Funds	
	Low and Moderate Income Housing	Special Assessments	City Debt	Financing Authorities and Corporations		
						Assets
\$ 9,254	\$ 14,412	\$ 2	\$ 2,680	\$ 6,558	\$ 120,959	Cash and Investments
—	67	1	8	41	727	Receivables, Net
—	—	—	—	273	1,277	Grants Receivable
—	92	—	—	—	5,912	Intergovernmental Receivables
—	—	—	—	—	1,814	Due From Other Funds
62	—	—	—	—	62	Advances to Other Funds
4,756	—	—	—	—	4,756	Property Held for Resale
—	—	—	16,572	—	17,933	Restricted Cash
20,614	—	—	—	—	20,614	Loans, Notes, Leases, Other Receivables, Net
<u>\$ 34,686</u>	<u>\$ 14,571</u>	<u>\$ 3</u>	<u>\$ 19,260</u>	<u>\$ 6,872</u>	<u>\$ 174,054</u>	Total Assets
						Liabilities
\$ —	\$ 250	\$ —	\$ 1	\$ 1,777	\$ 7,837	Accrued Liabilities
—	—	—	—	—	—	Unearned Revenue
—	74	—	—	—	2,641	Due to Other Funds
—	—	—	—	—	3,236	Advances From Other Funds
—	—	—	—	—	4	Deposits From Others
—	324	—	1	1,777	13,718	Total Liabilities
						Deferred Inflows of Resources
—	—	—	—	—	1,548	Unavailable Revenue-Other
—	—	—	—	—	1,548	Total Deferred Inflows of Resources
						Fund Balances
34,686	14,247	3	19,259	—	149,241	Restricted
—	—	—	—	5,095	12,843	Assigned
—	—	—	—	—	(3,296)	Unassigned
<u>34,686</u>	<u>14,247</u>	<u>3</u>	<u>19,259</u>	<u>5,095</u>	<u>158,788</u>	Total Fund Balances
<u>\$ 34,686</u>	<u>\$ 14,571</u>	<u>\$ 3</u>	<u>\$ 19,260</u>	<u>\$ 6,872</u>	<u>\$ 174,054</u>	Total Liabilities, Deferred Inflows of Resources and Fund Balances

CITY OF FRESNO, CALIFORNIA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Fiscal Year Ended June 30, 2021

(in thousands)

	Special Revenue					
	High Speed Rail	Fresno Revitalization Corporation	Special Gas Tax	Measure C	Community Services	UGM Impact Fees
Revenues						
Taxes	\$ —	\$ —	\$ 21,909	\$ 15,589	\$ 3,497	\$ —
Intergovernmental	14,237	—	—	—	3,565	—
Charges for Services	545	209	—	—	2,504	21,886
Use of Money and Property	—	130	79	188	226	142
Miscellaneous	6	—	320	316	304	—
Total Revenues	<u>14,788</u>	<u>339</u>	<u>22,308</u>	<u>16,093</u>	<u>10,096</u>	<u>22,028</u>
Expenditures						
Current:						
General Government	—	—	—	—	724	—
Public Protection	—	—	—	—	2,210	180
Public Ways and Facilities	1,429	—	16,784	11,004	1,275	2,488
Culture and Recreation	—	—	—	—	1,063	366
Community Development	72	229	—	—	1,438	—
Capital Outlay	11,036	—	2,552	1,722	843	4,223
Debt Service:						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	2
Total Expenditures	<u>12,537</u>	<u>229</u>	<u>19,336</u>	<u>12,726</u>	<u>7,553</u>	<u>7,259</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,251</u>	<u>110</u>	<u>2,972</u>	<u>3,367</u>	<u>2,543</u>	<u>14,769</u>
Other Financing Sources (Uses)						
Transfers In	58	—	58	33	180	—
Transfers Out	(15)	—	(149)	(670)	(108)	(8,039)
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Debt Issued	—	—	—	—	—	—
Total Other Financing Sources (Uses)	<u>43</u>	<u>—</u>	<u>(91)</u>	<u>(637)</u>	<u>72</u>	<u>(8,039)</u>
Net Change in Fund Balances	2,294	110	2,881	2,730	2,615	6,730
Fund Balances (Deficit) - Beginning	<u>(5,590)</u>	<u>137</u>	<u>12,883</u>	<u>13,615</u>	<u>8,886</u>	<u>38,207</u>
Fund Balances (Deficit) - Ending	<u>\$ (3,296)</u>	<u>\$ 247</u>	<u>\$ 15,764</u>	<u>\$ 16,345</u>	<u>\$ 11,501</u>	<u>\$ 44,937</u>

		Debt Service		Capital Projects			
Low and Moderate Income Housing	Special Assessments	City Debt	Financing Authorities and Corporations	City Combined	Total Nonmajor Governmental Funds		
Revenues							
\$	\$	\$	\$	\$	\$	40,995	Taxes
480	—	—	—	—	—	18,282	Intergovernmental
—	6,469	—	—	—	—	31,613	Charges for Services
534	(26)	1	27	(95)	—	1,206	Use of Money and Property
—	4	—	—	588	—	1,538	Miscellaneous
<u>1,014</u>	<u>6,447</u>	<u>1</u>	<u>27</u>	<u>493</u>	<u>—</u>	<u>93,634</u>	Total Revenues
Expenditures							
Current:							
217	—	8	921	—	—	1,870	General Government
—	—	—	—	—	—	2,390	Public Protection
—	5,745	—	—	—	—	38,725	Public Ways and Facilities
—	—	—	—	—	—	1,429	Culture and Recreation
30	—	—	—	—	—	1,769	Community Development
—	1	—	—	10,374	—	30,751	Capital Outlay
Debt Service:							
—	—	9,357	9,480	—	—	18,837	Principal
—	—	7,098	5,092	—	—	12,192	Interest
<u>247</u>	<u>5,746</u>	<u>16,463</u>	<u>15,493</u>	<u>10,374</u>	<u>—</u>	<u>107,963</u>	Total Expenditures
<u>767</u>	<u>701</u>	<u>(16,462)</u>	<u>(15,466)</u>	<u>(9,881)</u>	<u>—</u>	<u>(14,329)</u>	Excess (Deficiency) of Revenues Over (Under) Expenditures
Other Financing Sources (Uses)							
830	4	16,454	15,366	8,647	—	41,630	Transfers In
—	(54)	—	(2,448)	(178)	—	(11,661)	Transfers Out
—	—	—	17,145	—	—	17,145	Long-Term Debt Issued
—	—	—	2,773	—	—	2,773	Premium on Debt Issued
<u>830</u>	<u>(50)</u>	<u>16,454</u>	<u>32,836</u>	<u>8,469</u>	<u>—</u>	<u>49,887</u>	Total Other Financing Sources (Uses)
1,597	651	(8)	17,370	(1,412)	—	35,558	Net Change in Fund Balances
<u>33,089</u>	<u>13,596</u>	<u>11</u>	<u>1,889</u>	<u>6,507</u>	<u>—</u>	<u>123,230</u>	Fund Balances (Deficit) - Beginning
<u>\$ 34,686</u>	<u>\$ 14,247</u>	<u>\$ 3</u>	<u>\$ 19,259</u>	<u>\$ 5,095</u>	<u>\$ —</u>	<u>\$ 158,788</u>	Fund Balances (Deficit) - Ending

CITY OF FRESNO, CALIFORNIA

Schedule of Revenues and Expenditures - Budget and Actual
 (Non-GAAP Budgetary Basis) - High Speed Rail - Special Revenue Fund
 Fiscal Year Ended June 30, 2021
 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Over (Under) Final Budget	Budget To GAAP Reconciliation	Actual Amounts GAAP Basis
	Original	Final				
Budgetary Fund Balance, July 1	\$ (7,092)	\$ (22,311)	\$ (22,424)	\$ (113)	\$ 22,424	\$ —
Resources (inflows):						
Intergovernmental	9,784	11,250	14,237	2,987	—	14,237
Charges for Services	1,200	817	545	(272)	—	545
Use of Money and Property	(10)	(57)	(55)	2	55	—
Miscellaneous	—	—	6	6	—	6
Other Financing Sources: Transfers from Other Funds	12	59	531	472	(473)	58
Total Available for Appropriations	3,894	(10,242)	(7,160)	3,082	22,006	14,846
Charges to Appropriations (outflows):						
Public Ways and Facilities	5,295	2,362	1,260	(1,102)	169	1,429
Community Development	335	335	104	(231)	(32)	72
Capital Outlay	22,489	8,194	10,564	2,370	472	11,036
Other Financing Uses: Transfers to Other Funds	—	—	488	488	(473)	15
Total Charges to Appropriations	28,119	10,891	12,416	1,525	136	12,552
Excess (Deficit) Resources Over (Under) Appropriations	\$ (24,225)	\$ (21,133)	\$ (19,576)	\$ 1,557	\$ 21,870	\$ 2,294

CITY OF FRESNO, CALIFORNIA

Schedule of Revenues and Expenditures - Budget and Actual
 (Non-GAAP Budgetary Basis) - Special Gas Tax - Special Revenue Fund
 Fiscal Year Ended June 30, 2021
 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Over (Under) Final Budget	Budget To GAAP Reconciliation	Actual Amounts GAAP Basis
	Original	Final				
Budgetary Fund Balance, July 1	\$ 6,612	\$ 9,089	\$ 8,929	\$ (160)	\$ (8,929)	\$ —
Resources (inflows):						
Taxes	19,754	24,039	21,302	(2,737)	607	21,909
Use of Money and Property	78	168	197	29	(118)	79
Miscellaneous	190	218	354	136	(34)	320
Other Financing Sources:						
Transfers From Other Funds	10	81	49	(32)	9	58
Total Available for Appropriations	<u>26,644</u>	<u>33,595</u>	<u>30,831</u>	<u>(2,764)</u>	<u>(8,465)</u>	<u>22,366</u>
Charges to Appropriations (outflows):						
Public Ways and Facilities	20,553	23,332	16,852	(6,480)	(68)	16,784
Capital Outlay	5,897	7,717	1,797	(5,920)	755	2,552
Other Financing Uses:						
Transfers to Other Funds	250	60	(4)	(64)	153	149
Total Charges to Appropriations	<u>26,700</u>	<u>31,109</u>	<u>18,645</u>	<u>(12,464)</u>	<u>840</u>	<u>19,485</u>
Excess (Deficit) Resources Over (Under) Appropriations	<u>\$ (56)</u>	<u>\$ 2,486</u>	<u>\$ 12,186</u>	<u>\$ 9,700</u>	<u>\$ (9,305)</u>	<u>\$ 2,881</u>

CITY OF FRESNO, CALIFORNIA

Schedule of Revenues and Expenditures - Budget and Actual
 (Non-GAAP Budgetary Basis) - Measure C - Special Revenue Fund
 Fiscal Year Ended June 30, 2021
 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Over (Under) Final Budget	Budget To GAAP Reconciliation	Actual Amounts GAAP Basis
	Original	Final				
Budgetary Fund Balance, July 1	\$ 7,151	\$ 9,386	\$ 9,086	\$ (300)	\$ (9,086)	\$ —
Resources (inflows):						
Taxes	17,433	38,020	14,260	(23,760)	1,329	15,589
Use of Money and Property	85	208	188	(20)	—	188
Miscellaneous	75	714	253	(461)	63	316
Other Financing Sources: Transfers from Other Funds	14	54	44	(10)	(11)	33
Total Available For Appropriations	<u>24,758</u>	<u>48,382</u>	<u>23,831</u>	<u>(24,551)</u>	<u>(7,705)</u>	<u>16,126</u>
Charges to Appropriations (outflows):						
Public Ways and Facilities	16,804	44,046	11,509	(32,537)	(505)	11,004
Capital Outlay	14,741	13,016	1,751	(11,265)	(29)	1,722
Other Financing Uses: Transfers to Other Funds	605	402	394	(8)	276	670
Total Charges to Appropriations	<u>32,150</u>	<u>57,464</u>	<u>13,654</u>	<u>(43,810)</u>	<u>(258)</u>	<u>13,396</u>
Excess (Deficit) Resources Over (Under) Appropriations	<u>\$ (7,392)</u>	<u>\$ (9,082)</u>	<u>\$ 10,177</u>	<u>\$ 19,259</u>	<u>\$ (7,447)</u>	<u>\$ 2,730</u>

CITY OF FRESNO, CALIFORNIA

Schedule of Revenues and Expenditures - Budget and Actual

(Non-GAAP Budgetary Basis) - Community Services - Special Revenue Fund

Fiscal Year Ended June 30, 2021

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Over (Under) Final Budget	Budget to GAAP Reconciliation	Actual Amounts GAAP Basis
	Original	Final				
Budgetary Fund Balance, July 1	\$ 4,808	\$ 6,983	\$ 7,189	\$ 206	\$ (7,189)	\$ —
Resources (inflows):						
Taxes	3,333	3,250	3,494	244	3	3,497
Intergovernmental	6,597	5,120	3,565	(1,555)	—	3,565
Charges for Services	2,756	30,501	2,504	(27,997)	—	2,504
Use of Money and Property	516	360	353	(7)	(127)	226
Miscellaneous	10	5	304	299	—	304
Other Financing Sources: Transfers from Other Funds	568	458	180	(278)	—	180
Total Available For Appropriations	<u>18,588</u>	<u>46,677</u>	<u>17,589</u>	<u>(29,088)</u>	<u>(7,313)</u>	<u>10,276</u>
Charges to Appropriations (outflows):						
General Government	1,500	1,500	724	(776)	—	724
Public Protection	3,895	4,226	2,286	(1,940)	(76)	2,210
Public Ways and Facilities	3,906	4,308	1,222	(3,086)	53	1,275
Culture and Recreation	1,804	1,644	998	(646)	65	1,063
Community Development	3,159	1,510	1,438	(72)	—	1,438
Capital Outlay	1,776	55,441	959	(54,482)	(116)	843
Other Financing Uses: Transfers to Other Funds	787	778	28	(750)	80	108
Total Charges to Appropriations	<u>16,827</u>	<u>69,407</u>	<u>7,655</u>	<u>(61,752)</u>	<u>6</u>	<u>7,661</u>
Excess (Deficit) Resources Over (Under) Appropriations	<u>\$ 1,761</u>	<u>\$ (22,730)</u>	<u>\$ 9,934</u>	<u>\$ 32,664</u>	<u>\$ (7,319)</u>	<u>\$ 2,615</u>

CITY OF FRESNO, CALIFORNIA

Schedule of Revenues and Expenditures - Budget and Actual

(Non-GAAP Budgetary Basis) - UGM Impact Fees - Special Revenue Fund

Fiscal Year Ended June 30, 2021

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Over (Under) Final Budget	Budget To GAAP Reconciliation	Actual Amounts GAAP Basis
	Original	Final				
Budgetary Fund Balance, July 1	\$ 26,832	\$ 34,741	\$ 34,666	\$ (75)	\$ (34,666)	\$ —
Resources (inflows):						
Charges for Services	11,481	12,882	21,862	8,980	24	21,886
Use of Money and Property	223	471	604	133	(462)	142
Other Financing Sources: Transfers from Other Funds	85	462	31	(431)	(31)	—
Total Available for Appropriations	38,621	48,556	57,163	8,607	(35,135)	22,028
Charges to Appropriations (outflows):						
Public Protection	256	572	599	27	(419)	180
Culture and Recreation	973	308	325	17	41	366
Public Ways and Facilities	8,284	8,670	2,488	(6,182)	—	2,488
Capital Outlay	14,735	17,268	3,795	(13,473)	428	4,223
Debt Service Interest	—	—	—	—	2	2
Other Financing Uses: Transfers to Other Funds	2,070	4,160	4,896	736	3,143	8,039
Total Charges to Appropriations	26,318	30,978	12,103	(18,875)	3,195	15,298
Excess (Deficit) Resources Over (Under) Appropriations	\$ 12,303	\$ 17,578	\$ 45,060	\$ 27,482	\$ (38,330)	\$ 6,730

CITY OF FRESNO, CALIFORNIA

Schedule of Revenues and Expenditures - Budget and Actual
 (Non-GAAP Budgetary Basis) - Low and Moderate Income Housing - Special Revenue Fund
 Fiscal Year Ended June 30, 2021
 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Over (Under) Final Budget	Budget To GAAP Reconciliation	Actual Amounts GAAP Basis
	Original					
Budgetary Fund Balance, July 1	\$	—	\$	—	\$	—
Resources (inflows):						
Intergovernmental		480	480	—	—	480
Use of Money and Property		534	534	—	—	534
Other Financing Sources: Transfers from Other Funds		830	830	—	—	830
Total Available for Appropriations		<u>1,844</u>	<u>1,844</u>	<u>—</u>	<u>—</u>	<u>1,844</u>
Charges to Appropriations (outflows):						
General Government		217	217	—	—	217
Community Development		30	30	—	—	30
Total Charges to Appropriations		<u>247</u>	<u>247</u>	<u>—</u>	<u>—</u>	<u>247</u>
Excess (Deficit) Resources Over (Under) Appropriations	\$	<u>1,597</u>	\$	<u>1,597</u>	\$	<u>1,597</u>

CITY OF FRESNO, CALIFORNIA

Schedule of Revenues and Expenditures - Budget and Actual
 (Non-GAAP Budgetary Basis) - Special Assessments - Special Revenue Fund
 Fiscal Year Ended June 30, 2021
 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Over (Under) Final Budget	Budget To GAAP Reconciliation	Actual Amounts GAAP Basis
	Original	Final				
Budgetary Fund Balance, July 1	\$ 11,903	\$ 13,245	\$ 13,245	\$ —	\$ (13,245)	\$ —
Resources (inflows):						
Charges for Services	4,659	5,951	6,469	518	—	6,469
Use of Money and Property	122	234	179	(55)	(205)	(26)
Miscellaneous	—	10	4	(6)	—	4
Other Financing Sources: Transfers from Other Funds	359	371	372	1	(368)	4
Total Available for Appropriations	17,043	19,811	20,269	458	(13,818)	6,451
Charges to Appropriations (outflows):						
Public Ways and Facilities	8,323	8,837	5,698	(3,139)	47	5,745
Capital Outlay	2,470	1,688	1	(1,687)	—	1
Other Financing Uses: Transfers to Other Funds	358	368	378	10	(324)	54
Total Charges to Appropriations	11,151	10,893	6,077	(4,816)	(277)	5,800
Excess (Deficit) Resources Over (Under) Appropriations	\$ 5,892	\$ 8,918	\$ 14,192	\$ 5,274	\$ (13,541)	\$ 651

CITY OF FRESNO, CALIFORNIA

Schedule of Revenues and Expenditures - Budget and Actual
 (Non-GAAP Budgetary Basis) - City Combined - Capital Projects Fund
 Fiscal Year Ended June 30, 2021
 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Over (Under) Final Budget	Budget To GAAP Reconciliation	Actual Amounts GAAP Basis
	Original	Final				
Budgetary Fund Balance, July 1	\$ 9,727	\$ 20,596	\$ 1,995	\$ (18,601)	\$ (1,995)	\$ —
Resources (inflows):						
Use of Money and Property	67	40	115	75	(210)	(95)
Miscellaneous	1,194	2,286	2,773	487	(2,185)	588
Other Financing Sources:						
Transfers Budgeted as Bond Proceeds	8,234	5,470	2,633	(2,837)	6,014	8,647
Total Available for Appropriations	<u>19,222</u>	<u>28,392</u>	<u>7,516</u>	<u>(20,876)</u>	<u>1,624</u>	<u>9,140</u>
Charges to Appropriations (outflows):						
Capital Outlay	16,457	25,465	8,982	(16,483)	1,392	10,374
Other Financing Uses:						
Transfers to Other Funds	1,280	2,193	5	(2,188)	173	178
Total Charges to Appropriations	<u>17,737</u>	<u>27,658</u>	<u>8,987</u>	<u>(18,671)</u>	<u>1,565</u>	<u>10,552</u>
Excess (Deficit) Resources Over (Under) Appropriations	<u>\$ 1,485</u>	<u>\$ 734</u>	<u>\$ (1,471)</u>	<u>\$ (2,205)</u>	<u>\$ 59</u>	<u>\$ (1,412)</u>

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NONMAJOR ENTERPRISE FUNDS



CITY OF FRESNO, CALIFORNIA
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2021
(in thousands)

	Business-Type Activities - Enterprise Funds		
	Community Sanitation	Parks and Recreation	Total Nonmajor Enterprise Funds
Assets			
Current Assets:			
Cash and Investments	\$ 2,693	\$ 1	\$ 2,694
Interest Receivable	12	2	14
Accounts Receivable, Net	1,743	—	1,743
Prepaid Items	6	—	6
Total Current Assets	4,454	3	4,457
Noncurrent Assets:			
Restricted:			
Cash and Investments	—	781	781
Total Restricted Assets	—	781	781
Other Assets:			
Other Assets	—	15	15
Net Pension Asset	639	—	639
Total Other Assets	639	15	654
Capital Assets:			
Land and Intangibles	—	12	12
Buildings, Systems and Improvements	—	3,812	3,812
Machinery and Equipment	67	—	67
Less Accumulated Depreciation	(59)	(2,040)	(2,099)
Total Capital Assets, Net	8	1,784	1,792
Total Noncurrent Assets	647	2,580	3,227
Total Assets	5,101	2,583	7,684
Deferred Outflows of Resources			
Charge on Refunding	—	56	56
Deferred Outflows - Pensions	1,954	—	1,954
Deferred Outflows - OPEB	488	—	488
Total Deferred Outflows of Resources	2,442	56	2,498
Liabilities			
Current Liabilities:			
Accrued Liabilities	196	207	403
Accrued Compensated Absences and HRA	50	1	51
Due to Other Funds	265	470	735
Bonds Payable	—	55	55
Total Current Liabilities	511	733	1,244
Noncurrent Liabilities:			
Accrued Compensated Absences and HRA	447	5	452
Bonds Payable	—	1,564	1,564
Net OPEB Liability	1,876	—	1,876
Total Noncurrent Liabilities	2,323	1,569	3,892
Total Liabilities	2,834	2,302	5,136
Deferred Inflows of Resources			
Unamortized Pension Expense	22	—	22
Unamortized OPEB Expense	317	—	317
Total Deferred Inflows of Resources	339	—	339
Net Position			
Net Investment in Capital Assets	8	221	229
Unrestricted	4,362	116	4,478
Total Net Position	\$ 4,370	\$ 337	\$ 4,707

CITY OF FRESNO, CALIFORNIA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Nonmajor Enterprise Funds

Fiscal Year Ended June 30, 2021

(in thousands)

	Business-Type Activities - Enterprise Funds		
	Community Sanitation	Parks and Recreation	Total Nonmajor Enterprise Funds
Operating Revenues:			
Charges for Services	\$ 8,786	\$ 411	\$ 9,197
Operating Expenses:			
Cost of Services	5,694	257	5,951
Administration	2,696	69	2,765
Depreciation	3	182	185
Total Operating Expenses	8,393	508	8,901
Operating Income (Loss)	393	(97)	296
Non-Operating Revenue (Expenses):			
Interest Income	31	7	38
Net Increase (Decrease) in Cash Fair Value	(36)	—	(36)
Interest Expense	—	(63)	(63)
Total Non-Operating Revenue (Expenses)	(5)	(56)	(61)
Income (Loss) Before Transfers	388	(153)	235
Transfers In	747	—	747
Transfers Out	(1,082)	—	(1,082)
Change in Net Position	53	(153)	(100)
Total Net Position - Beginning	4,317	490	4,807
Total Net Position - Ending	\$ 4,370	\$ 337	\$ 4,707

CITY OF FRESNO, CALIFORNIA

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

Fiscal Year Ended June 30, 2021

(in thousands)

	Business-Type Activities - Enterprise Funds		
	Community Sanitation	Parks and Recreation	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 9,411	\$ 975	\$ 10,386
Cash Payments to Suppliers for Services	(2,132)	(87)	(2,219)
Cash Paid for Interfund Services Used	(1,939)	(7)	(1,946)
Cash Payments to Employees for Services	(4,773)	(37)	(4,810)
Net Cash Provided by (Used for) Operating Activities	<u>567</u>	<u>844</u>	<u>1,411</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest Payments on Capital Debt	—	(80)	(80)
Payment for Cost of Issuance	—	6	6
Principal Payments on Capital Debt-Bonds	—	(55)	(55)
Acquisition and Construction of Capital Assets	—	19	19
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>—</u>	<u>(110)</u>	<u>(110)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Borrowing Receipt from (Payment to) Other Funds	—	(469)	(469)
Transfers In	747	—	747
Transfers Out	(1,082)	—	(1,082)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(335)</u>	<u>(469)</u>	<u>(804)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends Received (Paid) on Investments	(7)	7	—
Net Cash Provided by (Used for) Investing Activities	<u>(7)</u>	<u>7</u>	<u>—</u>
Net Increase (Decrease) in Cash and Cash Equivalents	225	272	497
Cash and Cash Equivalents, Beginning of Year	<u>2,468</u>	<u>510</u>	<u>2,978</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,693</u>	<u>\$ 782</u>	<u>\$ 3,475</u>

CITY OF FRESNO, CALIFORNIA

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

Fiscal Year Ended June 30, 2021 (Continued)

	Business-Type Activities - Nonmajor Enterprise Funds		
	Community Sanitation	Parks and Recreation	Total Nonmajor Enterprise Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating income (loss)	\$ 393	\$ (97)	\$ 296
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	3	182	185
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(275)	—	(275)
Decrease (increase) in prepaid items	(6)	—	(6)
Decrease (increase) in net pension asset and deferred outflows pensions	714	—	714
Decrease (increase) in prepaid insurance	—	1	1
(Decrease) increase in accounts payable	(107)	181	74
(Decrease) increase in salaries payable	9	13	22
(Decrease) increase in due to other funds	(25)	564	539
(Decrease) increase in net OPEB liability	54	—	54
(Decrease) increase in deferred inflows of resources pensions	(193)	—	(193)
Net Cash Provided by (Used for) Operating Activities	\$ 567	\$ 844	\$ 1,411
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:			
Cash and Investments:			
Unrestricted	\$ 2,693	\$ 1	\$ 2,694
Restricted - Current and Noncurrent	—	781	781
Cash and Cash Equivalents at End of Year on Statement of Cash Flows	\$ 2,693	\$ 782	\$ 3,475
Noncash Investing, Capital, and Financing Activities:			
Amortization of bond premium, discount and loss on refunding	—	(17)	(17)
Decrease (increase) in fair value of investments	(35)	—	(35)

INTERNAL SERVICE FUNDS



CITY OF FRESNO, CALIFORNIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2021
(in thousands)

	Billing and Collection	General Services	Risk Management	Employees Healthcare Plan	Retirees Healthcare Plan	Totals
Assets						
Current Assets:						
Cash and Investments	\$ 3,307	\$ 54,589	\$ 12,870	\$ 31,323	\$ —	\$ 102,089
Interest Receivable	85	176	73	164	—	498
Accounts Receivable, Net	1,421	22	208	—	—	1,651
Inventories	—	887	—	—	—	887
Prepaid Items	—	560	25	—	—	585
Due from Other Funds	—	3,973	—	—	—	3,973
Total Current Assets	4,813	60,207	13,176	31,487	—	109,683
Noncurrent Assets:						
Restricted:						
Cash and Investments	5,189	—	842	—	—	6,031
Total Restricted Assets	5,189	—	842	—	—	6,031
Other Assets:						
Net Pension Asset	150	606	—	—	—	756
Total Other Assets	150	606	—	—	—	756
Capital Assets:						
Buildings, Systems & Improvements	—	6,617	—	—	—	6,617
Machinery & Equipment	121	128,252	—	—	—	128,373
Construction in Progress	102	26,430	—	—	—	26,532
Less Accumulated Depreciation	(121)	(79,081)	—	—	—	(79,202)
Total Capital Assets, Net	102	82,218	—	—	—	82,320
Total Noncurrent Assets	5,441	82,824	842	—	—	89,107
Total Assets	10,254	143,031	14,018	31,487	—	198,790
Deferred Outflows of Resources						
Pension Contributions	644	1,683	—	—	—	2,327
Deferred Outflows - Pension	2,547	6,755	—	—	—	9,302
Deferred Outflows - OPEB	915	1,562	127	—	—	2,604
Total Deferred Outflows of Resources	4,106	10,000	127	—	—	14,233
Liabilities						
Current Liabilities:						
Accrued Liabilities	1,710	4,926	1,199	326	—	8,161
Accrued Compensated Absences & HRA	132	363	38	—	—	533
Liability for Self-Insurance	—	—	40,538	6,500	—	47,038
Unearned Revenue	978	577	—	—	—	1,555
Due to Other Funds	23	7,036	—	—	—	7,059
Capital Lease Obligations	—	6,276	—	—	—	6,276
Total Current Liabilities	2,843	19,178	41,775	6,826	—	70,622
Noncurrent Liabilities:						
Accrued Compensated Absences & HRA	1,801	3,139	116	—	—	5,056
Capital Lease Obligations	—	16,559	—	—	—	16,559
Liability for Self-Insurance	—	—	145,195	—	—	145,195
Net OPEB Liability	3,795	6,335	429	—	—	10,559
Deposits Held for Others	4,484	—	—	—	—	4,484
Total Noncurrent Liabilities	10,080	26,033	145,740	—	—	181,853
Total Liabilities	12,923	45,211	187,515	6,826	—	252,475
Deferred Inflows of Resources						
Unamortized Pension Expense	32	74	—	—	—	106
Unamortized OPEB Expense	620	1,045	77	—	—	1,742
Total Deferred Inflows of Resources	652	1,119	77	—	—	1,848
Net Position						
Net Investment in Capital Assets	102	60,232	—	—	—	60,334
Unrestricted (Deficit)	683	46,469	(173,447)	24,661	—	(101,634)
Total Net Position (Deficit)	\$ 785	\$ 106,701	\$ (173,447)	\$ 24,661	\$ —	\$ (41,300)

CITY OF FRESNO, CALIFORNIA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

Fiscal Year Ended June 30, 2021

(in thousands)

	Billing and Collection	General Services	Risk Management	Employees Healthcare Plan	Retirees Healthcare Plan	Totals
Operating Revenues:						
Charges for Services	\$ 6,502	\$ 75,067	\$ 39,543	\$ 50,973	\$ 8,245	\$ 180,330
Operating Expenses:						
Cost of Services	6,822	38,639	64,417	42,120	7,666	159,664
Administration	2,191	13,981	7,093	6,858	579	30,702
Depreciation	—	9,635	—	—	—	9,635
Total Operating Expenses	9,013	62,255	71,510	48,978	8,245	200,001
Operating Income (Loss)	(2,511)	12,812	(31,967)	1,995	—	(19,671)
Non-Operating Revenue (Expenses):						
Interest Income	237	490	161	444	—	1,332
Net Increase (Decrease) in Cash Fair Value	(197)	(562)	(160)	—	—	(919)
Interest Expense	—	(773)	—	—	—	(773)
Gain (loss) on Disposal of Capital Assets	—	(889)	—	—	—	(889)
Total Non-Operating Revenue (Expenses)	40	(1,734)	1	444	—	(1,249)
Income (Loss) Before Contributions & Transfers	(2,471)	11,078	(31,966)	2,439	—	(20,920)
Capital Contributions	—	—	—	—	—	—
Transfers In	77	7,420	21	—	—	7,518
Transfers Out	(362)	(2,032)	(1,032)	—	—	(3,426)
Change in Net Position	(2,756)	16,466	(32,977)	2,439	—	(16,828)
Total Net Position (Deficit) - Beginning	3,541	90,235	(140,470)	22,222	—	(24,472)
Total Net Position (Deficit) - Ending	\$ 785	\$ 106,701	\$ (173,447)	\$ 24,661	\$ —	\$ (41,300)

CITY OF FRESNO, CALIFORNIA

Combining Statement of Cash Flows

Internal Service Funds

Fiscal Year Ended June 30, 2021

(in thousands)

	Billing and Collection	General Services	Risk Management	Employees Healthcare Plan	Retirees Healthcare Plan	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash Received from Customers	\$ 3,562	\$ 51,974	\$ —	\$ 11,637	\$ 5,219	\$ 72,392
Cash Received from Interfund Services Provided	3,743	26,476	57,191	39,336	2,542	129,288
Cash Payments from (to) Suppliers for Services	(166)	(30,982)	(6,869)	(4,440)	(607)	(43,064)
Cash Paid for Interfund Services Used	(1,910)	(5,103)	(682)	—	—	(7,695)
Cash Payments to Employees for Services	(7,078)	(18,333)	(4,609)	—	—	(30,020)
Cash Payments for Claims and Refunds	—	—	(42,001)	(42,120)	(7,154)	(91,275)
Net Cash Provided by (Used for) Operating Activities	(1,849)	24,032	3,030	4,413	—	29,626
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Capital Contributions	—	6,185	—	—	—	6,185
Interest Payments on Capital Debt	—	(732)	—	—	—	(732)
Principal Payments on Capital Lease Obligations	—	(5,882)	—	—	—	(5,882)
Proceeds from Sale of Capital Assets	—	514	—	—	—	514
Acquisition and Construction of Capital Assets	(96)	(25,368)	—	—	—	(25,464)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(96)	(25,283)	—	—	—	(25,379)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Borrowing Receipt from (Payment to) Other Funds	—	2,592	—	—	—	2,592
Transfers In	77	7,421	20	—	—	7,518
Transfers Out	(362)	(2,032)	(1,031)	—	—	(3,425)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(285)	7,981	(1,011)	—	—	6,685
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest and Dividends Received (Paid) on Investments	66	(48)	(6)	448	—	460
Net Cash Provided by (Used for) Investing Activities	66	(48)	(6)	448	—	460
Net Increase (Decrease) in Cash and Cash Equivalents	(2,164)	6,682	2,013	4,861	—	11,392
Cash and Cash Equivalents, Beginning of Year	10,660	47,907	11,699	26,462	—	96,728
Cash and Cash Equivalents, End of Year	\$ 8,496	\$ 54,589	\$ 13,712	\$ 31,323	\$ —	\$ 108,120

CITY OF FRESNO, CALIFORNIA

Combining Statement of Cash Flows

Internal Service Funds

Fiscal Year Ended June 30, 2021 (Continued)

	Billing and Collection	General Services	Risk Management	Employees Healthcare Plan	Retirees Healthcare Plan	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Operating income (loss)	\$ (2,511)	\$ 12,812	\$ (31,967)	\$ 1,995	\$ —	\$ (19,671)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation expense	—	9,635	—	—	—	9,635
Change in assets and liabilities:						
Decrease (increase) in accounts receivable	(237)	(22)	(58)	—	—	(317)
Decrease (increase) in due from other funds	—	(694)	—	—	—	(694)
Decrease (increase) in material and supplies inventory	—	(68)	—	—	—	(68)
Decrease (increase) in prepaid items	—	(356)	(25)	—	—	(381)
Decrease (increase) in net pension asset and deferred outflows pensions	1,094	2,409	14	—	—	3,517
(Decrease) increase in accounts payable	240	(108)	(432)	18	—	(282)
(Decrease) increase in salaries payable	167	249	45	—	—	461
(Decrease) increase in due to other funds	2	—	—	—	—	2
(Decrease) increase in unearned revenue	166	207	—	—	—	373
(Decrease) increase in liability for self-insurance	—	—	35,425	2,400	—	37,825
(Decrease) increase in deposits	(750)	—	—	—	—	(750)
(Decrease) increase in net OPEB liability	97	168	15	—	—	280
(Decrease) increase in deferred inflows of resources pensions	(117)	(200)	13	—	—	(304)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (1,849)</u>	<u>\$ 24,032</u>	<u>\$ 3,030</u>	<u>\$ 4,413</u>	<u>\$ —</u>	<u>\$ 29,626</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:						
Cash and Investments:						
Unrestricted	\$ 3,307	\$ 54,589	\$ 12,870	\$ 31,323	\$ —	\$ 102,089
Restricted - Current and Noncurrent	5,189	—	842	—	—	6,031
Cash and Cash Equivalents at End of Year on Statement of Cash Flows	<u>\$ 8,496</u>	<u>\$ 54,589</u>	<u>\$ 13,712</u>	<u>\$ 31,323</u>	<u>\$ —</u>	<u>\$ 108,120</u>
Noncash Investing, Capital, and Financing Activities:						
Acquisition and construction of capital assets on accounts payable	\$ 6	\$ 623	\$ —	\$ —	\$ —	\$ 629
Decrease (increase) in fair value of investments	(110)	(672)	(178)	—	—	(960)

FIDUCIARY FUNDS



CITY OF FRESNO, CALIFORNIA

Combining Statement of Fiduciary Net Position

Fiduciary Funds - Pension Trust Funds

June 30, 2021

(in thousands)

	Pension Trust Funds		
	Fire and Police Retirement System	Employees Retirement System	Total
Assets			
Cash and Investments	\$ 2,692	\$ 2,302	\$ 4,994
Receivables:			
Receivables for Investments Sold	37,898	31,370	69,268
Interest and Dividends Receivable	2,881	2,386	5,267
Other Receivables	21,642	17,915	39,557
Total Receivables	62,421	51,671	114,092
Investments, at Fair Value:			
Short-Term Investments	31,684	26,233	57,917
Domestic Equity	756,804	626,488	1,383,292
Corporate Bonds	208,733	172,791	381,524
International Developed Market Equities	322,127	266,659	588,786
International Emerging Market Equities	79,063	65,449	144,512
Government Bonds	81,879	67,781	149,660
Alternatives	334,062	276,539	610,601
Real Estate	254,209	211,015	465,224
Total Investments, at Fair Value	2,068,561	1,712,955	3,781,516
Collateral Held for Securities Lent	96,292	79,711	176,003
Capital Assets, Net of Accumulated Depreciation	554	554	1,108
Other Assets	122	122	244
Total Assets	2,230,642	1,847,315	4,077,957
Liabilities			
Accrued Liabilities	42,049	34,809	76,858
Collateral Held for Securities Lent	96,292	79,711	176,003
Other Liabilities	1,931	1,558	3,489
Total Liabilities	140,272	116,078	256,350
Net Position			
Net Position Restricted for Pension Benefits	\$ 2,090,370	\$ 1,731,237	\$ 3,821,607

CITY OF FRESNO, CALIFORNIA

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds - Pension Trust Funds

Fiscal Year Ended June 30, 2021

(in thousands)

	Pension Trust Funds		
	Fire and Police Retirement System	Employees Retirement System	Total
Additions			
Contributions:			
Employer	\$ 26,315	\$ 20,144	\$ 46,459
System Members	10,256	13,750	24,006
Total Contributions	<u>36,571</u>	<u>33,894</u>	<u>70,465</u>
Investment Income:			
Net Appreciation in Fair Value of Investments	482,149	399,865	882,014
Interest	10,226	8,482	18,708
Dividends	15,484	12,838	28,322
Other Investment Related	88	89	177
Total Investment Income	<u>507,947</u>	<u>421,274</u>	<u>929,221</u>
Less Investment Expense	<u>(16,439)</u>	<u>(13,659)</u>	<u>(30,098)</u>
Total Net Investment Income	<u>491,508</u>	<u>407,615</u>	<u>899,123</u>
Securities Lending Income:			
Securities Lending Earnings	296	245	541
Less Securities Lending Expense	<u>(59)</u>	<u>(49)</u>	<u>(108)</u>
Net Securities Lending Income	<u>237</u>	<u>196</u>	<u>433</u>
Total Additions	<u>528,316</u>	<u>441,705</u>	<u>970,021</u>
Deductions			
Benefit Payments (including post retirement supplemental benefits)	69,708	67,497	137,205
Refund of Contributions	1,255	1,749	3,004
General and Administrative Expenses	2,282	2,059	4,341
Total Deductions	<u>73,245</u>	<u>71,305</u>	<u>144,550</u>
Change in Net Position	455,071	370,400	825,471
Net Position - Beginning	<u>1,635,299</u>	<u>1,360,837</u>	<u>2,996,136</u>
Net Position - Ending	<u>\$ 2,090,370</u>	<u>\$ 1,731,237</u>	<u>\$ 3,821,607</u>

CITY OF FRESNO, CALIFORNIA

Combining Statement of Changes in Assets and Liabilities

Custodial Funds

Fiscal Year Ended June 30, 2021

(in thousands)

CITY DEPARTMENTAL FUND

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Assets				
Cash and Investments	\$ 10,195	\$ 370,162	\$ 377,869	\$ 2,488
Interest Receivable	26	159	176	9
Due From Other Funds	—	—	—	—
Due From Other Governments	—	—	—	—
Total Assets	<u>\$ 10,221</u>	<u>\$ 370,321</u>	<u>\$ 378,045</u>	<u>\$ 2,497</u>
Liabilities				
Accrued Liabilities	\$ 275	\$ 364,853	\$ 365,059	\$ 69
Due to Other Funds	—	—	—	—
Deposits Held for Others	9,946	15,431	22,949	2,428
Total Liabilities	<u>\$ 10,221</u>	<u>\$ 380,284</u>	<u>\$ 388,008</u>	<u>\$ 2,497</u>

SPECIAL ASSESSMENTS DISTRICT FUND

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Assets				
Cash and Investments	\$ —	\$ 385	\$ 205	\$ 180
Restricted Cash and Investments Held by Fiscal Agent	807	—	213	594
Interest Receivable	—	1	1	—
Due from Other Governments	790	766	790	766
Total Assets	<u>\$ 1,597</u>	<u>\$ 1,152</u>	<u>\$ 1,209</u>	<u>\$ 1,540</u>
Liabilities				
Deposits Held for Others	\$ 1,597	\$ 1,151	\$ 1,208	\$ 1,540
Total Liabilities	<u>\$ 1,597</u>	<u>\$ 1,151</u>	<u>\$ 1,208</u>	<u>\$ 1,540</u>

TOTAL CUSTODIAL FUNDS

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Assets				
Cash and Investments	\$ 10,195	\$ 370,547	\$ 378,074	\$ 2,668
Restricted Cash and Investments Held by Fiscal Agent	807	—	213	594
Interest Receivable	26	160	177	9
Due from Other Funds	—	—	—	—
Due from Other Governments	790	766	790	766
Total Assets	<u>\$ 11,818</u>	<u>\$ 371,473</u>	<u>\$ 379,254</u>	<u>\$ 4,037</u>
Liabilities				
Accrued Liabilities	\$ 275	\$ 364,853	\$ 365,059	\$ 69
Due To Other Funds	—	—	—	—
Deposits Held for Others	11,543	16,582	24,157	3,968
Total Liabilities	<u>\$ 11,818</u>	<u>\$ 381,435</u>	<u>\$ 389,216</u>	<u>\$ 4,037</u>

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STATISTICAL SECTION



Statistical Section

This section of the City's Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. (pages 208-212)

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source: The property tax. (pages 213-216)

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. (pages 217-225)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. (pages 226-227)

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. (pages 228-232)

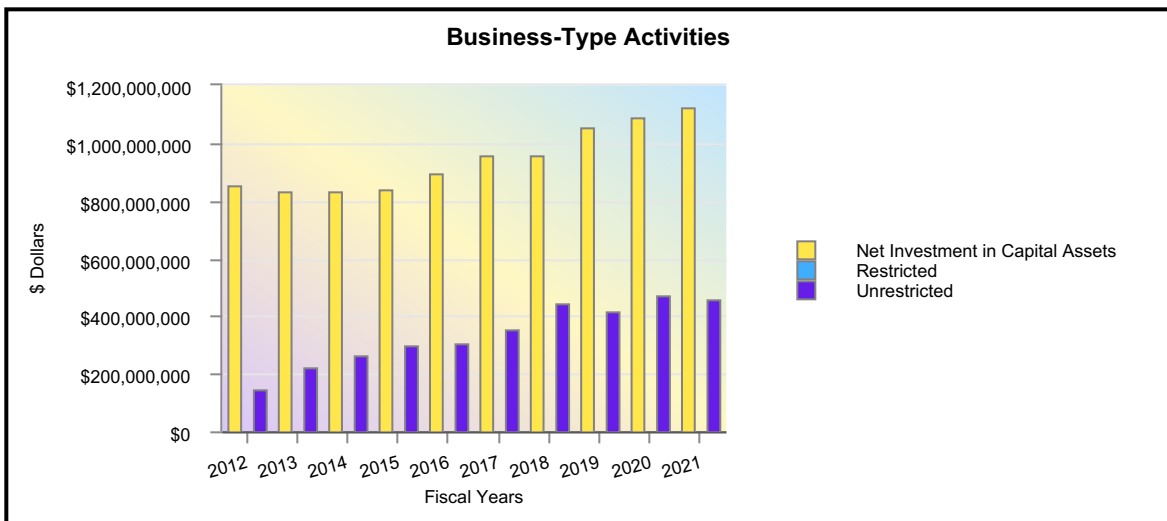
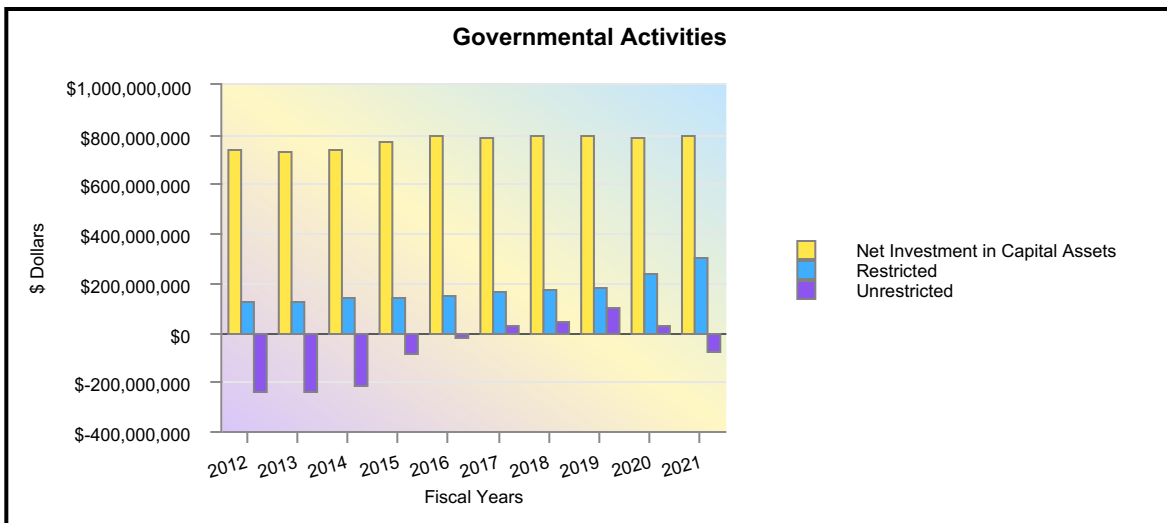
Source(s):

Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF FRESNO, CALIFORNIA
Net Position By Component
Last Ten Fiscal Years
(dollars in thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net Investment in Capital Assets	\$ 742,533	\$ 733,961	\$ 744,074	\$ 771,198	\$ 795,884	\$ 787,522	\$ 796,242	\$ 793,963	\$ 787,395	\$ 794,759
Restricted	123,401	125,618	141,123	146,174	151,345	168,927	171,473	178,858	239,898	304,925
Unrestricted (Deficit)	(240,718)	(235,759)	(215,416)	(86,424)	(22,058)	28,252	43,380	105,676	27,932	(76,811)
Total Governmental Activities	\$ 625,216	\$ 623,820	\$ 669,781	\$ 830,948	\$ 925,171	\$ 984,701	\$ 1,011,095	\$ 1,078,497	\$ 1,055,225	\$ 1,022,873
Business-Type Activities										
Net Investment in Capital Assets	\$ 853,405	\$ 829,455	\$ 835,290	\$ 841,773	\$ 896,818	\$ 955,128	\$ 958,169	\$ 1,054,185	\$ 1,090,352	\$ 1,120,876
Restricted	—	—	—	—	—	—	—	—	—	—
Unrestricted (Deficit)	148,776	219,983	264,090	300,296	307,315	353,436	440,872	414,184	472,210	460,988
Total Business-Type Activities	\$ 1,002,181	\$ 1,049,438	\$ 1,099,380	\$ 1,142,069	\$ 1,204,133	\$ 1,308,564	\$ 1,399,041	\$ 1,468,369	\$ 1,562,562	\$ 1,581,864
Primary Government										
Net Investment in Capital Assets	\$ 1,595,938	\$ 1,563,416	\$ 1,579,364	\$ 1,612,971	\$ 1,692,702	\$ 1,742,650	\$ 1,754,411	\$ 1,848,148	\$ 1,877,747	\$ 1,915,635
Restricted	123,401	125,618	141,123	146,174	151,345	168,927	171,473	178,858	239,898	304,925
Unrestricted (Deficit)	(91,942)	(15,776)	48,674	213,872	285,257	381,688	484,252	519,860	500,142	384,177
Total Primary Government	\$ 1,627,397	\$ 1,673,258	\$ 1,769,161	\$ 1,973,017	\$ 2,129,304	\$ 2,293,265	\$ 2,410,136	\$ 2,546,866	\$ 2,617,787	\$ 2,604,737

Source(s): City of Fresno, Finance Department



CITY OF FRESNO, CALIFORNIA

Change in Net Position

Last Ten Fiscal Years

(dollars in thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities:										
General Government	\$ 23,820	\$ 34,308	\$ 26,997	\$ 28,590	\$ 32,206	\$ 44,157	\$ 31,319	\$ 42,785	\$ 46,114	\$ 90,218
Public Protection	208,649	190,050	192,124	177,829	187,733	196,006	206,163	214,903	271,085	305,172
Public Ways and Facilities	75,281	69,771	68,914	64,430	60,875	72,984	76,289	80,369	93,243	123,068
Culture and Recreation	16,294	16,704	17,895	20,036	20,223	23,500	19,771	23,809	26,039	30,882
Community Development	15,986	26,280	23,757	29,257	28,789	28,913	30,412	29,188	31,102	41,053
Redevelopment	8,308	—	—	—	—	—	—	—	—	—
Interest on Long-Term Debt	22,426	21,037	20,275	19,519	18,787	18,658	14,413	14,101	13,652	12,552
Total Governmental Activities	370,764	358,150	349,962	339,661	348,613	384,218	378,367	405,155	481,235	602,945
Business-Type Activities:										
Water System	67,577	60,749	63,375	62,205	64,454	63,753	73,677	94,066	101,406	100,181
Sewer System	60,003	63,736	65,145	66,148	63,980	64,124	65,991	71,793	65,166	74,428
Solid Waste Management	43,286	30,257	33,345	32,976	26,650	26,605	30,353	31,702	36,915	41,713
Transit	49,670	48,398	45,287	45,435	44,191	47,958	53,937	57,864	62,016	66,135
Airports	27,154	32,413	28,498	28,164	28,509	29,938	31,192	33,262	35,984	41,090
Fresno Convention Center	10,919	14,928	9,982	10,147	9,750	10,798	8,856	8,701	7,108	5,096
Community Sanitation	6,493	7,848	7,949	8,235	6,904	8,978	10,077	10,093	9,147	8,698
Parking	5,059	—	—	—	—	—	—	—	—	—
Parks and Recreation	1,036	812	372	340	316	410	283	502	586	572
Development Services	9,741	—	—	—	—	—	—	—	—	—
Stadium	3,544	3,463	3,336	3,266	3,191	3,539	2,710	2,600	2,702	2,739
Total Business-Type Activities	284,482	262,604	257,289	256,916	247,945	256,103	277,076	310,583	321,030	340,652
Total Primary Government Expenses	\$ 655,246	\$ 620,754	\$ 607,251	\$ 596,577	\$ 596,558	\$ 640,321	\$ 655,443	\$ 715,738	\$ 802,265	\$ 943,597
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 16,545	\$ 18,634	\$ 17,038	\$ 23,194	\$ 22,580	\$ 46,742	\$ 17,171	\$ 19,075	\$ 14,805	\$ 15,315
Public Protection	19,720	20,924	18,898	31,872	44,037	22,382	32,275	40,945	15,599	16,544
Public Ways and Facilities	13,470	16,669	14,898	17,426	20,468	21,911	21,009	20,461	22,219	27,060
Culture and Recreation	809	3,021	4,680	4,577	4,949	3,645	3,935	3,711	1,742	1,364
Community Development	2,568	19,529	19,432	21,130	25,239	23,496	23,033	20,347	19,400	13,050
Operating Grants and Contributions	54,974	36,639	48,503	39,550	34,015	25,016	26,488	40,278	39,037	40,393
Capital Grants and Contributions	29,730	35,623	49,651	62,472	57,955	44,586	38,584	37,525	49,161	135,064
Total Governmental Activities Program Revenues	137,816	151,039	173,100	200,221	209,243	187,778	162,495	182,342	161,963	248,790
Business-Type Activities:										
Charges for Services:										
Water System	69,269	71,667	90,096	74,285	77,959	101,895	107,377	119,029	120,252	127,651
Sewer System	76,726	76,324	76,201	81,955	78,186	83,635	81,651	81,085	77,249	77,940
Solid Waste Management	38,271	29,797	29,404	31,208	31,975	31,170	30,100	31,804	29,546	29,132
Transit	10,770	11,054	10,914	13,089	12,479	11,452	10,746	9,348	2,516	(2,328)
Airports	21,563	23,329	24,991	25,670	27,646	27,835	29,634	32,011	29,192	25,991
Fresno Convention Center	2,667	2,594	2,626	2,960	3,634	3,752	3,318	3,796	2,415	(2)
Community Sanitation	8,918	9,108	8,956	9,746	9,733	9,613	9,422	9,841	8,982	8,786
Parking	5,270	—	—	—	—	—	—	—	—	—
Parks and Recreation	781	736	329	329	325	340	323	410	278	411
Development Services	8,395	—	—	—	—	—	—	—	—	—
Stadium	1,251	1,089	798	1,248	677	1,082	238	406	344	580
Operating Grants and Contributions	42,361	40,850	44,211	40,215	29,190	37,187	22,939	37,910	80,766	56,334
Capital Grants and Contributions	43,505	22,224	14,754	14,791	18,015	47,576	69,570	33,249	38,027	29,884
Total Business-Type Activities Program Revenues	329,747	288,772	303,280	295,496	289,819	355,537	365,318	358,889	389,567	354,379
Total Primary Government Program Revenues	\$ 467,563	\$ 439,811	\$ 476,380	\$ 495,717	\$ 499,062	\$ 543,315	\$ 527,813	\$ 541,231	\$ 551,530	\$ 603,169

CITY OF FRESNO, CALIFORNIA

Change in Net Position

Last Ten Fiscal Years (Continued)

(dollars in thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense)/Revenue										
Governmental Activities	\$(232,948)	\$(207,111)	\$(176,862)	\$(139,440)	\$(139,370)	\$(196,440)	\$(215,872)	\$(222,813)	\$(319,272)	\$(354,155)
Business-Type Activities	45,265	26,168	45,991	38,580	41,874	99,434	88,242	48,306	68,537	13,727
Total Primary Government Net Expense	<u>\$(187,683)</u>	<u>\$(180,943)</u>	<u>\$(130,871)</u>	<u>\$(100,860)</u>	<u>\$(97,496)</u>	<u>\$(97,006)</u>	<u>\$(127,630)</u>	<u>\$(174,507)</u>	<u>\$(250,735)</u>	<u>\$(340,428)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 100,961	\$ 103,745	\$ 107,635	\$ 113,655	\$ 117,048	\$ 123,858	\$ 130,109	\$ 138,201	\$ 142,250	\$ 149,822
Sales Taxes - Shared Revenues	53,354	56,474	59,328	61,571	74,010	86,128	85,512	96,939	98,531	125,279
In-Lieu Sales Tax	17,272	18,216	19,190	19,907	10,559	—	—	—	—	—
Franchise Taxes	11,720	12,503	12,751	13,469	13,722	14,335	14,811	14,493	16,101	17,729
Business Tax	16,267	16,470	18,868	17,781	16,879	19,101	20,982	18,162	20,868	20,577
Room Tax	9,088	9,560	10,019	11,006	12,045	13,127	13,936	13,998	12,453	12,566
Other Taxes	2,479	2,104	2,324	2,407	2,521	2,348	2,304	2,855	2,241	1,825
Investment Earnings	2,053	1,889	795	879	1,652	1,215	1,348	8,413	11,863	1,786
Gain on Sale of Capital Assets	1,022	416	42	402	218	214	223	2,517	2	—
Special Item - Loss on Receivable/ Transfer of Assets	—	—	—	—	—	—	(8,152)	—	—	—
Extraordinary (Loss):										
Redevelopment Agency Net Position										
Distributed to Successor Agency	(18,561)	—	—	—	—	—	—	—	—	—
Transfers:	(5,991)	(15,662)	(5,699)	(6,290)	(15,061)	(4,356)	(4,820)	(5,363)	(8,309)	(7,781)
Total Governmental Activities	<u>189,664</u>	<u>205,715</u>	<u>225,253</u>	<u>234,787</u>	<u>233,593</u>	<u>255,970</u>	<u>256,253</u>	<u>290,215</u>	<u>296,000</u>	<u>321,803</u>
Business-Type Activities:										
Investment Earnings	6,139	1,596	2,316	2,998	5,129	641	2,614	15,624	17,316	(2,206)
Debt Forgiveness	1,744	—	—	—	—	—	—	—	—	—
Gain on Sale of Capital Assets	2,719	3,832	1	38	—	—	36	35	31	—
Transfers:	5,991	15,662	5,698	6,290	15,061	4,356	4,820	5,363	8,309	7,781
Total Business-Type Activities	<u>16,593</u>	<u>21,090</u>	<u>8,015</u>	<u>9,326</u>	<u>20,190</u>	<u>4,997</u>	<u>7,470</u>	<u>21,022</u>	<u>25,656</u>	<u>5,575</u>
Total Primary Government	<u>\$ 206,257</u>	<u>\$ 226,805</u>	<u>\$ 233,268</u>	<u>\$ 244,113</u>	<u>\$ 253,783</u>	<u>\$ 260,967</u>	<u>\$ 263,723</u>	<u>\$ 311,237</u>	<u>\$ 321,656</u>	<u>\$ 327,378</u>
Change in Net Position										
Governmental Activities	\$ (43,284)	\$ (1,397)	\$ 48,391	\$ 95,347	\$ 94,223	\$ 59,530	\$ 40,381	\$ 67,402	\$ (23,272)	\$ (32,352)
Business-Type Activities	61,858	47,259	54,006	47,906	62,064	104,431	95,712	69,328	94,193	19,302
Total Primary Government	<u>\$ 18,574</u>	<u>\$ 45,862</u>	<u>\$ 102,397</u>	<u>\$ 143,253</u>	<u>\$ 156,287</u>	<u>\$ 163,961</u>	<u>\$ 136,093</u>	<u>\$ 136,730</u>	<u>\$ 70,921</u>	<u>\$ (13,050)</u>

Source(s): City of Fresno, Finance Department

CITY OF FRESNO, CALIFORNIA

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(dollars in thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ 12,691	\$ 12,691	\$ 12,691	\$ 12,691	\$ 12,691	\$ 18,417	\$ 3,919	\$ 2,071	\$ —	\$ —
Restricted	—	435	7	105	11	37	16	10	6	—
Committed	1,481	1,903	2,351	5,207	1,610	22,104	25,565	37,004	37,718	40,655
Assigned	390	1,095	1,006	1,874	2,811	3,890	2,845	4,562	5,158	19,249
Unassigned	483	(9,355)	8,192	24,643	31,808	26,749	19,533	25,312	33,046	43,039
Total General Fund	<u>\$ 15,045</u>	<u>\$ 6,769</u>	<u>\$ 24,247</u>	<u>\$ 44,520</u>	<u>\$ 48,931</u>	<u>\$ 71,197</u>	<u>\$ 51,878</u>	<u>\$ 68,959</u>	<u>\$ 75,928</u>	<u>\$ 102,943</u>
All other Governmental Funds										
Restricted	\$ 125,275	\$ 128,100	\$ 145,763	\$ 146,002	\$ 151,726	\$ 163,802	\$ 166,207	\$ 172,587	\$ 197,325	\$ 255,324
Assigned	19,897	17,624	15,752	15,928	15,847	12,177	16,115	16,137	11,194	12,843
Unassigned	(7,547)	(5,196)	(7,749)	(9,670)	(6,284)	(788)	(809)	(1,950)	(5,590)	(56,750)
Total all other Governmental Funds	<u>\$ 137,625</u>	<u>\$ 140,528</u>	<u>\$ 153,766</u>	<u>\$ 152,260</u>	<u>\$ 161,289</u>	<u>\$ 175,191</u>	<u>\$ 181,513</u>	<u>\$ 186,774</u>	<u>\$ 202,929</u>	<u>\$ 211,417</u>

Source(s): City of Fresno, Finance Department

CITY OF FRESNO, CALIFORNIA

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(dollars in thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$239,845	\$237,956	\$263,470	\$276,847	\$266,521	\$298,425	\$289,140	\$315,903	\$330,423	\$366,645
Licenses and Permits	528	5,097	6,331	6,569	7,102	7,291	7,829	7,337	7,915	9,276
Intergovernmental	44,592	37,032	48,910	41,915	39,036	38,770	39,318	41,706	55,879	126,391
Charges for Services	36,184	49,995	46,277	44,692	46,398	49,538	51,294	57,413	53,493	64,462
Fines	1,926	4,193	3,746	3,392	4,271	3,487	3,872	3,643	3,315	1,792
Use of Money and Property	1,677	2,539	1,585	1,643	2,105	1,285	1,305	6,542	9,538	1,684
Contributions and Donations	169	—	—	—	—	—	—	—	—	—
Miscellaneous	5,560	6,146	5,612	8,800	8,156	36,448	4,504	3,640	2,017	3,125
Total Revenues	330,481	342,958	375,931	383,858	373,589	435,244	397,262	436,184	462,580	573,375
Expenditures										
General Government	8,273	13,039	11,742	13,841	17,490	26,257	21,285	28,077	29,286	71,211
Public Protection	191,499	187,189	185,911	188,050	201,656	212,828	221,043	226,108	243,099	256,635
Public Ways and Facilities	34,832	33,332	39,190	35,607	38,293	42,430	41,682	50,561	53,686	63,186
Culture and Recreation	11,833	13,177	14,247	15,433	17,735	16,928	18,257	18,140	20,911	26,131
Community Development	15,217	25,685	23,666	30,320	29,511	29,360	31,483	30,961	32,970	39,983
Capital Outlays	20,345	19,919	28,375	38,984	23,145	29,990	31,401	26,168	27,605	54,776
Debt Service:										
Principal	17,612	17,484	17,814	19,218	17,435	19,196	17,568	18,956	19,911	21,191
Interest	22,493	21,134	20,347	19,511	18,629	17,779	14,752	14,515	13,692	12,602
Total Expenditures	322,104	330,959	341,292	360,964	363,894	394,768	397,471	413,486	441,160	545,715
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,377	11,999	34,639	22,894	9,695	40,476	(209)	22,698	21,420	27,660
Other Financing Sources (Uses)										
Transfers In	82,206	46,827	42,716	44,695	45,251	55,930	49,397	41,142	51,823	116,697
Transfers Out	(87,540)	(66,633)	(47,267)	(50,573)	(49,446)	(59,055)	(57,418)	(46,110)	(59,145)	(128,855)
Discount on Debt Issued	—	—	—	—	—	835	—	—	—	—
Issuance of Refunding Bonds	—	—	—	—	—	108,903	—	—	—	—
Refunded Bond Redeemed	—	—	—	—	—	(128,621)	—	—	—	—
Long-Term Debt Issued	—	—	—	—	—	—	—	—	—	17,145
Premium on Debt Issued	—	—	—	—	—	11,528	—	—	—	2,773
Capital Lease Financing	—	—	621	966	7,331	4,126	3,162	2,228	9,026	83
Proceeds for Capital Lease Obligations	—	1,088	—	—	—	—	—	—	—	—
Sale of Capital Assets	679	1,346	8	785	609	2,046	223	2,382	—	—
Total Other Financing Sources (Uses)	(4,655)	(17,372)	(3,922)	(4,127)	3,745	(4,308)	(4,636)	(358)	1,704	7,843
Special Item										
Loss on Receivable	—	—	—	—	—	(8)	—	—	—	—
Net Change in Fund Balances	\$ 3,722	\$ (5,373)	\$ 30,717	\$ 18,767	\$ 13,440	\$ 36,160	\$ (4,845)	\$ 22,340	\$ 23,124	\$ 35,503
Debt Service as a Percentage of Non-Capital Expenditures	13.10 %	12.35 %	12.45 %	11.94 %	11.00 %	10.29 %	9.11 %	8.83 %	8.16 %	6.55 %

Source(s): City of Fresno, Finance Department

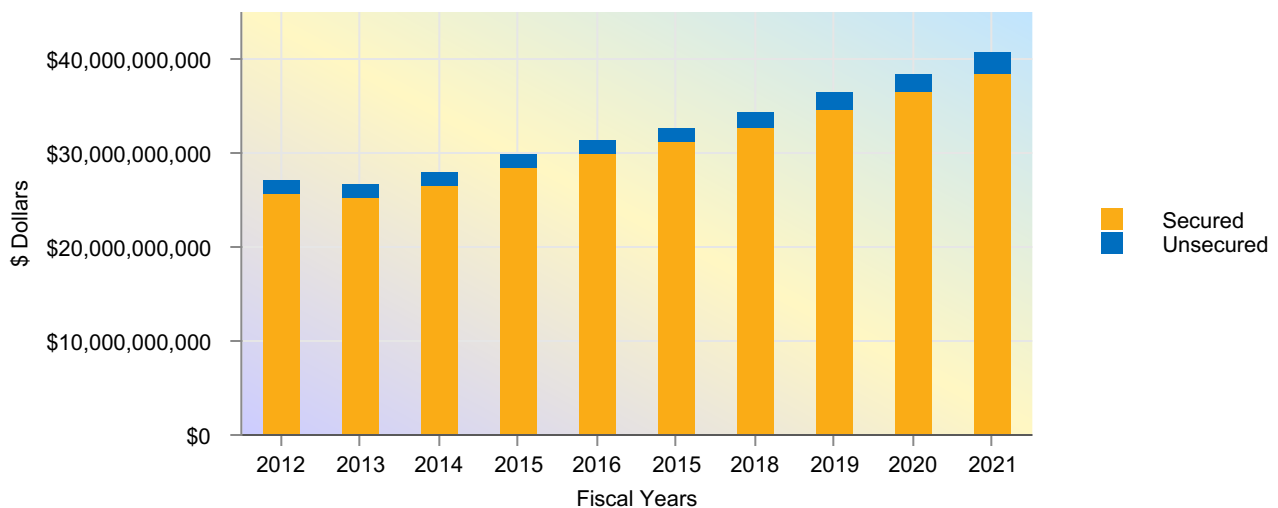
Note(s): To properly calculate the ratio of total debt service expenditures to non-capital expenditures, only governmental fund expenditures for the acquisition and construction of assets that are classified as capital assets for reporting in the Government-Wide Financial Statements have been subtracted from the total governmental fund expenditures. These figures by fiscal year are as follows: (2012) \$15,973,001; (2013) \$18,151,306; (2014) \$34,893,624; (2015) \$46,135,229; (2016) \$35,295,704; (2017) \$35,500,989; (2018) \$42,738,629; (2019) \$34,667,433; (2020) \$29,289,000 and (2021) \$29,973,000.

CITY OF FRESNO, CALIFORNIA

Gross Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

Fiscal Year	Secured Estimated Actual	Unsecured Estimated Actual	Total Taxable Assessed Value	Total Direct Tax Rate	Assessed Value as a Percent of Estimated Actual Value
2012	\$ 25,850,359,825	\$ 1,476,938,743	\$ 27,327,298,568	0.012283	100%
2013	25,446,100,571	1,511,385,533	26,957,486,104	0.012307	100
2014	26,754,005,601	1,449,421,705	28,203,427,306	0.012309	100
2015	28,638,669,937	1,444,805,569	30,083,475,506	0.012306	100
2016	30,026,361,027	1,500,061,596	31,526,422,623	0.012294	100
2017	31,344,820,623	1,596,315,117	32,941,135,740	0.012298	100
2018	32,837,504,668	1,616,397,886	34,453,902,554	0.012472	100
2019	34,713,392,408	1,899,808,202	36,613,200,610	0.012443	100
2020	36,659,070,484	1,899,510,831	38,558,581,315	0.012471	100
2021	38,644,667,812	2,225,286,118	40,869,953,930	0.012720	100

Estimated Value of Taxable Property



Source(s): County of Fresno

Note(s): Fresno County does not collect Actual Value (Market Value) information on taxable properties or on tax exempt properties. The estimated actual value of taxable property is the same as the gross assessed value.

CITY OF FRESNO, CALIFORNIA

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(Percentage per \$100 of Assessed Value)

Fiscal Year	City Direct Rate			Overlapping Rates		Total Direct and Overlapping Property Tax Rate
	Property Tax Rate	Fresno Pension	Total Direct Tax Rate	Schools		
				Fresno Unified School District	State Center Community College District	
2012	1.0	0.032438	1.032438	0.188800	0.007070	1.228308
2013	1.0	0.032438	1.032438	0.188860	0.009358	1.230656
2014	1.0	0.032438	1.032438	0.188834	0.009602	1.230874
2015	1.0	0.032438	1.032438	0.188860	0.009308	1.230606
2016	1.0	0.032438	1.032438	0.188860	0.008064	1.229362
2017	1.0	0.032438	1.032438	0.188864	0.008480	1.229782
2018	1.0	0.032438	1.032438	0.188864	0.025934	1.247236
2019	1.0	0.032438	1.032438	0.188864	0.022966	1.244268
2020	1.0	0.032438	1.032438	0.178012	0.025786	1.236236
2021	1.0	0.032438	1.032438	0.188864	0.025786	1.247088

Source(s): County of Fresno

Note(s): On June 6, 1978, California voters 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 \$1.00 per \$100.00 of full cash value. Assessed value is equal to full cash value, pursuant to Senate Bill 1656, Statutes of 1978.

CITY OF FRESNO, CALIFORNIA

Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	Type of Business	2021			2012		
		Taxable Assessed Value	Rank	% of Total County Assessed Value	Taxable Assessed Value	Rank	% of Total County Assessed Value
River Park Properties	Commercial, Unsecured, Miscellaneous	\$ 190,555,833	1	0.47 %	\$ 139,526,115	2	0.51 %
Amazon.com Services Inc.	No Secured Property	173,505,100	2	0.42 %	—	—	— %
Gap Inc.	Commercial	170,468,200	3	0.42 %	147,976,891	1	0.54 %
Macerich Fresno Limited Partnership	Commercial	145,987,480	4	0.36 %	130,073,974	3	0.48 %
Gallo E & J Winery	Commercial, Agricultural, Unsecured, Misc.	141,900,221	5	0.35 %	101,498,024	4	0.37 %
Meganova LP	Apartments/Condos, Commercial	133,279,987	6	0.33 %	—	—	—
RPI Fig Garden LP	Commercial	116,707,336	7	0.29 %	—	—	—
Saint Agnes Medical Center	Medical/Dental, Miscellaneous	109,453,447	8	0.27 %	—	—	—
Colony 2019-3 Bulk Industrial LLC	Commercial	99,552,000	9	0.24 %	—	—	— %
Foster Poultry Farms	Industrial, Commercial	78,361,122	10	0.19 %	—	—	— %
Comcast of Fresno Inc.		—	—	—	94,756,900	5	0.35 %
Donahue Schriber Realty Group		—	—	—	62,100,000	6	0.23 %
Capri Sun Inc.		—	—	—	56,664,419	7	0.21 %
M L Street Properties		—	—	—	51,276,779	8	0.19 %
Granum Family Trust		—	—	—	51,051,872	9	0.19 %
Zinkin De Wayne Sandra		—	—	—	50,131,711	10	0.18 %
Total		<u>\$ 1,359,770,726</u>		<u>3.3400 %</u>	<u>\$ 885,056,685</u>		<u>3.2500 %</u>

Source(s): Avenu Insights & Analytics and California Municipal Statistics, Inc., as compiled by Willdan Financial Services.

Note(s): 2020/21 Taxable Assessed Valuation: \$40,869,953,930.

2011/12 Taxable Assessed Valuation: \$27,327,298,568.

CITY OF FRESNO, CALIFORNIA

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total Net Tax Levy (Original Levy)	Supplemental Assessments	Redevelopment Return of Increment	Total Adjusted Tax Levy	Current Tax Collections			Total Tax Collections	Percent of Collection of Adjusted Tax Levy
					Amount Collected	Percentage of Net Tax Levy	Delinquent Tax Collections		
2012	\$ 87,016,755	\$ 9,969,282	\$ 589,134	\$ 97,575,171	\$ 96,163,705	98.55 %	\$ 1,411,466	\$ 97,575,171	100.00 %
2013	86,530,712	10,098,582	2,478,235	99,107,529	98,239,898	99.12	867,631	99,107,529	100.00
2014	90,601,174	9,698,694	2,171,963	102,471,831	101,452,992	99.01	421,496	101,874,488	99.42
2015	96,468,363	11,900,327	1,609,109	109,977,799	106,989,456	97.28	395,578	107,385,034	97.64
2016	100,946,941	12,082,212	2,306,017	115,335,170	113,633,713	98.52	508,181	114,141,894	98.97
2017	105,199,432	13,077,130	2,014,329	120,290,891	119,336,199	99.21	386,236	119,722,435	99.53
2018	109,890,834	13,565,677	2,278,284	125,734,795	123,764,163	98.43	649,161	124,413,324	98.95
2019	116,141,387	14,916,496	2,786,268	133,844,151	132,157,601	98.74	543,876	132,701,477	99.15
2020	122,120,737	14,809,607	3,366,768	140,297,112	136,883,021	97.57	745,241	137,628,262	98.10
2021	128,697,400	17,130,950	5,378,795	151,207,145	144,896,990	95.83	1,443,494	146,340,484	96.78
							Average Collections		<u>98.85 %</u>

Source(s): County of Fresno

Note(s): Supplemental Assessments include voter approved indebtedness for Fire and Police Pensions and supplemental assessments added whenever new construction is completed and whenever real property changes ownership under Chapter 3.5 of Part 0.5 of Division 1 of the California Revenue and Taxation Code.

Beginning in fiscal year 2014, Delinquent Tax Collections do not include penalties and interest. Property tax collection for fiscal years prior to fiscal year 2014 have been adjusted so as not to exceed the levy.

Beginning in fiscal year 2014, collections only reflect those dollars that are related to the fiscal period in which the tax was levied.

CITY OF FRESNO, CALIFORNIA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities					Business-Type Activities				
	General Obligation Bonds	Lease Revenue Bonds	Tax Allocation Bonds	Certificates of Participation	Notes Payable	Capital Leases	Airport Revenue Bonds	Solid Waste Revenue Bonds	Sewer Revenue Bonds	Water Revenue Bonds
2012	\$ 166,265	\$189,430	\$ —	\$ —	\$ 6,902	\$ 7,696	\$ 57,461	\$ —	\$229,397	\$160,886
2013	160,278	180,456	—	—	6,111	6,718	56,459	—	222,109	156,274
2014	153,930	171,806	—	—	5,283	7,738	56,138	—	215,611	152,785
2015	147,177	161,435	—	—	4,569	10,113	54,590	—	207,280	147,569
2016	139,999	153,279	—	—	3,813	17,220	53,098	—	198,436	142,148
2017	131,840	144,697	—	—	3,016	20,884	51,508	—	189,134	136,569
2018	124,245	136,021	—	—	2,466	28,271	49,825	—	179,351	130,774
2019	116,160	126,191	—	—	2,033	39,338	83,039	—	34,943	124,759
2020	107,555	116,139	—	—	1,846	43,121	81,145	—	6,935	118,501
2021	98,395	125,464	—	—	1,648	41,153	78,383	—	885	90,241

Source(s): Debt Information - City of Fresno, Finance Department

Population Information - State of California Department of Finance, Demographic Research Unit

Note(s): See the Schedule of Demographic and Economic Statistics for personal income and population data on page [227](#).

Information pertaining to Personal Income is obtained from the Bureau of Economic Analysis (BEA).

Personal income and Per Capita Personal Income figures for fiscal year 2021 are not currently available from the BEA.

The City is not obligated in any manner for the Special Assessment debt, but is acting as an agent for property owners in collecting the assessments and forwarding the collections to the trustee or paying agent and initiating foreclosure proceedings, if appropriate.

Beginning in fiscal year 2012, the Tax Allocation Bonds are no longer reported on this schedule, due to the dissolution of the Redevelopment Agency, effective February 1, 2012. The bonds are assumed by the Successor Agency.

CITY OF FRESNO, CALIFORNIA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years (Continued)

(dollars in thousands, except per capita)

Fiscal Year	Business-Type Activities					Primary Government		
	Lease Revenue Bonds	Accreted Interest	Certificates of Participation	Notes Payable	Capital Leases	Total Primary Government	Percentage of Personal Income	Net Debt per Capita
2012	\$ 91,989	\$ —	\$ —	\$ 11,775	\$ —	\$ 921,801	2.82 %	\$ 1,825
2013	87,675	—	—	46,880	—	922,960	2.77 %	1,815
2014	84,106	—	—	54,929	—	902,326	2.57 %	1,750
2015	79,908	—	—	52,080	—	864,721	2.31 %	1,662
2016	75,465	—	—	82,795	—	866,253	2.20 %	1,664
2017	69,492	—	—	208,855	—	955,995	2.33 %	1,818
2018	61,242	—	—	364,624	—	1,076,819	2.51 %	2,000
2019	55,832	—	—	403,612	—	985,907	2.17 %	1,837
2020	50,211	3,595	—	407,095	—	936,143	1.93 %	1,715
2021	44,362	3,355	—	424,552	—	908,438	N/A	1,661

CITY OF FRESNO, CALIFORNIA

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

General Bonded Debt Outstanding

Fiscal Year	General Bonded Debt	Tax Allocation Bonds	Total	Percent of Actual Taxable Value of Property	Population	Net Debt per Capita
2012	\$ 166,264,985	\$ —	\$ 166,264,985	0.608 %	505,009	\$ 329
2013	160,277,894	—	160,277,894	0.595 %	508,453	315
2014	153,930,355	—	153,930,355	0.546 %	515,609	299
2015	147,177,000	—	147,177,000	0.489 %	520,159	283
2016	139,998,791	—	139,998,791	0.444 %	520,453	269
2017	131,840,000	—	131,840,000	0.400 %	525,832	251
2018	124,245,000	—	124,245,000	0.361 %	538,330	231
2019	116,160,000	—	116,160,000	0.317 %	536,683	216
2020	107,555,000	—	107,555,000	0.279 %	545,769	197
2021	98,395,000	—	98,395,000	0.241 %	546,770	180

Source(s): General Bonded Debt Information - City of Fresno Department of Finance
Population Information - State of California Department of Finance, Demographic Research Unit

Note(s): Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

See Gross Assessed Value and Estimated Actual Value of Taxable Property schedule for property value information on page [214](#).

Beginning in fiscal year 2012, the Tax Allocation Bonds are no longer reported on this schedule, due to the dissolution of the Redevelopment Agency, effective February 1, 2012. The bonds were assumed by the Successor Agency.

CITY OF FRESNO, CALIFORNIA

Direct and Overlapping Governmental Activities Debt

As of January 29, 2021

2020-21 Gross Assessed Valuation:

\$40,869,953,930

	Estimated Percent Applicable	Debt Applicable
Combined Direct Debt		
City of Fresno Pension Obligation	100%	\$ 98,395,000
Lease Revenue Bonds	100	125,463,772
Notes Payable	100	1,647,921
Capital Leases	100	41,152,635
Total Combined Direct Debt		<u>266,659,328</u>
Overlapping Tax, and Assessment Debt		
City of Fresno Community Facilities District No. 4	100%	\$ 815,000
City of Fresno Community Facilities District No. 5	100	690,000
City of Fresno Community Facilities District No. 7	100	1,220,000
State Center Community College District	42.828	146,906,464
Clovis Unified School District	48.452	154,174,165
Fresno Unified School District	84.64	437,474,610
Central Unified School District	81.418	120,028,641
Other School Districts	Various	55,226,593
California Statewide Communities Development Authority Community Facilities District No. 2012-01	100	4,090,000
Total Overlapping Tax, and Assessment Debt		<u>920,625,473</u>
Overlapping General Fund Obligation Debt		
Fresno County Pension Obligations	46.713%	\$ 100,786,190
Fresno County General Fund Obligations	46.713	14,635,183
Clovis Unified School District Certificates of Participation	48.452	9,213,148
Fresno Unified School District Certificates of Participation	84.64	9,919,808
Central Unified School District Certificates of Participation	81.418	24,221,041
Other School District Certificates of Participation	Various	13,801,514
Total Overlapping General Fund Debt		<u>172,576,884</u>
Overlapping Tax Increment Debt (Successor Agency)		
Fresno Redevelopment Mariposa Medical Project Area	100%	\$ 1,185,000
Total Overlapping Tax Increment Debt		<u>1,185,000</u>
Total Overlapping Tax and Assessment, General Fund and Tax Increment Debt		<u>1,094,387,357</u>
Total Overlapping and Direct Debt		<u><u>\$1,361,046,685</u></u>

Ratios to 2020-21 Assessed Valuation:

Combined Direct Debt	0.652 %
Overlapping Tax, and Assessment Debt	2.253 %
Combined Total Overlapping and Direct Debt	3.327 %
Overlapping Tax Increment Debt (Successor Agency)	0.003 %

Note(s): Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Fresno. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

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

The Direct and Overlapping Governmental Activities Debt excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

The Overlapping Tax, Assessment Debt and General Fund Debt percentages and figures are provided by Cal Municipal Services, Inc. and are as of January 7, 2021. Direct Debt figures are provided by the Finance Department at the City of Fresno and are as of June 30, 2021.

CITY OF FRESNO, CALIFORNIA

Debt Coverage Ratio - Airports

Last Ten Fiscal Years (in thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues (1) (2)	\$ 18,804	\$ 19,876	\$ 21,216	\$ 21,802	\$ 22,976	\$ 24,500	\$ 25,022	\$ 27,308	\$ 26,789	\$ 33,470
Less Operating Expenses (3)	14,200	14,322	14,262	14,428	14,934	16,117	17,355	18,701	19,962	20,626
Plus: Other Available Funds (4)	—	51	95	350	359	368	377	386	395	—
Net Revenues	\$ 4,604	\$ 5,605	\$ 7,049	\$ 7,724	\$ 8,401	\$ 8,751	\$ 8,044	\$ 8,993	\$ 7,222	\$ 12,844
Adjusted Debt Service										
Series 2000 Bonds	\$ 3,011	\$ 3,012	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Series 2013 Bonds (5)	—	—	3,288	2,805	2,808	2,803	2,801	2,802	2,801	—
Less										
Minimum PFC Contribution (6)	(1,100)	(1,100)	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)
Bond proceeds	(70)	—	—	—	—	—	—	—	—	—
Additional PFC Contribution	(321)	(500)	(231)	—	(200)	—	—	—	—	—
Net Series 2000/2013 Debt Service	\$ 1,520	\$ 1,412	\$ 1,457	\$ 1,205	\$ 1,008	\$ 1,203	\$ 1,201	\$ 1,202	\$ 1,201	\$ (1,600)
Series 2007 Bonds (5)	1,298	1,332	1,369	1,399	1,437	1,472	1,509	1,544	1,581	—
2019 Bonds (5)	—	—	—	—	—	—	—	—	2,141	—
Annual Adjusted Debt Service (7)	\$ 2,818	\$ 2,744	\$ 2,826	\$ 2,604	\$ 2,445	\$ 2,675	\$ 2,710	\$ 2,746	\$ 4,923	\$ —
Annual Adjusted Debt Service Coverage (8)	1.63	2.02	2.46	2.97	3.44	3.27	2.97	3.27	1.47	N/A

Note(s):

- (1) State of California law requires the exclusion of Customer Facility Charge (CFC) Revenues from the calculation of Debt Service coverage in excess of annual Debt Service on the Series 2007 Bonds.
- (2) Fiscal year 2021 Revenues include \$7.7 million of CARES Act monies. The Indenture of Trust defines Federal operating grants as Revenues.
- (3) For all fiscal years, reflects Operating Expenses in operating funds only and does not include costs expensed out of Airports capital funds, such as Federal grant-funded Master Plan in fiscal year 2018 and fiscal year 2019.
- (4) Per the Indenture, unencumbered funds equal to 25% of Adjusted Debt Service may be designated by the City as Other Available Funds prior to the beginning of any fiscal year, and transferred to the Revenue Fund at the beginning of such fiscal year. Since fiscal year 2015, the City's policy has been to annually designate available CFC funds equal to 25 percent of debt service associated with 2007 Bonds as Other Available Funds.
- (5) Fiscal year 2021 Debt Service associated with Series 2013 Bonds, Series 2007 Bonds, and 2019 Bonds was prepaid on September 2020 with existing cash balances.
- (6) Under the Supplemental Indenture that authorized the 2013 Bonds, the Minimum Passenger Facility Charge (PFC) Contribution was increased from \$1.1 million to \$1.6 million.
- (7) Fiscal year 2021 Adjusted Debt Service was prepaid with existing cash balances (and was not paid with fiscal year 2021 Net Revenues).
- (8) Had fiscal year 2021 Adjusted Debt Service not been prepaid, fiscal year 2021 Debt Service coverage would have been 2.77.

CITY OF FRESNO, CALIFORNIA
Debt Coverage Ratio - Water System
Last Ten Fiscal Years (in thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Charges for Services and Other Operating Revenue	\$ 69,269	\$ 71,667	\$ 90,096	\$ 74,285	\$ 77,959	\$ 101,895	\$ 107,377	\$ 119,029	\$ 120,252	\$ 127,651
Less: Connection Fee Charges for Services	(1,084)	(1,331)	(1,667)	(1,496)	(1,563)	(1,917)	(2,531)	(2,138)	(2,596)	(1,835)
Net Charges for Services (1)	68,185	70,336	88,429	72,789	76,396	99,978	104,846	116,891	117,656	125,816
Other Operating Revenues and Interest Income	1,533	720	329	573	1,147	17	(238)	4,974	6,906	(627)
Total Revenues	69,718	71,056	88,758	73,362	77,543	99,995	104,608	121,865	124,562	125,189
Operating Expenses										
Labor and Benefits	12,517	12,679	13,525	11,378	12,437	12,401	12,176	14,581	13,075	15,428
Pumping Power	8,986	9,113	9,292	8,501	8,150	9,064	9,550	8,358	9,419	10,252
Source of Supply	7,748	6,318	1,780	5,613	6,630	4,188	9,751	6,536	9,027	6,531
All Other Operating and Maintenance (2)	18,386	16,821	18,151	17,473	17,166	21,547	17,692	35,143	26,148	24,728
Total Operating Expenses (3)	47,637	44,931	42,748	42,965	44,383	47,200	49,169	64,618	57,669	56,939
Net Current Revenue	\$ 22,081	\$ 26,125	\$ 46,010	\$ 30,397	\$ 33,160	\$ 52,795	\$ 55,439	\$ 57,247	\$ 66,893	\$ 68,250
Senior Bond Debt Service (4)	\$ 1,374	\$ 1,376	\$ 1,378	\$ 1,374	\$ 1,381	\$ 1,380	\$ 1,376	\$ 1,379	\$ 1,379	\$ —
State Loans Debt Service (5)	265	259	120	120	120	—	—	—	—	—
Total Senior Debt Service	1,639	1,635	1,498	1,494	1,501	1,380	1,376	1,379	1,379	—
Senior Coverage Ratio	13.47	15.98	30.71	20.35	22.09	38.26	40.29	41.51	48.51	49.49
Net Revenue Available for Parity Debt Service	\$ 20,442	\$ 24,490	\$ 44,512	\$ 28,903	\$ 31,659	\$ 51,415	\$ 54,063	\$ 55,868	\$ 65,514	\$ 68,250
2010 Series A Bond Debt Service (6)	\$ 12,515	\$ 12,507	\$ 12,509	\$ 12,509	\$ 12,531	\$ 12,508	\$ 12,509	\$ 12,504	\$ 12,510	\$ 7,020
State Loans Debt Service (5)	75	338	338	2,770	2,786	3,533	6,021	10,937	18,562	16,190
Total Parity Debt Service	\$ 12,590	\$ 12,845	\$ 12,847	\$ 15,279	\$ 15,317	\$ 16,041	\$ 18,530	\$ 23,441	\$ 31,072	\$ 23,210
Parity Coverage Ratio	1.63	1.91	3.46	1.89	2.07	3.21	2.92	2.38	2.11	2.94

- Note(s):** (1) 1993 Indenture defines "Current Revenues" as all revenue from the operation of the Water System except for connection fees and charges.
(2) All other operating and Maintenance includes Fleet Depreciation Charge (vehicle replacement fees paid to the Fleet Department).
(3) 1993 Indenture defines "Maintenance and Operation Costs" as all costs incurred for maintaining and operating the Water System except for Debt Service, Depreciation and Amortization.
(4) 2003 Water Bonds were the only remaining Senior Bond Debt Service after FY 2016, and were paid off in fiscal year 2020.
(5) State Loan Debt Service.
(6) Paid off remaining 2010 Series A-1 Bonds in fiscal year 2021 with surplus cash.

CITY OF FRESNO, CALIFORNIA

Debt Coverage Ratio - Sewer System

Last Ten Fiscal Years (in thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Charges for Services (1)	\$ 76,726	\$ 76,324	\$ 76,201	\$ 81,955	\$ 78,186	\$ 83,635	\$ 81,651	\$ 81,085	\$ 77,249	\$ 77,940
Interest Income	3,797	485	1,547	1,787	2,779	492	2,046	5,548	4,702	(720)
Less: Wastewater Facility Connection Fee	(1,133)	(1,853)	(1,981)	(1,709)	(1,844)	(1,968)	(1,996)	(3,290)	(2,600)	(3,426)
Total Senior Lien Revenues	79,390	74,956	75,767	82,033	79,121	82,159	81,701	83,343	79,351	73,794
Operating Expenses (2)	36,858	36,431	36,339	37,391	35,935	38,058	37,237	45,835	43,522	44,630
Net Income Before Debt Service	\$ 42,532	\$ 38,525	\$ 39,428	\$ 44,642	\$ 43,186	\$ 44,101	\$ 44,464	\$ 37,508	\$ 35,829	\$ 29,164
Senior Lien Debt Service (3)	10,737	10,724	10,714	10,695	10,387	10,712	10,701	10,684	373	6,234
Coverage Ratio (4)	3.96	3.59	3.68	4.17	4.16	4.12	4.16	3.51	96.06	4.68
100% Coverage-Subordinate Lien:										
Net Current Revenue after Senior Lien Debt (before Connection Fees)	\$ 31,795	\$ 27,801	\$ 28,714	\$ 33,947	\$ 32,799	\$ 33,389	\$ 33,763	\$ 26,824	\$ 35,456	\$ 22,930
Available from Senior Lien Revenues	\$ 31,796	\$ 27,801	\$ 28,714	\$ 33,947	\$ 32,799	\$ 33,389	\$ 33,763	\$ 26,824	\$ 35,456	\$ 22,930
Subordinate Lien Debt Service (5)	\$ 7,949	\$ 7,949	\$ 7,949	\$ 7,949	\$ 7,949	\$ 7,949	\$ 7,949	\$ 667	\$ 2,280	\$ —
State Loan Debt Service (6)	—	—	—	—	—	—	1,280	1,286	2,573	1,286
Coverage Ratio	4.00	3.50	3.61	4.27	4.13	4.20	4.25	40.22	7.31	17.83
120% & 125% Coverage Subordinate Lien:										
Net Current Revenue (Excluding Connection Fees)	\$ 31,796	\$ 27,801	\$ 28,714	\$ 33,947	\$ 32,799	\$ 33,389	\$ 33,763	\$ 26,824	\$ 35,456	\$ 22,930
Wastewater Facility Connection Fee	1,133	1,853	1,981	1,709	1,844	1,968	1,996	3,290	2,600	3,426
Transfers From/To Rate Stabilization Fund	—	—	—	—	—	—	—	—	—	—
Net Current Revenue (Including Connection Fees)	\$ 32,929	\$ 29,654	\$ 30,695	\$ 35,656	\$ 34,643	\$ 35,357	\$ 35,759	\$ 30,114	\$ 38,056	\$ 26,356
Available From Senior Lien Revenues	\$ 32,929	\$ 29,654	\$ 30,695	\$ 35,656	\$ 34,643	\$ 35,357	\$ 35,759	\$ 30,114	\$ 38,056	\$ 26,356
Subordinate Lien Debt Service (5)	\$ 7,949	\$ 7,949	\$ 7,949	\$ 7,949	\$ 7,949	\$ 7,949	\$ 7,949	\$ 7,949	\$ 2,280	\$ —
State Loan Debt Service (6)	—	—	—	—	—	—	1,280	1,286	2,573	1,286
Coverage Ratio	4.14	3.73	3.86	4.49	4.36	4.45	3.87	3.26	7.84	20.49
Net Income After Debt Service (7)	\$ 24,980	\$ 21,705	\$ 22,746	\$ 27,707	\$ 26,694	\$ 27,408	\$ 26,530	\$ 20,879	\$ 33,203	\$ 25,070

Note(s): ⁽¹⁾ Includes revenue paid by the City of Clovis for Operations & Maintenance pursuant to the 1977 Fresno-Clovis Sewerage System Joint Powers Agreement.

⁽²⁾ The 1993 Indenture specifically excludes from Operating Expenditures: Debt Service, Amortization and Depreciation.

⁽³⁾ 1993 Sewer System Revenue Bonds, Series A

⁽⁴⁾ Coverage Ratio is calculated by dividing Net Income before Debt Service by Senior Lien Debt Service.

⁽⁵⁾ 2008 Sewer System Revenue Refunding Bonds, Series A.

⁽⁶⁾ State Loan Debt Service

⁽⁷⁾ Net Income after Debt Service and before cash financed capital expenditures and any other expenditures for lawful purposes.

CITY OF FRESNO, CALIFORNIA

Pledged Revenue Coverage - GASB 44 Methodology

Last Ten Fiscal Years (in thousands)

Solid Waste Revenue Bonds							
Debt Service							
Fiscal Year	Charges for Services	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage	
2012	\$ 38,271	\$ 40,085	\$ (1,814)	\$ 7,500	\$ 127	(0.24)	
2013	—	—	—	—	—	—	
2014	—	—	—	—	—	—	
2015	—	—	—	—	—	—	
2016	—	—	—	—	—	—	
2017	—	—	—	—	—	—	
2018	—	—	—	—	—	—	
2019	—	—	—	—	—	—	
2020	—	—	—	—	—	—	
2021	—	—	—	—	—	—	

Fresno Convention Center Revenue Bonds							
Debt Service							
Fiscal Year	Charges for Services	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage	
2012	\$ 2,667	\$ 3,842	\$ (1,175)	\$ 3,352	\$ 282	(0.32)	
2013	2,594	3,836	(1,242)	3,308	2,708	(0.21)	
2014	2,626	3,710	(1,084)	2,799	2,586	(0.20)	
2015	2,960	3,844	(884)	2,904	2,469	(0.16)	
2016	3,634	4,929	(1,295)	3,030	2,346	(0.24)	
2017	3,752	4,929	(1,177)	22,762	2,213	(0.05)	
2018	3,318	3,958	(640)	2,189	1,171	(0.19)	
2019	3,796	4,350	(554)	3,260	1,882	(0.11)	
2020	1,911	3,528	(1,617)	3,422	1,716	(0.31)	
2021	(2)	1,719	(1,721)	3,596	1,541	(0.34)	

Stadium Bonds							
Debt Service							
Fiscal Year	Charges for Services	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage	
2012	\$ 1,251	\$ 12	\$ 1,239	\$ 1,065	\$ 2,381	0.36	
2013	1,089	9	1,080	1,120	2,322	0.31	
2014	798	30	768	1,185	2,260	0.22	
2015	1,248	31	1,217	1,255	2,189	0.35	
2016	677	224	453	1,335	2,114	0.13	
2017	1,082	224	858	17,210	1,597	0.05	
2018	2,488	90	2,398	1,355	1,714	0.78	
2019	406	111	295	1,490	1,705	0.09	
2020	644	51	593	1,575	1,616	0.19	
2021	580	154	426	1,670	1,522	0.13	

Park Bonds							
Debt Service							
Fiscal Year	Charges for Services	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage	
2012	\$ 781	\$ 614	\$ 167	\$ 50	\$ 107	1.06	
2013	736	416	320	50	106	2.06	
2014	329	82	247	50	104	1.61	
2015	329	65	264	55	102	1.68	
2016	325	102	223	55	100	1.44	
2017	340	102	238	2,030	98	0.11	
2018	323	38	285	60	73	2.15	
2019	410	256	154	50	79	1.19	
2020	278	345	(67)	55	77	(0.51)	
2021	411	326	85	55	74	0.66	

Note(s) Operating Expenses do not include interest, amortization or depreciation expenses.

Solid Waste Management Enterprise Revenue Bond 2000A was paid off in fiscal year 2012.

The City issued new lease-revenue bonds to refinance several existing lease-revenue bonds for economic savings on May 10, 2017. Any bonds that were callable and produced savings were included, even if it meant redeeming one project in part because there was a non-callable portion that could not be redeemed.

CITY OF FRESNO, CALIFORNIA

Legal Debt Margin Information

Last Ten Fiscal Years

(Dollars in Thousands)

Legal Debt Limit Calculation for
Fiscal Year 2021

Assessed Value	\$ 40,869,954
Debt Limit (20% of assessed value, pursuant to City Charter)	8,173,991
Debt applicable to the limit:	
General obligation bonds	—
repayment of general obligation debt	—
Total net debt applicable to limit	—
Legal debt margin	<u>\$ 8,173,991</u>

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2012	\$ 5,465,460	\$ —	\$ 5,465,460	0.00 %
2013	5,391,497	—	5,391,497	0.00
2014	5,640,685	—	5,640,685	0.00
2015	6,016,695	—	6,016,695	0.00
2016	6,305,285	—	6,305,285	0.00
2017	6,588,227	—	6,588,227	0.00
2018	6,890,781	—	6,890,781	0.00
2019	7,322,640	—	7,322,640	0.00
2020	7,711,716	—	7,711,716	0.00
2021	8,173,990	—	8,173,990	0.00

Source(s): Assessed Valuation Information - County of Fresno, Tax Rate Book

Note(s): The City's Judgment and Pension obligation bonds were the result of legal judgments that were financed to be paid out over a period of time. Per Article XVI, Section 18 of the California Constitution "obligations imposed by law" are deemed exceptions to the debt limit.

CITY OF FRESNO, CALIFORNIA

Demographic and Economic Statistics

Last Ten Calendar Years

Calendar Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate	Area Square Miles
2012	505,009	\$ 32,728,837,000	\$ 34,539	15.140%	113.04
2013	508,453	33,354,677,000	34,886	13.250%	113.13
2014	515,609	35,172,162,000	36,448	11.580%	113.13
2015	520,159	37,359,815,000	38,323	10.200%	114.20
2016	520,453	39,295,335,000	40,101	9.500%	114.34
2017	525,832	41,024,000,000	41,470	8.480%	114.67
2018	538,330	42,842,800,000	43,084	7.500%	115.21
2019	536,683	45,445,944,000	45,487	7.300%	116.48
2020	545,769	48,539,267,000	48,495	12.124%	116.48
2021	546,770	Not yet available	Not yet available	12.131%	116.93

Source(s): Population Information - State of California Department of Finance, Demographic Research Unit
Unemployment Information - California Employment Development Department (EDD), Labor Market Information Division
Per Capita Income and Personal Income - Bureau of Economic Analysis (BEA).

Note(s): Personal Income and Per Capita Personal Income information pertains to Fresno, CA, Metropolitan Statistical Area (MSA).
2020-2021 Personal Income and Per Capita Income data is not yet available from the BEA.

The 2021 Unemployment Rate is the average of estimates for the first 8 months of calendar year 2021 as provided by California Employment Development Department as of October 2021.

The 2021 Population is as of 1/1/2021.

CITY OF FRESNO, CALIFORNIA

Principal Employers

Current Year and Nine Years Ago

Employer	2021			2012		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Fresno Unified School District	11,492	1	2.84%	—	—	—
Community Regional Medical Center	8,800	2	2.18%	6,000	2	3.06%
County of Fresno	7,000	3	1.73%	6,178	1	3.16%
Amazon.com, Inc	7,000	3	1.73%	—	—	—
Clovis Unified	6,000	5	1.48%	—	—	—
Internal Revenue Service	4,300	6	1.06%	—	—	—%
City of Fresno	3,889	7	0.96%	3,244	3	1.66%
Saint Agnes Medical Center	2,867	8	0.71%	2,710	4	1.38%
State Center Community College	2,850	9	0.70%	1,221	5	0.62%
California State University, Fresno	2,488	10	0.62%	1,564	6	0.80%
Kaiser Permanente Fresno	—	—	—	981	7	0.50%
Zacky Farms LLC	—	—	—	500	8	0.26%
AmeriGaurd Security Systems	—	—	—	700	9	0.36%
Guarantee Real Estate	—	—	—	442	10	0.23%
Total	56,686		14.01%	23,540		12.03%
Fresno City Employment	404,300			195,800		

Source(s): Employer Information - Fresno County Economic Development Corporation (EDC)

City of Fresno Employment information - Employment Development Department (EDD) - Labor Market Information, State of California

Note(s): Fiscal year 2021 employer information provided by the Fresno County Economic Development Corporation (EDD) and represents private and public sector full-time employees.

The fiscal year 2021 employer information for the County of Fresno is estimated to be within the City of Fresno.

The Employer Information for the Internal Revenue Service includes employees from all Fresno offices.

Fiscal year 2021 Fresno City Employment figures are for June 2021 as currently available from the California EDD for Fresno (MSA).

CITY OF FRESNO, CALIFORNIA

Full-Time Equivalent City Government Employees by Function/Program Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Management	78.80	78.80	79.50	79.50	80.25	85.25	96.84	101.50	189.00	199.00
Finance	54.68	56.00	56.00	58.00	58.75	60.75	54.75	55.00	118.00	116.00
Other	91.00	89.75	94.80	95.00	96.25	103.50	106.00	112.00	117.00	121.00
Enterprise Functions										
Transportation										
Airports										
Sworn	5.00	5.00	5.00	15.00	15.00	19.00	19.00	19.00	19.00	19.00
Civilian	72.00	72.30	77.40	72.00	72.00	77.35	80.05	82.00	85.65	99.40
FAX Department	409.00	407.00	407.00	422.00	435.50	492.25	508.00	515.50	533.00	534.00
Public Utilities	697.08	602.25	614.75	634.75	640.50	643.80	643.80	646.80	587.75	589.00
Economic Growth and Expansion										
Development and Resource Management Department	169.94	163.10	166.60	174.60	184.60	204.80	218.70	—	—	—
Planning and Development Services	—	—	—	—	—	—	—	218.20	138.70	141.20
Public Works	265.00	268.00	272.50	292.75	288.75	305.25	315.25	339.50	356.75	358.00
Culture and Recreation										
Parks, Recreation and Community Services	52.00	52.00	52.00	66.00	71.00	73.50	75.00	75.75	76.00	88.00
Public Protection										
Police										
Sworn	767.75	748.00	717.00	717.00	775.00	804.00	830.00	835.00	835.00	838.00
Civilian	200.00	202.00	238.00	278.80	244.56	274.65	270.34	273.75	292.00	297.60
Fire										
Sworn	317.65	309.00	304.00	310.00	314.00	334.00	334.00	334.00	302.00	305.00
Civilian	40.00	42.75	42.20	46.75	45.00	42.91	47.75	42.50	43.50	45.30
Total	3,219.90	3,095.95	3,126.75	3,262.15	3,321.16	3,521.01	3,599.48	3,650.50	3,693.35	3,750.50

Source(s): City of Fresno Budget Management & Studies Division - Adopted Budgets, Authorized Positions.

Note(s): Figures for Full-Time Equivalents (FTE's) include Permanent and Permanent Part-Time employees only.

Authorized Positions are established by resolution of the City Council and represent the total number of permanent, permanent part-time and permanent intermittent positions in which persons may be employed by the City during a Fiscal Year. Changes in the total number of positions can only be accomplished by resolution of the City Council.

Total permanent positions for each fiscal year are represented as of the following dates: fiscal year 2012 as of May 2012; fiscal year 2013 as of September 2012; fiscal year 2014 as of June 2013; fiscal year 2015 as of September 2014; fiscal year 2016 as of September 2015; fiscal year 2017 as of June 2017; fiscal year 2018 as of June 2018; fiscal year 2019 as of June 2019; fiscal year 2020 as of June 2020 and fiscal year 2021 as of June 2021.

In fiscal year 2017, the Transportation FAX Department added service, management and support staff positions for a variety of service additions such as Bus Rapid Transit (BRT), extended night and weekend service, and increased frequencies on four major avenues.

In fiscal year 2017, positions were added to address reductions that occurred in recent years. Additions to the Police Department included Police Officer Recruits, Police Officer Cadets and a Police Sergeant. Additions to the Fire Department included Firefighters and an administrative position.

In fiscal year 2018, the Budget and Management Studies Division was relocated from the Finance Department to the City Manager's Office.

In fiscal year 2019, Development and Resource Management Department (DARM) became Planning & Development Services.

CITY OF FRESNO, CALIFORNIA

Operating Indicators by Function/Program

Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Building Permits Issued										
Commercial	1,830	1,756	1,835	1,878	1,641	1,948	1,876	1,688	1,731	1,387
Residential	6,499	7,167	7,931	9,084	8,313	11,227	10,998	7,770	9,753	9,045
Police										
Physical Arrests	32,782	35,489	39,689	43,729	37,816	26,893	27,920	28,337	20,885	18,006
Traffic Violations (citations issued)	64,979	53,485	51,940	44,954	58,927	58,927	39,488	57,691	43,992	21,769
Calls Received for Police Service	876,820	945,989	957,532	950,099	1,026,458	950,099	1,013,411	924,016	920,020	905,206
Fire										
Emergency Medical Service Calls	19,216	18,129	19,413	20,191	19,174	21,773	21,430	32,071	27,964	21,640
Fire Incidents	13,800	14,518	15,953	16,326	18,257	16,702	16,830	25,194	14,906	19,352
Fire Inspections	10,985	12,414	11,187	9,780	12,581	13,292	12,679	12,747	13,692	11,329
Fire Hydrant Inspections	30,917	30,342	30,420	26,811	17,025	17,000	17,252	17,252	17,381	17,859
Wastewater Treatment										
Average Daily Sewage Treatment (million gallons per day)	63.56	61.9	60.2	57.2	55.9	56.9	57.1	56.2	56.1	58
Wastewater Treatment Capacity (million gallons per day)	80	80	80	80	80	80	80	92	91.5	91.5
Solid Waste										
Refuse Collected (tons per day)	916	477	451	505	623	650	648	662	650	750
Recyclables Collected (tons per day)	201	147	116	117	154	156	154	156	159	179
Green Waste Collected (tons per day)	396	378	293	275	348	358	353	365	366	368
Other Public Works										
Street Resurfacing (miles)	16.0	10.2	12.3	17.0	18.6	16.8	15.1	28.3	13.8	91.4
Parking Violations (citations issued)	45,667	45,730	49,313	49,326	47,531	53,760	54,865	45,407	34,514	16,524
Parks and Recreation										
Athletic Field Permits Issued	3,710	3,281	4,317	5,921	6,949	8,332	5,392	6,795	5,182	556
Memorial Auditorium User Groups	33	20	26	16	27	18	13	23	8	1
Memorial Auditorium, Audience	33,600	15,500	21,600	21,000	45,900	18,900	16,500	19,500	10,800	1,106
Senior Hot Meal Participants (All Sites)	61,988	40,788	38,874	38,103	45,070	44,686	47,605	46,604	29,007	—
Meals Served (Not Senior Hot Meals)	—	—	—	—	—	32,328	40,830	26,879	22,878	—
Picnic Shelter/Table Reservations (Roeding & Woodward)	3,084	2,754	3,058	2,194	2,457	2,053	1,907	1,841	2,438	21
Average Daily Attendance (Neighborhood Parks with Centers)	—	—	—	—	1,653	1,732	1,976	2,083	1,656	357

CITY OF FRESNO, CALIFORNIA
Operating Indicators by Function/Program
Last Ten Fiscal Years (Continued)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Convention Center										
Event Days	341	360	322	297	209	313	300	296	170	—
Gross Ticket Sales	\$ 5,065,476	\$ 4,987,646	\$ 7,905,120	\$ 5,594,470	\$ 7,272,305	\$ 8,049,133	\$ 6,741,116	\$12,048,880	\$ 3,792,771	\$ —
Attendance	519,543	553,443	442,070	428,086	455,491	455,587	417,918	478,541	278,299	—
Water										
Number On-Service Accounts	131,801	130,530	131,910	133,163	134,381	135,448	136,408	137,251	138,332	140,140
Main/Service Leaks Repaired	589	639	705	558	378	408	663	737	776	842
Average Daily Per Capita Consumption (gallons)	246	241	231	208	183	198	208	189	197	203
Peak Daily Consumption (MGD - Million Gallons per Day)	209.13	200.46	199.4	187.36	169.88	180.6	183.42	156.91	170.01	174.2
Transportation										
Airports										
Number of Commercial Airlines	9	10	10	9	8	8	8	8	8	9
Number of Cargo Carriers	3	3	3	3	3	3	3	3	3	3
Total Number Tenant Aircraft	405	405	408	408	320	303	277	301	287	287
Annual Fuel Consumption (gallons)	9,467,094	9,613,371	10,454,758	9,548,919	10,541,916	10,592,430	8,698,431	2,648,061	2,002,465	2,247,020
Origin and Destination Passengers										
Domestic	1,155,991	1,249,960	1,283,770	1,252,962	1,292,784	1,328,929	1,423,248	1,621,990	1,298,554	1,094,020
International	130,047	124,453	147,094	153,244	182,225	208,947	212,075	235,667	207,037	200,785
Origin and Destination Mail (lbs.)	20,880	6,661	183	—	316	17,818	9,362	12,649	—	—
Origin and Destination Freight (lbs.)	22,591,445	23,621,976	24,393,421	25,843,389	24,546,856	19,873,695	20,965,016	22,399,354	34,921,956	33,956,904
Fresno Area Express (FAX)										
Actual Route Miles	4,175,640	4,151,476	4,218,412	4,157,174	4,175,783	4,208,890	4,337,684	4,649,397	4,701,969	4,693,498
Passengers	14,589,425	12,442,248	12,059,050	11,364,431	10,672,577	9,622,874	9,750,800	10,551,665	9,058,367	5,604,780
Mini-Buses - Purchased Transportation	45	44	48	50	58	63	69	56	48	43

Source(s): City of Fresno - Various Departments

- Note(s):** Building Permits Issued includes individual units and structures and is a composite of new construction, additions, alterations, repairs and relocations.
- Police department figures are based on calendar year and are as of January 1 of reported year. Fiscal year 2020 physical arrest figures are reported as of September 2019.
- Information is combined for Fresno Yosemite International (FYI) and Chandler Executive Airport (FCH) for Number of Cargo Carriers, Number of Tenant Aircraft, Annual Fuel Consumption and Origin and Destination Freight.
- Fire inspection figures reflect only those performed in the City of Fresno and excludes service calls for neighboring fire districts.
- Fire hydrant inspections decreased in fiscal year 2016 because of an inspection schedule change. Beginning in fiscal year 2016, fire hydrant inspections are scheduled for annual inspections instead of bi-annual inspections.
- The fiscal year 2016 Mini bus figure includes 8 sedans as is consistent with National Transit Database (NTD) reporting.
- The fiscal year 2019 increase in FAX functional areas was due to a steady increase in FAX ridership due to strategic planning efforts, namely the addition of Bus Rapid Transit service in February 2018 and an additional line (Route 12) west of highway 99.
- The fiscal year 2019 drop in fuel consumption was due to a loss of a large fixed based operator and a significant drop in the extent of fires, resulting in less military and forest service.
- The fiscal year 2020 & fiscal year 2021 reduction in parking violations was related to relaxed enforcement due to COVID-19.
- The fiscal year 2021 decrease in number of mini-buses was due to life cycle retirements. Passenger decrease was a direct result of COVID-19, ridership was restricted to allow for social distancing. Beginning March 2020, the passenger limit affected subsequent months and continued through June 20, 2021.
- The fiscal year 2021 reduction of Parks & Recreation operations was due to the shuttering of facilities due to COVID-19.
- The fiscal year 2021 increase in street resurfacing miles was due to the inclusion of Street Paving, Slurry & Construction Management miles.
- The fiscal year 2021 decrease of Convention Center operations was due to the reduction of events hosted in response to COVID-19.
- The fiscal year 2021 decrease in Police traffic violations was due to less people on the roads in response to COVID-19.
- Information was not available for all years for all categories.

CITY OF FRESNO, CALIFORNIA

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police Department										
Stations	4	4	4	4	4	5	5	5	5	5
Patrol Bureaus	4	4	4	4	4	5	5	5	5	5
Vehicular Patrol Units	261	261	261	257	276	334	360	356	390	388
Plain Cars (No specialty vehicles)	197	197	175	175	173	198	197	200	228	239
Motorcycles	80	70	71	85	72	70	74	70	66	74
Helicopters	2	2	2	2	2	2	2	2	2	2
Fixed Wing Aircraft	1	1	1	1	1	1	1	—	—	—
Fire Department										
Fire Stations	20	20	20	20	20	20	20	20	20	20
Engine Companies	16	16	16	18	18	17	17	18	18	18
Truck Companies	4	4	4	4	4	5	5	5	5	5
Public Works										
Streets (miles)	1,548	1,497	1,490	1,672	1,500	1,511	1,692	1,700	1,714	1,721
Street Lights	41,000	41,556	41,500	42,051	42,207	42,405	43,318	43,450	43,570	43,811
Traffic Signals	450	468	466	489	467	468	481	488	486	488
Solid Waste Division										
Collection Trucks	83	83	83	84	89	81	85	86	86	88
Water Division										
Water Mains (miles)	1,781	1,782	1,803	1,799	1,801	1,809	1,827	1,859	1,871	1,880
Wells	273	273	271	260	261	260	263	262	262	264
Fire Hydrants	12,954	13,001	13,139	13,170	13,218	13,332	13,484	13,536	13,638	13,717
Sewer Maintenance Division										
Sewer Mainlines (miles)	1,507	1,521	1,529	1,533	1,536	1,539	1,613	1,558	1,628	1,579
Manholes	23,275	23,384	23,644	23,776	22,834	23,947	24,146	24,359	25,546	25,546
Lift Stations	15	15	15	15	15	15	15	14	16	16
Parks										
Metropolitan Parks (Regional)	3	3	3	3	3	3	3	3	3	3
Neighborhood Parks	31	31	31	32	33	34	34	34	34	34
Pocket Parks	21	21	21	21	21	21	21	21	21	21
Zoo	1	1	1	1	1	1	1	1	1	1
Golf Courses	2	2	2	2	2	2	2	2	2	2
Community Parks	1	1	1	1	1	1	1	1	1	1
Skate Parks	6	6	6	6	8	8	8	8	8	8
Tennis Courts	40	40	40	40	42	42	42	42	42	42
Acres of Parks	1,535	1,535	1,535	1,384	1,392	1,393	1,393	1,393	1,393	1,393
Neighborhood Centers	12	12	12	12	12	12	12	12	12	12
Community Center	5	5	5	5	5	5	7	7	7	7
Swimming Pools	5	5	9	9	9	9	9	8	8	8

CITY OF FRESNO, CALIFORNIA

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years (continued)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Transportation										
Airports	2	2	2	2	2	2	2	2	2	2
Municipal Airport Total Acreage	1,900	1,875	1,875	1,875	1,875	1,875	2,050	2,050	2,050	2,050
Length of Longest Runway (surfaced) - Linear Feet	9,227	9,227	9,539	9,539	9,539	9,539	9,539	13,165	13,165	13,165
Number of Runways	3	3	3	3	3	3	3	3	3	3
Number of Terminals	2	2	2	2	2	2	2	2	2	2
Terminals (square footage)	193,364	193,364	193,364	193,364	193,364	193,364	193,364	193,364	193,364	193,364
Number of Parking Spaces (surface lot)	2,367	2,365	2,365	2,365	2,355	2,664	2,664	2,664	2,812	3,074
Air Cargo Ramp Spaces	9	9	9	9	8	8	9	9	9	8
Air Cargo Ramp (surface square footage)	806,390	806,390	806,390	806,390	806,390	806,390	806,390	806,390	806,390	806,390
Number of Hangars	302	302	302	302	303	303	303	303	303	303
Buses - Directly Operated	123	110	111	105	105	129	138	102	100	102

Source(s): City of Fresno - Various Departments

Note(s): Information combined for Fresno Yosemite International (FYI) and Chandler Executive Airport (FCH).

The reduction in fiscal year 2016 is due to the non-inclusion of secondary segments on the major divided roads and is not associated with any road removal.

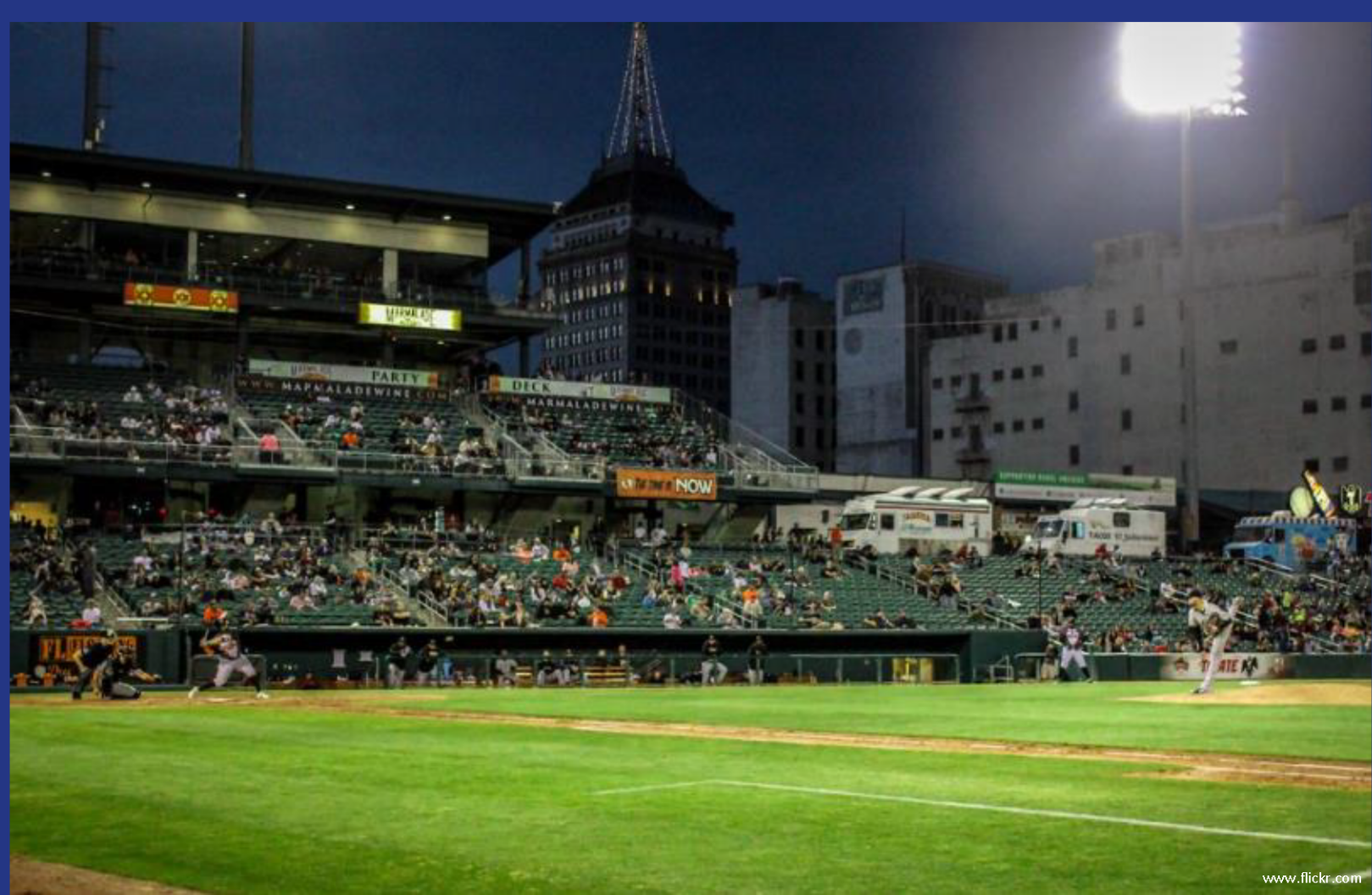
The Parks Regional Sports Complex reported acreage was reduced from 268 acres to 114. While part of the Complex footprint, 154 acres are presently not available for public access.

Three acres were added due to the opening of the Martin Ray Reilly Park in FY2015. 8.3 acres were added in fiscal year 2016 due to the opening of Inspiration Park.

In fiscal year 2020, Airports added stalls to a designated area not previously used for parking. This increased the number of stalls and had no affect on acreage.

Information not available for all years for all categories.

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