

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Fiscal Year Ending June 30, 2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020
Prepared by the Finance Department



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Finance Director/Controller

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Senior Account Clerk

Special Thanks to

Corrina Barbarite, Treasury Officer
CAFR Grants and Capital Asset Contacts in all City Departments

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INTRODUCTORY SECTION



St. Alphonsus Church - Diocesofresno.org

CONTROLLER'S TRANSMITTAL LETTER

Jerry Dyer
Mayor



Thomas Esqueda
City Manager

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

February 4, 2021

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Fresno, California (City) for the fiscal year ended June 30, 2020 (fiscal year 2019-2020), with the Independent Auditor's Report, submitted in compliance with City Charter Section 804(c) and Section 1216. The CAFR 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.

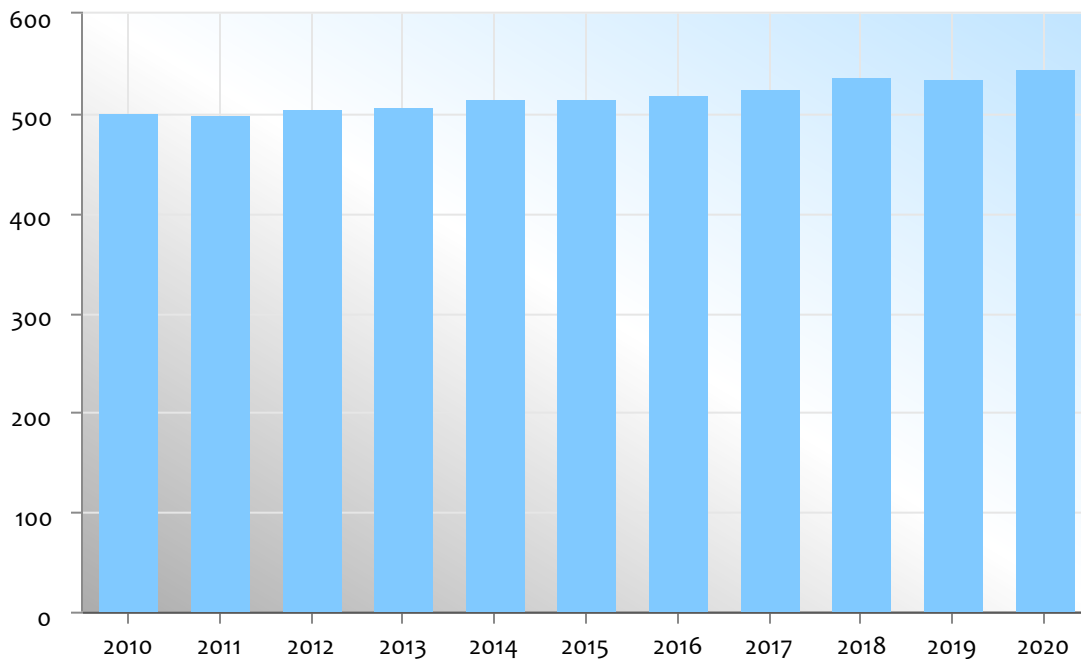
General Background

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 (545,769 as of January 1, 2020), 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

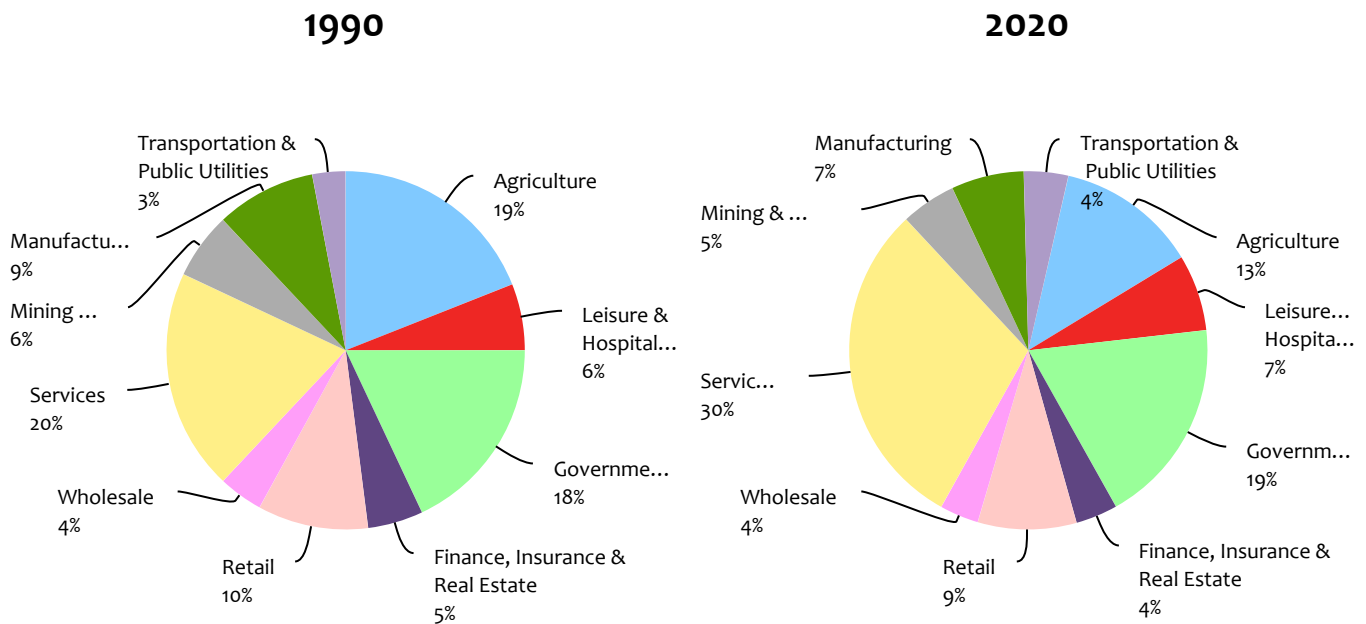
The City operates under the strong-Mayor form of government. Under this form of government, the Mayor serves as the City's Chief Executive Officer, appointing and overseeing the City Manager, recommending legislation, and presenting the annual budget to the City Council (Council).

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 (13% of jobs), the Fresno economy continues to diversify, as evidenced by the fact that services (30% of jobs) and government (19% of jobs) employ more people than agriculture.

1990 vs. 2020 Estimated Number of Workers by Industry



Source: CA Employment Development Department

Food processing leads the manufacturing sector with such notable companies as Conagra Foods, Lyons-Magnus, Del Monte, Wawona Foods, E & J Gallo Winery, Kraft Foods, Foster Farms, Harris Ranch and others. 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	10,552
Community Regional Medical Center	8,600
County of Fresno	7,773
Clovis Unified School District	6,400
Internal Revenue Service	5,000
City of Fresno	3,575
Amazon.com, Inc	3,500
Saint Agnes Medical Center	2,800
California State University, Fresno	2,543
State Center Community College	2,329

Economic Overview

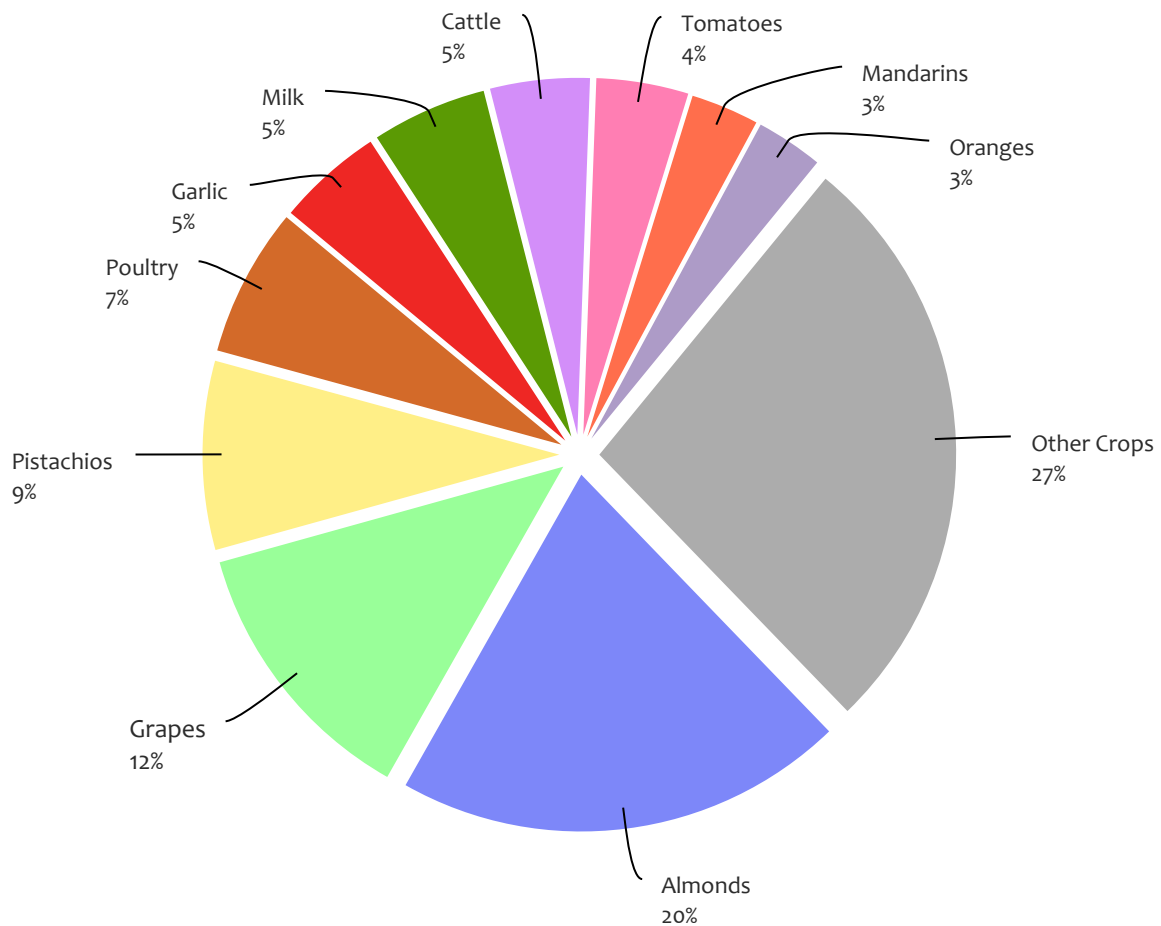
Agriculture remains one of the backbones of the Fresno area's economy and continues to be robust. Fresno County's agricultural strength rests in its diversity with more than 400 commercial crops providing gross production of \$7.7 billion in 2019, a decrease of 2.3% from 2018.

Almonds again surpassed the \$1.1 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 2019, Fresno County exported 63 agriculture commodities to 89 countries around the world.

Fresno has established itself as an ideal location for manufacturing and distribution due to its strategic location, low business costs and affordable housing.

2019 Diversified Agricultural Base



Source: Fresno County Agriculture Department

Fiscal Year 2020 Economic Conditions & Financial Impact

A strong beginning of the fiscal year resulted in general improvement to the Fresno economy during fiscal year 2020, as is shown in the table below:

Economic Indicator	2019	2020	Change (%)
Assessed Value	\$36,613,200,610	\$38,558,581,315	5.3%
Taxable Sales	\$13,370,896,552	\$13,590,482,759	1.6%
Unemployment Rate	7.3%	12.1%	66.1%
Building Permits	9,458	11,484	21.4%

The overall improvement in the local economy had a similar effect on the City of Fresno's finances. This effect was evident in several City-wide financial measures:

- Total Assets increased \$28.2 million (0.7%) from the fiscal year 2019 year-end Total Assets balance of \$4,008.4 million.
- Revenues increased \$20.7 million (2.4%) from Revenues for fiscal year 2019, which totaled \$852.5 million.
- Expenses grew \$86.5 million (12.1%) to \$802.3 million .
- Total Net Position grew \$70.9 million (2.8%) from fiscal year 2019's total of \$2,546.9 million.

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

- Total Assets increased \$5.8 million (5.2%) over the fiscal year 2019 Total Assets year-end balance of \$110.8 million. Growth in Unrestricted Cash of \$8.9 million was the primary driver behind the overall growth in Total Assets.
- Total Liabilities increased \$1.9 million (14.7%) from the fiscal year 2019 year- end Total Liabilities of \$13.2 million. \$1.3 million of the overall increase in Total Liabilities was associated with Unearned Revenues.
- Revenues increased \$12.6 million (3.8%) from fiscal year 2019's Revenues of \$333.0 million. Significant growth was seen in the economy-driven revenues, such as Sales Tax.
- Expenses increased \$34.2 million (11.8%) from fiscal year 2019's \$289.6 million Expenditure level. Increases in Public Protection and Public Ways/Facilities 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, 2020. Those included:

- In October 2020, the City issued \$17.1 million in bonds to construct and equip a new animal control shelter.
- Also in October 2020, the City adopted a Revised Budget which reflects the impacts that the COVID-19 pandemic had on the City's finances.
- In December 2020, the City redeemed \$27.6 million of Water Series 2010-A bonds.
- Also in December 2020, the stadium lease was revised to reflect the team's move from AAA-baseball to A-baseball.

All of these subsequent events are discussed in detail in Note 16, which begins on page 163.

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 CAFR for the fiscal year ended June 30, 2019. This was the 27th 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 CAFR whose contents conform to program standards. The CAFR 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 comprehensive annual 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	CAFR 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	\$ 70,604,988,000	2019	4,010,684	\$ 17,604	1	3	\$ (7,874,521,000)
San Diego	\$ 15,727,390,000	2020	1,430,489	\$ 10,994	2	10	\$ (2,671,000,000)
San Jose	\$ 10,853,083,000	2020	1,049,187	\$ 10,344	3	11	\$ (3,383,225,000)
San Francisco	\$ 40,721,965,000	2019	897,806	\$ 45,357	4	1	\$ (4,429,115,000)
Fresno	\$ 4,036,592,000	2020	545,769	\$ 7,396	5	16	\$ 244,990,000**
Sacramento	\$ 4,968,665,000	2019	510,931	\$ 9,725	6	12	\$ (832,983,000)
Long Beach	\$ 10,736,108,000	2019	472,217	\$ 22,736	7	2	\$ (1,125,259,000)
Oakland	\$ 3,706,152,000	2020	433,697	\$ 8,545	8	14	\$ (1,717,434,000)
Bakersfield	\$ 2,737,168,242	2019	392,756	\$ 6,969	9	18	\$ (428,877,518)
Anaheim	\$ 5,052,277,000	2020	357,325	\$ 14,139	10	5	\$ (790,303,000)
Santa Ana	\$ 1,662,491,327	2020	335,052	\$ 4,962	11	24	\$ (666,536,096)
Riverside	\$ 4,394,522,000	2019	328,155	\$ 13,392	12	6	\$ (564,824,000)
Stockton	\$ 2,520,974,098	2020	318,522	\$ 7,915	13	15	\$ (536,028,393)
Irvine*	\$ 3,254,585,000	2020	281,707	\$ 11,553	14	9	\$ (146,569,000)
Chula Vista	\$ 1,968,634,883	2019	272,202	\$ 7,232	15	17	\$ (321,520,331)
Fremont*	\$ 1,419,486,159	2020	234,220	\$ 6,060	16	21	\$ (390,302,773)
Modesto	\$ 1,908,354,523	2020	222,335	\$ 8,583	17	13	\$ (341,835,012)
Santa Clarita	\$ 1,456,650,553	2019	221,932	\$ 6,563	18	19	\$ (41,789,757)
San Bernardino	\$ 1,000,472,638	2019	217,946	\$ 4,590	19	25	\$ (415,340,166)
Fontana	\$ 1,317,384,522	2019	213,000	\$ 6,185	20	20	\$ (145,766,645)
Moreno Valley	\$ 1,263,072,982	2020	208,838	\$ 6,048	21	22	\$ (72,896,273)
Oxnard	\$ 2,985,917,969	2020	206,352	\$ 14,470	22	4	\$ (298,870,202)
Glendale	\$ 2,690,535,000	2020	205,331	\$ 13,103	23	7	\$ (598,199,000)
Huntington Beach	\$ 1,210,177,000	2020	201,281	\$ 6,012	24	23	\$ (434,815,000)
Ontario	\$ 2,334,210,791	2020	182,871	\$ 12,764	25	8	\$ (314,099,446)

* These cities have governmental activities only.

** This figure represents the prefunded 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, 2020 CAFRs (2019 when 2020 not available). In cases where Component Units were reflected in separate Columns, Component Unit numbers were excluded.

Acknowledgments

On the surface, the fiscal year 2020 CAFR reflects the financial results of providing services to the citizens of Fresno. But, these financial numbers cannot convey the tumult that has typified this fiscal year. Just as Fresno's citizens had to adjust to a new way of working and living, so too have the City's employees. Many employees had to shift from working at City facilities one day to working from home literally the next day. We've experienced daily temperature checks, daily COVID-19 self-screenings, wearing masks to work, and sanitizing our work areas after every shift, just as other Fresno residents have done at their workplaces. We've also had to deal with our colleagues, families, and friends fall ill with COVID-19; and, in some cases, watching them pass away. All the while, the services that the City regularly provides were delivered without interruption, and new services were provided to help mitigate COVID-19's spread. Because they personified what it truly means to be a public servant in this extraordinary fiscal year, this CAFR is dedicated to the City of Fresno's employees.

While all of the City's employees deserve accolades for what they've done this fiscal year, special praise has to be given to the Finance Department staff that prepared this CAFR. While each CAFR comes with its own set of challenges, this CAFR looked to be particularly challenging even before COVID-19 struck. The reason it was going to be challenging was that there were several new CAFR team members participating in its preparation for the first time, and some "veterans" performing new CAFR roles. COVID-19 added another layer of complexity to the preparation, as work was completed primarily from home. Yet, this group found a way to deliver a CAFR in almost the same time frame as last year's was submitted, without sacrificing quality. While they've always had this moniker, this year's CAFR preparation team truly earned the title "Rock Stars."

We would be remiss if we did not also thank the CAFR 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 CAFR. 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

Proprietary Fund Types operate as if they were private businesses. One type is Enterprise Funds.

These funds provide services to other governmental and non-governmental entities, including individuals and businesses.

- Airports
- Public Utilities
- Transportation
- Convention Center
- Park (Golf Course)

GENERAL FUND

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.

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.

- Mayor
- City Manager
- City Council
- City Clerk
- City Attorney
- Finance
- Fire
- Development & Resource Management
- General City Purpose
- PARCS
- Police
- Personnel Services

INTERNAL SERVICE FUND

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.

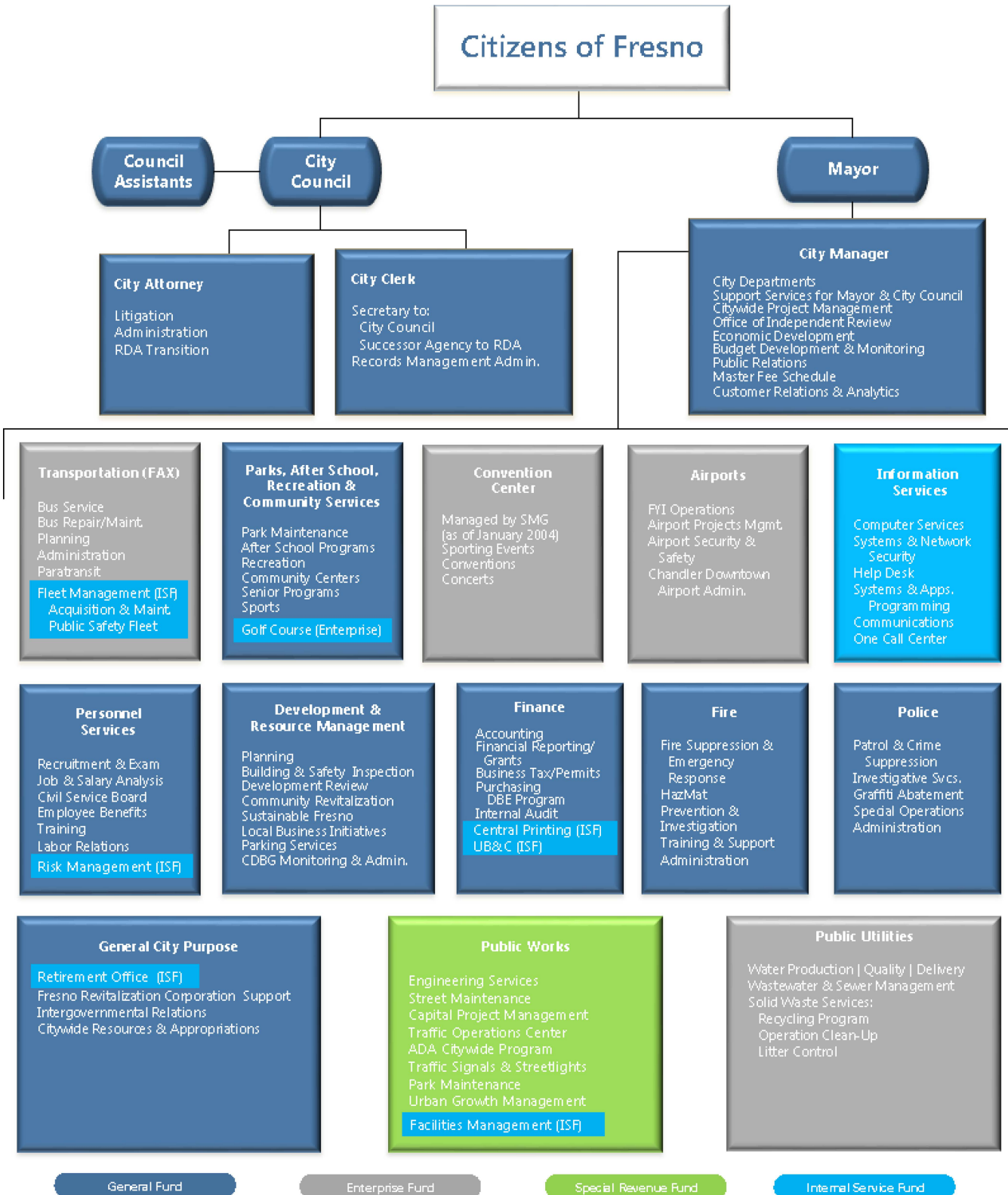
- Retirement
- Personnel Services (Risk Management)
- Transportation (Fleet Management)
- Information Services
- Finance (Central Printing)
- Finance (Utility Billing & Collection)
- Public Works (Facilities Management)

SPECIAL REVENUE FUND

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.

- Public Works

CITY ORGANIZATIONAL CHART



FRESNO, CALIFORNIA
DIRECTORY OF CITY OFFICIALS
ELECTED OFFICIALS
As of January 10, 2021



Jerry Dyer
Mayor



Esmeralda Soria
District 1



Mike Karbassi
District 2



Miguel Arias
District 3



Tyler Maxwell
District 4



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
Yvonne Spence, 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 Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

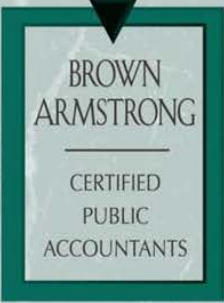
Executive Director/CEO

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www.instagram.com/fresno_chandler_executive_airport

FINANCIAL SECTION



BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable City Council
 City of 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, 2020, 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%	3%

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.

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

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, 2020, 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, schedule 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 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.

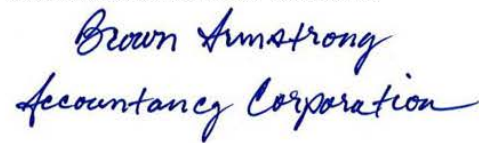
The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing 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 29, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

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

Bakersfield, California
January 29, 2021

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MANAGEMENT'S DISCUSSION & ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

For the Fiscal Year Ended June 30, 2020

CITY OF FRESNO, CALIFORNIA

This section of the City of Fresno's (City) Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. 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 continue to set records, reaching a total of \$4,036.6 million for the first time in the City's history.
- Net Position for the entire City improved to a record \$2,617.8 million; a \$70.9 million (2.8%) increase over fiscal year 2019's Net Position of \$2,546.9 million.
- The City continues to record a net pension asset. For fiscal year 2020, Net Pension Asset was \$245.0 million. The City of Fresno remains one of very few government entities in the country with a net pension asset.

OVERVIEW OF FISCAL YEAR 2020 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 31-32 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 36 and 38.

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.

† **Agency Funds** consist of funds used to account for City-related trust activity, such as payroll withholding and bid deposits. Agency 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 31-166 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 52-166 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, 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 169-180 of this report.

Combining and Individual Fund Statements and Schedules

The combining statements referred to earlier in connection with non-major governmental funds, non-major 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 183-206 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	
	2019	2020	2019	2020	2019	2020	\$	%
Assets:								
Current and Other Assets	\$ 413,038	\$ 527,133	\$ 514,829	\$ 566,127	\$ 927,867	\$1,093,260	\$ 165,393	17.8%
Net Pension Asset	292,794	193,847	75,707	51,143	368,501	244,990	(123,511)	(33.5)%
Capital Assets:								
Not Being Depreciated	316,167	333,171	433,758	496,819	749,925	829,990	80,065	10.7%
Net of Accumulated Depreciation	640,948	611,366	1,321,163	1,256,986	1,962,111	1,868,352	(93,759)	(4.8)%
Total Capital Assets	957,115	944,537	1,754,921	1,753,805	2,712,036	2,698,342	(13,694)	(0.5)%
Total Assets	1,662,947	1,665,517	2,345,457	2,371,075	4,008,404	4,036,592	28,188	0.7%
Deferred Outflows of Resources:								
Charge on Refunding	4,411	3,966	847	435	5,258	4,401	(857)	(16.3)%
Pension Contributions	57,299	100,713	9,251	20,907	66,550	121,620	55,070	82.7%
Deferred Outflows - Pension	10,248	29,058	4,162	12,163	14,410	41,221	26,811	186.1%
Total Deferred Outflows of Resources	71,958	133,737	14,260	33,505	86,218	167,242	81,024	94.0%
Liabilities:								
Long-Term Liabilities Due Within One Year	74,286	81,491	23,887	30,958	98,173	112,449	14,276	14.5%
Long-Term Liabilities Due in More than One Year	486,895	514,916	743,622	706,582	1,230,517	1,221,498	(9,019)	(0.7)%
Other Liabilities	31,670	113,866	106,751	94,121	138,421	207,987	69,566	50.3%
Total Liabilities	592,851	710,273	874,260	831,661	1,467,111	1,541,934	74,823	5.1%
Deferred Inflows of Resources:								
Pension Revenue Applicable to Future Years	50,937	17,920	11,962	3,841	62,899	21,761	(41,138)	(65.4)%
Unamortized OPEB Expense	12,620	15,836	5,126	6,516	17,746	22,352	4,606	100.0%
Total Deferred Inflows of Resources	63,557	33,756	17,088	10,357	80,645	44,113	(36,532)	(45.3)%
Net Position:								
Net Investment in Capital Assets	793,963	787,395	1,054,185	1,090,352	1,848,148	1,877,747	29,599	1.6%
Restricted	178,858	239,898	—	—	178,858	239,898	61,040	34.1%
Unrestricted	105,676	27,932	414,184	472,210	519,860	500,142	(19,718)	(3.8)%
Total Net Position	\$1,078,497	\$ 1,055,225	\$ 1,468,369	\$ 1,562,562	\$ 2,546,866	\$ 2,617,787	\$ 70,921	2.8%

Changes in Net Position - Government-Wide / Primary Government

(in thousands)

	Governmental Activities		Business-Type Activities		Total		Total Change from Prior Year	
	2019	2020	2019	2020	2019	2020	\$	%
Revenues								
Program Revenues:								
Charges for Services	\$ 104,539	\$ 73,765	\$ 287,730	\$ 270,774	\$ 392,269	\$ 344,539	\$ (47,730)	(12.2)%
Operating Grants & Contributions	40,278	39,037	37,910	80,766	78,188	119,803	41,615	53.2%
Capital Grants & Contributions	37,525	49,161	33,249	38,027	70,774	87,188	16,414	23.2%
General Revenues:								
Property Taxes	138,201	142,250	—	—	138,201	142,250	4,049	2.9%
Business Tax	18,162	20,868	—	—	18,162	20,868	2,706	14.9%
Sales Taxes - Shared Revenues	96,939	98,531	—	—	96,939	98,531	1,592	1.6%
Other Local Taxes	31,346	30,795	—	—	31,346	30,795	(551)	(1.8)%
Investment Earnings	8,413	11,863	15,624	17,316	24,037	29,179	5,142	21.4%
Gain on Sale of Capital Assets	2,517	2	35	31	2,552	33	(2,519)	(98.7)%
Total Revenues	477,920	466,272	374,548	406,914	852,468	873,186	20,718	2.4%
Expenses								
General Government	42,785	46,114	—	—	42,785	46,114	3,329	7.8%
Public Protection	214,903	271,085	—	—	214,903	271,085	56,182	26.1%
Public Ways and Facilities	80,369	93,243	—	—	80,369	93,243	12,874	16.0%
Culture and Recreation	23,809	26,039	—	—	23,809	26,039	2,230	9.4%
Community Development	29,188	31,102	—	—	29,188	31,102	1,914	6.6%
Interest on Long-term Debt	14,101	13,652	—	—	14,101	13,652	(449)	(3.2)%
Sewer, Water and Solid Waste	—	—	197,561	203,487	197,561	203,487	5,926	3.0%
Transit	—	—	57,864	62,016	57,864	62,016	4,152	7.2%
Airports	—	—	33,262	35,984	33,262	35,984	2,722	8.2%
Fresno Convention Center	—	—	8,701	7,108	8,701	7,108	(1,593)	(18.3)%
Community Sanitation	—	—	10,093	9,147	10,093	9,147	(946)	(9.4)%
Parks and Recreation	—	—	502	586	502	586	84	16.7%
Stadium	—	—	2,600	2,702	2,600	2,702	102	3.9%
Total Expenses	405,155	481,235	310,583	321,030	715,738	802,265	86,527	12.1%
Increase in Net Position Before Transfers	72,765	(14,963)	63,965	85,884	136,730	70,921	(65,809)	(48.1)%
Transfers	(5,363)	(8,309)	5,363	8,309	—	—	—	—%
Change in Net Position	67,402	(23,272)	69,328	94,193	136,730	70,921	(65,809)	(48.1)%
Net Position - Beginning	1,011,095	1,078,497	1,399,041	1,468,369	2,410,136	2,546,866	136,730	5.7%
Net Position - Ending	\$1,078,497	\$1,055,225	\$1,468,369	\$1,562,562	\$2,546,866	\$2,617,787	\$70,921	2.8%

Analysis of Changes in Government-Wide Net Position

The City's overall Net Position improved to a record \$2,617.8 million: a \$70.9 million (2.8%) increase over fiscal year 2019's Net Position of \$2,546.9 million. However, the Unrestricted Net Position declined; going from \$519.9 million in fiscal year 2019 to \$500.1 million in fiscal year 2020.

Several factors contributed to the overall increase in Net Position:

- City Revenues rose \$20.7 million (2.4%), going from \$852.5 million in fiscal year 2019 to \$873.2 million in fiscal year 2020. The overall growth in revenues was caused by a \$41.6 million (53.2%) increase in Operating Grants, a \$16.4 million (23.2%) rise in Capital Grants, and growth of \$10.4 million (3.3%) in General Revenues (primarily, Property Tax, Sales Tax and Investment Earnings); all of which were partially offset by a decrease of \$47.7 million (12.2%) in Charges for Services (mostly, Public Protection Charges for Services).
- City Expenses grew from \$715.7 million incurred in fiscal year 2019 to \$802.3 million in fiscal year 2020. That overall increase can be bifurcated as follows: Governmental Activities Expenses grew \$76.1 million (18.8%), while Business-Type Activities Expenses rose \$10.4 million (3.4%). The primary causes behind the increase in Governmental Activities Expenses were \$56.2 million of growth in Public Protection expenses and an \$12.9 million rise in Public Ways and Facilities expenses. On the Business-Type Activities side, growth in the Water Fund's Expenses of \$7.3 million explain most of that Activity's expense increase.
- Total Assets grew from \$4,008.4 million in fiscal year 2019 to \$4,036.6 million in fiscal year 2020: a \$28.2 million (0.7%) increase. The growth in Total Assets was due to number of factors; the two largest being a \$52.6 million increase in Cash and Investments (from \$433.5 million in fiscal year 2019 to \$486.0 million in fiscal year 2020: a 12.1% increase), which was offset by a \$123.5 million decrease in the Net Pension Asset (from \$368.5 million in fiscal year 2019 to \$245.0 million in fiscal year 2020: a 33.5% decrease).
- Total Deferred Outflows of Resources rose \$81.0 million (94.0%) from fiscal year 2019's figure of \$86.2 million, primarily as a result of \$26.8 million in Deferred Outflows - Pensions increases that were augmented by \$55.1 million of Pension Contribution increases.
- Total Liabilities grew \$74.8 million (5.1%) from \$1,467.1 million in fiscal year 2019 to \$1,541.9 million in fiscal year 2020. The overall growth in Total Liabilities was mainly attributable to an increase of \$66.3 million in Unearned Revenue, which was the product of unspent Coronavirus Aid, Relief, and Economic Support (CARES) monies as of the end of fiscal year 2020.
- A \$36.5 million (45.3%) decrease in the Deferred Inflows of Resources, specifically, the Pension Revenue Applicable to Future Years.

Governmental Activities

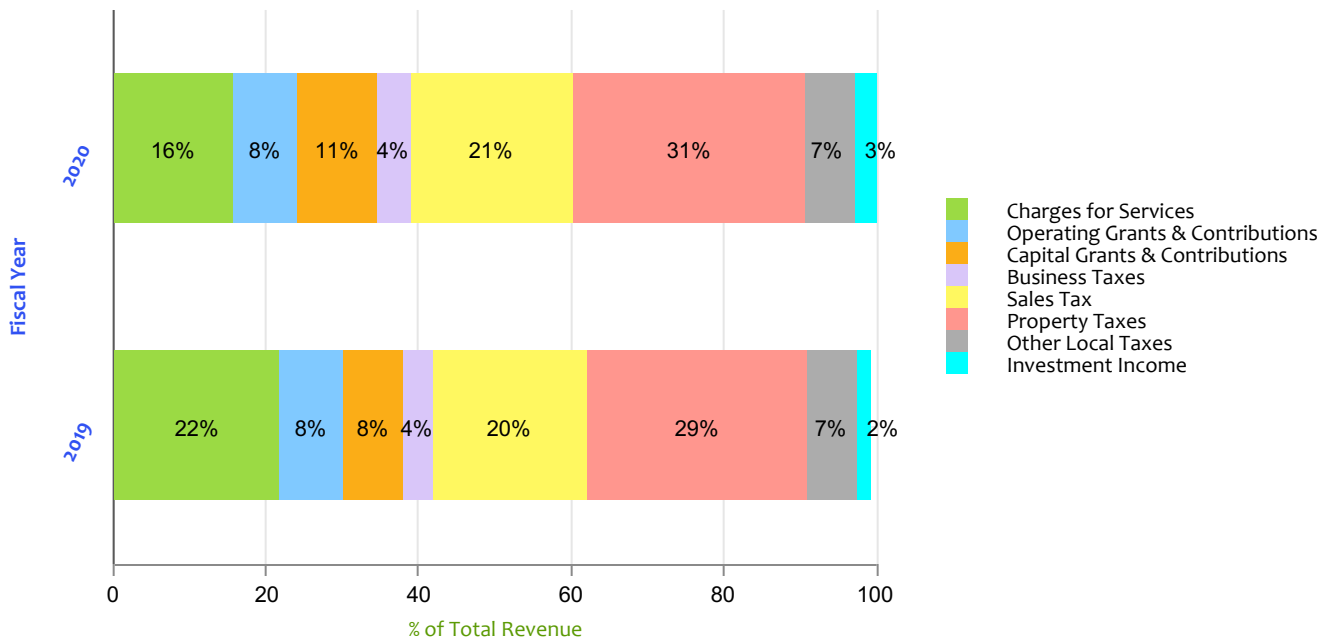
In fiscal year 2020, Governmental Activities decreased their Net Position by \$23.3 million (2.2%) to \$1,055.2 million. The decline in Net Position occurred primarily within the Unrestricted Net Position, which fell by \$77.7 million to fiscal year 2020's Net Position of \$27.9 million. Key factors affecting the Net Position were:

- Revenues declined slightly; going from \$477.9 million in fiscal year 2019 to \$466.3 million in fiscal year 2020: a \$11.6 million (2.4%) decrease. A \$30.8 million, or 29.4%, decline in the Charges for Services category was offset by growth in other revenue categories; particularly a \$11.6 million, or 31.0% increase in Capital Grants and a \$8.7 million, or 3.0%, increase in the General Revenues category. Within the Charges for Services, the decrease primarily occurred in the Public Protection category (\$25.3 million, or 61.9%): specifically, a drop in Pension Revenue associated with the Fire and Police Retirement System. Growth of \$16.8 million in General Government Capital Grants, partially offset by a \$5.1 drop in Public Ways and Facilities Capital Grants, was behind the overall increase in Capital Grant revenue. The rise in General Revenues came primarily from three sources: a \$1.6 million increase in Sales Taxes, a \$4.0 million increase in Property Taxes, and a \$3.5 million increase in Investment Income.
- Expenditures grew from \$405.2 million in fiscal year 2019 to \$481.2 million in fiscal year 2020, led by a 16.0% increase in Public Ways and Facilities expenses (from \$80.4 million in fiscal year 2019 to \$93.2 million in fiscal year 2020) and a 26.1% increase in Public Protection expenditures (from \$214.9 million in fiscal year 2019 to \$271.1 million in fiscal year 2020). 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 expenditures.
- Total Assets increased by \$2.6 million (0.2%) from fiscal year 2019's Total Assets balance of \$1,662.9 million. The overall growth in Total Assets was primarily caused by the following factors:
 - an increase in Unrestricted Cash of \$35.6 million (18.6%) to \$227.3 million;
 - an increase in Restricted Cash of \$80.0 million (207.6%) to \$118.6 million;
 - an increase in Capital Assets Not Being Depreciated of \$17.0 million (5.4%) to \$333.2 million;
 - a decrease of \$98.9 million (33.8%) in the Net Pension Asset to \$193.8 million;
 - a decrease of \$29.6 million (4.6%) in Capital Assets Net of Accumulated Depreciation to \$611.4 million.
- Total Liabilities increased by 19.8%, or \$117.4 million, from fiscal year 2019's Total Liabilities of \$592.9 million. A \$76.9 million rise in Unearned Revenue (from \$6.2 million in fiscal year 2019 to \$83.1 million in fiscal year 2020) and growth in total Long-Term Liabilities (Due Within a Year and Due in More than One Year, combined) of \$35.2 million (6.3%) explains the overall increase in Total Liabilities.

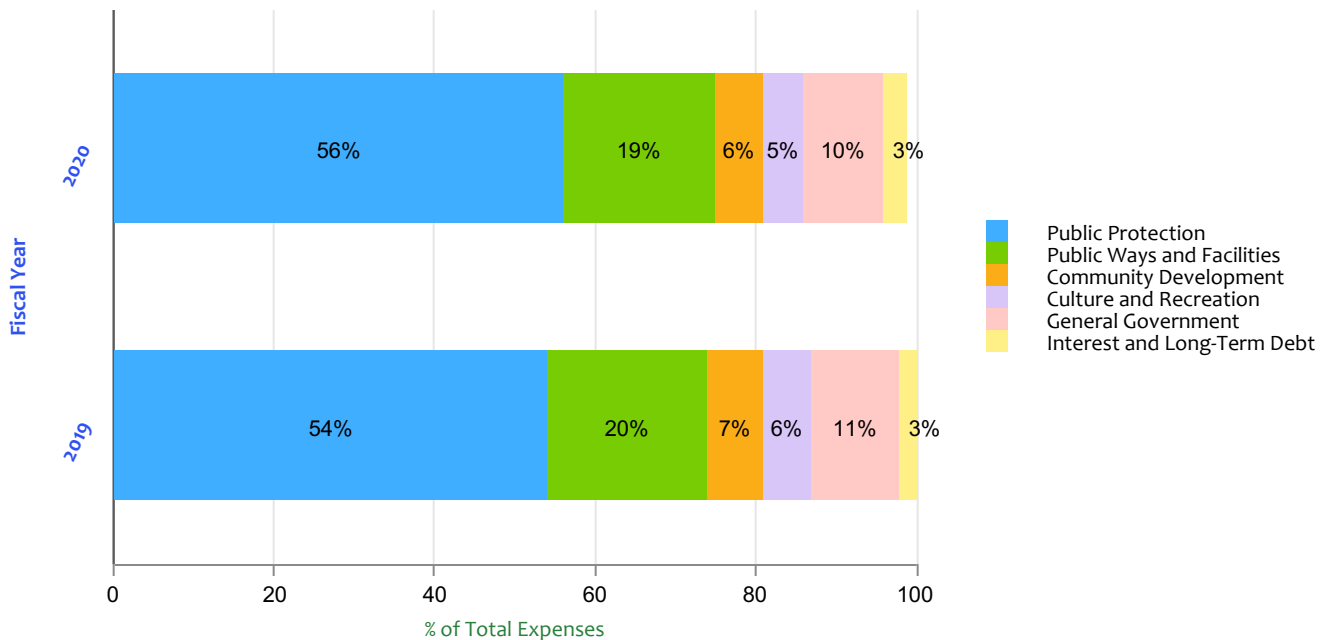
Governmental Activities - Charts and Graphs

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.

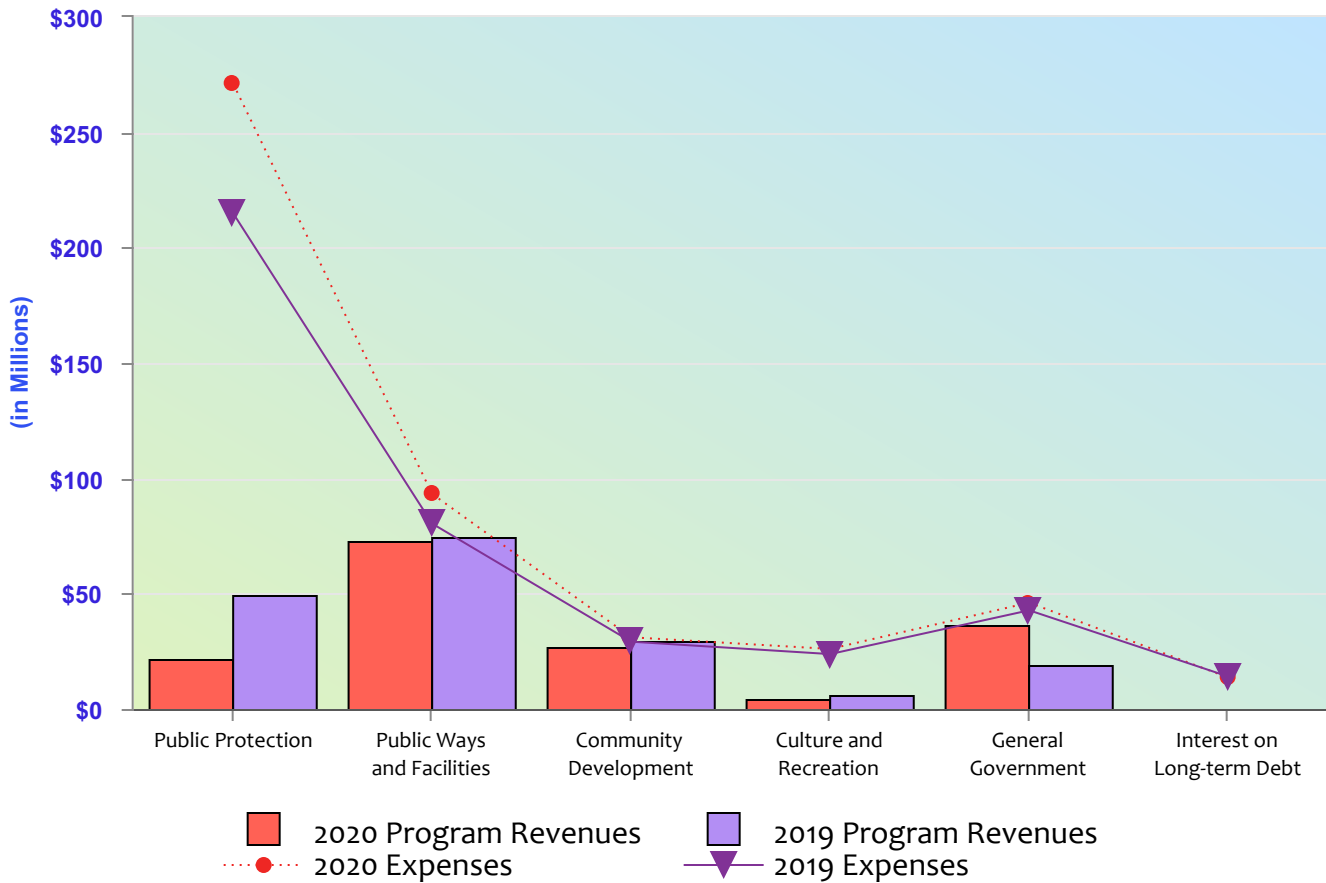
Governmental Activities
Revenue by Type (2 Year Comparative)



Governmental Activities
Expenses by Type (2 Year Comparative)



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 \$69.0 million in fiscal year 2019 to \$75.9 million in fiscal year 2020. It is significant to note that the Unassigned Fund Balance increased from \$25.3 million in fiscal year 2019 to \$33.0 million in fiscal year 2020: a \$7.7 million (30.6%) increase.

Fiscal year 2020's revenues showed marked growth when compared to fiscal year 2019's revenues; increasing by \$12.6 million (3.8%) from fiscal year 2019's total of \$333.0 million. The increase was primarily in Tax Revenue, which was up \$14.5 million (5.1%). The main driver in the overall increase in Tax Revenue came from \$12.6 million of growth in Sales Tax revenue, which was the result of increased economic activity primarily before COVID-19. The increase in Tax Revenue was partially offset by a decrease in Intergovernmental Revenues of \$1.5 million (32.4%), which was caused by a \$2.1 million drop in firefighting mutual aid payments from the State of California.

While General Fund revenues were up, General Fund expenditures grew at a faster pace when compared to the previous fiscal year. General Fund expenditures grew by \$34.2 million, or 11.8%, to a total of \$323.8 million. The change in expenditures can be explained by two factors:

- Growth in Public Protection expenditures, which increased from \$212.8 million in fiscal year 2019 to \$238.1 million in fiscal year 2020: a \$25.3 million, or 11.9%, increase. The Public Protection increase was primarily due to additional personnel costs, which increased \$12.2 million over fiscal year 2019's personnel costs of \$187.1 million. Also contributing to the overall increase in Public Protection expenditures was a \$6.1 million increase in Fleet Services Charges and a \$2.0 million increase in Liability Insurance expenditures.
- A rise of \$4.5 million in Public Works expenditures, which grew from \$5.2 million to \$9.7 million, or 85.3%. \$3.1 million of the overall increase was caused by a smaller amount of inter-City transfers which were reclassified as reductions of expenditures.

A large portion of the difference between actual expenditures and actual revenues was funded by transfers from other funds; specifically, the Coronavirus Aid, Relief, and Economic Security (CARES) Fund. In April 2020, the City received \$92.8 million of CARES Act monies from the Federal Government for COVID-19 mitigation efforts. Most of those monies were used to reimburse the General Fund for disease prevention and economic support efforts, as well as public safety salaries. Overall, Transfers In increased \$8.7 million (124.1%) to \$15.7 million.

The additional Transfers In and revenues produced a large increase in Total Assets, which grew \$5.8 million (5.2%) to \$116.6 million. The increase was driven by three accounts:

- Unrestricted Cash, which rose \$8.9 million (60.6%) to \$23.6 million.
- Intergovernmental Receivables (such as Sales Tax Receivable) grew \$3.7 million (11.0%).
- Due from Other Funds dropped \$6.7 million (71.0%).

Significant committed fund balance amounts of the General Fund include:

- \$35.0 million for the General Fund Emergency Reserve,
- \$1.7 million for the 27th Pay Period Reserve, and
- \$1.0 million for the General Fund - Housing Reserve.

General Fund Budget to Actual Comparison

The fiscal year 2020 Adopted Budget was made up of \$433.0 million of budgeted revenues and \$395.9 million of appropriations. After various amendments were made throughout the fiscal year, the General Fund ended the fiscal year with \$448.6 million of budgeted revenues and \$410.0 million of appropriations. Actual results on a budgetary (cash) basis of accounting were \$447.7 million of revenues and \$375.8 million of expenditures. Thus, the actual revenues were \$0.9 million (0.2%) under the fiscal year-end budgeted revenues, while the actual expenditures were \$34.2 million (8.3%) under fiscal year-end appropriations.

The major differences between the budget and the actual results are noted on the next page:

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:					
Miscellaneous	\$28,874	\$28,874	\$22,281	\$(6,593)	Less actual expense was billed to capital projects than was anticipated in the budget.
Transfers from Other Funds	\$1,633	\$9,343	\$12,662	\$3,319	Higher than budgeted transfers of CARES funds into the General Fund.
Licenses and Permits	\$6,946	\$6,946	\$8,367	\$1,421	Development fees from increased construction generated \$1.4 million above budgetary estimates.
Expenditures:					
Other General Government	\$31,209	\$41,114	\$30,347	\$(10,767)	COVID-19 mitigation expenses were less than budget.
Capital Outlay	\$9,515	\$12,380	\$4,874	\$(7,506)	Fewer capital projects than budgeted were undertaken and completed in fiscal year 2020.
Police Department	\$186,085	\$185,495	\$180,479	\$(5,016)	Greater than budgeted attrition savings was incurred due to hiring freeze and difficulties recruiting police officers.

A more detailed look at the budget versus actual comparison for the General Fund can be found on page 169 in the Required Supplementary Information section.

Grants Special Revenue Fund

Fund Balance in the Grants Special Revenue Fund rose from \$68.0 million in fiscal year 2019 to \$79.7 million in fiscal year 2020. The growth in Fund Balance was due primarily to the receipt of \$92.8 million of CARES Act funding in April 2020. That infusion of funding drove the Cash and Investments account balance from \$2.4 million in fiscal year 2019 to \$13.5 million in fiscal year 2020 (a 466.1% increase), and added \$79.3 million of Restricted Cash. These asset additions were partially offset by a \$75.7 million increase in Unearned Revenue, which was also the product of the CARES receipt.

The CARES Act allocation also made its mark on the fund's revenues. Fiscal year 2020 revenues in the Grants Special Revenue Fund were up \$20.7 million (70.0%) to \$50.3 million. Enhancing the effect that revenues had on Fund Balance was a decrease in expenditures. Expenditures fell \$3.4 million (12.7%) from fiscal year 2019's level of \$27.0 million to fiscal year 2020's total of \$23.6 million. The decline was mainly due to a decrease of \$4.0 million (37.0%) in Capital Projects expenditures; specifically, a land purchase of \$2.3 million made with Community Development Block Grant funds in fiscal year 2019 was not duplicated in fiscal year 2020.

Other Governmental Funds

Fund Balance for the Other Governmental Funds rose \$4.4 million between fiscal year 2019 and fiscal year 2020 (\$118.8 million versus \$123.2 million, respectively). The growth in the Fund Balance was primarily due to a \$9.9 million increase in fund balance for the Urban Growth Management (UGM) Impact Fee Fund. The UGM Impact Fee Fund Balance increase was fueled by a \$3.7 million increase in the fund's Operating Revenues and a \$5.4 million decrease in Operating Expenditures.

Business-Type Activities

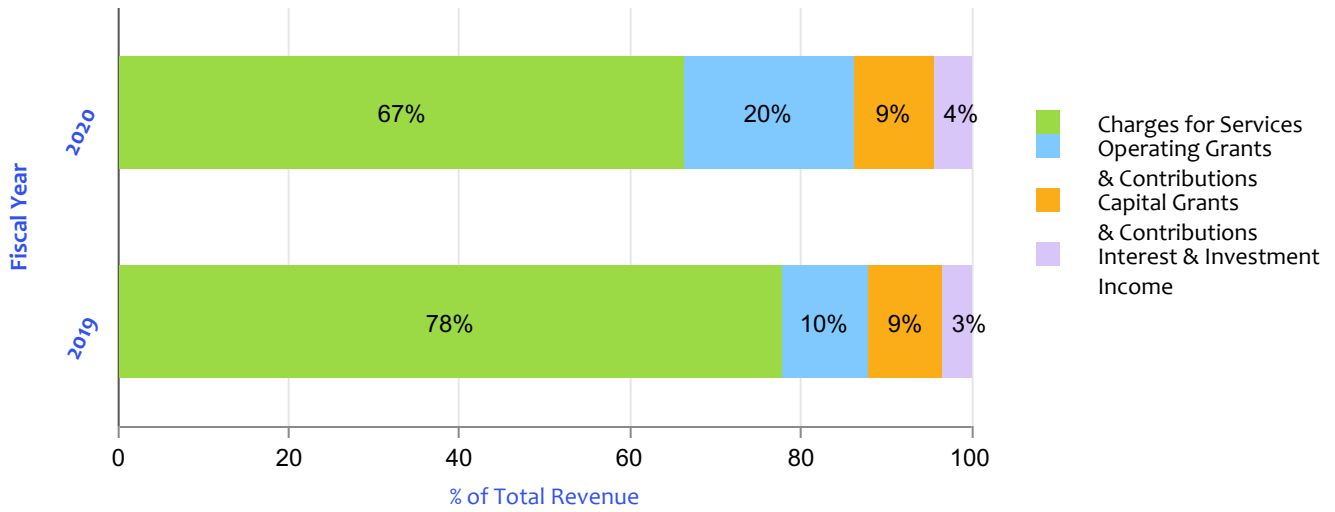
Business-Type Activities for fiscal year 2020 increased their Net Position by \$94.2 million (6.4%) over fiscal year 2019's Business-Type Activities Net Position of \$1,468.4 million. Key factors affecting the Net Position were:

- Total Assets increased by \$25.6 million (1.1%) over fiscal year 2019's Total Asset balance of \$2,345.5 million. The increase was primarily due to growth of \$26.3 million (54.7%) in Net Receivables, almost all of which was Grants Receivable booked by the Transit Fund.
- Total Liabilities fell by 4.9%, or \$42.6 million, from fiscal year 2019's Total Liabilities of \$874.3 million. The decline was primarily due to a \$37.0 million (5.0%) drop in Long -Term Liabilities Due in More than One Year mainly caused by the final defeasance of the Sewer 2008 bonds.
- Revenues went from \$374.5 million in fiscal year 2019 to \$406.9 million in fiscal year 2020: a \$32.4 million (8.6%) increase. The growth can be attributed to an increase of \$42.1 million in Transit Operating Grants. Offsetting these increases was a \$6.8 million (73.1)% decline in the Transit Fund's Charges for Services and a \$2.8 million (8.8%) in the Airports Fund's Charges for services, both of which declined due to COVID-19 related service impacts.
- Expenses went from \$310.6 million in fiscal year 2019 to \$321.0 million in fiscal year 2020. The primary driver behind this increase was \$7.3 million (7.8%) of growth in the Water Fund's expenses, with Depreciation Expense being the largest contributor to this increase. Additionally, growth of \$4.2 million (7.2%) in the Transit Fund's expenses (mainly, personnel costs) added to the overall increase in Business-Type Activities expenses.

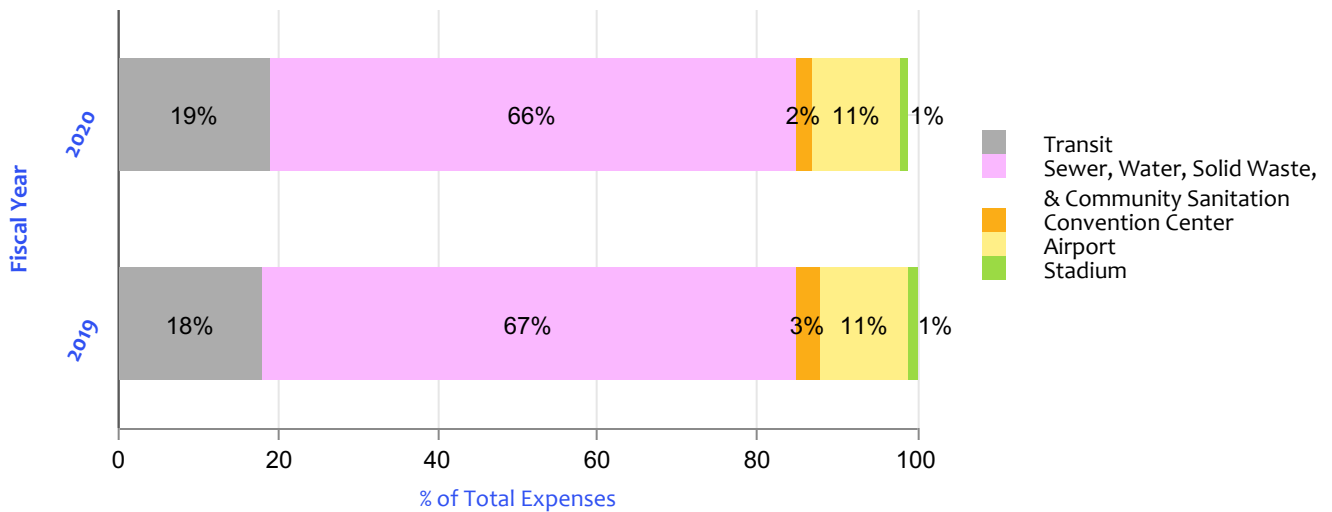
Business-Type Activities - Charts and Graphs

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.

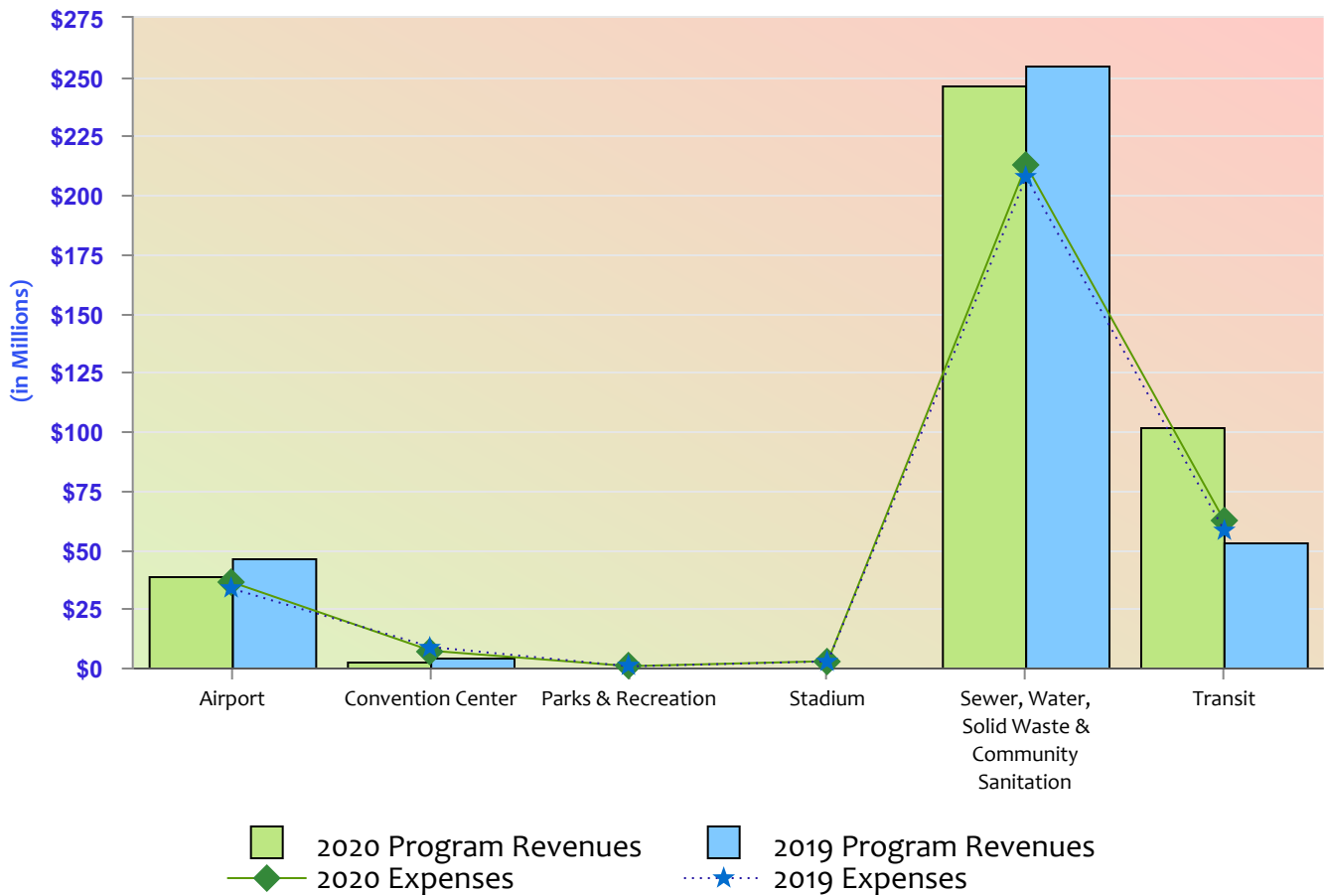
**Business-Type Activities
Revenue by Type
(2 Year Comparative)**



**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

Water’s Net Position showed an increase over fiscal year 2019’s levels. Net Position grew from \$458.3 million in fiscal year 2019 to \$487.0 million in fiscal year 2020, a \$28.7 million (6.3%) increase. The change in net position was driven by the following factors:

- Water revenues increased from \$119.0 million in fiscal year 2019 to \$120.3 million in fiscal year 2020, a \$1.2 million (1.0%) increase. The increase was primarily driven by a \$4.7 million rise in Customer User Charges, which was partially offset by a \$3.6 million decrease in Pension Revenue.

- Operating expenses in the Water Fund increased by \$3.6 million (4.3%) to \$87.4 million in fiscal year 2020. The expense growth was mainly generated by a \$10.3 million (53.8%) increase in Depreciation Expense, which was partially offset by a \$2.9 million (6.0%) decrease in Cost of Services (primarily in repairs expenses) and a \$3.7 million (23.1%) decrease in Administration costs (primarily in developer reimbursements and consulting expenses).
- Total Assets grew from \$947.2 million in fiscal year 2019 to \$965.0 million in fiscal year 2020, a \$17.8 million (1.9%) increase. An \$8.9 million (1.2%) decrease in Capital Assets (primarily, depreciation) was augmented by a \$28.1 million increase in Unrestricted Cash.
- Total Liabilities fell by \$4.6 million (0.9%) from \$486.9 million in fiscal year 2019 to \$482.3 million in fiscal year 2020. The overall decline in Total Liabilities was due to a \$-6.6 million (5.6%) decrease in Bonds Payable (due to the payment of scheduled debt service), which was partially offset by a \$1.7 million (31.0%) increase in the Net OPEB Obligation.

Sewer

The Sewer Fund's Net Position increased by \$23.0 million (3.4%), from \$684.2 million in fiscal year 2019 to \$707.2 million in fiscal year 2020. The driver behind the net position increase was an decrease of \$22.2 million (15.7%) in Total Liabilities from fiscal year 2019's figure of \$141.6 million. Specifically, Sewer saw a decrease of \$33.0 million in Bonds Payable as a result of regular debt service payments and the \$27.3 million defeasance of the Sewer 2008 bonds in September 2019.

The effect that the decrease in Total Liabilities had on the Sewer Fund's Net Position was partially offset by a decrease of \$3.2 million (0.4%) in Total Assets to \$822.8 million. The overall decrease was fueled by a \$10.3 million increase in Unrestricted Cash, which was used to fund the bond defeasance. As a result of the reduced debt load, Interest Expense dropped by \$1.1 million (54.4%).

The Unrestricted Cash was also bolstered by Operating Income of \$13.0 million, which was an increase over fiscal year 2019's Operating Income of \$10.7 million. While revenues were down slightly (\$3.8 million, or 4.7%) due to a decrease in Pension Revenue, Operating Expenses fell by \$6.1 million (8.7%). The Operating Expense decline consisted of decreases in Repairs expense (\$6.0 million).

Solid Waste Management

The Solid Waste Management Fund's Net Position declined from fiscal year 2019's figure of \$45.9 million to fiscal year 2020's figure of \$41.7 million: a \$4.2 million (9.1%) decrease. The Net Position decrease was due to a combination of a drop in revenues of \$2.3 million (7.1%) and an increase in Operating Expenses of \$3.8 million (11.5%). The decline in revenues was due to a \$2.4 million decrease in Pension Revenue. Growth in Tipping Fees (\$0.9 million) and Fleet Acquisition costs (\$2.8 million) drove the overall increase in Operating Expenses.

Solid Waste's operational results were reflected on the fund's Statement of Net Position through a \$2.2 million (20.0%) decrease in Restricted Cash and a \$2.9 million (30.6%) decrease in the Net Pension Asset.

Transit

The COVID-19 pandemic had a major impact on Transit (known as Fresno Area Express, or FAX). Due to colleges and businesses being closed due to shelter-in-place orders, and due to social distancing requirements resulting in a maximum of 10 passengers at any time on a bus, FAX's modest two-year streak of increasing attendance stopped. FAX transported 9.1 million passengers in fiscal year 2020, a 14.2% drop from fiscal year 2019's ridership of 10.6 million passengers. The 9.1 million passengers is the lowest passenger count that FAX has experienced in nine years.

The decline in passengers was seen in FAX's revenues, which decreased \$6.8 million (73.1%) to \$2.5 million. While notable declines were seen in Passenger Revenues (down \$0.4 million) and Contracted Service revenue (down \$0.4 million), the majority of the overall revenue decrease was due to a \$5.7 million drop in Pension Revenue. Exacerbating the effect the declining revenues had on the Transit Fund's financial position was an increase in Operating Expenses, which grew \$3.5 million (6.0%). Increases in personnel costs (up \$2.1 million), Risk charges (up \$0.6 million), and consulting services (up \$0.5 million) were the main causes in Transit's overall Operating Expense increase.

Offsetting both the decrease in Operating Revenues and the increase in Operating Expenses was a \$42.1 million (113.9%) increase in Operating Grant Revenue to \$79.1 million. The increase in Operating Grant revenue was caused by the award of \$32.5 million of CARES funding to be used for Transit operational costs. The CARES award also drove growth in Grants Receivable, which went from \$2.9 million in fiscal year 2019 to \$19.0 million in fiscal year 2020: a \$16.1 million (554.4%) increase. Also increasing due to additional grant dollars was Intergovernmental Receivables, which went from \$4.0 million in fiscal year 2019 to \$10.6 million in fiscal year 2020. The impact of additional grant funding caused the Transit Fund's Net Position to grow by \$39.7 million (38.0%) from \$104.4 million in fiscal year 2019 to \$144.1 million in fiscal year 2020.

Airports

Through February 2020, Airports was on pace to set another passenger traffic record for the fifth consecutive year. However, the COVID-19 pandemic dashed any aspirations of another passenger record. Month vs. month passenger traffic figures dropped precipitously between March and June 2020. At its nadir, the April 2020 passenger levels were only 7% of April 2019's passenger counts. While passenger figures partially rebounded from April 2020's figures, the rebound was not enough to prevent the first decrease in passenger traffic in 10 years. Fiscal year 2020's origin and destination passengers numbered 1,505,591: 19.0% lower than the prior year's passenger count of 1,857,657.

The decline in passenger traffic had an impact on Operating Revenues, which fell \$1.7 million (6.5%) to \$24.1 million. The overall drop in Operating Revenues was powered by declines in passenger driven and airline activity revenues, such as Landing Fees (down \$0.3 million), Security Fees (down \$0.3 million), Federal Inspection Station Fees (down \$0.3 million), and Concession Revenues (down \$0.4 million). Yet, while revenues decreased, Operating Expenses rose 2.6% (\$0.8 million) to a total of \$32.9 million. The growth in expenses was caused by an increase of \$0.4 million in Contract Extra Help costs for staff to providing additional cleaning services after the COVID-19 pandemic struck.

The decline in revenues and increase in expenses had a predictable effect on Total Assets, which fell \$2.7 million (0.9%) to \$282.9 million. The decrease in Total Assets was due to a \$4.5 million (15.2%) decrease in Current Unrestricted Cash, which was partially offset by an increase in Net Capital Assets of \$2.1 million (1.1%) to \$190.6 million. The cash was used to pay Current Liabilities, which fell \$3.3 million (34.8%) to \$6.3 million. Current Liabilities that declined included Vouchers Payable (\$1.7 million decrease) and Accounts Payable (\$2.3 million decrease). These decreases were partially offset by a \$0.9 million increase in Bonds Payable.

Total Net Position was \$194.3 million: \$4.9 million (2.6%) higher than fiscal year 2019's Net Position of \$189.4 million. The Net Position growth was funded by Non-Operating revenues, such as Passenger Facility Charges and Customer Facility Charges. It is worth noting that both of these Non-Operating revenue streams were declined from fiscal year 2019 levels, thus leading to a slowdown in Net Position growth.

Airports was the recipient of \$13.0 million in CARES funding in April 2020. The funds can be spent over a four-year period to support operational and debt costs. Airports management plans to use some of these funds in fiscal year 2021 to support operations and offset the annual debt service payment.

Convention Center

The Convention Center was significantly impacted by COVID-19 restrictions. After reaching record attendance and ticket sales in fiscal year 2019, those metrics saw a major decline in fiscal year 2020. Specifically:

- Event days declined from 296 to 170
- Attendance fell from 478,541 to 278,249
- Ticket sale revenues dropped from \$12.0 million to \$3.8 million

The drop in business metrics was reflected throughout the Convention Center's financials. The most apparent financial reflection of the underlying decline in business can be found in the Convention Center's revenues, which fell from \$3.8 million in fiscal year 2019 to \$2.4 million in fiscal year 2020 (a \$1.4 million, or 36.4%, decrease). In response to this material decline in revenues, the management company overseeing the Convention Center's operations cut expenses by \$0.8 million (12.0%) from fiscal year 2019's expenses of \$6.7 million, led by a \$0.3 million drop in building repairs costs and a \$0.2 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 \$(4.0) million in fiscal year 2019 to \$(2.5) million in fiscal year 2020: a \$1.5 million (37.0%) improvement. A drop of \$4.3 million (13.0%) in Total Liabilities, mainly caused by a \$3.7 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 \$2.8 million (9.7%) from fiscal year 2019's Total Assets figure of \$29.0 million. An increase of \$2.3 million (3.4%) in Accumulated Depreciation was the major contributor to the decline in Total Assets. It must be noted that while the Convention Center's Net Position did

improve, the amount of improvement was less than that seen in fiscal year 2019 (\$1.5 million in fiscal year 2020 vs. \$2.0 million in fiscal year 2019).

Stadium

While there was no baseball played at the stadium beginning in April 2020 due to COVID restrictions, the Stadium Fund continued to build on the improvement in Net Position it displayed in fiscal year 2019. Net Position grew from \$3.3 million in fiscal year 2019 to \$4.1 million in fiscal year 2020. Two factors drove the overall increase in Net Position:

- A \$1.9 million (6.6%) decrease in Total Liabilities, primarily Bonds Payable as a result of scheduled debt service payments.
- A \$1.0 million (3.3%) decrease in Total Assets, primarily \$1.3 million of increased Accumulated Depreciation.

Because no baseball was played for the last three months of this fiscal year due to COVID-19 restrictions, there was no rent paid for April, May, and June 2020. Additionally, the annual Capital Improvement Fund contribution of \$600,000 by the team and the City (\$300,000 each) was not made.

Subsequent to the end of the fiscal year, the stadium lease was significantly changed due to Major League Baseball's reorganization of the minor leagues. For additional information on these changes, please see Note 16 G (page 166).

Internal Service Funds

The Net Position deficit in the Internal Service Funds grew by \$0.6 million (2.4%) to \$(24.5) million in fiscal year 2020. The increase in the Net Position deficit was primarily due to an increase of \$12.5 million (15.3%) in Unrestricted Cash and \$7.5 million in Machinery and Equipment, which were offset by an increase of \$21.7 million (16.4%) in the Short Term and Long Term (combined) Liability for Self-Insurance.

The Internal Service Funds' Statement of Revenues and Expenses mirrored the results of the Statement of Net Position. The largest growth reflected on the Statement of Revenues and Expenses was an increase of \$14.1 million in the Risk Fund's Refunds and Claims expense. Offsetting this increase in expenses was growth in two of the the Fleet Replacement Fund's revenues: New Equipment Payment (which rose \$10.6 million) and Equipment Rental (which grew \$3.5 million).

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, 2020, amount to \$2,698.3 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 decrease for the current fiscal year was approximately (0.5)% (a 1.3% decrease for Governmental Activities, a 0.1% decrease for Business-Type Activities) as shown in the table below. Capital assets for the fiscal year ended June 30, 2019 amounted to \$2,712.0 million (net of accumulated depreciation). The net increase for 2019 was approximately 0.5% (a 0.1% increase for Governmental Activities and a 0.7% increase for Business-Type Activities).

Changes in Capital Assets, Net of Depreciation

(in thousands)

Asset Category	Governmental Activities		Business-Type Activities		Total Government-Wide	
	2019	2020	2019	2020	2019	2020
Land	\$260,251	\$261,608	\$48,891	\$48,891	\$309,142	\$310,499
Intangibles (Indefinite Life)	—	—	17,147	17,698	17,147	17,698
Buildings and Improvements, Net	153,939	145,754	560,668	517,530	714,607	663,284
Machinery and Equipment, Net	64,098	60,865	42,050	37,319	106,148	98,184
Infrastructure	422,911	404,747	718,445	702,137	1,141,356	1,106,884
Construction In Progress	55,916	71,563	367,720	430,230	423,636	501,793
Total	\$957,115	\$944,537	\$1,754,921	\$1,753,805	\$2,712,036	\$2,698,342

Major capital asset events during the fiscal year ended June 30, 2020, some of which were in progress during the fiscal year ended June 30, 2019, included the following:

† **Water Main Renewal**

The Water Main at College and Home Streets was replaced. Approximately 9,100 linear feet of 8-inch water main, 13 fire hydrants and 148 water services were replaced and upgraded. The \$2.9 million costs of this project were funded by the Water Enterprise Fund.

† **Blackstone/Shields Intersection Improvements**

The intersection at Blackstone and Shields Avenues was reconfigured to enhance the performance of the intersection and make it safer for the pedestrians as well as vehicular traffic using that intersection. The project included the new concrete improvements, asphalt paving, new traffic signal and ADA compliant access ramps. Dedicated right turn pockets and standard crosswalks which brought all pedestrian movements within the limits of the signalized intersection were constructed, with eastbound and westbound left turn pockets expanded to provide dual left turn movements. The \$2.4 million cost of these assets was funded through a grant from the Congestion Mitigation and Air Quality (CMAQ) program, Prop 111 Gas Tax, and the Traffic Signal Mitigation Impact Fee.

† **Copper Trail - Friant to Chestnut**

A multi-purpose trail was constructed along the north side of Copper Avenue between Friant Avenue and Chestnut Avenue. The trail easement is 22' wide with a 12' asphalt paved surface with concrete borders. The asset also includes landscaping, irrigation, trail markings and

signage within the trail easements. The \$2.1 million asset cost was funding through Measure C trail funds and Copper River Regional Street Impact Fees.

† **Water Well Construction**

Construction of a replacement well was capitalized in fiscal year 2020. Major project components included: property acquisition to site the new replacement well; drilling and constructing the new production well; purchase and installation of pump and motor; construction of well site improvements which include a chemical and equipment building, fencing, landscape with irrigation, electrical and piping work. The construction cost of \$2.0 million was funded by the Water Enterprise Fund.

† **Ashlan Overlay - Valentine to West**

The Ashlan Avenue overlay project from Valentine to West consisted of a grind and asphalt overlay along the entire width of the road. The project also included curb ramp upgrades to meet ADA requirements, installation of replacement traffic signal loop detectors, and restriping the traffic lanes and pavement markings. The overlay was grant funded from the Federal Regional Surface Transportation Program (RSTP) at a capitalized value of \$1.4 million.

At June 30, 2020, the City had commitments related to various construction projects associated with Governmental Activities totaling \$36.1 million. Commitments connected with Proprietary Activities at fiscal year-end amounted to \$57.9 million. The most significant of the Governmental Activities projects were the construction of Veteran's Boulevard (\$17.9 million) and the construction of Fire Station #18 (\$5.9 million). The most significant of the Proprietary Activities projects were the Surface Water Treatment Plant (\$11.5 million) and Southwest Recycled Water Distribution System (\$9.6 million). A complete list of projects appear in Note 12(H) - Commitments and Contingencies, page 158 under Construction and Other Significant Commitments.

Debt Administration

At the end of fiscal year 2020, the City had total long-term bond obligations, notes, and leases payable outstanding of \$924.0 million. Of this amount, \$107.6 million are obligation bonds, backed by the full faith and credit of the City, while \$661.0 million are revenue bonds and notes of the City's business enterprises and \$2.5 million are tax allocation debt issued by the Successor Agency of the Redevelopment Agency. The remaining \$153.0 million includes lease revenue bonds, notes and capital leases for general governmental projects. For detailed information on the City's debt, please see Note 6-Long Term Liabilities, pages 99-119.

During fiscal year 2020, the City's total bonded debt decreased by \$51.1 million. This decrease was due to both normal debt service payments made during the year and the \$27.3 million defeasance of the Sewer Fund's remaining 2008 bonds. The City also took the following actions in fiscal year 2020:

- Drew down from the California State Water Resources Control Board an additional \$17.7 million in already-approved loans for water transport projects and sewer projects.

- Borrowed an additional \$6.6 million through the Master Equipment Lease Purchase Agreement with Banc of America Public Capital Corp. \$6.5 million was for public safety vehicles, and \$0.1 million was for an emergency communications system.
- Entered into an Energy Efficiency Equipment and Solar Power Purchase Agreement for \$5.6 million with Alliance Funding Solutions, Inc. to offset energy usage in City Facilities;

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		
	2020	2019	2018
General Bonded Debt (Par Amount)	\$ 107,555	\$ 116,160	\$ 124,245
General Bonded Debt Per Capita	\$ 197.00	\$ 216.00	\$ 231.00
Debt Service Tax Rate Per \$100 Taxable Valuation	\$ 0.28	\$ 0.32	\$ 0.36

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.

In April 2017, as part of the analysis for issuing new bonds to refinance several of the City's Lease Revenue Bonds, the following ratings were assigned:

Moody's Investors Service, Inc.	A3
Standard and Poor's Corporation	A+
Fitch Ratings	A

Since the close of the 2020 fiscal year, the City has issued \$17.1 million of debt for the construction of an animal control shelter. It has also defeased \$25 million of Water bonds. Please see Note 16 (C) and Note 16 (E) - Subsequent Events on pages 163 and 165 for further information.

FINANCIAL OUTLOOK

While likely a challenge to do so, management believes that the City will maintain its financial position in fiscal year 2021 despite the COVID-19 pandemic and its associated economic effects. The following actions give management confidence about its belief:

- The City finished fiscal year 2020 with a cash balance in its General Fund Emergency Reserve of \$35.0 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 in fiscal year 2021. Having this reserve available provides the City with financial flexibility to address any potential revenue impacts that may occur as the pandemic continues.

- Given business closures and shelter-in place orders, General Fund revenues remain relatively stable. The largest Sales Tax generating businesses before the pandemic were businesses that remained open even after COVID-19 mitigation efforts were implemented. As a result, Sales Tax revenues have not declined, as has been experienced in other cities. Additionally, Property Tax continues to show no decline. Thus, the two largest revenue sources for the General Fund seem to be relatively immune from economic effects of the pandemic. The fact that these revenue streams seem stable bodes well for the General Fund's sustainability as this pandemic unfolds.
- The City continues to defease debt when possible. After defeasing the Sewer 2008 bonds in fiscal year 2020, the City defeased 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 CARES funding to maintain service levels that would otherwise be impacted by the COVID-19 pandemic. The City is using at least \$25 million of its \$92.8 million allocation to cover public safety salaries. Of that \$25 million allocation, the City still had about \$16.0 million to spend on public safety salaries in fiscal year 2021. Additionally, Airports and Transit had not drawn down on their CARES allocations of \$13.0 million and \$32.5 million, respectively, as of the end of fiscal year 2020. These allocations will provide valuable liquidity and revenue stability in fiscal year 2021.

While the City's finances have remained sustained through the end of fiscal year 2020, there is little question that the COVID-19 pandemic has created fiscal damage that will need to be addressed over the next few fiscal years.

- As was the case in fiscal year 2019, the type of revenue being received remains problematic for the long-term financial health of the organization.

Revenues					
<i>(in thousands)</i>					
Category	2019	2020	Change (\$)	Change (%)	
Charges for Services	\$ 392,269	\$ 344,539	\$ (47,730)	-12.2%	
Operating Grants	\$ 78,188	\$ 119,803	\$ 41,615	53.2%	
Capital Grants	\$ 70,774	\$ 87,188	\$ 16,414	23.2%	
General Revenues	\$ 311,237	\$ 321,656	\$ 10,419	3.3%	

As the table shows, grant revenues (Operating and Capital Grants combined) make up almost 23.7% of the City's revenues, which was up from 17.5% of total revenues that grants made up in fiscal year 2019. The continued reliance on grant revenues to fund operations and capital needs is likely to continue to limit the organization in its delivery of services to the City's residents.

- While the economic effects of the COVID-19 pandemic did not cause a reduction in total General Fund revenues, it did slow the revenue growth rate to the point that it significantly lags the expenditure growth rate. Even though some of the expenditure growth can be explained by additional COVID-19 mitigation spending, the expenditure growth rate still outpaced the revenue growth rate. 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. Airports lost 19% of its passenger traffic when compared to the previous fiscal year. Transit had its lowest number of passengers in nine years. Convention Center and the Stadium essentially ceased operations. All of these operations had either recently made significant capital investments or are in the process of making capital investments. Given the added expenses these operations have recently undertaken and the ongoing nature of the pandemic, it is possible that significant fiscal adjustments will be needed.
- The City has not made much progress on addressing a large amount of deferred maintenance that exists with most of its facilities, particularly those funded through General Revenues. A challenge going forward will be to find the funds and the support of the governing body to address this deferred maintenance backlog.

It's clear from fiscal year 2020's financial results that the COVID-19 pandemic will leave the City with fiscal challenges that will last for at least a few fiscal years. Addressing these challenges 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 minimizing the financial impacts of the pandemic.

Conclusion

Fiscal year 2020 can almost be seen as two separate fiscal years. The first eight months looked a lot like the last few fiscal years in both revenues and expenses. While expenses were growing at a strong rate, revenues were keeping pace. Thus, the City's overall financial condition continued to reflect improvement. Then, the pandemic arrived and the results started turning. The revenue growth rate slowed at the same time that the expense growth rate increased to fund COVID-19 mitigation initiatives. Fortunately, both the product of the prudent financial management displayed over the past few fiscal years and some timely Federal monetary assistance stabilized the City's finances, thereby giving management and policy makers time to assess the situation and plan to address the City's finances post-pandemic. The challenge will be to navigate a post-pandemic world with the same fiscal discipline that it displayed before the pandemic.

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 Lilly Banuelos at Lilly.Banuelos@fresno.gov or (559) 621-7071.

CITY OF FRESNO

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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, 2020

(in thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 227,322	\$ 258,719	\$ 486,041
Accounts Receivables, Net	78,793	74,294	153,087
Internal Balances	18,590	(18,590)	—
Inventories	819	7,527	8,346
Prepaid Items	204	1,739	1,943
Other Assets	1,143	1,362	2,505
Property Held for Resale	4,761	—	4,761
Restricted Cash	118,605	220,160	338,765
Restricted Interest Receivable	—	321	321
Loans Receivables, Net	76,896	20,595	97,491
Net Pension Asset	193,847	51,143	244,990
Capital Assets:			
Not Being Depreciated	333,171	496,819	829,990
Net of Accumulated Depreciation	611,366	1,256,986	1,868,352
Total Assets	1,665,517	2,371,075	4,036,592
Deferred Outflows of Resources			
Charge on Refunding	3,966	435	4,401
Deferred Pensions	100,713	20,907	121,620
Deferred OPEB	29,058	12,163	41,221
Total Deferred Outflows of Resources	133,737	33,505	167,242
Liabilities			
Accrued Liabilities	30,715	28,650	59,365
Unearned Revenue	83,134	43,740	126,874
Deposits from Others	17	18,144	18,161
Other Liabilities	—	3,587	3,587
Long-Term Liabilities:			
Due Within One Year	81,491	30,958	112,449
Due in More than One Year	514,916	706,582	1,221,498
Total Liabilities	710,273	831,661	1,541,934
Deferred Inflows of Resources			
Pension Revenue Applicable to Future Years	17,920	3,841	21,761
Unamortized OPEB Expense	15,836	6,516	22,352
Total Deferred Inflows of Resources	33,756	10,357	44,113
Net Position			
Net Investment in Capital Assets	787,395	1,090,352	1,877,747
Restricted for:			
General Government	4,313	—	4,313
Public Protection	7,398	—	7,398
Public Ways and Facilities	84,529	—	84,529
Culture and Recreation	5,577	—	5,577
Community Development	100,363	—	100,363
Emergency Reserve	37,718	—	37,718
Unrestricted	27,932	472,210	500,142
Total Net Position	\$ 1,055,225	\$ 1,562,562	\$ 2,617,787

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, 2020

(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	\$ 46,114	\$ 14,805	\$ 1,952	\$ 19,875	\$ (9,482)	\$ —	\$ (9,482)
Public Protection	271,085	15,599	1,704	4,309	(249,473)	—	(249,473)
Public Ways and Facilities	93,243	22,219	27,295	22,906	(20,823)	—	(20,823)
Culture and Recreation	26,039	1,742	2,404	312	(21,581)	—	(21,581)
Community Development	31,102	19,400	5,682	1,759	(4,261)	—	(4,261)
Interest on Long-term Debt	13,652	—	—	—	(13,652)	—	(13,652)
Total Governmental Activities	481,235	73,765	39,037	49,161	(319,272)	—	(319,272)
Business-Type Activities							
Water System	101,406	120,252	904	2,401	—	22,151	22,151
Sewer System	65,166	77,249	—	6,451	—	18,534	18,534
Solid Waste Management	36,915	29,546	552	—	—	(6,817)	(6,817)
Transit	62,016	2,516	79,086	19,897	—	39,483	39,483
Airports	35,984	29,192	224	9,278	—	2,710	2,710
Fresno Convention Center	7,108	2,415	—	—	—	(4,693)	(4,693)
Community Sanitation	9,147	8,982	—	—	—	(165)	(165)
Parks and Recreation	586	278	—	—	—	(308)	(308)
Stadium	2,702	344	—	—	—	(2,358)	(2,358)
Total Business-Type Activities	321,030	270,774	80,766	38,027	—	68,537	68,537
Total Primary Government	\$ 802,265	\$ 344,539	\$ 119,803	\$ 87,188	\$ (319,272)	\$ 68,537	\$ (250,735)

General Revenues:

Taxes and Licenses:		
Property Taxes	142,250	142,250
Sales Taxes - Shared Revenues	98,531	98,531
Franchise Taxes	16,101	16,101
Business Tax	20,868	20,868
Room Tax	12,453	12,453
Other Taxes	2,241	2,241
Investment Earnings	11,863	29,179
Gain on Sale of Capital Assets	2	33
Transfers	(8,309)	—
Total General Revenues and Transfers	296,000	321,656
Change in Net Position	(23,272)	70,921
Net Position - Beginning	1,078,497	2,546,866
Net Position - Ending	\$ 1,055,225	\$ 2,617,787

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, 2020

(in thousands)

	General Fund	Grants Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 23,614	\$ 13,479	\$ 104,919	\$ 142,012
Receivables, Net	15,424	294	779	16,497
Grants Receivable	6	7,845	318	8,169
Intergovernmental Receivables	37,088	—	3,514	40,602
Due From Other Funds	2,733	1,863	1,414	6,010
Advances to Other Funds, Net	—	12,939	62	13,001
Property Held for Resale	—	—	4,761	4,761
Restricted Cash	37,718	79,340	789	117,847
Loans, Notes, Leases, Other Receivables, Net	—	55,652	21,244	76,896
Total Assets	<u>\$ 116,583</u>	<u>\$ 171,412</u>	<u>\$ 137,800</u>	<u>\$ 425,795</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accrued Liabilities	\$ 9,176	\$ 4,147	\$ 8,938	\$ 22,261
Unearned Revenue	2,972	79,787	6	82,765
Due to Other Funds	805	1	1,651	2,457
Advances From Other Funds	2,132	—	3,482	5,614
Deposits From Others	13	—	4	17
Total Liabilities	<u>15,098</u>	<u>83,935</u>	<u>14,081</u>	<u>113,114</u>
Deferred Inflows of Resources				
Unavailable Revenue - Property Tax	8,767	—	—	8,767
Unavailable Revenue - Other	16,790	7,778	489	25,057
Total Deferred Inflows of Resources	<u>25,557</u>	<u>7,778</u>	<u>489</u>	<u>33,824</u>
Fund Balances				
Restricted	6	79,699	117,626	197,331
Committed	37,718	—	—	37,718
Assigned	5,158	—	11,194	16,352
Unassigned	33,046	—	(5,590)	27,456
Total Fund Balances	<u>75,928</u>	<u>79,699</u>	<u>123,230</u>	<u>278,857</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 116,583</u>	<u>\$ 171,412</u>	<u>\$ 137,800</u>	<u>\$ 425,795</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, 2020

(in thousands)

<hr/>	
Total Governmental Fund Balances	\$ 278,857
 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.	193,847
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the funds.	944,537
Prepays in governmental activities are not current financial resources, and therefore, are not reported in the funds.	204
Deferred outflows of resources reported in the Statement of Net Position	133,737
Accrued interest on long-term debt is not accrued in the funds, but rather, it is recognized as an expenditure when due.	(1,998)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(588,291)
Difference between deferred inflows of resources reported in the Statement of Net Position and unavailable revenue reported in the Balance Sheet - Governmental Funds	68
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.	(6,972)
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>101,236</u>
Net Position of Governmental Activities	<u>\$ 1,055,225</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, 2020

(in thousands)

	General Fund	Grants Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 297,455	\$ —	\$ 32,968	\$ 330,423
Licenses and Permits	7,915	—	—	7,915
Intergovernmental	3,074	47,520	5,285	55,879
Charges for Services	29,517	91	23,885	53,493
Fines	3,315	—	—	3,315
Use of Money and Property	2,962	2,572	4,004	9,538
Miscellaneous	1,378	134	505	2,017
Total Revenues	<u>345,616</u>	<u>50,317</u>	<u>66,647</u>	<u>462,580</u>
Expenditures				
Current:				
General Government	27,285	884	1,117	29,286
Public Protection	238,111	2,734	2,254	243,099
Public Ways and Facilities	9,712	6,552	37,422	53,686
Culture and Recreation	17,650	1,447	1,814	20,911
Community Development	26,678	5,137	1,155	32,970
Capital Outlay	1,607	6,843	19,155	27,605
Debt Service:				
Principal	2,293	—	17,618	19,911
Interest	497	—	13,195	13,692
Total Expenditures	<u>323,833</u>	<u>23,597</u>	<u>93,730</u>	<u>441,160</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>21,783</u>	<u>26,720</u>	<u>(27,083)</u>	<u>21,420</u>
Other Financing Sources (Uses)				
Transfers In	15,650	77	36,096	51,823
Transfers Out	(39,490)	(15,069)	(4,586)	(59,145)
Capital Lease Financing	9,026	—	—	9,026
Total Other Financing Sources (Uses)	<u>(14,814)</u>	<u>(14,992)</u>	<u>31,510</u>	<u>1,704</u>
Net Changes in Fund Balances	6,969	11,728	4,427	23,124
Fund Balances - Beginning	<u>68,959</u>	<u>67,971</u>	<u>118,803</u>	<u>255,733</u>
Fund Balances - Ending	<u>\$ 75,928</u>	<u>\$ 79,699</u>	<u>\$ 123,230</u>	<u>\$ 278,857</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, 2020

(in thousands)

Net change in fund balances - total governmental funds	\$ 23,124
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 \$29,289 was exceeded by depreciation of \$48,432 in the current period.	(19,143)
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.	(8,866)
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.	10,884
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.	(2,902)
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.	(21,970)
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.	(4,379)
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>(20)</u>
Change in net position of governmental activities	<u>\$ (23,272)</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, 2020

(in thousands)

	Business-Type Activities - Enterprise Funds				
	Water System	Sewer System	Solid Waste Management	Transit	Airports
Assets					
Current Assets:					
Cash and Investments	\$ 128,383	\$ 71,620	\$ 20,097	\$ 1,482	\$ 25,080
Interest Receivable	963	418	197	244	277
Accounts Receivables, Net	19,346	10,183	4,939	148	2,456
Grants Receivable	—	—	—	18,978	1,693
Inventories	2,001	4,332	—	785	343
Prepaid Items	942	68	—	43	591
Intergovernmental Receivables	—	859	—	10,594	109
Due from Other Funds	—	—	—	—	—
Restricted Cash	—	—	—	—	4,533
Total Current Assets	151,635	87,480	25,233	32,274	35,082
Noncurrent Assets:					
Restricted:					
Cash and Cash Equivalents	55,011	51,417	8,813	38,883	53,067
Interest Receivable	96	225	—	—	—
Total Restricted Assets	55,107	51,642	8,813	38,883	53,067
Other Assets:					
Other Receivables	2,287	5,528	—	—	—
Other Assets	—	708	—	—	244
Net Pension Asset	10,215	9,496	6,624	15,888	3,878
Unamortized CVP Water Settlement	695	—	—	—	—
Solid Waste Rate Payers	—	—	12,085	—	—
Advances to Other Funds, Net	1,020	4,532	—	—	—
Total Other Assets	14,217	20,264	18,709	15,888	4,122
Capital Assets:					
Land and Intangibles	30,496	17,513	849	2,169	10,678
Buildings, Systems and Improvements	35,771	553,773	1,801	27,545	210,276
Machinery and Equipment	2,004	5,974	6,505	75,931	6,166
Infrastructure	721,892	283,649	—	—	66,800
Construction in Progress	212,931	116,551	2,351	55,598	41,987
Less Accumulated Depreciation	(259,075)	(314,051)	(3,570)	(64,823)	(145,265)
Total Capital Assets, Net	744,019	663,409	7,936	96,420	190,642
Total Noncurrent Assets	813,343	735,315	35,458	151,191	247,831
Total Assets	964,978	822,795	60,691	183,465	282,913
Deferred Outflows of Resources					
Charge on Refunding	207	—	—	—	14
Pension Contributions	1,365	1,257	883	2,309	692
Deferred Outflows - Pension	2,466	2,273	1,597	4,183	1,343
Deferred Outflows - OPEB	1,986	1,848	1,278	4,420	1,046
Total Deferred Outflows of Resources	\$ 6,024	\$ 5,378	\$ 3,758	\$ 10,912	\$ 3,095

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
\$ 1,045	\$ 161	\$ 2,468	\$ 250,336	\$ 93,693
—	20	12	2,131	547
95	—	1,468	38,635	1,334
—	—	—	20,671	—
66	—	—	7,527	819
95	—	—	1,739	204
—	—	—	11,562	—
—	—	—	—	3,279
1,834	—	—	6,367	—
<u>3,135</u>	<u>181</u>	<u>3,948</u>	<u>338,968</u>	<u>99,876</u>
795	3,020	510	211,516	3,035
—	—	—	321	—
<u>795</u>	<u>3,020</u>	<u>510</u>	<u>211,837</u>	<u>3,035</u>
—	—	—	7,815	—
160	234	16	1,362	—
—	—	2,277	48,378	10,203
—	—	—	695	—
—	—	—	12,085	—
—	—	—	5,552	—
<u>160</u>	<u>234</u>	<u>2,293</u>	<u>75,887</u>	<u>10,203</u>
4,163	710	12	66,590	—
87,105	43,489	4,567	964,327	11,039
410	1,599	67	98,656	136,601
—	—	—	1,072,341	—
695	—	116	430,229	15,205
<u>(70,260)</u>	<u>(18,529)</u>	<u>(2,765)</u>	<u>(878,338)</u>	<u>(95,336)</u>
<u>22,113</u>	<u>27,269</u>	<u>1,997</u>	<u>1,753,805</u>	<u>67,509</u>
<u>23,068</u>	<u>30,523</u>	<u>4,800</u>	<u>2,041,529</u>	<u>80,747</u>
<u>26,203</u>	<u>30,704</u>	<u>8,748</u>	<u>2,380,497</u>	<u>180,623</u>
125	28	61	435	—
—	—	346	6,852	1,934
—	—	628	12,490	3,467
22	—	543	11,143	2,902
<u>\$ 147</u>	<u>\$ 28</u>	<u>\$ 1,578</u>	<u>\$ 30,920</u>	<u>\$ 8,303</u>

Assets

Current Assets:

Cash and Investments
Interest Receivable
Accounts Receivables, Net
Grants Receivable
Inventories
Prepays
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, 2020 (continued)

(in thousands)

	Business-Type Activities - Enterprise Funds				
	Water System	Sewer System	Solid Waste Management	Transit	Airports
Liabilities					
Current Liabilities:					
Accrued Liabilities	\$ 7,727	\$ 9,968	\$ 1,252	\$ 3,472	\$ 3,254
Accrued Compensated Absences and HRA	275	245	234	561	224
Liability for Self-Insurance	—	—	—	—	—
Unearned Revenue	6,427	12,192	—	24,253	—
Due to Other Funds	245	256	938	177	57
Bonds Payable	6,390	6,050	—	—	2,721
Accrued Closure Cost	—	—	800	—	—
Capital Lease Obligations	—	—	—	—	—
Notes Payable	6,936	993	—	—	—
Total Current Liabilities	28,000	29,704	3,224	28,463	6,256
Noncurrent Liabilities					
Accrued Compensated Absences and HRA	1,943	1,937	1,373	2,619	1,475
Capital Lease Obligations	—	—	—	—	—
Liability for Self-Insurance	—	—	—	—	—
Bonds Payable	112,111	884	—	—	78,424
Accreted Interest Payable on Capital					
Appreciation Bonds	—	—	—	—	—
Notes Payable	332,049	67,117	—	—	—
Pollution Remediation Obligation	—	—	—	—	486
Other Liabilities	—	3,587	—	—	—
Accrued Closure Costs	—	—	12,348	—	—
Net OPEB Liability	7,141	6,757	4,660	15,422	3,676
Deposits Held for Others	1,095	9,397	—	—	436
Total Noncurrent Liabilities	454,339	89,679	18,381	18,041	84,497
Total Liabilities	482,339	119,383	21,605	46,504	90,753
Deferred Inflows of Resources					
Unamortized Pension Expense	581	587	409	1,438	358
Unamortized OPEB Expense	1,074	1,014	700	2,329	555
Total Deferred Inflows of Resources	1,655	1,601	1,109	3,767	913
Net Position					
Net Investment in Capital Assets	286,740	588,365	7,936	96,419	109,510
Unrestricted (Deficit)	200,268	118,824	33,799	47,687	84,832
Total Net Position (Deficit)	\$ 487,008	\$ 707,189	\$ 41,735	\$ 144,106	\$ 194,342

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	
\$ 970	\$ 222	\$ 323	\$ 27,188	\$ 7,918	Liabilities
4	—	56	1,599	455	Current Liabilities:
—	—	—	—	43,900	Accrued Liabilities
56	—	—	42,928	1,182	Accrued Compensated Absences and HRA
30	—	665	2,368	4,464	Liability for Self-Insurance
3,596	1,670	55	20,482	—	Unearned Revenue
—	—	—	800	—	Due to Other Funds
—	—	—	—	5,882	Bonds Payable
—	—	—	7,929	—	Accrued Closure Cost
4,656	1,892	1,099	103,294	63,801	Capital Lease Obligations
					Notes Payable
					Total Current Liabilities
23	—	431	9,801	4,774	Noncurrent Liabilities
—	—	—	—	16,650	Accrued Compensated Absences and HRA
—	—	—	—	110,508	Capital Lease Obligations
18,510	24,744	1,636	236,309	—	Liability for Self-Insurance
					Bonds Payable
3,595	—	—	3,595	—	Accreted Interest Payable on Capital
—	—	—	399,166	—	Appreciation Bonds
—	—	—	486	—	Notes Payable
—	—	—	3,587	—	Pollution Remediation Obligation
—	—	—	12,348	—	Other Liabilities
81	—	1,822	39,559	10,280	Accrued Closure Costs
1,981	—	—	12,909	5,235	Net OPEB Liability
24,190	24,744	3,889	717,760	147,447	Deposits Held for Others
28,846	26,636	4,988	821,054	211,248	Total Noncurrent Liabilities
					Total Liabilities
—	—	255	3,628	602	Deferred Inflows of Resources
12	—	276	5,960	1,549	Unamortized Pension Expense
12	—	531	9,588	2,151	Unamortized OPEB Expense
132	884	366	1,090,352	44,977	Total Deferred Inflows of Resources
(2,640)	3,212	4,441	490,423	(69,450)	Net Position
\$ (2,508)	\$ 4,096	\$ 4,807	\$ 1,580,775	\$ (24,473)	Net Investment in Capital Assets
					Unrestricted (Deficit)
					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.

Net position of Business-Type Activities \$ 1,562,562

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, 2020

(in thousands)

	Business-Type Activities - Enterprise Funds				
	Water System	Sewer System	Solid Waste Management	Transit	Airports
Operating Revenues:					
Charges for Services	\$ 120,252	\$ 77,249	\$ 29,546	\$ 2,516	\$ 24,101
Operating Expenses:					
Cost of Services	45,506	26,608	20,054	41,029	14,123
Administration	12,446	12,687	15,838	15,141	7,786
Depreciation	29,407	24,958	611	5,624	10,998
Total Operating Expenses	87,359	64,253	36,503	61,794	32,907
Operating Income (Loss)	32,893	12,996	(6,957)	(59,278)	(8,806)
Non-Operating Revenue (Expenses):					
Operating Grants	904	—	552	79,086	224
Interest Income	6,906	4,702	1,203	1,342	2,336
Interest Expense	(14,044)	(915)	—	—	(3,025)
Passenger Facility Charges	—	—	—	—	3,144
Customer Facility Charges	—	—	—	—	1,947
Gain (Loss) on Disposal of Capital Assets	29	2	—	—	—
Total Non-Operating Revenue (Expenses)	(6,205)	3,789	1,755	80,428	4,626
Income (Loss) Before Contributions & Transfers	26,688	16,785	(5,202)	21,150	(4,180)
Capital Contributions	2,402	6,451	—	19,897	9,279
Transfers In	58	126	2,043	100	44
Transfers Out	(418)	(360)	(1,033)	(1,456)	(226)
Change in Net Position	28,730	23,002	(4,192)	39,691	4,917
Total Net Position (Deficit) - Beginning	458,278	684,187	45,927	104,415	189,425
Total Net Position (Deficit) - Ending	\$ 487,008	\$ 707,189	\$ 41,735	\$ 144,106	\$ 194,342

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	
\$ 2,415	\$ 344	\$ 9,260	\$ 265,683	\$ 174,134	Operating Revenues:
					Charges for Services
2,990	—	6,003	156,313	138,810	Operating Expenses:
538	51	3,415	67,902	28,265	Cost of Services
2,339	1,261	184	75,382	9,089	Administration
					Depreciation
5,867	1,312	9,602	299,597	176,164	Total Operating Expenses
(3,452)	(968)	(342)	(33,914)	(2,030)	Operating Income (Loss)
					Non-Operating Revenue (Expenses):
—	—	—	80,766	—	Operating Grants
23	130	92	16,734	3,246	Interest Income
(1,241)	(1,390)	(65)	(20,680)	(702)	Interest Expense
—	—	—	3,144	—	Passenger Facility Charges
—	—	—	1,947	—	Customer Facility Charges
—	—	—	31	279	Gain (Loss) on Disposal of Capital Assets
(1,218)	(1,260)	27	81,942	2,823	Total Non-Operating Revenue (Expenses)
(4,670)	(2,228)	(315)	48,028	793	Income (Loss) Before Contributions & Transfers
—	—	—	38,029	—	Capital Contributions
6,140	3,068	1,662	13,241	1,232	Transfers In
—	—	(1,061)	(4,554)	(2,597)	Transfers Out
1,470	840	286	94,744	(572)	Change in Net Position
(3,978)	3,256	4,521		(23,901)	Total Net Position (Deficit) - Beginning
\$ (2,508)	\$ 4,096	\$ 4,807		\$ (24,473)	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.

Change in net position of Business-Type Activities

(551)
\$ 94,193

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, 2020

(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	\$ 118,487	\$ 78,105	\$ 31,069	\$ 3,907	\$ 24,274
Cash Received from Interfund Services Provided	174	91	184	84	—
Cash Payments (to) from Suppliers for Services	(27,470)	(16,215)	(8,161)	(9,895)	(10,456)
Cash Paid for Interfund Services Used	(11,074)	(7,287)	(16,393)	(10,648)	(3,873)
Cash Payments to Employees for Services	(14,763)	(13,368)	(11,576)	(33,401)	(8,499)
Cash Payments for Claims and Refunds	—	—	—	—	—
Net Cash Provided by (Used for) Operating Activities	65,354	41,326	(4,877)	(49,953)	1,446
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital Contributions	2,402	4,522	—	16,740	7,886
Passenger and Customer Facility Charges					5,091
Interest Payments on Capital Debt	(14,249)	(2,082)	—	—	(3,256)
Proceeds from Issuance of Capital Debt	12,237	5,354	—	—	—
Payment for Cost of Issuance	—	—	—	—	—
Principal Payments on Capital Debt-Bonds	(6,020)	(1,015)	—	—	(1,850)
Retirement of Debt	—	(26,335)	—	—	—
Principal Payments on Capital Debt-Notes	(12,152)	(1,957)	—	—	—
Principal Payments on Capital Lease Obligations	—	—	—	—	—
Proceeds (Loss) from Sale of Capital Assets	29	3	—	—	—
Acquisition and Construction of Capital Assets	(25,429)	(33,443)	(197)	(6,000)	(16,265)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(43,182)	(54,953)	(197)	10,740	(8,394)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Operating Grants	904	—	275	52,214	224
Borrowing Receipt from (Payment to) Other Funds	—	—	—	—	—
Transfers In	58	126	2,043	100	44
Transfers Out	(418)	(360)	(1,033)	(1,456)	(226)
Net Cash Provided by (Used for) Non-Capital Financing Activities	544	(234)	1,285	50,858	42
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest and Dividends Received (Paid) on Investments	6,986	4,864	1,276	1,345	2,420
Proceeds of Investments Securities with Trustees		2,309			
Net Cash Provided by (Used for) Investing Activities	6,986	7,173	1,276	1,345	2,420
Net Increase (Decrease) in Cash and Cash Equivalents	29,702	(6,688)	(2,513)	12,990	(4,486)
Cash and Cash Equivalents, Beginning of Year	153,692	129,725	31,423	27,375	87,166
Cash and Cash Equivalents, End of Year	\$ 183,394	\$ 123,037	\$ 28,910	\$ 40,365	\$ 82,680

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	
\$ 2,469	\$ 345	\$ 9,798	\$ 268,454	\$ 22,352	CASH FLOWS FROM OPERATING ACTIVITIES:
—	—	—	533	148,386	Cash Received from Customers
(1,983)	(95)	(2,745)	(77,020)	(38,944)	Cash Received from Interfund Services Provided
—	—	(2,019)	(51,294)	(7,960)	Cash Payments to Suppliers for Services
(1,776)	—	(4,372)	(87,755)	(25,962)	Cash Paid for Interfund Services Used
—	—	—	—	(68,829)	Cash Payments to Employees for Services
(1,290)	250	662	52,918	29,043	Cash Payments for Claims and Refunds
					Net Cash Provided by (Used for) Operating Activities
					CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:
—	—	—	31,550	1,793	Capital Contributions
—	—	—	5,091	—	Passenger and Customer Facility Charges
(1,745)	(1,638)	(84)	(23,054)	(707)	Interest Payments on Capital Debt
—	—	—	17,591	—	Proceeds from Issuance of Capital Debt
—	—	6	6	—	Payment for Cost of Issuance
(3,422)	(1,575)	(55)	(13,937)	—	Principal Payments on Capital Debt-Bonds
—	—	—	(26,335)	—	Retirement of Debt
—	—	—	(14,109)	—	Principal payments on Capital Debt-Notes
—	—	—	—	(5,784)	Principal Payments on Capital Lease Obligations
—	—	—	32	324	Proceeds from Sale of Capital Assets
(698)	(278)	(72)	(82,382)	(15,305)	Acquisition and Construction of Capital Assets
(5,865)	(3,491)	(205)	(105,547)	(19,679)	Net Cash Provided by (Used for) Capital and Related Financing Activities
					CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:
—	—	—	53,617	—	Operating Grants
—	—	—	—	(1,714)	Borrowing Receipt from (Payment to) Other Funds
6,140	3,068	1,662	13,241	1,232	Transfers In
—	—	(1,061)	(4,554)	(2,597)	Transfers Out
6,140	3,068	601	62,304	(3,079)	Net Cash Provided by (Used for) Non-Capital Financing Activities
					CASH FLOWS FROM INVESTING ACTIVITIES:
23	146	106	17,166	3,397	Interest and Dividends Received (Paid) on Investments
—	—	—	2,309	—	Proceeds of Investments Securities with Trustees
23	146	106	19,475	3,397	Net Cash Provided by (Used for) Investing Activities
(992)	(27)	1,164	29,150	9,682	Net Increase (Decrease) in Cash and Cash Equivalents
4,666	3,208	1,814	439,069	87,046	Cash and Cash Equivalents, Beginning of Year
\$ 3,674	\$ 3,181	\$ 2,978	\$ 468,219	\$ 96,728	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, 2020 (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)	\$ 32,893	\$ 12,996	\$ (6,957)	\$ (59,278)	\$ (8,806)
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	29,407	24,958	611	5,624	10,998
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(1,807)	(452)	(517)	185	(311)
Decrease (increase) in other receivables	11	1,148	912	—	—
Decrease (increase) in due from other funds	31	—	10	—	—
Decrease (increase) in due from other governments	—	816	—	3,858	—
Decrease (increase) in material and supplies inventory	58	(547)	—	22	(3)
Decrease (increase) in prepaid items	(887)	(30)	5	35	(425)
Decrease (increase) in net pension asset & deferred outflows	1,083	1,000	732	1,093	511
Decrease (increase) in advances to other funds	(873)	(1,793)	—	—	—
Decrease (increase) in prepaid insurance	6	470	—	—	18
(Decrease) increase in accounts payable	4,661	3,062	160	203	(942)
(Decrease) increase in salaries payable	207	189	225	387	222
(Decrease) increase in due to other funds	71	49	447	73	25
(Decrease) increase in other liabilities	—	(1,016)	—	—	—
(Decrease) increase in retention payable	—	—	(74)	92	—
(Decrease) increase in accrued closure costs	—	—	(749)	—	—
(Decrease) increase in unearned revenue	—	—	—	(3,977)	—
(Decrease) increase in liability for self-insurance	—	—	—	—	—
(Decrease) increase in deposits	—	—	—	—	6
(Decrease) increase in pollution remediation liability	—	—	—	—	(44)
(Decrease) increase in net OPEB liability	1,688	1,554	1,077	3,831	903
(Decrease) increase in deferred inflows of resources	(1,195)	(1,078)	(759)	(2,101)	(706)
Net Cash Provided by (Used For) Operating Activities	\$ 65,354	\$ 41,326	\$ (4,877)	\$ (49,953)	\$ 1,446
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:					
Cash and Investments:					
Unrestricted	\$ 128,383	\$ 71,620	\$ 20,097	\$ 1,482	\$ 25,080
Restricted - Current and Noncurrent	55,011	51,417	8,813	38,883	57,600
Cash and Cash Equivalents at End of Year on Statement of Cash Flows	\$ 183,394	\$ 123,037	\$ 28,910	\$ 40,365	\$ 82,680
Noncash Investing, Capital, and Financing Activities:					
Acquisition/construction of capital assets on accounts payable	\$ 2,004	\$ 4,819	\$ —	\$ 177	\$ 904
Amortization of bond premium, discount and loss on refunding	(238)	(659)	—	—	(44)
Borrowing under capital lease	—	—	—	—	—
Decrease (increase) in fair value of investments	(5,028)	(3,177)	(834)	(1,164)	(1,210)
Developer and other capital contributions	—	—	—	81	—
Decrease in unamortized CVP water settlement receivable and decrease in CVP litigation settlement payable	1,821	—	—	—	—

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
\$ (3,452)	\$ (968)	\$ (342)	\$ (33,914)	\$ (2,030)
2,339	1,261	184	75,382	9,088
161	—	(130)	(2,871)	(567)
—	—	—	2,071	—
—	—	—	41	(1,494)
—	—	—	4,674	—
(9)	—	—	(479)	424
21	—	1	(1,280)	(153)
(14)	—	233	4,638	1,152
—	21	—	(2,645)	—
—	—	1	495	—
(221)	(64)	63	6,922	(135)
(76)	—	82	1,236	182
27	—	493	1,185	10
—	—	—	(1,016)	—
—	—	—	18	—
—	—	—	(749)	—
(33)	—	—	(4,010)	94
—	—	—	—	21,717
(54)	—	—	(48)	126
—	—	—	(44)	—
19	—	482	9,554	2,490
2	—	(405)	(6,242)	(1,861)
<u>\$ (1,290)</u>	<u>\$ 250</u>	<u>\$ 662</u>	<u>\$ 52,918</u>	<u>\$ 29,043</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:

\$ 1,045	\$ 161	\$ 2,468	\$ 250,336	\$ 93,693
<u>2,629</u>	<u>3,020</u>	<u>510</u>	<u>217,883</u>	<u>3,035</u>
<u>\$ 3,674</u>	<u>\$ 3,181</u>	<u>\$ 2,978</u>	<u>\$ 468,219</u>	<u>\$ 96,728</u>

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

Noncash Investing, Capital, and Financing Activities:

\$ —	\$ —	\$ —	\$ 7,904	\$ 245	Acquisition/construction of capital assets on accounts payable
(314)	(238)	(18)	(1,511)	—	Amortization of bond premium, discount and loss on refunding
—	—	—	—	1,040	Borrowing under capital lease
—	(92)	(71)	(11,576)	(1,878)	Decrease (increase) in fair value of investments
104	—	—	185	—	Developer and other capital contributions
—	—	—	1,821	—	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 Agency Funds

June 30, 2020
(in thousands)

	Pension Trust Funds	Successor Agency to the Fresno Redevelopment Agency Private- Purpose Trust Fund	Agency Funds
Assets			
Cash and Investments	\$ 3,208	\$ 4,823	\$ 10,195
Restricted Cash and Investments Held by Fiscal Agent	—	936	807
Total Cash and Investments	3,208	5,759	11,002
Receivables:			
Receivables for Investments Sold	3,019	—	—
Interest and Dividends Receivable	5,490	—	26
Other Receivables	1,482	46	—
Due from Other Governments	—	—	790
Total Receivables	9,991	46	816
Investments, at Fair Value:			
Short-Term Investments	30,678	—	—
Domestic Equity	1,097,875	—	—
Corporate Bonds	328,871	—	—
International Developed Market Equities	510,747	—	—
International Emerging Market Equities	105,256	—	—
Government Bonds	134,043	—	—
Alternatives	488,691	—	—
Real Estate	296,655	—	—
Total Investments	2,992,816	—	—
Collateral Held for Securities Lent	120,137	—	—
Capital Assets, Net of Accumulated Depreciation	1,380	—	—
Other Assets	334	—	—
Property Held for Resale	—	293	—
Total Assets	3,127,866	6,098	11,818
Deferred Outflows of Resources			
Charge on Refunding	—	10	—
Pension Contributions	—	127	—
Total Deferred Outflows of Resources	—	137	—
Liabilities			
Accrued Liabilities	8,915	141	275
Collateral Held for Securities Lent	120,137	—	—
Deposits Held for Others	—	—	11,543
Other Liabilities	2,678	—	—
Long-Term Debt:			
Due Within One Year	—	452	—
Due in More than One Year	—	2,062	—
Due To Other Funds (City of Fresno)	—	12,939	—
Net Pension Liability	—	523	—
Total Liabilities	131,730	16,117	11,818
Deferred Inflows of Resources			
Unamortized Pension Expense	—	73	—
Net Position			
Restricted for Pension Benefits	2,996,136	—	—
Held in Trust for Redevelopment Dissolution	—	(9,955)	—
Total Net Position	\$ 2,996,136	\$ (9,955)	\$ —

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, 2020

(in thousands)

	Pension Trust Funds	Successor Agency to the Fresno Redevelopment Agency Private- Purpose Trust Fund
Additions		
Contributions:		
Employer	\$ 38,878	\$ —
System Members	21,040	—
Total Contributions	59,918	—
Investment Income:		
Net Appreciation in Fair Value of Investments	19,952	—
Interest	23,966	14
Dividends	26,222	—
Other Investment Related	146	—
Total Investment Income	70,286	14
Less Investment Expense	(26,673)	—
Total Net Investment Income	43,613	14
Securities Lending Income:		
Securities Lending Earnings	2,746	—
Less Securities Lending Expense	(2,046)	—
Net Securities Lending Income	700	—
Property Taxes	—	4,762
Other Income	—	141
Total Additions	104,231	4,917
Deductions		
Benefit Payments (including post retirement supplemental benefits)	130,576	—
Refund of Contributions	1,146	—
Redevelopment Expenses	—	59
General and Administrative Expenses	3,588	190
Interest on Debt	—	283
Total Deductions	135,310	532
Change in Net Position	(31,079)	4,385
Net Position - Beginning	3,027,215	(14,340)
Net Position - Ending	\$ 2,996,136	\$ (9,955)

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.

Agency 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. Non-major Governmental Funds

Non-major 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. Non-major Proprietary Funds

Non-major 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.

Agency 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 payroll withholding and bid deposits. The Special Assessments District Fund accounts for the receipts and disbursements for the debt service activity of bonded assessment districts within the City. Agency Funds, being custodial in 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.

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 all governmental and business-type funds (except Financing Authorities/Corporations and City Debt Service) on the cash basis of accounting plus encumbrances. These budgets are adopted on a cash basis of accounting plus encumbrances. 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, 2020, encumbrances totaled \$5.2 million in the General Fund, \$22.4 million in the Grants Special Revenue Fund and \$35.3 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 license 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. 95 - Postponement of the Effective Dates of Certain Authoritative Guidance*

The primary objective of GASB Statement No. 95 is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

Statement No. 83, <i>Certain Asset Retirement Obligations</i>	City Implemented FYE 06/30/2019
Statement No. 84, <i>Fiduciary Activities</i>	
Statement No. 88, <i>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements</i>	City Implemented FYE 06/30/2019
Statement No. 89, <i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>	City Implemented FYE 06/30/2019
Statement No. 90, <i>Majority Equity Interests</i>	
Statement No. 91, <i>Conduit Debt Obligations</i>	
Statement No. 92, <i>Omnibus 2020</i>	
Statement No. 93, <i>Replacement of Interbank Offered Rates</i>	
Implementation Guide No. 2017-3, <i>Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)</i>	
Implementation Guide No. 2018-1, <i>Implementation Guidance Update—2018</i>	
Implementation Guide No. 2019-1, <i>Implementation Guidance Update—2019</i>	
Implementation Guide No. 2019-2, <i>Fiduciary Activities</i>	

The effective dates of the following pronouncements are postponed by 18 months:

Statement No. 87, <i>Leases</i>
Implementation Guide No. 2019-3, <i>Leases</i>

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued. The requirements of this Statement are effective immediately.

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. 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.

2. 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.

3. GASB Statement No. 90 - Majority Equity Interests - an Amendment to GASB Statement 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.

4. 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.

5. 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 87, reporting on intra-identity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan, the applicability of GASB Statements 73 and 74, as well as the applicability of certain requirements under

GASB Statement 84. Regarding the requirements related to GASB 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.

6. 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 Statement 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, 2020, which for the City is July 1, 2020.

7. 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 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 87. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which for the City is June 30, 2023.

8. 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.

9. 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 Statement 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*.

Statutes authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper, bankers' acceptances, repurchase agreements, money market funds, and the State Treasurer's investment pool. Except as noted in the following paragraph, investments are comprised of obligations of the U.S. Treasury, agencies and instrumentalities, cash, time certificates of deposit, mutual funds, bankers' acceptances, money market accounts, and deposits in the State of California Local Agency Investment Fund (LAIF), and are stated at amortized cost.

Highly liquid money market investments, guaranteed investment contracts, and other investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

3. **Investment Income** - Cash balances of each of the City's funds, except for certain Trust and Agency 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, 2020, the adjusted value of the property was \$5.1 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. GASB Statement No. 89 removes the requirement to capitalize these interest costs. Because the City chose early implementation of GASB Statement No. 89 during Fiscal Year 2019, no interest is capitalized. 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 2020, \$17.7 million has been capitalized as an intangible asset. Included in this amount are noise mitigation assets of \$2.0 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, 2020 (in thousands):

	Governmental Activities
Machinery and Equipment	\$ 37,044
Less: Accumulated Depreciation	(19,385)
Net Machinery and Equipment	<u>\$ 17,659</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, 2020, 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 2008 A, NNLB	
Lease Revenue Bonds 2017 A&B, NNLB	\$ 77
Lease Revenue Bonds 2017, CH/Garage/Met/Bee/Granite	11
Lease Revenue Bonds 2017, Parks Impact	879
Lease Revenue Bonds 2017, Various Capital Projects	18
Lease Revenue Bonds 2017, City Hall Chiller	74
Lease Revenue Bonds 2017, Public Safety	2,907
Total Governmental Activities	3,966
Business-Type Activities:	
Water System Revenue Refunding Bonds 2003	
Water System Revenue Bonds 2010	207
Sewer System Revenue Bonds 2008 A	
Airport Revenue Refunding Bonds 2013	14
Lease Revenue Bonds 2017, Convention Center	(8)
Convention Center Improvements 2008 E&F	45
Lease Revenue Bonds 2017, Stadium	28
Lease Revenue Bonds 2017, Exhibit Hall	88
Lease Revenue Bonds 2017, Golf Course	61
Total Business-Type Activities	435
Fiduciary Funds:	
Successor Agency to the Fresno Redevelopment Agency:	
Tax Allocation Bonds Series 2003, Mariposa Project Area	10
Total Charge on Refunding	\$ 4,411

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 74 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, 2020 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	\$ 8,767	\$ —	\$ —	\$ 8,767
Franchise Taxes	2,851	—	—	2,851
Business Tax	3,844	—	—	3,844
Measure C and Other Tax	—	—	171	171
Code Enforcement Revenue	6,976	—	—	6,976
Fire Revenue	2,517	—	—	2,517
Grant Revenue	79	7,778	318	8,175
Parking Citations, Fines and Other Revenue	523	—	—	523
Total	\$ 25,557	\$ 7,778	\$ 489	\$ 33,824

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 or contractually required to be maintained intact. Not in spendable form includes items that are 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, 2020, the Reserve balance identified as Committed Fund Balance was at \$37.7 million, including \$35.0 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.

In addition to the City's Emergency Reserve, the Committed Fund Balance as of June 30, 2020 also consists of \$1.7 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, 2020 also includes \$1.0 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, 2020 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	—	—	1,900	1,900
CDBG and Home Loans	—	65,504	—	65,504
Revitalization	—	—	137	137
Street Works	—	—	12,883	12,883
Transportation	—	—	13,615	13,615
Pedestrian and Bicycle Program	—	—	875	875
Prop 42 Traffic Congestion Relief	—	—	832	832
AD #131 UGM Reimbursement	—	—	1,756	1,756
Forfeitures	—	—	222	222
CASP Program Senate Bill 1186	—	—	514	514
Grants	6	3,013	—	3,019
Police and Fire Grants	—	5,169	—	5,169
Parks Grants-Senior Hot Meals	—	3,217	—	3,217
Streets and Traffic Grants	—	2,549	—	2,549
CARES Grants	—	247	—	247
Impact Fees	—	—	38,207	38,207
Special Assessment Projects	—	—	13,596	13,596
Low to Moderate Income Housing	—	—	33,089	33,089
Committed:				
27th Payperiod Reserve	1,706	—	—	1,706
Emergency Reserve General Fund	34,999	—	—	34,999
Housing Reserve	1,013	—	—	1,013
Assigned:				
Public Works Maintenance	40	—	—	40
Median Island Maintenance	—	—	4	4
Parks Maintenance	1,166	—	518	1,684
Right of Ways Acquisition	—	—	889	889
Street Tree Fees	—	—	52	52
Public Protection	—	—	799	799
Public Works Projects	—	—	2,414	2,414
General Purpose	914	—	—	914
Enterprise Zone	—	—	4	4
City Hall Improvements	—	—	171	171
Various Capital Projects	—	—	2,278	2,278
Miscellaneous Paving	—	—	3,666	3,666
PD Capital Projects	—	—	98	98
Parking Garage 7	—	—	106	106
Woodward & Japanese Garden Projects	—	—	46	46
Police Administration & Patrol	750	—	—	750
Planning & Community Revitalization	2,288	—	—	2,288
Local Agency Protects	—	—	6	6
Unassigned	33,046	—	(5,590)	27,456
Total Fund Balances	\$ 75,928	\$ 79,699	\$ 123,230	\$ 278,857

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, 2020, the Statement of Net Position Business-Type Activities reflected approximately \$0.7 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.

The Water Fund's financial statements reflected also CVP Settlement Liability in previous fiscal years. In October 2019, the remaining liability to the USBR was paid off.

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, 2020 (in thousands):

(in thousands)	Primary Government			Total
	Governmental Activities	Business-Type Activities	Fiduciary Funds	
Cash and Investments	\$ 227,322	\$ 258,719	\$ 18,226	\$ 504,267
Restricted Cash and Investments	118,605	220,160	1,743	340,508
Pension Trust Investments at Fair Value	—	—	2,992,816	2,992,816
Collateral Held for Securities Lent	—	—	120,137	120,137
Total	\$ 345,927	\$ 478,879	\$ 3,132,922	\$ 3,957,728

2. Cash and Deposits

At year-end, the City's bank balance was \$46.1 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, 2020 financial statements was \$50.6 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 Date 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, 2020	Level 1	Level 2
Federal Farm Credit Bank Bonds	\$ 46,253	\$ —	\$ 46,253
Federal Home Loan Bank Bonds	43,065	—	43,065
Federal Home Loan Mortgage Corporation Bonds	40,296	—	40,296
Federal National Mortgage Association Bonds	5,147	—	5,147
Farmer MAC	5,002	—	5,002
U.S. Treasury Securities	92,640	92,640	—
U.S. Sovereign Bonds	5,629	—	5,629
Medium Term Corporate Notes	188,550	—	188,550
Negotiable Certificate of Deposits	37,251	—	37,251
Total Pooled Investments by Fair Value	463,833	92,640	371,193
Pooled Investments Not Subject to the Fair Value Hierarchy			
State Local Agency Investment Fund	30,595		
Time Deposits	4,400		
Municipal Bonds	84,978		
Supranational	10,237		
Money Market Funds	135,000		
Total Pooled Investments Not Subject to the Fair Value Hierarchy	265,210		
Total Pooled Investments	729,043		
Investments Held Outside the Treasurer's Pool by Fair Value Level			
U.S. Treasury Securities	14,105	14,105	
Investments Held Outside the Treasurer's Pool Not Subject to the Fair Value Hierarchy			
Money Market Mutual Funds	51,014		
Total Investments Held Outside the Treasurer's Pool Not Subject to the Fair Value Hierarchy	51,014		
Total Investments Held Outside the Treasurer's Pool	65,119		
Grand Total of Investments	\$ 794,162	\$ 106,745	\$ 371,193

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.

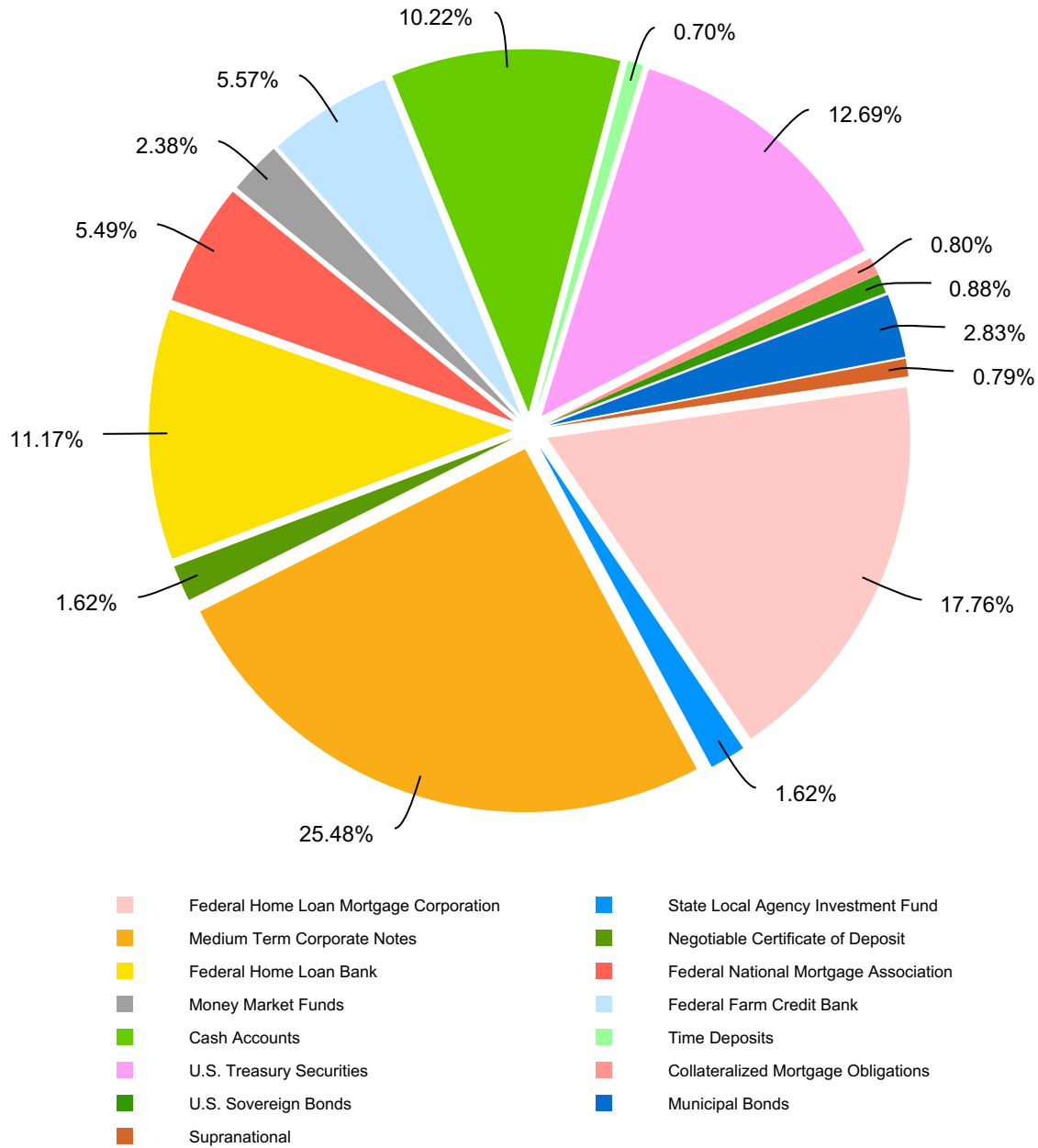
5. Investments Authorized by the California Government Code and the City's Investment Policy

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.

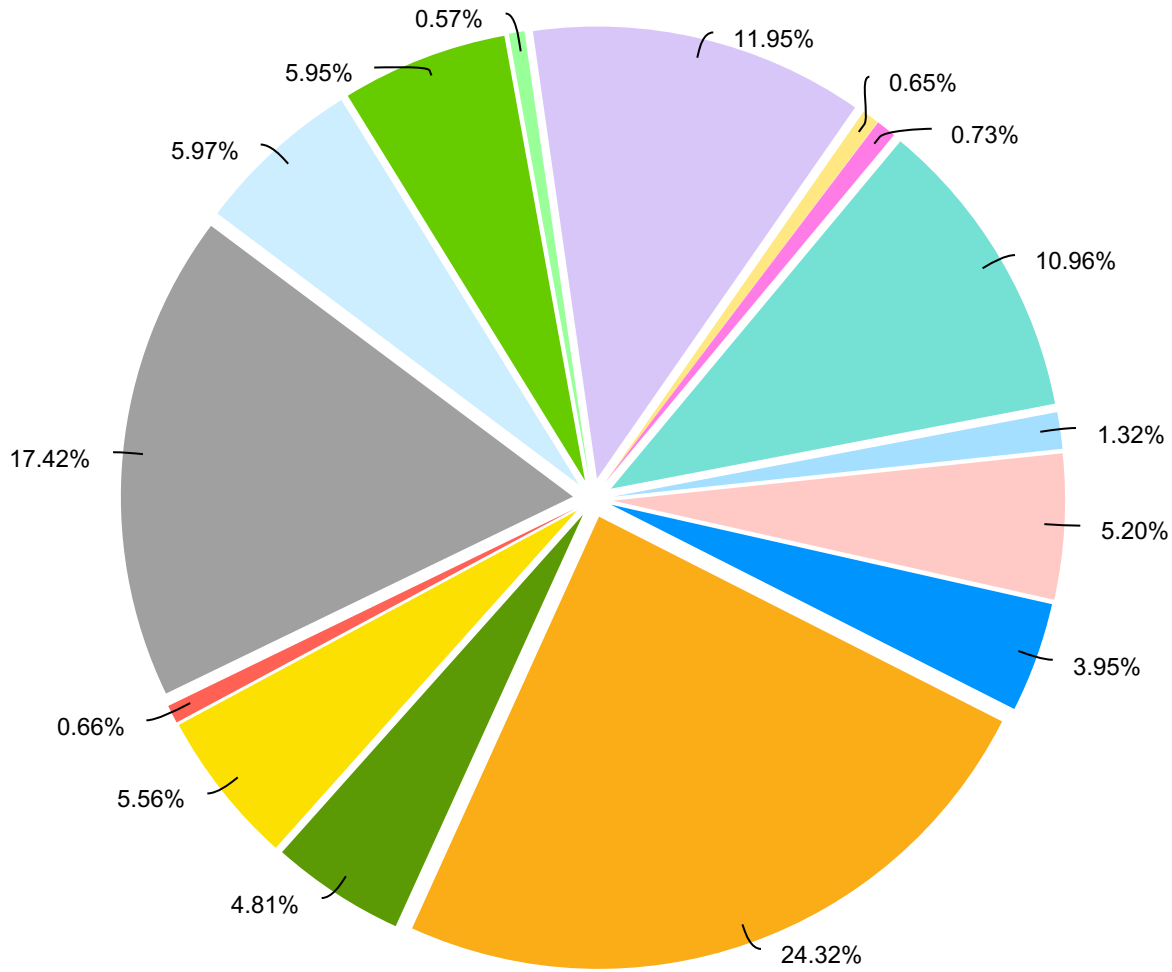
The policy addresses the soundness of financial institutions in which the City will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity. A copy of the 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, 2019 and June 30, 2020:

**City of Fresno Treasurer's Pool (Fair Value)
June 30, 2019**



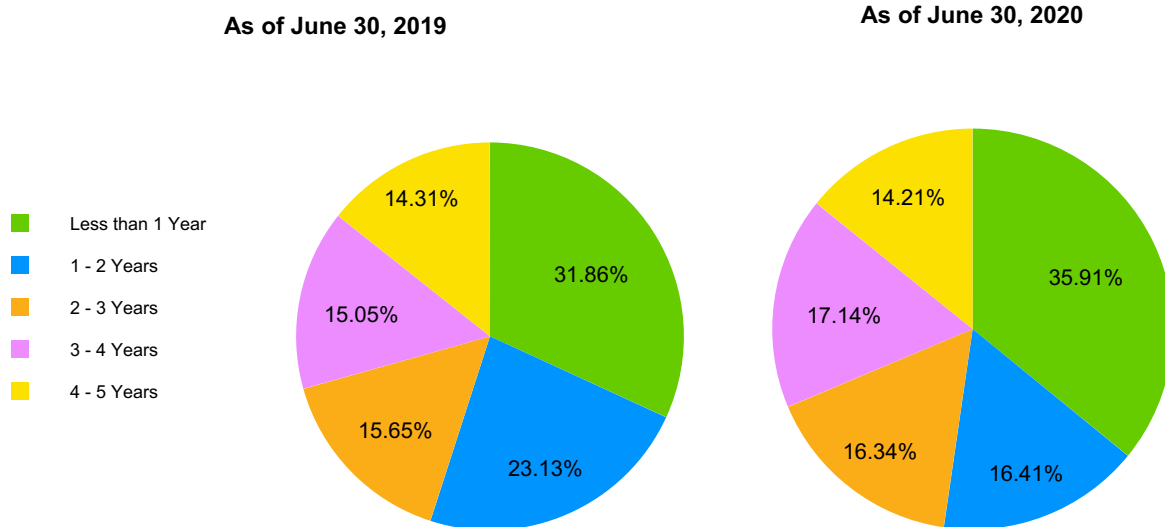
**City of Fresno Treasurer's Pool (Fair Value)
June 30, 2020**



- 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
- Supranational
- State Local Agency Investment Fund
- Negotiable Certificate 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 2020, total interest of \$2.0 million was earned from the following instruments:

- Guaranteed Investment Contracts - \$0.8 million
- Federal Agency Bonds - \$0.8 million
- Money Market Funds - \$0.4 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	\$ 46,253	5.97 %
Federal Home Loan Bank	U.S. Government Agency	43,065	5.56 %
Federal Home Loan Mortgage Corp. (FHLMC)	U.S. Government Agency	40,296	5.20 %
Federal National Mortgage Association (FNMA)	U.S. Government Agency	5,147	0.66 %
Farmer MAC	U.S. Government Agency	5,002	0.65 %
		<u>\$ 139,763</u>	<u>18.04 %</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, 2020, 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	\$ 46,144				
Treasurer's Pool Investments					
U.S. Government Agencies:					
Federal Farm Credit Bank	46,254	\$ 5,006	\$ 41,248	\$ —	\$ —
Federal Home Loan Bank	43,065	—	43,065	—	—
Federal Home Loan Mortgage Corp.	40,296	10,080	30,216	—	—
Federal National Mortgage Association	5,148	—	5,148	—	—
Collateralized Mortgage Obligations	5,002	—	5,002	—	—
Subtotal of U.S. Government Agencies	139,765	15,086	124,679	—	—
U.S. Treasury Securities	92,640	40,343	52,297	—	—
U.S. Sovereign Bonds	5,629	—	5,629	—	—
Medium Term Corporate Notes	188,550	10,080	178,470	—	—
Negotiable Certificate of Deposit	37,251	—	37,251	—	—
State Local Agency Investment Fund (CA LAIF)	30,595	30,595	—	—	—
Time Deposits	4,400	4,400	—	—	—
Municipal Bonds	84,978	21,239	63,738	—	—
Supranational	10,237	—	10,237	—	—
Money Market Mutual Funds	135,000	135,000	—	—	—
Total Treasurer's Pool	775,189	\$ 256,743	\$ 472,301	\$ —	\$ —
Investments Held Outside the Treasurer's Pool					
Debt Service Funds/Bond Proceeds:					
Guaranteed Investment Contracts	—	\$ —	\$ —	\$ —	\$ —
Mutual Funds	51,014	51,014	—	—	—
U.S. Government & Agency Securities	14,105	14,105	—	—	—
		\$ 65,119	\$ —	\$ —	\$ —
Other Deposits	10,801				
Outstanding Checks	(6,682)				
Deposits in Transit	348				
Pension Trust Assets (See separate CAFRs)	3,112,953				
Total Cash and Investments	\$ 3,957,728				

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	\$ 46,253	A	AA+	5.97%
Federal Home Loan Bank	43,065	A	AA+	5.56%
Federal Home Loan Mortgage Corporation	40,296	A	AA+	5.20%
Federal National Mortgage Association	5,148	A	AA+	0.66%
Farmer MAC	5,002	Unrated	Unrated	0.65%
U.S. Treasury Securities	92,640	A	AAA	11.95%
U.S. Sovereign Bonds	5,629	A	AA+U	0.73%
Medium Term Corporate Notes:				
Apple Inc	9,112	A	AA+	1.18%
Bank of America	5,119	A	A-	0.66%
Bank of New York	3,256	A	A	0.42%
Barclays Bank	4,929	A	A	0.64%
Berkshire Hathaway Inc	5,295	A	AA	0.68%
Caterpillar, Inc.	5,182	A	A	0.67%
Chevron Corp	10,563	A	AA	1.36%
Citibank NA	10,168	A	A+	1.31%
Estee Lauder Co	5,179	A	A+	0.67%
Exxon Mobil Corporation	5,429	A	AA	0.70%
Florida Power & Light	5,479	A	A+	0.71%
Guardian Life	5,103	A	AA+	0.66%
Harvard Pres & Fellows	4,207	A	AAA	0.54%
HSBC USA Inc.	5,448	A	A-	0.70%
IBM Credit Corp	6,218	A	A	0.80%
New York Life	5,389	A	AA+	0.70%
Novartis Capital Corp	5,212	A	AA-	0.67%
Oracle	15,706	A	A	2.03%
Pricoa Global Funding	5,433	A	AA-	0.70%
Protective Life	5,070	A	AA-	0.65%
Sanofi Pharmaceutical	5,410	A	AA	0.70%
Shell International Fin	10,673	A	AA-	1.38%
Toyota Motor Credit Corp	8,312	A	A+	1.07%
U.S. Bancorp	10,382	A	A+	1.34%
U.S. Bank NA Cincinnati	5,404	A	AA-	0.70%
Wal-Mart Stores	5,441	A	AA	0.70%
Wells Fargo Bank	15,431	A	A+	1.99%

Issuer	Amount (in thousands)	Minimum Legal Rating	Rating at Year-End	% of Treasurer's Pool
Municipal Bonds				
California Housing Finance Agency	3,589	NA	AA	0.46%
California Department of Water Resources	4,103	NA	AA+	0.53%
City of Vallejo	1,511	NA	AA	0.19%
County of Riverside	5,198	NA	AA	0.67%
New York State Urban Dev	5,090	NA	AA+	0.66%
New York State Urban Dev	1,253	NA	AA+	0.16%
Palo Alto Unified	1,001	NA	AAA	0.13%
State of California	5,259	NA	AA-	0.68%
State Of California	5,405	NA	AA-	0.70%
State Of California	5,491	NA	AA-	0.71%
State Of California	5,035	NA	AA-	0.65%
State Of California	5,077	NA	AA-	0.65%
State Of California	5,077	NA	AA-	0.65%
State Of Connecticut	5,248	NA	A	0.68%
State Of Connecticut	5,049	NA	A	0.65%
State Of Hawaii	3,847	NA	AA+	0.50%
State Of Texas	5,029	NA	SP-1+ ¹	0.65%
State Of Wisconsin	4,133	NA	AA-	0.53%
Texas A&M University	5,267	NA	AAA	0.68%
Texas A&M University	3,315	NA	AAA	0.43%
Supranational				
International Bank for Reconstruction & Dev	5,202	AA	AAA	0.67%
International Bank for Reconstruction & Dev	5,035	AA	AAA	0.65%
Negotiable Certificate of Deposit	37,251	NA	Unrated	4.81%
State Local Agency Investment Pool	30,595	NA	Unrated	3.95%
Time Deposits	4,400	NA	Unrated	0.57%
Money Market Mutual Funds	135,000	NA	Unrated	17.42%
Total Treasurer's Pool Investments	\$ 729,043			94.08%

Issuer	Amount (in thousands)	Minimum Legal Rating	Rating at Year-End	% of Investments with Trustees
Investments with Trustees:				
Money Market Funds	51,014	NA	Unrated	78.34%
U.S. Government & Treasury Securities	14,105	NA	AAA	21.66%
Total Investments with Trustees	\$ 65,119			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, 2020. As of June 30, 2020, the City's deposits with institutions in excess of federal depository insurance limits were \$44.9 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, 2020, 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, 2020, was \$32.1 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2020, had a

balance of \$100.9 billion. Of that amount, 3.37% was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 191 days as of June 30, 2020.

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, 2020 consist of the following (in thousands):

Investments at Fair Value	
Domestic Equity	\$ 1,097,875
International Developed Market	510,747
International Emerging Market	105,256
Real Estate	296,655
Government Bonds	134,043
Corporate Bonds	328,871
Short-Term Investments	30,678
Alternatives	488,691
Total Investments at Fair Value	\$ 2,992,816

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%	7.0%	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%	4.0%	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' Comprehensive Annual Financial Reports (CAFRs).

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' CAFRs 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, 2020 (in thousands):

	Cash and Investments Current and Noncurrent	Interest Receivable	Total
Governmental Activities:			
General Fund	\$ 37,718	\$ —	\$ 37,718
Grants Special Revenue Fund	79,340	—	\$ 79,340
Nonmajor Governmental Funds	789	—	789
Internal Service Funds	758	—	758
Subtotal	118,605	—	118,605
Business-Type Activities			
Water System	55,011	96	55,107
Sewer System	51,417	225	51,642
Solid Waste Management	8,813	—	8,813
Transit	38,883	—	38,883
Airports	57,600	—	57,600
Convention Center	2,629	—	2,629
Stadium	3,020	—	3,020
Nonmajor Enterprise Funds	510	—	510
Internal Service Funds	2,277	—	2,277
Subtotal	220,160	321	220,481
Fiduciary:			
Private-Purpose Trust Fund	936	—	936
Agency Funds	807	—	807
Subtotal	1,743	—	1,743
Total	\$ 340,508	\$ 321	\$ 340,829

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, 2020 were \$3.9 million for the General Fund, \$1.6 million for Water System, \$1.6 million for Sewer System, \$1.0 million for Solid Waste Management, \$0.5 million for Airports, and \$2.7 million for Other Enterprise Funds. The uncollectible accounts related to notes receivable at June 30, 2020 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, 2020 were as follows:

	Interest	Accounts Receivable	Grants Receivables	Property Taxes	Other Inter-governmental	Loans Receivable	Total
Governmental Activities							
General Fund	\$ 297	\$ 15,127	\$ 6	\$ 10,317	\$ 26,771	\$ —	\$ 52,518
Grants Special Revenue Fund	294	—	7,845	—	—	55,652	63,791
Other Governmental Funds	574	205	318	—	3,514	21,244	25,855
Internal Service Funds	436	150	—	—	—	—	586
Subtotal	\$ 1,601	\$ 15,482	\$ 8,169	\$ 10,317	\$ 30,285	\$ 76,896	\$ 142,750
Advances to Successor Agency							12,939
Total							\$ 155,689
Business-Type Activities							
Water System	\$ 1,059	\$ 19,346	\$ —	\$ —	\$ —	\$ 2,982	\$ 23,387
Sewer System	643	10,183	—	—	859	5,528	17,213
Solid Waste Management	197	4,939	—	—	—	12,085	17,221
Transit	244	148	18,978	—	10,594	—	29,964
Airports	277	2,456	1,693	—	109	—	4,535
Fresno Convention Center	—	95	—	—	—	—	95
Stadium	20	—	—	—	—	—	20
Other Enterprise Funds	12	1,468	—	—	—	—	1,480
Internal Service Funds	111	1,184	—	—	—	—	1,295
Subtotal	\$ 2,563	\$ 39,819	\$ 20,671	\$ —	\$ 11,562	\$ 20,595	\$ 95,210
Advances to Successor Agency							
Total							\$ 95,210

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

	Governmental Activities	Business-Type Activities	Total
Accounts Receivables, Net	\$ 78,793	\$ 74,294	\$ 153,087
Restricted Interest Receivable	—	321	321
Loans, Notes, Leases and Other Receivables, Net	<u>76,896</u>	<u>20,595</u>	<u>97,491</u>
Total	<u>\$ 155,689</u>	<u>\$ 95,210</u>	<u>\$ 250,899</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, 2020 (in thousands):

	Primary Government			Total
	Governmental Activities	Business-Type Activities	Fiduciary Funds	
Capital Assets Not Being Depreciated:				
Land	\$ 261,608	\$ 48,891	\$ —	\$ 310,499
Intangibles (Indefinite Life)	—	17,698	—	17,698
Construction in Progress	71,563	430,230	—	501,793
Total Capital Assets Not Being Depreciated	333,171	496,819	—	829,990
Capital Assets Being Depreciated:				
Buildings and Improvements	309,137	964,378	—	1,273,515
Machinery and Equipment	179,935	98,777	2,849	281,561
Infrastructure	1,420,907	1,072,342	—	2,493,249
Total Capital Assets Being Depreciated	1,909,979	2,135,497	2,849	4,048,325
Less: Accumulated Depreciation for:				
Buildings and Improvements	(163,383)	(446,848)	—	(610,231)
Machinery and Equipment	(119,070)	(61,458)	(1,469)	(181,997)
Infrastructure	(1,016,160)	(370,205)	—	(1,386,365)
Total Accumulated Depreciation	(1,298,613)	(878,511)	(1,469)	(2,178,593)
Total Capital Assets Being Depreciated, Net	611,366	1,256,986	1,380	1,869,732
Total Capital Assets, Net	\$ 944,537	\$ 1,753,805	\$ 1,380	\$ 2,699,722

B. Governmental Activities

Capital asset activity related to governmental activities for the fiscal year ended June 30, 2020 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 260,250	\$ 1,358	\$ —	\$ 261,608
Construction in Progress	55,916	23,371	(7,724)	71,563
Total Capital Assets Not Being Depreciated	<u>316,166</u>	<u>24,729</u>	<u>(7,724)</u>	<u>333,171</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	307,658	1,479	—	309,137
Machinery and Equipment	172,196	10,116	(2,377)	179,935
Infrastructure	1,404,519	16,388	—	1,420,907
Total Capital Assets Being Depreciated	<u>1,884,373</u>	<u>27,983</u>	<u>(2,377)</u>	<u>1,909,979</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	(153,719)	(9,664)	—	(163,383)
Machinery and Equipment	(108,098)	(13,304)	2,332	(119,070)
Infrastructure	(981,608)	(34,552)	—	(1,016,160)
Total Accumulated Depreciation	<u>(1,243,425)</u>	<u>(57,520)</u>	<u>2,332</u>	<u>(1,298,613)</u>
Total Capital Assets Being Depreciated, Net	<u>640,948</u>	<u>(29,537)</u>	<u>(45)</u>	<u>611,366</u>
Total Capital Assets, Net	<u>\$ 957,114</u>	<u>\$ (4,808)</u>	<u>\$ (7,769)</u>	<u>\$ 944,537</u>

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

Function	Depreciation Amount
General Government	\$ 10,253
Public Protection	5,471
Public Ways and Facilities	36,784
Culture and Recreation	4,271
Community Development	741
Total Governmental Activities Depreciation Expense	<u>\$ 57,520</u>

C. Business-Type Activities

Capital asset activity related to Business-Type Activities for the fiscal year ended June 30, 2020 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 48,891	\$ —	\$ —	\$ 48,891
Intangibles Indefinite Life	17,147	551	—	17,698
Construction in Progress	367,720	67,181	(4,671)	430,230
Total Capital Assets Not Being Depreciated	<u>433,758</u>	<u>67,732</u>	<u>(4,671)</u>	<u>496,819</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	962,873	1,505	—	964,378
Machinery and Equipment	97,091	1,686	—	98,777
Infrastructure	1,064,329	8,013	—	1,072,342
Total Capital Assets Being Depreciated	<u>2,124,293</u>	<u>11,204</u>	<u>—</u>	<u>2,135,497</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	(402,205)	(44,643)	—	(446,848)
Machinery and Equipment	(55,041)	(6,417)	—	(61,458)
Infrastructure	(345,884)	(24,321)	—	(370,205)
Total Accumulated Depreciation	<u>(803,130)</u>	<u>(75,381)</u>	<u>—</u>	<u>(878,511)</u>
Total Capital Assets Being Depreciated, Net	<u>1,321,163</u>	<u>(64,177)</u>	<u>—</u>	<u>1,256,986</u>
Total Capital Assets, Net	<u>\$ 1,754,921</u>	<u>\$ 3,555</u>	<u>\$ (4,671)</u>	<u>\$ 1,753,805</u>

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

Function	Depreciation Amount
Water System	\$ 29,406
Sewer System	24,958
Solid Waste Management	611
Transit	5,624
Airports	10,998
Fresno Convention Center	2,339
Stadium	1,261
Other Enterprise Funds	184
Total Business-Type Activities Depreciation Expense	<u>\$ 75,381</u>

D. Fiduciary Funds

Capital asset activity related to fiduciary funds for the fiscal year ended June 30, 2020 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	2,847	2		2,849
Less: Accumulated Depreciation for:				
Machinery and Equipment	(1,190)	(279)		(1,469)
Total Capital Assets Being Depreciated, Net	<u>1,657</u>	<u>(277)</u>	<u>—</u>	<u>1,380</u>
Total Capital Assets, Net	<u>\$ 1,657</u>	<u>\$ (277)</u>	<u>\$ —</u>	<u>\$ 1,380</u>

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

Function	Depreciation Amount
Fire & Police Retirement System Pension Trust Funds	\$ 140
Employee Retirement System Pension Trust Funds	139
Total Business-Type Activities Depreciation Expense	<u>\$ 279</u>

E. Construction in Progress

At June 30, 2020, Construction in Progress consisted of the following (in thousands):

Project Title	Construction Costs To Date*
Governmental Activities:	
General Street Projects	\$ 44,867
Regional Park Improvements	2,998
Other Miscellaneous Projects	23,698
Total Governmental Activities	<u>\$ 71,563</u>
Business-Type Activities:	
Water Capital Projects	\$ 212,932
Sewer/Wastewater Capital Projects	118,902
Airports Capital Projects	41,987
Transit Capital Projects	55,598
Miscellaneous Projects	811
Total Business-Type Activities	<u>\$ 430,230</u>
Total Construction in Progress	<u><u>\$ 501,793</u></u>

*Due to the early adoption of GASB Statement No. 89, during fiscal year 2019, the City discontinued the capitalization of interest with respect to construction costs.

F. Fully Depreciated Assets

During the 2020 fiscal year, a detailed analysis of City-owned property was performed. All assets that were fully depreciated and no longer in service were removed. The retirement of fully depreciated assets City-wide totaled to \$2.4 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, 2020 (in thousands):

	Primary Government			
	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total Primary Government
Long-Term Debt				
Revenue and Other Bonds	\$ 215,580	\$ 218,905	\$ —	\$ 434,485
Bonds From Direct Placements	—	35,000	—	35,000
Tax Allocation Bonds	—	—	1,185	1,185
Notes Payable From Direct Borrowings	1,846	407,096	1,285	410,227
Subtotal Net Principal Due	217,426	661,001	2,470	880,897
Accreted Interest	—	3,595	—	3,595
Issuance Premiums (Discounts)	8,115	2,886	(2)	10,999
Subtotal Accreted Interest, Issuance Prem/(Disc)	8,115	6,481	(2)	14,594
Capital Lease Obligations	43,121	—	—	43,121
Total Long-Term Debt	268,662	667,482	2,468	938,612
Other Long-Term Liabilities				
Retention Payable	1,089	—	—	1,089
Compensated Absences and Health Retirement Arrangement (HRA)	66,833	13,168	46	80,047
Net OPEB Liability	105,415	43,257	—	148,672
Liabilities for Self-Insurance	154,408	—	—	154,408
Accrued Closure Cost	—	13,147	—	13,147
Pollution Remediation	—	486	—	486
Total Other Long-Term Liabilities	327,745	70,058	46	397,849
Total Long-Term Liabilities Government-Wide Statement of Net Position	\$ 596,407	\$ 737,540	\$ 2,514	\$ 1,336,461
Due Within One Year	\$ 81,491	\$ 30,958	\$ 452	\$ 112,901
Due Within More Than One Year	514,916	706,582	2,062	1,223,560
Total Long-Term Liabilities Government-Wide Statement of Net Position	\$ 596,407	\$ 737,540	\$ 2,514	\$ 1,336,461

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	\$ 12,345	\$ —	\$ 835	\$ 11,510	\$ 885
Taxable Pension Obligation Bonds Refunding Series 2002	116,160	—	8,605	107,555	9,160
Lease Revenue Bonds 2017A, City Hall Refunding, Fresno Bee Building, Granite Park, Improvements	25,985	—	3,180	22,805	3,565
Lease Revenue Bonds, Series 2017A, City Hall Chilled	2,710	—	—	2,710	—
Lease Revenue Bonds, Series 2017A Parks Projects	22,270	—	730	21,540	765
Lease Revenue Bonds, Series 2017A&B, NNLB	10,580	—	2,465	8,115	2,580
Lease Revenue Bonds, Series 2017A, Police and Fire/Public Safety	31,050	—	1,065	29,985	1,110
Lease Revenue Bonds, Series 2017A, Various	11,910	—	550	11,360	575
Total Revenue and Other Bonds	<u>233,010</u>	<u>—</u>	<u>17,430</u>	<u>215,580</u>	<u>18,640</u>
Less: Unamortized Amounts:					
For Issuance Premiums/(Discounts)	9,341	—	1,226	8,115	—
Notes Payable From Direct Borrowings:					
California Infrastructure Bank - City	1,561	—	80	1,481	83
HUD Sec 108 Note Neighborhood Streets/Parks	472	—	107	365	114
Total Notes Payable From Direct Borrowings	<u>2,033</u>	<u>—</u>	<u>187</u>	<u>1,846</u>	<u>197</u>
Capital Leases	<u>39,338</u>	<u>12,363</u>	<u>8,580</u>	<u>43,121</u>	<u>8,365</u>
Total Long-Term Debt	<u>283,722</u>	<u>12,363</u>	<u>27,423</u>	<u>268,662</u>	<u>27,202</u>
Other Liabilities:					
Retention Payable	590	499	—	1,089	1,089
Compensated Absences and Health Retirement Arrangement	63,319	12,789	9,274	66,834	9,300
Net OPEB Liability	80,858	24,556	—	105,414	—
Liability for Self-Insurance	132,690	93,441	71,723	154,408	43,900
Total Other Liabilities	<u>277,457</u>	<u>131,285</u>	<u>80,997</u>	<u>327,745</u>	<u>54,289</u>
Governmental Long-Term Liabilities Total	<u>\$ 561,179</u>	<u>\$ 143,648</u>	<u>\$ 108,420</u>	<u>\$ 596,407</u>	<u>\$ 81,491</u>

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 Refunding Bonds 2003	\$ 1,310	\$ —	\$ 1,310	\$ —	\$ —
Water System Revenue Bonds 2010	123,685	—	4,710	118,975	6,390
Sewer System Revenue Bonds 1993 A	6,980	—	45	6,935	6,050
Sewer System Revenue Bonds 2008 A	27,305	—	27,305	—	—
Lease Revenue Bonds 1998 - Exhibit Hall Expansion	2,077	—	262	1,815	246
Airport Revenue Refunding Bonds 2013	26,645	—	1,535	25,110	1,595
Lease Revenue Bonds 2001 A and B - Stadium	14,420	—	805	13,615	865
Airport Revenue Bonds 2007 - Cons. Rental Car	21,070	—	315	20,755	370
Lease Revenue Bonds 2008 - Convention Center	7,490	—	1,910	5,580	2,035
Lease Revenue Bonds 2017A - Exhibit Hall Expansion	10,835	—	865	9,970	910
Lease Revenue Bonds 2017A - Convention Center	3,670	—	385	3,285	405
Lease Revenue Bonds 2017A - Stadium	12,125	—	770	11,355	805
Lease Revenue Bonds 2017A - Riverside Golf Course	1,565	—	55	1,510	55
Total Revenue and Other Bonds	259,177	—	40,272	218,905	19,726
Bonds Payable From Direct Placements:					
Airport Revenue Bonds 2019 - Airport Parking	35,000	—	—	35,000	756
Plus Accreted Interest:					
Accreted Interest on Capital Appreciation Bonds	3,796	288	489	3,595	—
Less: Unamortized Amounts					
For Issuance Premiums/(Discounts)	4,396	—	1,510	2,886	—
Notes Payable From Direct Borrowings:					
Construction of Water Supply Disinfection Buildings	1,320	—	92	1,228	94
Improvements on the Enterprise and Jefferson Canals	843	—	59	784	60
Water Meter Project	38,554	—	2,570	35,984	2,570
Southeast Surface Water Treatment Facility	166,708	77	6,563	160,222	2,209
Tertiary Treatment Facility	31,286	—	1,957	29,329	993
Enterprise Canal Raw Water Pipeline	19,717	1,104	575	20,246	578
Regional Transmission Mains	60,485	6,332	874	65,943	—
Kings River Pipeline	51,273	4,814	1,508	54,579	1,425
Southwest Quadrant Recycled Water Dist. System	33,426	5,354	—	38,780	—
Total Notes Payable From Direct Borrowings	403,612	17,681	14,198	407,095	7,929
Total Long-Term Debt	705,981	17,969	56,469	667,481	28,411
Other Long-Term Liabilities:					
Compensated Absences & Health Retirement Arrangement	12,440	2,677	1,949	13,168	1,747
Net OPEB Liability	32,842	10,415	—	43,257	—
CVP Litigation Settlement	1,820	—	1,820	—	—
Accrued Closure Cost	13,897	—	750	13,147	800
Pollution Remediation	529	—	43	486	—
Total Other Long-Term Liabilities	61,528	13,092	4,562	70,058	2,547
Business-Type Long-Term Liabilities Total	\$ 767,509	\$ 31,061	\$ 61,031	\$ 737,539	\$ 30,958

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	1,538	—	353	1,185	370
Total Tax Allocation Bonds	1,538	—	353	1,185	370
Less: Unamortized Amounts:					
For Issuance Premiums/(Discounts)	(3)	—	1	(2)	—
Total Unamortized Amounts	(3)	—	1	(2)	—
Notes Payable From Direct Borrowings:					
California Infrastructure Bank	1,355	—	70	1,285	73
Total Notes Payable From Direct Borrowings	1,355	—	70	1,285	73
Total Long-Term Debt	2,890	—	424	2,468	443
Other Liabilities:					
Compensated Absences	39	12	5	46	9
Total Other Long-Term Liabilities	39	12	5	46	9
Fiduciary Funds Long-Term Liabilities Total	\$ 2,929	\$ 12	\$ 429	\$ 2,514	\$ 452

The following is a description of Long-Term Liabilities which had activity in 2020 (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	FY2020 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 2020 \$13,749 of PTO revenue was used. In addition to PTO revenue, \$0 of General Fund and \$2,440 of Enterprise Fund/Internal Service Fund revenues were used to make the 2019 debt service payment of \$16,189.	\$9,160 to \$15,195	107,555	0	107,555	145,711	16,189
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	2.88% 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 \$2,961 was equal to debt service in 2020.	\$2,465 to \$2,830	8,552	(437)	8,115	8,892	2,961
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 2020.	\$610 to \$2,100	2,982	(272)	2,710	3,222	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	2.88% 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 \$4,194 was equal to debt service in 2020.	\$1,645 to \$3,565	22,872	(67)	22,805	28,065	4,194
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 \$1,146 was equal to debt service in 2020.	\$40 to \$1,785	12,794	(1,434)	11,360	17,204	1,146
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 \$1,539 was equal to debt service in 2020.	\$885 to \$1,400	11,521	(11)	11,510	15,204	1,539
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 \$1,822 was equal to debt service in 2020.	\$765 to \$1,755	24,117	(2,577)	21,540	32,773	1,822
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 \$2,561 was equal to debt service in 2020.	\$1,110 to \$2,300	33,302	(3,317)	29,985	45,860	2,561
Revenue and Other Bonds Total								223,695	(8,115)	215,580	296,931	30,548

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	FY2020 Debt Service Payment
Notes Payable												
HUD: Neighborhood Streets/Parks	\$1,500 Loaned	Section 108 Note to be used for improvements to various neighborhood streets & parks	6.00% to 6.120%	8/8/2002	8/1/2022	Annual principal payments, semiannual interest payments.	\$114 to \$130	365	0	365	399	132
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	1,481	0	1,481	1,876	134
Notes Payable Total								1,846	0	1,846	2,275	266
Governmental Total								225,541	(8,115)	217,426	299,206	30,814

Business-Type												
Revenue and Other Bonds												
Water System Revenue Refunding Bonds 2003 A	A = \$16,155 tax-exempt	Refund 1993 Water Bonds & finance improvements to the Water System	N/A	4/23/2003	6/1/2020	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. Pledged senior to the pledges securing the 2010 Bonds and State loans for Water. Principal paid annually, interest semiannually.	N/A	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,379
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	4.00% to 5.00%	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. Pledged subordinate to the pledge securing the 2003 Bonds and in parity with the pledges securing State loans for Water. Principal payable annually, interest semiannually.	\$6,390 to \$7,455	\$ 28,348	\$ (713)	\$ 27,635	\$ 31,437	\$ 6,412
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. Pledged subordinate to the pledge securing the 2003 Bonds and in parity with the pledges securing State loans for Water. Principal payable annually, interest semiannually. During Fiscal Year 2020, a federal Build America Bonds subsidy of \$2,005 was received.	\$4,090 to \$7,715	\$ 90,153	\$ 1,187	\$ 91,340	\$ 173,407	\$ 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. Pledged senior to the pledges of the 2008 Sewer Bonds and State loans for Sewer. Principal payable annually, interest semiannually.	\$885 to \$6,050	\$ 6,934	\$ 1	\$ 6,935	\$ 7,178	\$ 373
Sewer System Revenue Bonds 2008 A, Sewer	A = \$159,845 tax-exempt	Refund 1995 & 2000 Sewer Bonds; Improvements to the City's Wastewater Reclamation Facility	N/A	7/24/2008	9/1/2037	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. Pledged subordinate to the pledge securing the 1993 Bonds and in parity with the pledges of State loans for Sewer. Principal payable annually, interest semiannually. Fully redeemed on 09/01/2019.	N/A	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,972

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem)/Accreted Int	Net Principal Due	Payments to Maturity	FY2020 Debt Service Payment
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 2020, the City chose to make these lease payments from the General Fund in the amount of \$569, which was equal to debt service in 2020. 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.	\$405 to \$540	\$ 3,637	\$ (352)	\$ 3,285	\$ 3,974	\$ 569
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 2020, the City chose to make these lease payments from the General Fund in the amount of \$2,412, 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	\$ 5,571	\$ 9	\$ 5,580	\$ 6,283	\$ 2,412
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 \$1,407, which was equal to debt service in 2020. 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.	\$910 to \$1,330	\$ 11,154	\$ (1,184)	\$ 9,970	\$ 12,621	\$ 1,407
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 2020, 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 \$246	\$ 5,339	\$ (3,524)	\$ 1,815	\$ 6,750	\$ 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 2020, the City chose to make these lease payments from the General Fund in the amount of \$1,376, 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.	\$805 to \$1,300	\$ 12,784	\$ (1,429)	\$ 11,355	\$ 15,032	\$ 1,376
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 2020, the City chose to make these lease payments from the General Fund in the amount of \$1,815, 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.	\$865 to \$1,700	\$ 13,630	\$ (15)	\$ 13,615	\$ 19,994	\$ 1,815

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	FY2020 Debt Service Payment
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 2020, the City chose to make these lease payments from the General Fund in the amount of \$132, 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	\$ 1,690	\$ (180)	\$ 1,510	\$ 2,295	\$ 132
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 \$1,600,000 of PFC Contribution toward annual debt service from Passenger Facility Charges (PFC). During Fiscal Year 2020 \$1,600 of PFC and \$1,172 of eligible Airports operation revenues were used to make the debt service payment.	\$1,595 to \$5,335	\$ 25,390	\$ (280)	\$ 25,110	\$ 33,024	\$ 2,772
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 2020 \$ 1,535 of CFC revenues was used to fully cover the debt service payment.	\$370 to \$2,265	\$ 20,755	\$ 0	\$ 20,755	\$ 34,747	\$ 1,535
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.	\$756 to \$1,802	\$ 35,000	\$ 0	\$ 35,000	\$ 55,095	\$ 781
Revenue and Other Bonds Total								\$ 260,385	\$ (6,480)	\$ 253,905	\$ 401,837	\$ 55,782
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 subordinate to the pledge securing the Water 2003 Bonds and 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	\$ 35,984	\$ 0	\$ 35,984	\$ 35,984	\$ 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 subordinate to the pledge securing the 2003 Water Bonds and 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	\$ 1,228	\$ 0	\$ 1,228	\$ 1,404	\$ 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 subordinate to the pledge securing the 2003 Water Bonds and 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	\$ 784	\$ 0	\$ 784	\$ 897	\$ 78

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	FY2020 Debt Service Payment
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 subordinate to the pledge securing the 2003 Water Bonds and in parity with the pledges securing the 2010 Bonds and other State loans for Water. Principal and interest due in semiannual installments of \$899.	\$578 to \$889	\$ 20,246	\$ 0	\$ 20,246	\$ 23,899	\$ 899
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 subordinate to the pledge securing the 2003 Water Bonds and in parity with the pledges securing the 2010 Bonds and other State loans for Water. Principal and interest due in semiannual installments of \$7,082. \$3 million of the loan was forgiven by the State Water Resources Control Board.	\$2,209 to \$6,994	\$ 160,222	\$ 0	\$ 160,222	\$ 188,607	\$ 10,621
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 subordinate to the pledge securing the 2003 Water Bonds and in parity with the pledges securing the 2010 Bonds and other State loans for Water. Principal and interest due in semiannual installments \$1,911. Project is not yet complete. Debt service payments will adjust until Project is complete.	No amortization schedule available until project is complete.	\$ 65,943	\$ 0	\$ 65,943	\$ 47,738	\$ 1,911
Water: Drinking Water State Revolving Fund Project 1010007-031C	\$65,875 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 subordinate to the pledge securing the 2003 Water Bonds and in parity with the pledges securing the 2010 Bonds and other State loans for Water. Principal and interest due in semiannual installments of \$2,217. Project is not yet complete. Debt service payments will adjust until Project is complete.	\$1,425 to \$6,898	\$ 54,579	\$ 0	\$ 54,579	\$ 57,459	\$ 2,360
Sewer: Clean Water State Revolving Fund Project	\$33,212 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 the pledge securing the 2008 Bonds and State loans for Sewer. Principal and interest due in semiannual installments of \$1,286.	\$993 to \$1,282	\$ 29,329	\$ 0	\$ 29,329	\$ 33,454	\$ 2,573
Sewer: Clean Water State Revolving Fund Project No. 8061-110	\$52,475 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 the pledge securing the 2008 Bonds and 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.	\$ 38,780	\$ 0	\$ 38,780	\$ 38,780	\$ 0
Notes Payable Total								\$ 407,095	\$ 0	\$ 407,095	\$ 428,222	\$ 21,134
Business-Type Total								\$ 667,480	\$ (6,480)	\$ 661,000	\$ 830,059	\$ 76,916

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	FY2020 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)	5.500% to 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 \$439 was equal to debt service in 2020.	\$370 to \$418	\$ 1,183	\$ 2	\$ 1,185	\$ 1,321	\$ 439
Tax Allocation Bonds Total								\$ 1,183	\$ 2	\$ 1,185	\$ 1,321	\$ 439
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	\$ 1,285	\$ 0	\$ 1,285	\$ 1,627	\$ 117
Notes Payable Total								\$ 1,285	\$ 0	\$ 1,285	\$ 1,627	\$ 117
Fiduciary Total								\$ 2,468	\$ 2	\$ 2,470	\$ 2,948	\$ 556
Grand Total								\$ 895,489	\$ (14,593)	\$ 880,896	\$ 1,132,213	\$ 108,286

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, 2020 are as follows (in thousands):

Year Ending June 30	Governmental Activities		Business-Type Activities			Fiduciary Funds	
	Principal	Interest	Principal	Interest Accretion	Interest	Principal	Interest
2021	\$ 18,640	\$ 12,128	\$ 19,726	\$ 504	\$ 13,254	\$ 370	\$ 67
2022	17,620	11,094	14,439	516	12,387	397	46
2023	19,215	10,103	15,167	528	11,601	418	24
2024	18,630	9,009	13,631	539	10,805	—	—
2025	17,505	7,924	10,614	551	10,091	—	—
2026-2030	84,290	22,949	58,418	2,297	40,324	—	—
2031-2035	26,025	6,793	44,825	—	21,389	—	—
2036-2040	13,655	1,350	42,085	—	7,987	—	—
2041-2045	—	—	—	—	—	—	—
2046-2050	—	—	—	—	—	—	—
2051-2055	—	—	—	—	—	—	—
Subtotal	215,580	81,350	218,905	4,935	127,838	1,185	137
	Direct	Direct	Direct	Direct	Direct	Direct	Direct
	Borrowings	Borrowings	Borrowings	Borrowings	Borrowings	Borrowings	Borrowings
	Principal	Interest	Principal	Interest	Principal	Interest	Interest
2021	197	70	8,685	3,979	73	44	
2022	208	59	11,019	5,184	75	41	
2023	220	49	11,165	5,036	78	39	
2024	93	41	11,313	4,884	80	36	
2025	96	38	11,464	4,730	83	33	
2026-2030	533	136	59,690	21,235	463	118	
2031-2035	499	37	60,628	16,939	433	31	
2036-2040	—	—	54,582	12,300	—	—	
2041-2045	—	—	59,563	7,197	—	—	
2046-2050	—	—	153,987	1,785	—	—	
2051-2055	—	—	—	—	—	—	
Subtotal	1,846	430	442,096	83,269	1,285	342	
Issuance							
Premiums/							
(Discounts)	8,115	—	2,886	—	(2)	—	
Unaccreted Interest	—	—	—	(1,339)	—	—	
Total	\$ 225,541	\$ 81,780	\$ 663,887	\$ 3,596	\$ 211,107	\$ 2,468	\$ 479

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). SB 1029, which was signed into law in September 2016, mandated certain requirements for debt management policies that are adopted by local governments and agencies. The SB 1029 review found that the City's existing Debt Management Policy met all of SB 1029's requirements, with one exception. That exception was the lack of language addressing internal controls on debt transactions. However, while the City's policy was generally in compliance with SB 1029, the review turned up some outdated language. That outdated language usually took the form of referencing an entity that no longer exists (e.g., the Redevelopment Agency) or a milestone that was to occur in a now previous year (e.g. "The City in Fiscal Year 2010..."). Given the change required under SB 1029, the outdated language in the current policy, and the fact that the policy has not been updated since 2010, the decision was made to perform a comprehensive update of the Debt Management Policy. 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, 2020, the City’s debt limit (20% of valuation subject to taxation) was \$7.71 billion. This number was calculated by taking the Total Assessed Values (Gross) from the County of Fresno Tax Rate Book, page 14 x 20%. This is in comparison with debt limits of \$7.32 billion in 2019. 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, 2019, neither the City or the Successor Agency had an arbitrage liability.

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, 2020, the City has received \$166,784,724 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 \$7,081,805.

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, 2020, the City has received \$38,780,491 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, 2020, the City has received \$20,821,070 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 \$574,896 plus interest of \$324,303 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, 2020, the City has received \$56,087,626 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 \$1,508,504 plus interest of \$851,995 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, 2020, the City has received \$66,816,815 in proceeds. Debt service payments will be funded from revenues of the Water Enterprise. 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, 2020, 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, 2020, there have been eleven lease schedules funded under the new master lease totaling \$10,574,243 with interest rates ranging between 1.03% 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 will be 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 will be used to install solar equipment and other energy efficient equipment at City Hall and at the City's Municipal Service Center.

The following table lists the City's Capital Lease Obligations by lender as of June 30, 2020 (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
Community First National Bank	4/13/2016	5	2016 Toyota Camrys (2)	1.75%	10
Community First National Bank	6/2/2016	5	2016 Light Vehicles & Upfitting	1.87%	232
De Lage Landen Public Finance	12/1/2010	10	2009 Spartan 1500 Fire Trucks (3)	3.07%	100
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
Kansas State Bank Public Finance	9/10/2015	5	Police Vehicles	3.39%	324
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%	28
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%	4
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 %	30
Alliance Funding Solutions, Inc.	2/21/2020	15	Energy Efficient Equipment and Solar PPA (City Hall & MSC)	2.95 %	400
			Total		<u>9,391</u>

Capital Lease Debt service requirements are presented below in thousands. Interest rates range from 1.03% to 5.63%.

Year Ended	Governmental Activities		
	June 30	Principal	Interest
2021	\$	8,365	\$ 1,026
2022		8,394	875
2023		7,504	650
2024		6,595	442
2025		3,379	290
2026-2030		6,627	694
2031-2035		2,257	191
Total	\$	43,121	\$ 4,168

I. General Fund Short-Term Borrowing Obligations

The City did not issue any short-term debt during fiscal year 2020 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, 2020 (in thousands):

Line of Credit	Contract Amount	Used	Unused
CA State Water Resources Control Board			
Clean Water State Revolving Fund (8061-110)	52,475	38,780	13,695
Drinking Water State Revolving Fund (1010007-28C)	195,489	169,785	25,704
Drinking Water State Revolving Fund (1010007-29C)	26,520	20,821	5,699
Drinking Water State Revolving Fund (1010007-30C)	75,900	66,817	9,083
Drinking Water State Revolving Fund (1010007-31C)	65,876	56,088	9,788
Kansas State Bank - Police Vehicle Leases	6,593	6,450	143
Banc of America Public Capital Corporation			
Police Vehicle Leases	16,141	13,942	2,199
Fire Vehicle Lease	12,854	12,690	164
Microwave Data & Radio Console Network Lease	5,018	3,625	1,393
Key Government Finance, Inc. - Citywide Data System	9,499	8,192	1,307
Alliance Funding Solutions, Inc.	5,555	700	4,855
Total	471,920	397,890	74,030

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
Southern Portion of Woodward Park, 7775 N. Friant Road	April 1, 2024	
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 Khalra 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, (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 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 and (4) take any action that is permitted by law to protect its rights under the agreement.

For the City leases associated with Kansas State Bank, an Event of Default is classified as one or more of the following: (1) failure to make any rent payments when due, (2) failure to perform or observe any obligations, covenants or conditions under the lease, (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, Kansas State Bank 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) require the equipment purchased under the lease to be promptly returned, (3) sell the equipment and apply the proceeds to costs incurred due to the default and to pay for past due lease payments owed by the City, (4) terminate the lease and (5) exercise any other remedies available by law.

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, 2020, is as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 1,167
	Enterprise Funds	401
	Internal Service Funds	1,166
		<u>2,734</u>
Grants Special Revenue Fund	Internal Service Funds	<u>1,863</u>
Nonmajor Governmental Funds	Internal Service Funds	<u>1,414</u>
Internal Service Funds	General Fund	805
	Grants Special Revenue Fund	1
	Nonmajor Government Funds	484
	Water System	245
	Sewer System	256
	Solid Waste Management	938
	Transit	177
	Airports	57
	Fresno Convention Center	2
	Nonmajor Enterprise Funds	292
Internal Service Funds	21	
		<u>3,278</u>
Total Due to/from Other Funds		<u><u>\$ 9,289</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, 2020, \$3.4 million of proceeds from this loan had been transferred to the Fire Station 18 Construction Fund and \$0.0 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. As of June 30, 2020, no proceeds from this loan had been transferred to the Animal Shelter Construction Fund.

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 2020, the allowance for doubtful accounts stood at \$6.3 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 2020, this amount totaled \$0.9 million. The repayment is reflected on the CAFR 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, 2020, the City had received \$26.1 million in loan repayments from the SA. With the adoption of the FY2019 budget, this will become 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	\$ 2,223	\$ —	\$ (1,385)	\$ 838	\$ 1,256	\$ 25	\$ (686)	\$ 595	\$ 1,433	\$ (1,433)	\$ —
Parking Trust	150	—	—	150	103	4	—	107	257	(257)	—
	<u>2,373</u>	<u>—</u>	<u>(1,385)</u>	<u>988</u>	<u>1,359</u>	<u>29</u>	<u>(686)</u>	<u>702</u>	<u>1,690</u>	<u>(1,690)</u>	<u>—</u>
Grants Special Revenue Fund	<u>8,167</u>	<u>—</u>	<u>(1,512)</u>	<u>6,655</u>	<u>8,358</u>	<u>197</u>	<u>(161)</u>	<u>8,394</u>	<u>15,049</u>	<u>(2,110)</u>	<u>12,939</u>
Nonmajor Governmental Funds:											
Gas Tax	1,347	—	(197)	1,150	960	35	(171)	824	1,974	(1,974)	—
	<u>1,347</u>	<u>—</u>	<u>(197)</u>	<u>1,150</u>	<u>960</u>	<u>35</u>	<u>(171)</u>	<u>824</u>	<u>1,974</u>	<u>(1,974)</u>	<u>—</u>
Water System	94	—	(94)	—	52	—	(52)	—	—	—	—
Fresno Convention Center	304	—	—	304	201	9	—	210	514	(514)	—
	<u>398</u>	<u>—</u>	<u>(94)</u>	<u>304</u>	<u>253</u>	<u>9</u>	<u>(52)</u>	<u>210</u>	<u>514</u>	<u>(514)</u>	<u>—</u>
Total	\$ 12,285	\$ —	\$ (3,188)	\$ 9,097	\$ 10,930	\$ 270	\$ (1,070)	\$ 10,130	\$ 19,227	\$ (6,288)	\$ 12,939

Subsequent to year-end, the City received a reimbursement on loans made to the former RDA. The amount received was \$4.1 million, of which \$3.3 million was paid to the City and \$0.8 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, 2020, is as follows (in thousands):

Receivable Fund	Payable Fund	Amount
Grants Special Revenue Fund	Fiduciary Funds	\$ 12,939
Nonmajor Governmental Funds	Nonmajor Governmental Funds	62
Water System	Nonmajor Governmental Funds	1,020
Sewer System	General Fund	2,132
	NonMajor Governmental Funds	2,400
		4,532
Total Advances		\$ 18,553

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, 2020 (in thousands):

Receiving Fund	Paying Fund	Amount
General Fund	Grants Special Revenue Fund	\$ 13,431
	Nonmajor Governmental Funds	914
	Solid Waste Management	708
	Transit	597
		<u>15,650</u>
Grants Special Revenue Fund	General Fund	7
	Nonmajor Governmental Funds	57
	Water	—
	Internal Service Funds	13
	<u>77</u>	
Nonmajor Governmental Funds	General Fund	28,454
	Grants Special Revenue Fund	754
	Nonmajor Governmental Funds	3,215
	Water System	418
	Sewer System	360
	Solid Waste Management	325
	Transit	859
	Airports	226
	Nonmajor Enterprise Funds	129
	Internal Service Funds	1,356
	<u>36,096</u>	
Water System	Grants Special Revenue Fund	<u>58</u>
Sewer System	Grants Special Revenue Fund	<u>126</u>
Transit	General Fund	39
	Grants Special Revenue Fund	61
	<u>100</u>	
Solid Waste Management	General Fund	475
	Grants Special Revenue Fund	59
	Nonmajor Enterprise Funds	932
	Internal Service Funds	577
	<u>2,043</u>	
Airports	Grants Special Revenue Fund	<u>44</u>
Fresno Convention Center	General Fund	<u>6,140</u>
Stadium	General Fund	<u>3,068</u>
Nonmajor Enterprise Funds	General Fund	524
	Grants Special Revenue Fund	87
	Nonmajor Governmental Funds	400
	Internal Service Funds	651
	<u>1,662</u>	
Internal Service Funds	General Fund	783
	Grants Special Revenue Fund	449
	<u>1,232</u>	
Total Transfers		<u>\$ 66,296</u>

The General Fund transferred \$28.5 million to Nonmajor Governmental Funds to provide support for debt service payments and capital projects; \$6.1 million to the Convention Center for debt service as well as general operating support; \$0.8 million to Internal Service Funds for provided services; \$0.5 million to Solid Waste for transverse charges and \$3.1 million to the Stadium Fund for debt service payments.

The Grants Special Revenue Fund transferred \$12.1 million to the General Fund, \$0.1 million to Nonmajor Governmental Funds, and \$0.9 million to Proprietary Funds for CARES eligible expenses.

Nonmajor Governmental Funds transferred \$4.6 million for debt service and miscellaneous purposes. Internal Service Funds transferred \$1.4 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, 2020 (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	\$ 2,733	\$ 805	\$ —	\$ 2,132	\$ 15,650	\$ 39,490
Grants Special Revenue Fund	1,863	1	12,939	—	77	15,069
Nonmajor Governmental Funds	1,414	1,651	62	3,482	36,096	4,586
Total Governmental Funds	6,010	2,457	13,001	5,614	51,823	59,145
Proprietary Funds:						
Water System	—	245	1,020	—	58	418
Sewer System	—	256	4,532	—	126	360
Solid Waste Management	—	938	—	—	2,043	1,033
Transit	—	177	—	—	100	1,456
Airports	—	57	—	—	44	226
Fresno Convention Center	—	30	—	—	6,140	—
Stadium	—	—	—	—	3,068	—
Nonmajor Enterprise Funds	—	665	—	—	1,662	1,061
Internal Service Funds	3,279	4,464	—	—	1,232	2,597
Total Proprietary Funds	3,279	6,832	5,552	—	14,473	7,151
Fiduciary Funds:						
Major Governmental Funds	—	—	—	12,939	—	—
Nonmajor Governmental Funds	—	—	—	—	—	—
Total Fiduciary Funds	—	—	—	12,939	—	—
Total	\$ 9,289	\$ 9,289	\$ 18,553	\$ 18,553	\$ 66,296	\$ 66,296

Note 8. Defeasances

Current Year Defeasances

In fiscal year 2019, the City defeased \$132,540,000 of the Series 2008 Sewer Revenue bonds. This was a partial defeasance which left an outstanding balance of \$27,305,000 remaining on the bonds. On September 1, 2019, the remaining balance was defeased. The majority of the funding for the defeasance came directly from City funds. The balance of funding was obtained from interest earnings on investments and from a reduction in the bonds reserve requirement.

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 \$3 million self-insured retention (SIR). Coverage is provided by the Security National Insurance Company (\$2 million/\$4 million) or Safety Specialty \$2 million, depending on the line of coverage and thereafter Safety Specialty Insurance Company (\$8 million/\$16 million), Allied Insurance Company (\$10 million/\$10 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 \$50,000 SIR and a \$10 million limit. The City also has excess Cyber liability coverage under Allianz with an additional \$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 \$2,104,586,492 and limits of liability of \$500,000. 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, 2020 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 \$150.3 million reported in the Risk Management Internal Service Fund at June 30, 2020 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, 2020 are as follows (in thousands):

Workers' Compensation *	\$	115,293
Liability and Property Damage *		<u>35,015</u>
Total	\$	<u><u>150,308</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
2019	\$ 127,466	\$ 26,856	\$ 25,932	\$ 128,390
2020	\$ 128,390	43,995	22,077	150,308

See Note 10 (G) on page 150 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, 2020:

	Employees	Fire & Police	Total
Active Members			
Vested	1,295	805	2,100
Non-vested	993	291	1,284
Total Active Members	<u>2,288</u>	<u>1,096</u>	<u>3,384</u>
Retirees and Beneficiaries of Deceased Retirees			
Retirees, Currently Receiving Benefits	2,076	1,106	3,182
Inactive Vested Members	243	85	328
Total Retirees and Inactive Members	<u>2,319</u>	<u>1,191</u>	<u>3,510</u>
Grand Total	<u><u>4,607</u></u>	<u><u>2,287</u></u>	<u><u>6,894</u></u>

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 CAFR 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, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan expense was 1.26%, 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, 2020. 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, 2019. 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, 2019;
- The assets of each Plan as of June 30, 2019;
- 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, 2019 and determined from the actuarial valuations as of June 30, 2019. 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, 2019 were not adjusted or rolled forward to the June 30, 2020 reporting date. The discount rates used for each Plan to determine the TPL and NPL as of June 30, 2019 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, 2020, for 2019-2020 (based on the June 30, 2018 valuation) was 11.11% of compensation. The average employee member contribution rate as of June 30, 2020 for 2019-2020 (based on the June 30, 2018 valuation) was 7.58% of compensation.

For the Fire and Police System, the average employer contribution rate as of June 30, 2020, for 2019-2020 (based on the June 30, 2018 valuation) was 19.61% of compensation. The average employee member contribution rate as of June 30, 2020 for 2019-2020 (based on the June 30, 2018 valuation) was 8.79% 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, 2020 for 2019-2020 (based on the June 30, 2018 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, 2020 for 2019-2020 (based on the June 30, 2018 valuation) was 19.59% 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 AAL and the Actuarial Value of Assets in a systematic manner.

As of June 30, 2020, 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, 2020, the actuarial valuation value of the Employees' System assets was \$1.269 billion with a funded percentage of 109.9% on a valuation value of assets, whereas the actuarial value of Fire and Police assets was \$1.548 billion with a funded percentage of 116.3% 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 2020, the City's required normal contributions (basic and COLA) to the Systems were as follows (in thousands):

	Normal Cost Employees System	
	FY 2020	
Member Contributions	\$	11,028
Employer Contribution Rate		11.66%
<hr/>		
Employer Contributions	\$	17,480
Prior Year Contribution (Surplus)/Shortfall		(926)
Net Employer Contributions	\$	<u>16,554</u>
<hr/>		
Pensionable Payroll	\$	149,403

Employer and employee contributions represented 11.11% and 7.58% respectively, of the fiscal year 2020 covered payroll for the Employees System.

	Normal Cost Fire and Police System (In Thousands)		
	FY 2020		
	Tier 1	Tier 2	Total
Member Contributions	\$ 202	\$ 9,810	\$ 10,012
Employer Contribution Rate	27.77%	23.29%	
<hr/>			
Employer Contributions	\$ 1,246	\$ 25,469	\$ 26,715
Prior Year Contribution (Surplus)/Shortfall	(366)	(4,025)	(4,391)
Net Employer Contributions	\$ <u>880</u>	\$ <u>21,444</u>	\$ <u>22,324</u>
<hr/>			
Pensionable Payroll	\$ 4,488	\$ 109,354	\$ 113,842

Employer and employee contributions represented 19.61% and 8.79%, respectively, of the fiscal year 2020 covered payroll for the Fire and Police System.

Net Pension Asset

The net pension liability (asset) reported as of June 30, 2020 was measured as of June 30, 2019, and determined based upon the total pension liability (on GASB Statement No. 68 basis) from actuarial valuations as of June 30, 2019.

The City's total pension liability, plan fiduciary net position, and net pension liability (asset) for each System as of June 30, 2020 were as follows (in thousands):

	Employees System	Fire and Police System
Total Pension Liability	\$ 1,278,096	\$ 1,504,129
Plan Fiduciary Net Position	(1,379,415)	(1,647,800)
Net Pension Liability (Asset)	\$ (101,319)	\$ (143,671)
Plan Fiduciary Net Position as a percentage of the total pension liability	107.93%	109.55%

Changes in Net Pension Liability (Asset)

The components of the net pension liability (asset) for each System as of June 30, 2020 and a measurement date of June 30, 2019 were as follows (in thousands):

	Employees System	Fire and Police System
Total Pension Liability (Asset)		
Beginning Balance	\$ 1,195,294	\$ 1,387,482
Service Cost	23,509	33,211
Interest	86,110	100,609
Differences between expected & actual experience	(446)	(7,067)
Benefit payments, including refunds	(62,144)	(65,962)
Changes of Assumptions	35,773	55,856
Net Change in Total Pension Liability	82,802	116,647
Ending Balance	\$ 1,278,096	\$ 1,504,129
Plan Fiduciary Net Position		
Beginning Balance	\$ 1,348,691	\$ 1,602,586
Contributions - employer	14,627	20,604
Contributions - employee	10,515	9,597
Net Investment Income	69,389	82,872
Benefit payments (including refunds, PRSB)	(62,144)	(65,962)
Administrative & professional expense	(1,663)	(1,897)
Net Change in Plan Fiduciary Net Position	30,724	45,214
Ending Balance	1,379,415	1,647,800
Net Pension Liability (Asset)	\$ (101,319)	\$ (143,671)

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 7.25% as of June 30, 2019 and June 30, 2018, 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, 2019 and June 30, 2018.

The following presents the NPL of the Employees and Fire and Police Retirement Systems as of June 30, 2019. The Systems use the current discount rate to measure the TPL for the measurement date of June 30, 2019, 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, 2019			
(In Thousands)			
	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Employees System	\$ 48,132	\$ (101,319)	\$ (223,778)
Fire and Police System	62,471	(143,671)	(309,363)

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, 2020

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	<u>100.0%</u>	

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, 2019 was determined by an actuarial valuation of June 30, 2019. 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. These assumptions have been applied since the June 30, 2013 valuation.

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 Appendix A in the CAFR for the Employees' Plan and the Fire and Police Plan 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, 2020, the City incurred a pension expense of \$26.6 million for the Employees Plan and \$39.2 million for the Fire and Police Plan.

As of June 30, 2020, 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	\$ 23,509	\$ 33,211
Interest on the total pension liability	86,110	100,609
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(117)	(1,454)
Actual member contributions	(10,516)	(9,597)
Projected earnings on plan investments	(96,378)	(114,822)
Expensed portion of current-period differences between actual and projected earnings on plan investments	5,398	6,390
Expensed portion of current-period effects of Assumption Changes	9,389	11,493
Administrative expense	1,663	1,897
Recognition of beginning of year deferred outflows of resources as pension expense	29,846	47,574
Recognition of beginning of year deferred inflows of resources as pension expense	(22,348)	(36,142)
Pension Expense	\$ 26,556	\$ 39,159

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred Outflows of Resources		
Contributions subsequent to Measurement Date	\$ 15,721	\$ 20,547
Changes of assumptions or other outputs	27,712	49,298
Difference between expected and actual experience in the Total Pension Liability	673	7,668
Deferred Outflows of Resources	\$ 44,106	\$ 77,513
Deferred Inflows of Resources		
Net difference between projected and actual earnings on pension plan investments	\$ 5,038	\$ 6,088
Difference between expected and actual experience in the Total Pension Liability	2,211	8,423
Deferred Inflows of Resources	\$ 7,249	\$ 14,511

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

2020	N/A	N/A
2021	\$ 11,618	\$ 17,105
2022	(5,231)	(3,598)
2023	9,351	13,924
2024	5,398	15,024
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, 2018 (the beginning of the measurement period ending June 30, 2019) and is 3.81 years for the Employees System and 4.86 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, 2019), the net pension liability for the Plan is \$472,565. For the measurement period ended June 30, 2020 (the measurement date), the net pension liability for the Plan is \$523,185 and the Successor Agency incurred pension expense of \$95,883 for the Plan.

As of June 30, 2020, 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	\$ 39	\$ —
Difference between expected and actual experience	36	3
Changes in assumptions	25	9
Net Difference between projected and actual earnings on pension plan Investments	—	9
Changes in employer's proportions	26	2
Difference between the employer's contributions and the employer's proportionate share of contributions	—	50
Total	<u>\$ 126</u>	<u>\$ 73</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 25% 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, 2020, are as follows (in thousands):

Department/Activity	Total Accrued Vacation, Sick Leave, and HRA	Current Portion
Governmental Activities:		
General Fund	\$ 60,011	\$ 8,495
Grants Special Revenue Fund	769	103
High Speed Rail	—	—
Special Gas Tax	803	49
Measure C	1,474	238
Community Services	228	75
Special Assessment	89	33
General Services	3,283	297
Risk Management	177	10
Total Governmental Activities	\$ 66,834	\$ 9,300
Business-Type Activities:		
Water System	2,218	275
Sewer System	2,182	245
Solid Waste Management	1,607	233
Transit	3,180	561
Airports	1,699	224
Convention Center	27	4
Community Sanitation	487	56
Billing and Collection	1,769	148
Total Business-Type Activities	\$ 13,169	\$ 1,746
Fiduciary Funds:		
Private-Purpose Trust Fund	46	9
Total	\$ 80,049	\$ 11,055

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 2020, 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, 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 \$148.7 million was measured as of July 1, 2019, and was determined by an actuarial valuation as of that date to determine the June 30, 2020 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, 2020
Measurement Date	July 1, 2019
Valuation Date	July 1, 2019
Discount Rate	2.21%
Healthcare Cost Trend Rates:	
Current Year Trend	4.65% / 11.63%
Second Year Trend	7.00%
Decrement	NA
Ultimate Trend	6.00%
Year Ultimate Trend is Reached	2039
Salary Increases	2.50%
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 2.21%. If the discount rate were 1% higher than what was used in this valuation, the Net OPEB Liability would decrease to \$122.8 million or by (17.43)%. If the discount rate were 1% lower than was used in this valuation, the Net OPEB Liability would increase to \$183.4 million, or by 23.37%.

	1% Decrease	Current Discount Rate	1% Increase
	1.21%	2.21%	3.21%
Net OPEB Liability (in thousands)	\$ 183,414	\$ 148,672	\$ 122,752

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 4.65% / 11.63%. If the trend rate were 1% higher than what was used in this valuation, the Net OPEB Liability would increase to \$191.5 million or by (28.77)%. If the trend rate were 1% lower than was used in this valuation, the Net OPEB Liability would decrease to \$117.9 million or by 20.73%.

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
	3.65% / 10.63%	4.65% / 11.63%	4.65% / 12.63%
Net OPEB Liability (in thousands)	\$ 117,850	\$ 148,672	\$ 191,450

Changes in the Net OPEB Liability

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

	Net OPEB Liability
	Increase / (Decrease) (in thousands)
Net OPEB Liability as of June 30, 2019	\$ 113,700
Changes for the Year:	
Service Cost	10,885
Interest	3,012
Assumption Changes	30,936
Difference between Actual and Expected Experience	(7,800)
Benefit Payments	(2,061)
Net Changes	34,972
Net OPEB Liability as of June 30, 2020	\$ 148,672

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

For the year ended June 30, 2020, the City recognized an OPEB expense of \$15.3 million. At June 30, 2020, 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	\$ 2,542	\$ —
Changes of Assumptions	38,363	(15,342)
Difference between Actual and Expected Experience	316	(7,010)
Total	<u>\$ 41,221</u>	<u>\$ (22,352)</u>

The \$2.5 million reported as deferred outflows of resources related to contributions subsequent to the July 1, 2019 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2021. 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
2021	\$ 1,411
2022	1,411
2023	1,411
2024	1,411
2025	1,543
Thereafter	9,140
Total:	<u>\$ 16,327</u>

G. Healthcare Plan Claims Liability

The recorded liability for the Employees Healthcare Plan at June 30, 2020 for employee health benefit claim payments for direct provider care is \$4.1 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
2019	\$ 4,900	\$ 49,274	\$ 49,874	\$ 4,300
2020	4,300	49,446	49,646	4,100

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. Multifamily Housing Revenue Bonds

The City had outstanding multifamily housing revenue bonds totaling \$18.6 million at June 30, 2019. The bonds were issued to provide funds for the purchase and/or construction of multifamily housing facilities to provide low-income housing to Fresno residents. On February 15, 2020, the bonds were fully redeemed.

B. 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 \$3.05 million at June 30, 2020, as compared to \$3.23 million at June 30, 2019.

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, 2020 to be \$13.2 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 2021. 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 \$12.1 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 \$0.7 million on June 30, 2020, while the related liability reported as “CVP Litigation Settlement” totaled \$0.0 million on June 30, 2020.

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, 2020.

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, 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 2020 CAFR in the amount of \$485,509. 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 \$43,801 in fiscal year 2020.

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
2021	\$ 688	\$ 18	\$ 153	\$ 2,217	\$ 3,076
2022	523	18	156	2,222	2,919
2023	506	18	160	2,024	2,708
2024	515	17	—	2,026	2,558
2025	523	17	—	553	1,093
2026-2030	548	—	—	268	816
Total	\$ 3,303	\$ 88	\$ 469	\$ 9,310	\$ 13,170

Operating lease expense incurred for fiscal year 2020 was approximately \$3.1 million for governmental activities.

Business-Type Activities (in thousands)

Fiscal Years	Airports	Water	Other Departments	Total
2021	\$ 362	\$ 531	\$ 193	\$ 1,086
2022	369	531	15	915
2023	374	531	16	921
2024	381	531	16	928
2025	388	530	1	919
2026-2030	—	2,654	—	2,654
2031-2035	—	—	—	—
Total	\$ 1,874	\$ 5,308	\$ 241	\$ 7,423

Operating lease expense incurred for fiscal year 2020 was approximately \$1.1 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 \$13.2 million.

H. Construction and Other Significant Commitments

At June 30, 2020, the City had commitments for the following major construction projects (in thousands):

Project Title	Remaining Construction Committed
Governmental:	
Slurry Seal - Various Locations	\$ 2,599
Overlay - Various Locations	4,726
Traffic Signals - Various Locations	4,966
UGM Fire Station #18	5,851
Veteran's Boulevard at HWY 99 and Union Pacific Railroad	17,938
Total Governmental	36,080
Proprietary:	
TCP Plan and Remediation	558
Terminal Renovations at FAT	600
Collection System Rehabilitation and Extensions	799
Lift Station 1 Rehabilitation	1,317
South East Fresno Surface Water Treatment Facility	1,505
Water Well Construction & Rehabilitations	1,863
Regional Wastewater Reclamation Facility Renovations	1,885
South East & South West Treatment Plant Transmission Pipelines	1,940
Extended Bus Routes - Fresno Area Transit	2,260
FAT Parking Garage & Expansion	3,065
PTMISEA	4,268
Terminal/FIS Expansion	7,352
Water Main Renewal & Extensions	9,363
South West Recycled Water Distribution System	9,617
Surface Water Treatment	11,495
Total Proprietary	57,887
Total Major Construction Projects	\$ 93,967

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 \$5,110,731 through June 30, 2020 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' CAFRS, 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, 2020, the City had made payments into various contract escrow accounts in the amount of \$11.7 million.

Cyber-Theft

The City suffered two instances of cyber-theft in Fiscal Year 2020. In both instances, a payment were sent to a bank account that purported to be associated with a vendor whose services were being utilized on the same City capital project. The payments made went through the proper disbursement procedures and policies of the City when approving vendor payments. Once the fraud was identified, no further payments were made to the fraudulent bank account. As of the date of this CAFR, only a very small portion of the total payments has been recovered. The matter continues to be investigated by law enforcement authorities at various levels, and recovery efforts continue. While the amount that was sent to the fraudulent bank account was not material when compared to the overall financial resources of the City, the incident resulted in a revamping of electronic payment procedures by the Finance Department and training of Accounts Payable staff on those new procedures. Even though other attempts have been made since the incident to solicit payments to a fraudulent bank account, no other instances where payments from the City to fraudulent bank accounts have occurred.

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, 2020.

The deficit net position in the Convention Center Fund of \$2.5 million is a continuation of many years of annual operating deficits. The 2020 fiscal year saw a \$1.5 million decrease in the deficit net position, from \$4.0 million to \$2.5 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, 2020 was \$140.5 million, an increase of \$16.8 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 \$150.3 million. This liability, which is not required to be prefunded, grew by almost \$21.9 million between fiscal years 2019 and 2020.

The deficit net position in the High Speed Rail Fund at June 30, 2020 was \$5.6 million. The deficit net position of this fund at the end of fiscal year 2019 was \$0.8 million. The increase in the deficit net position of \$4.7 million is due to the \$1 million increase in capital outlay construction projects alongside a \$3 million decrease in federal reimbursements.

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

Note 16. Subsequent Events

A. Bond Ratings

Standard and Poor's reaffirmed the City's Lease Revenue Bond and General Obligation ratings at A and A+, respectively, on September 23, 2020. This reaffirmation was done in conjunction with the issuance of the Series 2020 bonds (see Note 16 C for further information about this bond issue).

Standard and Poor's downgraded the Airports' bond rating from A- to A on September 24, 2020. Standard and Poor's also dropped the outlook from Stable to Negative. As justification for the rating action, the agency cited a constrained cash flow generation ability as the result of a COVID-19 induced decline in passenger traffic.

Fitch reaffirmed the Airports bonds' BBB+ rating on September 30, 2019. Fitch dropped the outlook on the Airports bonds from Stable to Negative due to COVID-19 impacts on the Airports' business model.

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	3/2017	Baa1	Stable
General Obligation (GO)			
Fitch	6/2016	A	Stable
Standard & Poor's	9/2020	A+	Stable
Moody's	3/2017	A3	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 2020.

C. Series 2020 Bond Issue

The Joint Powers Financing Authority closed a Lease Revenue bond sale (Series 2020 bonds) on November 3, 2020. The proceeds of the bonds will be used to construct and equip a new animal control shelter that will be located at 5277 East Airways Boulevard.

The need for a new animal control shelter arose when the Fresno chapter of the Society for the Prevention of Cruelty to Animals (SPCA) noticed the City that they no longer wished to provide animal control services on the City's behalf. As animal control services are a required function of local government in California, the City began the design of a new facility which would include veterinary services. The facility was located on five acres near The Gap fulfillment center, which was sold by The Gap to the City. Upon completion of the sale, City staff commissioned the design of the facility.

The facility will consist of five separate steel, single-story buildings ranging in size from 6,650 square feet to 34,897 square feet comprising an aggregate of approximately 35,000 square feet, equipped with approximately 792 solar panels. The Series 2020A Project will include an approximately 80 space parking lot, approximately 200 dog kennels, seven community feline rooms, an approximately 3,545 square foot veterinary and medical center; reception areas, administrative offices, work stations, grooming areas, play yards and green space; secure parking for approximately 20 fleet vehicles for animal transport, electrical vehicle parking; and security facilities. When completed, the facility is anticipated to be able to accommodate 10,000-15,000 animals per year. The facility is expected to be operational in November/December 2021.

As a condition of the bond sale, the City agreed to extend the collateralization period for several City assets. The need to extend the collateralization period was created by a "reverter" clause in sales agreement between the City and The Gap. The "reverter" clause states that the property where the animal shelter will reside shall revert back to The Gap in the event that the City either does not meet certain construction milestones or fails to operate the facility for 10 years after the property sale was concluded. Because of this "reverter" clause, the facility could not be used as collateral for the Series 2020 Bonds. Instead, the City agreed to extend the collateralization period for the Municipal Service Center, the Memorial Auditorium, and the Parking Garage #4 from 2024 to 2039. Additionally, the City agreed to extend the collateralization period on City Hall from 2039 to 2046.

The bond sale generated \$19.9 million: \$17.1 million of principal and \$2.8 million of premium. \$19 million of these proceeds will be used to build and equip the facility, while approximately \$0.9 million will be used for costs of issuance and capitalized interest. The bonds have a maturity date of 2046. Annual debt service on the Series 2020 bonds will be approximately \$1.1 million per year. Debt service will commence with a half-year payment in Fiscal Year 2022.

D. 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.

The OIG's fieldwork was completed on April 28, 2017. The OIG issued its audit report on August 9, 2017. In the report, the 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 \$1.2 million in questioned expenditures. City staff continues to work with HUD to provide documentation to support the remaining \$5.9 million of questioned expenditures. The City believes HUD will accept the validity of a portion of the documentation to support the remaining questioned expenditures. The City expects that HUD will make its final determination on the amount to be repaid by the end of fiscal year 2021.

E. Water Bond Defeasance

The City defeased the remaining \$27.6 million of its \$66.8 million Series 2010-A1 Water System Revenue Bonds on December 10, 2020. The defeasance was accomplished with surplus cash on hand and surplus funds in the Debt Service Reserve Fund.

F. Fiscal Year 2020 Revised Budget

Due to both the effect that the COVID-19 pandemic had on the City's Fiscal Year 2020 finances and the difficulty in projecting Fiscal Year 2021 estimated reviews under a pandemic scenario, the Mayor proposed a Fiscal Year 2021 budget in a "continuing resolution" form. In essence, the "continuing resolution" rolled over Fiscal Year 2020 appropriations as of May 15, 2020 to begin Fiscal Year 2021.

The Mayor committed to returning to Council in September/October 2020 with a Revised Budget that would more fully reflect the impact that the pandemic had/was projected to have on the City's finances. After vigorous debate, the City Council approved the "continuing resolution" on June 30, 2020.

In October 2020, the Mayor released the Fiscal Year 2021 Revised Budget. The Revised Budget reflected a variety of changes to appropriations and revenues. However, the Revised Budget reflected no staff layoffs or furloughs. After further vigorous debate, the City Council approved the Revised Budget on October 22, 2020.

Details of the Fiscal Year 2021 Revised Budget can be found at <https://www.fresno.gov/finance/wp-content/uploads/sites/11/2020/10/FY-2020-2021-Revised-WEBPAGE.pdf>

G. Stadium Lease Revisions

On November 25, 2020, the City received a letter from Major League Baseball (MLB) regarding the affiliation status of the Fresno Grizzlies baseball club (Grizzlies). In the letter, MLB stated its intention to reorganize the various teams that comprise minor league baseball. As a result of this reorganization, MLB notified the City that the Grizzlies would be moving from AAA baseball in the Pacific Coast League to low-A baseball in the California League, starting with the 2021 season. MLB further stated that if this move was challenged by the City, the Grizzlies would not have affiliation with an MLB team in the upcoming season.

After two weeks of negotiations between the City, Grizzlies ownership, and MLB, the parties reached an agreement regarding the status of baseball in Fresno. The City and Grizzlies ownership accepted an affiliation arrangement with the Colorado Rockies to be their low-A affiliate. The City agreed to modify the stadium lease effective with the start of the 2021 baseball season. The modifications included:

- Annual rent declined from \$500,000/year to \$100,000/year
- City would pay up to \$300,000/year in utility costs
- Grizzlies and the City would contribute \$50,000/year to a capital improvement fund; down from \$300,000/year
- City would annually receive 15% of any naming rights revenues above \$650,000/year (escalating 2% per year).
- Grizzlies will pay \$1/ticket for any turnstile attendance over 150,000/year.

MLB agreed to provide an MLB affiliation to the Grizzlies for the next 10 years. MLB also agreed that a minor league team would be located in Fresno through 2036. Finally, MLB agreed to exercise "best efforts" to bringing a AA or AAA team to Fresno over the term of the agreement.

This agreement was ratified by the City on December 10, 2020.

The date to which events occurring after June 30, 2020, have been evaluated for possible adjustments to the financial statements or disclosures is January 29, 2021, which is the date that the financial statements were available to be issued.

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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, 2020

(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Over (Under) Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 61,321	\$ 68,210	\$ 72,010	\$ 3,800
Resources (inflows):				
Taxes:				
Property Taxes	140,218	140,218	141,332	1,114
Sales Taxes	98,394	98,394	98,592	198
Other Taxes	38,297	38,297	36,417	(1,880)
Franchise Taxes	14,079	14,079	13,837	(242)
Licenses and Permits	6,946	6,946	8,367	1,421
Intergovernmental:				
State Motor Vehicle In-Lieu	280	280	425	145
Other State Revenue	1,706	1,706	1,534	(172)
Other Intergovernmental	371	1,384	1,439	55
Charges for Services:				
Charges for Services	34,716	34,716	33,506	(1,210)
Fines and Violations	4,499	4,499	3,564	(935)
Use of Money and Property	1,639	1,639	1,698	59
Miscellaneous	28,874	28,874	22,281	(6,593)
Other Financing Sources:				
Transfers from Other Funds	1,633	9,343	12,662	3,319
Total Available for Appropriations	<u>432,973</u>	<u>448,585</u>	<u>447,664</u>	<u>(921)</u>
Charges to Appropriations (outflows):				
General Government:				
Mayor and City Council	9,079	10,020	7,790	(2,230)
Other General Government	31,209	41,114	30,347	(10,767)
Public Protection:				
Police Department	186,085	185,495	180,479	(5,016)
Fire Department	65,440	65,397	66,180	783
Public Ways & Facilities	16,348	17,598	15,420	(2,178)
Culture and Recreation	19,153	19,152	17,575	(1,577)
Community Development	32,555	32,327	28,165	(4,162)
Capital Outlay	9,515	12,380	4,874	(7,506)
Other Financing Uses:				
Transfers to Other Funds	26,500	26,500	24,964	(1,536)
Total Charges to Appropriations	<u>395,884</u>	<u>409,983</u>	<u>375,794</u>	<u>(34,189)</u>
Less Estimated Attrition Savings	6,913	6,913	—	(6,913)
Excess Resources Over Appropriations	<u>\$ 44,002</u>	<u>\$ 45,515</u>	<u>\$ 71,870</u>	<u>\$ 26,355</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, 2020 (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.	\$ 447,664
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.	7,419
Interfund reimbursements are not revenues and are expenditures for financial reporting.	(20,037)
Carryovers are inflows of budgetary resources but are not revenues for financial reporting purposes.	(72,010)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(12,662)
Nonreciprocal interfund activity is not revenue and is a transfer for financial reporting.	(4,758)
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>\$ 345,616</u>

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the Budget to Actual Comparison Schedule.	\$ 375,794
Differences - Budget to GAAP: The City budgets for expenditures on the cash basis of accounting, rather than on the modified accrual basis of accounting.	4,048
Interfund reimbursements are a reduction of expenditures for financial reporting.	(20,037)
Pension Obligation bond debt payments and City Hall rent are recognized as transfers out to other funds.	(15,027)
Transfers to other funds are outflows of budgetary resources, but are not expenditures for financial reporting purposes.	(24,964)
Return on capital asset as offset for Advances to Other Funds	
Capital Lease additions are expenditures for financial reporting purposes.	<u>4,019</u>
Total charges to appropriations as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.	<u>\$ 323,833</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, 2020
 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Over (Under) Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ (7,320)	\$ (7,304)	\$ (14,716)	\$ (7,412)
Resources (inflows):				
Intergovernmental:				
Federal Grants	39,008	55,788	113,519	57,731
State Grants	4,480	18,879	11,084	(7,795)
Local Support	102	102	11	(91)
Charges for Services	1,478	1,478	1,570	92
Use of Money and Property	(36)	(13)	6,348	6,361
Miscellaneous	351	351	165	(186)
Other Financing Sources:				
Transfers from Other Funds	309	1,809	497	(1,312)
Total Available for Appropriations	<u>38,372</u>	<u>71,090</u>	<u>118,478</u>	<u>47,388</u>
Charges to Appropriations (outflows):				
General Government	4,410	4,199	885	(3,314)
Public Protection	4,201	5,299	4,013	(1,286)
Public Ways & Facilities	17,320	31,759	6,006	(25,753)
Culture and Recreation	1,251	1,664	1,044	(620)
Community Development	13,808	18,365	6,784	(11,581)
Capital Outlay	34,895	38,107	6,958	(31,149)
Other Financing Uses:				
Transfers to Other Funds	95	9,305	13,546	4,241
Total Charges to Appropriations	<u>75,980</u>	<u>108,698</u>	<u>39,236</u>	<u>(69,462)</u>
Excess (Deficit) Resources Over Appropriations	<u>\$ (37,608)</u>	<u>\$ (37,608)</u>	<u>\$ 79,242</u>	<u>\$ 116,850</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, 2020 (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.	\$ 118,478
Differences - Budget to GAAP: Grant reimbursements are budgeted on the cash basis of accounting rather than on the modified accrual basis of accounting.	(77,095)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(497)
Interfund reimbursements are not revenues and are expenditures for financial reporting.	(1,478)
Carryovers are inflows of budgetary resources but are not revenues for financial reporting purposes.	14,716
Payments from the Successor Agency to the Fresno Redevelopment Agency on advances with full allowance are revenues.	(31)
The receipt of loan payments are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(3,776)</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.	<u>\$ 50,317</u>

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the Budget to Actual Comparison Schedule.	\$ 39,236
Differences - budget to GAAP: The City budgets for expenditures on the cash basis of accounting rather than on the modified accrual basis of accounting.	1,085
Interfund reimbursements are a reduction of expenditures for financial reporting.	(1,478)
Pension Obligation bond debt, HUD debt, and City Hall rent are recognized as transfers out to other funds.	(271)
The issuance of notes receivable are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(1,156)
Changes in allowance for doubtful accounts on notes receivable, notes that should become grants, and adjustments are expenditures for financial reporting purposes.	(273)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(13,546)</u>
Total charges to appropriations as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.	<u>\$ 23,597</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 Financing Authorities/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. 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 2020 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 \$3.3 million higher than budgeted levels in fiscal year 2020. 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
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)%
2011	24.42%	23.88%

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 (2011-2020). 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 and Related Ratios

PENSION TRUST FUNDS FIRE AND POLICE RETIREMENT SYSTEMS

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

Change in Net Pension Liability (in thousands)

For the Fiscal Year Ended:	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Reporting Date:	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Measurement Date:	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Total Pension Liability						
Service Cost	\$ 33,211	\$ 30,298	\$ 28,838	\$ 26,569	\$ 26,518	\$ 28,058
Interest	100,609	95,274	90,185	88,363	86,771	86,092
Differences between expected & actual experience	(7,067)	6,722	10,896	(42,952)	(36,528)	(49,879)
Changes of assumptions	55,856	2,891	—	49,427	—	—
Benefit payments, including refunds	(65,962)	(63,071)	(59,273)	(56,581)	(54,612)	(52,720)
Net Change in Total Pension Liability	116,647	72,114	70,646	64,826	22,149	11,551
Total Pension Liability - Beginning	1,387,482	1,315,368	1,244,722	1,179,896	1,157,747	1,146,196
Total Pension Liability - Ending (a)*	\$1,504,129	\$1,387,482	\$1,315,368	\$1,244,722	\$1,179,896	\$1,157,747
Plan Fiduciary Net Position						
Contributions - employer	\$ 20,604	\$ 19,697	\$ 18,543	\$ 18,738	\$ 18,967	\$ 18,575
Contributions - employee	9,597	8,964	8,169	7,748	7,385	7,294
Net Investment Income	82,872	129,163	192,315	6,063	39,164	201,838
Benefit Payments including Refunds, PRSB	(65,962)	(63,071)	(59,273)	(56,581)	(54,612)	(52,720)
Administrative & Professional Expense	(1,897)	(1,710)	(1,500)	(1,397)	(1,108)	(1,119)
Net Change in Plan Fiduciary Net Position	45,214	93,043	158,254	(25,429)	9,796	173,868
Plan Fiduciary Net Position - Beginning	1,602,586	1,509,543	1,351,289	1,376,718	1,366,922	1,193,054
Plan Fiduciary Net Position - Ending (b)	\$1,647,800	\$1,602,586	\$1,509,543	\$1,351,289	\$1,376,718	\$1,366,922
Plan Net Pension Liability (Asset) - Ending (a) - (b)	\$(143,671)	\$(215,104)	\$(194,175)	\$(106,567)	\$(196,822)	\$(209,175)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	109.55 %	115.50 %	114.76 %	108.56 %	116.68 %	118.07 %
Covered Payroll ⁽¹⁾	\$ 109,803	\$ 103,934	\$ 97,369	\$ 94,266	\$ 91,075	\$ 91,721
Plan Net Pension Liability as a percentage of covered payroll	(130.84)%	(206.96)%	(199.42)%	(113.05)%	(216.11)%	(228.06)%

* 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 and Related Ratios⁽²⁾

Change in Net Pension Liability (in thousands)						
For the Fiscal Year Ended:	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Reporting Date:	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Measurement Date:	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Total Pension Liability						
Service Cost	\$ 23,509	\$ 21,275	\$ 18,885	\$ 18,687	\$ 18,476	\$ 19,342
Interest	86,110	82,833	79,266	79,763	78,212	77,010
Differences between expected & actual experience	(446)	(4,164)	5,263	(24,394)	(24,691)	(29,889)
Changes of assumptions	35,773	2,939	—	9,612	—	—
Benefit payments, including refunds	(62,144)	(57,666)	(55,550)	(52,529)	(50,546)	(48,581)
Net Change in Total Pension Liability	82,802	45,217	47,864	31,139	21,451	17,882
Total Pension Liability - Beginning	1,195,294	1,150,077	1,102,213	1,071,074	1,049,623	1,031,741
Total Pension Liability - Ending (a)*	\$1,278,096	\$1,195,294	\$1,150,077	\$1,102,213	\$1,071,074	\$1,049,623
Plan Fiduciary Net Position						
Contributions - employer	\$ 14,627	\$ 14,609	\$ 15,205	\$ 13,060	\$ 12,327	\$ 11,440
Contributions - employee	10,516	10,330	10,181	9,098	8,750	7,945
Net Investment Income	69,389	108,915	162,374	5,089	33,310	172,773
Benefit Payments including Refunds, PRSB	(62,144)	(57,666)	(55,550)	(52,529)	(50,546)	(48,581)
Administrative & Professional Expense	(1,663)	(1,619)	(1,387)	(1,346)	(1,071)	(1,086)
Net Change in Plan Fiduciary Net Position	30,725	74,569	130,823	(26,628)	2,770	142,491
Plan Fiduciary Net Position - Beginning	1,348,691	1,274,122	1,143,299	1,169,927	1,167,157	1,024,666
Plan Fiduciary Net Position - Ending (b)	\$1,379,416	\$1,348,691	\$1,274,122	\$1,143,299	\$1,169,927	\$1,167,157
Plan Net Pension Liability (Asset) - Ending (a) - (b)	\$(101,320)	\$(153,397)	\$(124,045)	\$ (41,086)	\$ (98,853)	\$(117,534)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	107.93%	112.83 %	110.79 %	103.73 %	109.23 %	111.20 %
Covered Payroll(1)	\$ 138,396	\$ 128,461	\$ 119,007	\$ 108,541	\$ 105,820	\$ 103,597
Plan Net Pension Liability as a percentage of covered payroll	(73.21)%	(119.41)%	(104.23)%	(37.85)%	(93.42)%	(113.45)%

* 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.

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
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%
2011	19,397	19,397	—	96,758	20.05%

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
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%
2011	8,215	8,215	—	119,260	6.89%

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 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
OPEB Liability Beginning of Year	\$ 84,639	\$ 92,820	\$ 113,700
Changes for the Year:			
Service Cost	\$ 4,769	\$ 5,777	\$ 10,885
Interest	2,995	3,688	3,012
Difference between Actual and Expected Experience	417		(7,800)
Assumption Changes		13,406	30,936
Benefit Payments	—	(1,991)	(2,061)
Net Changes	8,181	20,880	34,972
OPEB Liability End of Year	<u>\$ 92,820</u>	<u>\$ 113,700</u>	<u>\$ 148,672</u>
Covered Payroll as of December 31 ¹	\$ 229,256	\$ 236,134	\$ 250,860
Net OPEB Liability as a percentage of covered payroll	40.49%	48.15%	59.26%

Note 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.

¹Covered 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, 2020

(in thousands)

	Special Revenue					
	High Speed Rail	Fresno Revitalization Corporation	Special Gas Tax	Measure C	Community Services	UGM Impact Fees
Assets						
Cash and Investments	\$ 33	\$ 263	\$ 12,503	\$ 13,318	\$ 8,750	\$ 37,332
Receivables, Net	—	—	79	85	251	211
Grants Receivable	104	—	—	—	214	—
Intergovernmental Receivables	—	—	1,683	1,757	9	—
Due From Other Funds	—	—	—	—	243	1,171
Advances to Other Funds	—	—	—	—	—	—
Property Held for Resale	—	—	—	—	—	—
Restricted Cash	—	—	—	—	784	—
Loans, Notes, Leases, Other Receivables, Net	—	—	—	—	—	—
Total Assets	137	263	14,265	15,160	10,251	38,714
Liabilities						
Accrued Liabilities	\$ 4,457	\$ 64	\$ 1,114	\$ 1,222	\$ 1,141	\$ 507
Unearned Revenue	—	—	—	—	6	—
Due to Other Funds	1,166	—	268	152	—	—
Advances From Other Funds	—	62	—	—	—	—
Deposits From Others	—	—	—	—	4	—
Total Liabilities	5,623	126	1,382	1,374	1,151	507
Deferred Inflows of Resources						
Unavailable Revenue-Other	104	—	—	171	214	—
Total Deferred Inflows of Resources	104	—	—	171	214	—
Fund Balances						
Restricted	—	137	12,883	13,615	4,199	38,207
Assigned	—	—	—	—	4,687	—
Unassigned	(5,590)	—	—	—	—	—
Total Fund Balances	(5,590)	137	12,883	13,615	8,886	38,207
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 137	\$ 263	\$ 14,265	\$ 15,160	\$ 10,251	\$ 38,714

Low and Moderate Income Housing	Debt Service			Capital Projects	Total Nonmajor Governmental Funds	
	Special Assessments	City Debt	Financing Authorities and Corporations	City Combined		
						Assets
\$ 7,022	\$ 13,595	\$ 8	\$ 1,883	\$ 10,212	\$ 104,919	Cash and Investments
—	80	3	1	69	779	Receivables, Net
—	—	—	—	—	318	Grants Receivable
—	65	—	—	—	3,514	Intergovernmental Receivables
—	—	—	—	—	1,414	Due From Other Funds
62	—	—	—	—	62	Advances to Other Funds
4,761	—	—	—	—	4,761	Property Held for Resale
—	—	—	5	—	789	Restricted Cash
21,244	—	—	—	—	21,244	Loans, Notes, Leases, Other Receivables, Net
<u>33,089</u>	<u>13,740</u>	<u>11</u>	<u>1,889</u>	<u>10,281</u>	<u>137,800</u>	Total Assets
						Liabilities
—	79	—	—	354	8,938	Accrued Liabilities
—	—	—	—	—	6	Unearned Revenue
—	65	—	—	—	1,651	Due to Other Funds
—	—	—	—	3,420	3,482	Advances From Other Funds
—	—	—	—	—	4	Deposits From Others
—	<u>144</u>	<u>—</u>	<u>—</u>	<u>3,774</u>	<u>14,081</u>	Total Liabilities
						Deferred Inflows of Resources
—	—	—	—	—	489	Unavailable Revenue-Other
—	—	—	—	—	489	Total Deferred Inflows of Resources
						Fund Balances
33,089	13,596	11	1,889	—	117,626	Restricted
—	—	—	—	6,507	11,194	Assigned
—	—	—	—	—	(5,590)	Unassigned
<u>33,089</u>	<u>13,596</u>	<u>11</u>	<u>1,889</u>	<u>6,507</u>	<u>123,230</u>	Total Fund Balances
<u>\$ 33,089</u>	<u>\$ 13,740</u>	<u>\$ 11</u>	<u>\$ 1,889</u>	<u>\$ 10,281</u>	<u>\$ 137,800</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, 2020

(in thousands)

	Special Revenue					
	High Speed Rail	Fresno Revitalization Corporation	Special Gas Tax	Measure C	Community Services	UGM Impact Fees
Revenues						
Taxes	\$ —	\$ —	\$ 20,892	\$ 11,354	\$ 722	\$ —
Intergovernmental	782	—	—	—	4,503	—
Charges for Services	303	214	—	—	2,354	15,079
Use of Money and Property	—	—	550	314	636	1,485
Miscellaneous	—	9	269	219	23	—
Total Revenues	<u>1,085</u>	<u>223</u>	<u>21,711</u>	<u>11,887</u>	<u>8,238</u>	<u>16,564</u>
Expenditures						
Current:						
General Government	—	—	—	—	723	—
Public Protection	—	—	—	—	2,040	214
Public Ways and Facilities	1,028	—	15,804	11,052	995	2,477
Culture and Recreation	—	—	—	—	1,467	347
Community Development	84	255	—	—	755	—
Capital Outlay	4,761	—	2,451	825	2,709	1,117
Debt Service:						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Total Expenditures	<u>5,873</u>	<u>255</u>	<u>18,255</u>	<u>11,877</u>	<u>8,689</u>	<u>4,155</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,788)</u>	<u>(32)</u>	<u>3,456</u>	<u>10</u>	<u>(451)</u>	<u>12,409</u>
Other Financing Sources (Uses)						
Transfers In	50	—	315	41	184	4
Transfers Out	(4)	—	(487)	(810)	(696)	(2,513)
Total Other Financing Sources (Uses)	<u>46</u>	<u>—</u>	<u>(172)</u>	<u>(769)</u>	<u>(512)</u>	<u>(2,509)</u>
Net Change in Fund Balances	<u>(4,742)</u>	<u>(32)</u>	<u>3,284</u>	<u>(759)</u>	<u>(963)</u>	<u>9,900</u>
Fund Balances (Deficit) - Beginning	<u>(848)</u>	<u>169</u>	<u>9,599</u>	<u>14,374</u>	<u>9,849</u>	<u>28,307</u>
Fund Balances (Deficit) - Ending	<u>\$ (5,590)</u>	<u>\$ 137</u>	<u>\$ 12,883</u>	<u>\$ 13,615</u>	<u>\$ 8,886</u>	<u>\$ 38,207</u>

Low and Moderate Income Housing	Debt Service			Capital Projects		Total Nonmajor Governmental Funds	
	Special Assessments	City Debt	Financing Authorities and Corporations	City Combined			
Revenues							
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 32,968	Taxes
—	—	—	—	—	—	5,285	Intergovernmental
—	5,935	—	—	—	—	23,885	Charges for Services
19	544	7	24	425	—	4,004	Use of Money and Property
—	4	—	—	(19)	—	505	Miscellaneous
<u>19</u>	<u>6,483</u>	<u>7</u>	<u>24</u>	<u>406</u>	<u>—</u>	<u>66,647</u>	Total Revenues
Expenditures							
Current:							
382	—	8	4	—	—	1,117	General Government
—	—	—	—	—	—	2,254	Public Protection
—	6,066	—	—	—	—	37,422	Public Ways and Facilities
—	—	—	—	—	—	1,814	Culture and Recreation
61	—	—	—	—	—	1,155	Community Development
—	2	—	—	7,290	—	19,155	Capital Outlay
Debt Service:							
—	—	8,793	8,825	—	—	17,618	Principal
—	—	7,662	5,533	—	—	13,195	Interest
<u>443</u>	<u>6,068</u>	<u>16,463</u>	<u>14,362</u>	<u>7,290</u>	<u>—</u>	<u>93,730</u>	Total Expenditures
(424)	415	(16,456)	(14,338)	(6,884)	—	(27,083)	Excess (Deficiency) of Revenues Over (Under) Expenditures
Other Financing Sources (Uses)							
852	9	16,458	14,362	3,821	—	36,096	Transfers In
—	(48)	—	—	(28)	—	(4,586)	Transfers Out
<u>852</u>	<u>(39)</u>	<u>16,458</u>	<u>14,362</u>	<u>3,793</u>	<u>—</u>	<u>31,510</u>	Total Other Financing Sources (Uses)
428	376	2	24	(3,091)	—	4,427	Net Change in Fund Balances
<u>32,661</u>	<u>13,220</u>	<u>9</u>	<u>1,865</u>	<u>9,598</u>	<u>—</u>	<u>118,803</u>	Fund Balances (Deficit) - Beginning
<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) - 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, 2020
 (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)	\$ (7,092)	\$ (5,285)	\$ 1,807	\$ 5,285	\$ —
Resources (inflows):						
Intergovernmental	8,250	9,784	782	(9,002)	—	782
Charges for Services	1,200	1,200	303	(897)	—	303
Use of Money and Property	(10)	(10)	(37)	(27)	37	—
Other Financing Sources: Transfers from Other Funds	12	12	3,618	3,606	(3,568)	50
Total Available for Appropriations	<u>2,360</u>	<u>3,894</u>	<u>(619)</u>	<u>(4,513)</u>	<u>1,754</u>	<u>1,135</u>
Charges to Appropriations (outflows):						
Public Ways and Facilities	2,334	2,796	968	(1,828)	60	1,028
Community Development	335	335	51	(284)	33	84
Capital Outlay	23,916	24,988	4,409	(20,579)	352	4,761
Other Financing Uses: Transfers to Other Funds	—	—	4	4	—	4
Total Charges to Appropriations	<u>26,585</u>	<u>28,119</u>	<u>5,432</u>	<u>(22,687)</u>	<u>445</u>	<u>5,877</u>
Excess (Deficit) Resources Over (Under) Appropriations	<u>\$ (24,225)</u>	<u>\$ (24,225)</u>	<u>\$ (6,051)</u>	<u>\$ 18,174</u>	<u>\$ 1,309</u>	<u>\$ (4,742)</u>

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, 2020
 (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	\$ 4,488	\$ 6,612	\$ 6,814	\$ 202	\$ (6,814)	\$ —
Resources (inflows):						
Taxes	19,581	19,754	20,920	1,166	(28)	20,892
Use of Money and Property	78	78	217	139	333	550
Miscellaneous	190	190	304	114	(35)	269
Other Financing Sources:						
Transfers From Other Funds	10	10	100	90	215	315
Total Available for Appropriations	<u>24,347</u>	<u>26,644</u>	<u>28,355</u>	<u>1,711</u>	<u>(6,329)</u>	<u>22,026</u>
Charges to Appropriations (outflows):						
Public Ways and Facilities	18,273	19,198	15,416	(3,782)	388	15,804
Capital Outlay	5,180	6,552	2,185	(4,367)	266	2,451
Other Financing Uses:						
Transfers to Other Funds	250	250	(206)	(456)	693	487
Total Charges to Appropriations	<u>23,703</u>	<u>26,000</u>	<u>17,395</u>	<u>(8,605)</u>	<u>1,347</u>	<u>18,742</u>
Excess (Deficit) Resources Over (Under) Appropriations	<u>\$ 644</u>	<u>\$ 644</u>	<u>\$ 10,960</u>	<u>\$ 10,316</u>	<u>\$ (7,676)</u>	<u>\$ 3,284</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, 2020
 (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	\$ 6,726	\$ 7,151	\$ 12,278	\$ 5,127	\$ (12,278)	\$ —
Resources (inflows):						
Taxes	16,749	17,433	11,530	(5,903)	(176)	11,354
Use of Money and Property	85	85	314	229	—	314
Miscellaneous	75	75	202	127	17	219
Other Financing Sources: Transfers from Other Funds	14	14	47	33	(6)	41
Total Available For Appropriations	<u>23,649</u>	<u>24,758</u>	<u>24,371</u>	<u>(387)</u>	<u>(12,443)</u>	<u>11,928</u>
Charges to Appropriations (outflows):						
Public Ways and Facilities	14,632	14,976	10,458	(4,518)	594	11,052
Capital Outlay	15,795	16,569	1,122	(15,447)	(297)	825
Other Financing Uses: Transfers to Other Funds	605	605	4,092	3,487	(3,282)	810
Total Charges to Appropriations	<u>31,032</u>	<u>32,150</u>	<u>15,672</u>	<u>(16,478)</u>	<u>(2,985)</u>	<u>12,687</u>
Excess (Deficit) Resources Over (Under) Appropriations	<u>\$ (7,383)</u>	<u>\$ (7,392)</u>	<u>\$ 8,699</u>	<u>\$ 16,091</u>	<u>\$ (9,458)</u>	<u>\$ (759)</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, 2020

(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	\$ 4,769	\$ 5,219	\$ 6,832	\$ 1,613	\$ (6,832)	\$ —
Resources (inflows):						
Taxes	3,333	3,333	723	(2,610)	(1)	722
Intergovernmental	6,355	6,597	4,400	(2,197)	103	4,503
Charges for Services	2,752	2,806	2,353	(453)	1	2,354
Use of Money and Property	516	516	436	(80)	200	636
Miscellaneous	10	10	24	14	(1)	23
Other Financing Sources: Transfers from Other Funds	568	568	184	(384)	—	184
Total Available For Appropriations	<u>18,303</u>	<u>19,049</u>	<u>14,952</u>	<u>(4,097)</u>	<u>(6,530)</u>	<u>8,422</u>
Charges to Appropriations (outflows):						
General Government	1,500	1,500	723	(777)	—	723
Public Protection	3,616	3,862	2,135	(1,727)	(95)	2,040
Public Ways and Facilities	3,640	3,970	1,002	(2,968)	(7)	995
Culture and Recreation	1,682	1,820	1,381	(439)	86	1,467
Community Development	3,160	3,160	755	(2,405)	—	755
Capital Outlay	1,959	2,188	3,070	882	(361)	2,709
Other Financing Uses: Transfers to Other Funds	787	787	587	(200)	109	696
Total Charges to Appropriations	<u>16,344</u>	<u>17,287</u>	<u>9,653</u>	<u>(7,634)</u>	<u>(268)</u>	<u>9,385</u>
Excess (Deficit) Resources Over (Under) Appropriations	<u>\$ 1,959</u>	<u>\$ 1,762</u>	<u>\$ 5,299</u>	<u>\$ 3,537</u>	<u>\$ (6,262)</u>	<u>\$ (963)</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, 2020

(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	\$ 26,832	\$ 25,098	\$ (1,734)	\$ (25,098)	\$ —
Resources (inflows):						
Charges for Services	11,264	11,481	15,089	3,608	(10)	15,079
Use of Money and Property	223	223	616	393	869	1,485
Other Financing Sources: Transfers from Other Funds	85	85	66	(19)	(62)	4
Total Available for Appropriations	<u>38,404</u>	<u>38,621</u>	<u>40,869</u>	<u>2,248</u>	<u>(24,301)</u>	<u>16,568</u>
Charges to Appropriations (outflows):						
Public Protection	166	233	195	(38)	19	214
Culture and Recreation	112	353	(100)	(453)	2,577	2,477
Public Ways and Facilities	6,749	6,799	2,441	(4,358)	(2,441)	—
Capital Outlay	16,514	16,372	1,139	(15,233)	(22)	1,117
Other Financing Uses: Transfers to Other Funds	2,070	2,070	2,574	504	(61)	2,513
Total Charges to Appropriations	<u>25,611</u>	<u>25,827</u>	<u>6,249</u>	<u>(19,578)</u>	<u>72</u>	<u>6,321</u>
Excess (Deficit) Resources Over (Under) Appropriations	<u>\$ 12,793</u>	<u>\$ 12,794</u>	<u>\$ 34,620</u>	<u>\$ 21,826</u>	<u>\$ (24,373)</u>	<u>\$ 10,247</u>

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, 2020
 (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):						
Use of Money and Property		19	19	—	—	19
Other Financing Sources: Transfers from Other Funds		852	852	—	—	852
Total Available for Appropriations		<u>871</u>	<u>871</u>	<u>—</u>	<u>—</u>	<u>871</u>
Charges to Appropriations (outflows):						
General Government		382	382	—	—	382
Community Development		61	61	—	—	61
Total Charges to Appropriations		<u>443</u>	<u>443</u>	<u>—</u>	<u>—</u>	<u>443</u>
Excess (Deficit) Resources Over (Under) Appropriations	\$	<u>428</u>	\$	<u>428</u>	\$	<u>428</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, 2020

(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	\$ 11,903	\$ 13,136	\$ 1,233	\$ (13,136)	\$ —
Resources (inflows):						
Charges for Services	4,545	4,659	5,935	1,276	—	5,935
Use of Money and Property	122	122	255	133	289	544
Miscellaneous	—	—	17	17	(13)	4
Other Financing Sources: Transfers from Other Funds	359	359	367	8	(358)	9
Total Available for Appropriations	16,929	17,043	19,710	2,667	(13,218)	6,492
Charges to Appropriations (outflows):						
Public Ways and Facilities	7,853	8,001	6,054	(1,947)	12	6,066
Capital Outlay	2,792	2,792	50	(2,742)	(48)	2
Other Financing Uses: Transfers to Other Funds	358	358	358	—	(310)	48
Total Charges to Appropriations	11,003	11,151	6,462	(4,689)	(346)	6,116
Excess (Deficit) Resources Over (Under) Appropriations	\$ 5,926	\$ 5,892	\$ 13,248	\$ 7,356	\$ (12,872)	\$ 376

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, 2020
 (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	\$ 9,727	\$ 3,851	\$ (5,876)	\$ (3,851)	\$ —
Resources (inflows):						
Use of Money and Property	67	67	212	145	213	425
Miscellaneous	729	1,194	(781)	(1,975)	762	(19)
Other Financing Sources:						
Transfers Budgeted as Bond Proceeds	4,814	26,777	7,241	(19,536)	(3,420)	3,821
Total Available for Appropriations	<u>15,337</u>	<u>37,765</u>	<u>10,523</u>	<u>(27,242)</u>	<u>(6,296)</u>	<u>4,227</u>
Charges to Appropriations (outflows):						
Capital Outlay	12,572	31,487	7,615	(23,872)	(325)	7,290
Other Financing Uses:						
Transfers to Other Funds	1,280	1,280	1	(1,279)	27	28
Total Charges to Appropriations	<u>13,852</u>	<u>32,767</u>	<u>7,616</u>	<u>(25,151)</u>	<u>(298)</u>	<u>7,318</u>
Excess (Deficit) Resources Over (Under) Appropriations	<u>\$ 1,485</u>	<u>\$ 4,998</u>	<u>\$ 2,907</u>	<u>\$ (2,091)</u>	<u>\$ (5,998)</u>	<u>\$ (3,091)</u>

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NONMAJOR ENTERPRISE FUNDS

CITY OF FRESNO, CALIFORNIA
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2020
(in thousands)

	Business-Type Activities - Enterprise Funds		
	Community Sanitation	Parks and Recreation	Total Nonmajor Enterprise Funds
Assets			
Current Assets:			
Cash and Investments	\$ 2,468	\$ —	\$ 2,468
Interest Receivable	10	2	12
Accounts Receivable, Net	1,468	—	1,468
Total Current Assets	3,946	2	3,948
Noncurrent Assets:			
Restricted:			
Cash and Investments	—	510	510
Total Restricted Assets	—	510	510
Other Assets:			
Other Assets	—	16	16
Net Pension Asset	2,277	—	2,277
Total Other Assets	2,277	16	2,293
Capital Assets:			
Land	—	12	12
Buildings, Systems and Improvements	—	4,567	4,567
Machinery and Equipment	67	—	67
Construction in Progress	—	116	116
Less Accumulated Depreciation	(56)	(2,709)	(2,765)
Total Capital Assets, Net	11	1,986	1,997
Total Noncurrent Assets	2,288	2,512	4,800
Total Assets	6,234	2,514	8,748
Deferred Outflows of Resources			
Charge on Refunding	—	61	61
Deferred Outflows - Pensions	974	—	974
Deferred Outflows - OPEB	543	—	543
Total Deferred Outflows of Resources	1,517	61	1,578
Liabilities			
Current Liabilities:			
Accrued Liabilities	304	19	323
Accrued Compensated Absences and HRA	56	—	56
Due to Other Funds	290	375	665
Bonds Payable	—	55	55
Total Current Liabilities	650	449	1,099
Noncurrent Liabilities:			
Accrued Compensated Absences and HRA	431	—	431
Bonds Payable	—	1,636	1,636
Net OPEB Liability	1,822	—	1,822
Total Noncurrent Liabilities	2,253	1,636	3,889
Total Liabilities	2,903	2,085	4,988
Deferred Inflows of Resources			
Unamortized Pension Expense	255	—	255
Unamortized OPEB Expense	276	—	276
Total Deferred Inflows of Resources	531	—	531
Net Position			
Net Investment in Capital Assets	11	355	366
Unrestricted	4,306	135	4,441
Total Net Position	\$ 4,317	\$ 490	\$ 4,807

CITY OF FRESNO, CALIFORNIA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Nonmajor Enterprise Funds

Fiscal Year Ended June 30, 2020

(in thousands)

	Business-Type Activities - Enterprise Funds		
	Community Sanitation	Parks and Recreation	Total Nonmajor Enterprise Funds
Operating Revenues:			
Charges for Services	\$ 8,982	\$ 278	\$ 9,260
Operating Expenses:			
Cost of Services	5,827	176	6,003
Administration	3,246	169	3,415
Depreciation	8	176	184
Total Operating Expenses	9,081	521	9,602
Operating Income (Loss)	(99)	(243)	(342)
Non-Operating Revenue (Expenses):			
Interest Income	86	6	92
Interest Expense	—	(65)	(65)
Total Non-operating Revenue (Expenses)	86	(59)	27
Income Before Transfers	(13)	(302)	(315)
Transfers Out	(1,061)	—	(1,061)
Change in Net Position	588	(302)	286
Total Net Position - Beginning	3,729	792	4,521
Total Net Position - Ending	\$ 4,317	\$ 490	\$ 4,807

CITY OF FRESNO, CALIFORNIA

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

Fiscal Year Ended June 30, 2020

(in thousands)

	Business-Type Activities - Nonmajor Enterprise Funds		
	Community Sanitation	Parks and Recreation	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 9,145	\$ 653	\$ 9,798
Cash Payments to Suppliers for Services	(2,442)	(303)	(2,745)
Cash Paid for Interfund Services Used	(2,015)	(4)	(2,019)
Cash Payments to Employees for Services	(4,293)	(79)	(4,372)
Net Cash Provided by (Used for) Operating Activities	<u>395</u>	<u>267</u>	<u>662</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest Payments on Capital Debt	—	(84)	(84)
Payment for Cost of Issuance	—	6	6
Principal Payments on Capital Debt-Bonds	—	(55)	(55)
Acquisition and Construction of Capital Assets	—	(72)	(72)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>—</u>	<u>(205)</u>	<u>(205)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers In	1,662	—	1,662
Transfers Out	(1,061)	—	(1,061)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>601</u>	<u>—</u>	<u>601</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	98	8	106
Net Cash Provided by Investing Activities	<u>98</u>	<u>8</u>	<u>106</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,094	70	1,164
Cash and Cash Equivalents, Beginning of Year	<u>1,374</u>	<u>440</u>	<u>1,814</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,468</u>	<u>\$ 510</u>	<u>\$ 2,978</u>

CITY OF FRESNO, CALIFORNIA

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

Fiscal Year Ended June 30, 2020 (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)	\$ (99)	\$ (243)	\$ (342)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	8	176	184
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(130)	—	(130)
Decrease (increase) in prepaid items	1	—	1
Decrease (increase) in net pension asset and deferred outflows pensions	233	—	233
Decrease (increase) in prepaid insurance	—	1	1
(Decrease) increase in accounts payable	103	(40)	63
(Decrease) increase in salaries payable	84	(2)	82
(Decrease) increase in due to other funds	118	375	493
(Decrease) increase in net OPEB liability	482	—	482
(Decrease) increase in deferred inflows of resources pensions	(405)	—	(405)
Net Cash Provided by (Used for) Operating Activities	\$ 395	\$ 267	\$ 662
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:			
Cash and Investments:			
Unrestricted	\$ 2,468	\$ —	\$ 2,468
Restricted	—	510	510
Cash and Cash Equivalents at End of Year on Statement of Cash Flows	\$ 2,468	\$ 510	\$ 2,978
Noncash Investing, Capital, and Financing Activities:			
Amortization of bond premium, discount and loss on refunding	—	(18)	(18)
Decrease (increase) in fair value of investments	(71)	—	(71)



INTERNAL SERVICE FUNDS

CITY OF FRESNO, CALIFORNIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2020
(in thousands)

	Billing and Collection	General Services	Risk Management	Employees Healthcare Plan	Retirees Healthcare Plan	Totals
Assets						
Current Assets:						
Cash and Investments	\$ 8,383	\$ 47,907	\$ 10,941	\$ 26,462	\$ —	\$ 93,693
Interest Receivable	111	201	67	168	—	547
Accounts Receivable, Net	1,184	—	150	—	—	1,334
Inventories	—	819	—	—	—	819
Prepays	—	204	—	—	—	204
Due from Other Funds	—	3,279	—	—	—	3,279
Total Current Assets	9,678	52,410	11,158	26,630	—	99,876
Noncurrent Assets:						
Restricted:						
Cash and Investments	2,277	—	758	—	—	3,035
Total Restricted Assets	2,277	—	758	—	—	3,035
Other Assets:						
Net Pension Asset	2,765	7,438	—	—	—	10,203
Total Other Assets	2,765	7,438	—	—	—	10,203
Capital Assets:						
Buildings, Systems & Improvements	50	10,989	—	—	—	11,039
Machinery & Equipment	121	136,480	—	—	—	136,601
Construction in Progress	—	15,205	—	—	—	15,205
Less Accumulated Depreciation	(171)	(95,165)	—	—	—	(95,336)
Total Capital Assets, Net	—	67,509	—	—	—	67,509
Total Noncurrent Assets	5,042	74,947	758	—	—	80,747
Total Assets	14,720	127,357	11,916	26,630	—	180,623
Deferred Outflows of Resources						
Pension Contributions	559	1,375	—	—	—	1,934
Deferred Outflows - Pension	1,006	2,461	—	—	—	3,467
Deferred Outflows - OPEB	1,020	1,741	141	—	—	2,902
Total Deferred Outflows of Resources	2,585	5,577	141	—	—	8,303
Liabilities						
Current Liabilities:						
Accrued Liabilities	1,462	4,585	1,563	308	—	7,918
Accrued Compensated Absences & HRA	148	297	10	—	—	455
Liability for Self-Insurance	—	—	39,800	4,100	—	43,900
Unearned Revenue	812	370	—	—	—	1,182
Due to Other Funds	21	4,443	—	—	—	4,464
Capital Lease Obligations	—	5,882	—	—	—	5,882
Total Current Liabilities	2,443	15,577	41,373	4,408	—	63,801
Noncurrent Liabilities:						
Accrued Compensated Absences & HRA	1,621	2,986	167	—	—	4,774
Capital Lease Obligations	—	16,650	—	—	—	16,650
Liability for Self-Insurance	—	—	110,508	—	—	110,508
Net OPEB Liability	3,697	6,168	415	—	—	10,280
Deposits Held for Others	5,235	—	—	—	—	5,235
Total Noncurrent Liabilities	10,553	25,804	111,090	—	—	147,447
Total Liabilities	12,996	41,381	152,463	4,408	—	211,248
Deferred Inflows of Resources						
Unamortized Pension Expense	213	389	—	—	—	602
Unamortized OPEB Expense	556	929	64	—	—	1,549
Total Deferred Inflows of Resources	769	1,318	64	—	—	2,151
Net Position						
Net Investment in Capital Assets	—	44,977	—	—	—	44,977
Unrestricted (Deficit)	3,540	45,258	(140,470)	22,222	—	(69,450)
Total Net Position (Deficit)	\$ 3,540	\$ 90,235	\$ (140,470)	\$ 22,222	\$ —	\$ (24,473)

CITY OF FRESNO, CALIFORNIA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

Fiscal Year Ended June 30, 2020

(in thousands)

	Billing and Collection	General Services	Risk Management	Employees Healthcare Plan	Retirees Healthcare Plan	Totals
Operating Revenues:						
Charges for Services	\$ 9,887	\$ 71,679	\$ 37,048	\$ 47,759	\$ 7,761	\$ 174,134
Operating Expenses:						
Cost of Services	6,966	34,719	47,478	42,493	7,154	138,810
Administration	2,628	13,974	6,839	4,217	607	28,265
Depreciation	—	9,089	—	—	—	9,089
Total Operating Expenses	9,594	57,782	54,317	46,710	7,761	176,164
Operating Income (Loss)	293	13,897	(17,269)	1,049	—	(2,030)
Non-operating Revenue (Expenses):						
Interest Income	581	1,675	464	526	—	3,246
Interest Expense	—	(702)	—	—	—	(702)
Gain on Disposal of Capital Assets	—	279	—	—	—	279
Total Non-operating Revenue (Expenses)	581	1,252	464	526	—	2,823
Income (Loss) Before Contributions & Transfers	874	15,149	(16,805)	1,575	—	793
Capital Contributions	—	—	—	—	—	—
Transfers In	190	1,042	—	—	—	1,232
Transfers Out	(568)	(1,987)	(42)	—	—	(2,597)
Change in Net Position	496	14,204	(16,847)	1,575	—	(572)
Total Net Position (Deficit) - Beginning	3,044	76,031	(123,623)	20,647	—	(23,901)
Total Net Position (Deficit) - Ending	\$ 3,540	\$ 90,235	\$ (140,470)	\$ 22,222	\$ —	\$ (24,473)

CITY OF FRESNO, CALIFORNIA

Combining Statement of Cash Flows

Internal Service Funds

Fiscal Year Ended June 30, 2020

(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	\$ 2,465	\$ 3,710	\$ —	\$ 10,958	\$ 5,219	\$ 22,352
Cash Received from Interfund Services Provided	7,425	67,451	34,167	36,801	2,542	148,386
Cash Payments to Suppliers for Services	(1,065)	(27,304)	(5,566)	(4,401)	(608)	(38,944)
Cash Paid for Interfund Services Used	(2,141)	(5,123)	(696)	—	—	(7,960)
Cash Payments to Employees for Services	(6,455)	(16,078)	(3,429)	—	—	(25,962)
Cash Payments for Claims and Refunds			(19,183)	(42,493)	(7,153)	(68,829)
Net Cash Provided by (Used for) Operating Activities	229	22,656	5,293	865	—	29,043
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Capital Contributions	—	1,793	—	—	—	1,793
Interest Payments on Capital Debt	—	(707)	—	—	—	(707)
Principal Payment on Capital Lease Obligations	—	(5,784)	—	—	—	(5,784)
Proceeds from Sale of Capital Assets	—	324	—	—	—	324
Acquisition and Construction of Capital Assets	—	(15,305)	—	—	—	(15,305)
Net Cash Provided by (Used for) Capital and Related Financing Activities	—	(19,679)	—	—	—	(19,679)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Borrowing (Payment to) Other Funds	—	(1,714)	—	—	—	(1,714)
Transfers In	190	1,042	—	—	—	1,232
Transfers Out	(568)	(1,987)	(42)	—	—	(2,597)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(378)	(2,659)	(42)	—	—	(3,079)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest and Dividends on Investments	612	1,733	467	585	—	3,397
Net Cash Provided by Investing Activities	612	1,733	467	585	—	3,397
Net Increase in Cash and Cash Equivalents	463	2,051	5,718	1,450	—	9,682
Cash and Cash Equivalents, Beginning of Year	10,197	45,856	5,981	25,012	—	87,046
Cash and Cash Equivalents, End of Year	\$ 10,660	\$ 47,907	\$ 11,699	\$ 26,462	\$ —	\$ 96,728

CITY OF FRESNO, CALIFORNIA

Combining Statement of Cash Flows

Internal Service Funds

Fiscal Year Ended June 30, 2020 (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 Operating Activities:						
Operating income (loss)	\$ 293	\$ 13,897	\$ (17,269)	\$ 1,049	\$ —	\$ (2,030)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	—	9,088	—	—	—	9,088
Change in assets and liabilities:						
Decrease (increase) in accounts receivable	(561)	—	(6)	—	—	(567)
Decrease (increase) in due from other funds	—	(1,494)	—	—	—	(1,494)
Decrease (increase) in material and supplies inventory	—	424	—	—	—	424
Decrease (increase) in prepaid items	5	(158)	—	—	—	(153)
Decrease (increase) in net pension asset and deferred outflows pensions	268	989	(105)	—	—	1,152
(Decrease) increase in accounts payable	(508)	(220)	577	16	—	(135)
(Decrease) increase in salaries payable	133	24	25	—	—	182
(Decrease) increase in due to other funds	10	—	—	—	—	10
(Decrease) increase in unearned revenue	89	5	—	—	—	94
(Decrease) increase in liability for self-insurance	—	—	21,917	(200)	—	21,717
(Decrease) increase in deposits	126	—	—	—	—	126
(Decrease) increase in net OPEB liability	862	1,494	134	—	—	2,490
(Decrease) increase in deferred inflows of resources pensions	(488)	(1,393)	20	—	—	(1,861)
Net Cash Provided by (Used for) Operating Activities	\$ 229	\$ 22,656	\$ 5,293	\$ 865	\$ —	\$ 29,043
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:						
Cash and Investments:						
Unrestricted	\$ 8,383	\$ 47,907	\$ 10,941	\$ 26,462	\$ —	\$ 93,693
Restricted - Current and Noncurrent	2,277	—	758	—	—	3,035
Cash and Cash Equivalents at End of Year on Statement of Cash Flows	\$ 10,660	\$ 47,907	\$ 11,699	\$ 26,462	\$ —	\$ 96,728
Noncash Investing, Capital, and Financing Activities:						
Acquisition and construction of capital assets on accounts payable	\$ —	\$ 245	\$ —	\$ —	\$ —	\$ 245
Borrowing under capital lease	—	1,040	—	—	—	1,040
Decrease (increase) in fair value of investments	(307)	(1,234)	(337)	—	—	(1,878)



By Stephen | March 16 2020 | Categories: Local

FIDUCIARY FUNDS

CITY OF FRESNO, CALIFORNIA

Combining Statement of Fiduciary Net Position

Fiduciary Funds - Pension Trust Funds

June 30, 2020

(in thousands)

	Pension Trust Funds		
	Fire and Police Retirement System	Employees Retirement System	Total
Assets			
Cash and Investments	\$ 1,804	\$ 1,404	\$ 3,208
Receivables:			
Receivables for Investments Sold	1,686	1,333	3,019
Interest and Dividends Receivable	2,997	2,493	5,490
Other Receivables	809	673	1,482
Total Receivables	<u>5,492</u>	<u>4,499</u>	<u>9,991</u>
Investments, at Fair Value:			
Short-Term Investments	16,747	13,931	30,678
Domestic Equity	599,330	498,545	1,097,875
Corporate Bonds	179,531	149,340	328,871
International Developed Market Equities	278,817	231,930	510,747
International Emerging Market Equities	57,459	47,797	105,256
Government Bonds	73,174	60,869	134,043
Alternatives	266,776	221,915	488,691
Real Estate	161,636	135,019	296,655
Total Investments, at Fair Value	<u>1,633,470</u>	<u>1,359,346</u>	<u>2,992,816</u>
Collateral Held for Securities Lent	65,583	54,554	120,137
Capital Assets, Net of Accumulated Depreciation	690	690	1,380
Other Assets	167	167	334
Total Assets	<u>1,707,039</u>	<u>1,420,493</u>	<u>3,127,866</u>
Liabilities			
Accrued Liabilities	4,867	4,048	8,915
Collateral Held for Securities Lent	65,583	54,554	120,137
Other Liabilities	1,457	1,221	2,678
Total Liabilities	<u>71,907</u>	<u>59,823</u>	<u>131,730</u>
Net Position			
Net Position Restricted for Pension Benefits	<u>\$ 1,635,132</u>	<u>\$ 1,360,670</u>	<u>\$ 2,996,136</u>

CITY OF FRESNO, CALIFORNIA

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds - Pension Trust Funds

Fiscal Year Ended June 30, 2020

(in thousands)

	Pension Trust Funds		
	Fire and Police Retirement System	Employees Retirement System	Total
Additions			
Contributions:			
Employer	\$ 22,324	\$ 16,554	\$ 38,878
System Members	10,012	11,028	21,040
Total Contributions	<u>32,336</u>	<u>27,582</u>	<u>59,918</u>
Investment Income:			
Net Appreciation in Value of Investments	10,919	9,033	19,952
Interest	13,067	10,899	23,966
Dividends	14,298	11,924	26,222
Other Investment Related	73	73	146
Total Investment Income	<u>38,357</u>	<u>31,929</u>	<u>70,286</u>
Less Investment Expense	<u>(14,534)</u>	<u>(12,139)</u>	<u>(26,673)</u>
Total Net Investment Income	<u>23,823</u>	<u>19,790</u>	<u>43,613</u>
Securities Lending Income:			
Securities Lending Earnings	1,499	1,247	2,746
Less Securities Lending Expense	<u>(1,117)</u>	<u>(929)</u>	<u>(2,046)</u>
Net Securities Lending Income	<u>382</u>	<u>318</u>	<u>700</u>
Total Additions	<u>56,541</u>	<u>47,690</u>	<u>104,231</u>
Deductions			
Benefit Payments	66,984	63,592	130,576
Refund of Contributions	218	928	1,146
Administrative Expenses	<u>1,839</u>	<u>1,749</u>	<u>3,588</u>
Total Deductions	<u>69,041</u>	<u>66,269</u>	<u>135,310</u>
Change in Net Position	<u>(12,500)</u>	<u>(18,579)</u>	<u>(31,079)</u>
Net Position - Beginning	<u>1,647,799</u>	<u>1,379,416</u>	<u>3,027,215</u>
Net Position - Ending	<u>\$ 1,635,299</u>	<u>\$ 1,360,837</u>	<u>\$ 2,996,136</u>

CITY OF FRESNO, CALIFORNIA

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Fiscal Year Ended June 30, 2020

(in thousands)

CITY DEPARTMENTAL FUND

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Assets				
Cash and Investments	\$ 7,987	\$ 343,937	\$ 341,729	\$ 10,195
Interest Receivable	23	261	258	26
Due From Other Funds	640	—	640	—
Due From Other Governments	8	—	8	—
Total Assets	<u>\$ 8,658</u>	<u>\$ 344,198</u>	<u>\$ 342,635</u>	<u>\$ 10,221</u>
Liabilities				
Accrued Liabilities	\$ 876	\$ 348,015	\$ 348,616	\$ 275
Due to Other Funds	1	—	1	—
Deposits Held for Others	7,781	18,190	16,025	9,946
Total Liabilities	<u>\$ 8,658</u>	<u>\$ 366,205</u>	<u>\$ 364,642</u>	<u>\$ 10,221</u>

SPECIAL ASSESSMENTS DISTRICT FUND

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Assets				
Cash and Investments	\$ —	\$ 432	\$ 432	\$ —
Restricted Cash and Investments Held by Fiscal Agent	757	50	—	807
Interest Receivable	—	1	1	—
Due from Other Governments	749	793	752	790
Total Assets	<u>\$ 1,506</u>	<u>\$ 1,276</u>	<u>\$ 1,185</u>	<u>\$ 1,597</u>
Liabilities				
Deposits Held for Others	\$ 1,506	\$ 1,272	\$ 1,181	\$ 1,597
Total Liabilities	<u>\$ 1,506</u>	<u>\$ 1,272</u>	<u>\$ 1,181</u>	<u>\$ 1,597</u>

TOTAL AGENCY FUNDS

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Assets				
Cash and Investments	\$ 7,987	\$ 344,369	\$ 342,161	\$ 10,195
Restricted Cash and Investments Held by Fiscal Agent	757	50	—	807
Interest Receivable	23	262	259	26
Due from Other Funds	640	—	640	—
Due from Other Governments	757	793	760	790
Total Assets	<u>\$ 10,164</u>	<u>\$ 345,474</u>	<u>\$ 343,820</u>	<u>\$ 11,818</u>
Liabilities				
Accrued Liabilities	\$ 876	\$ 348,015	\$ 348,616	\$ 275
Due To Other Funds	1	—	1	—
Deposits Held for Others	9,287	19,462	17,206	11,543
Total Liabilities	<u>\$ 10,164</u>	<u>\$ 367,477</u>	<u>\$ 365,823</u>	<u>\$ 11,818</u>

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STATISTICAL SECTION

Statistical Section

This section of the City's comprehensive annual financial report 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 209-213)

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source: The property tax. (Pages 214-217)

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 218-226)

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 227-228)

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 229-233)

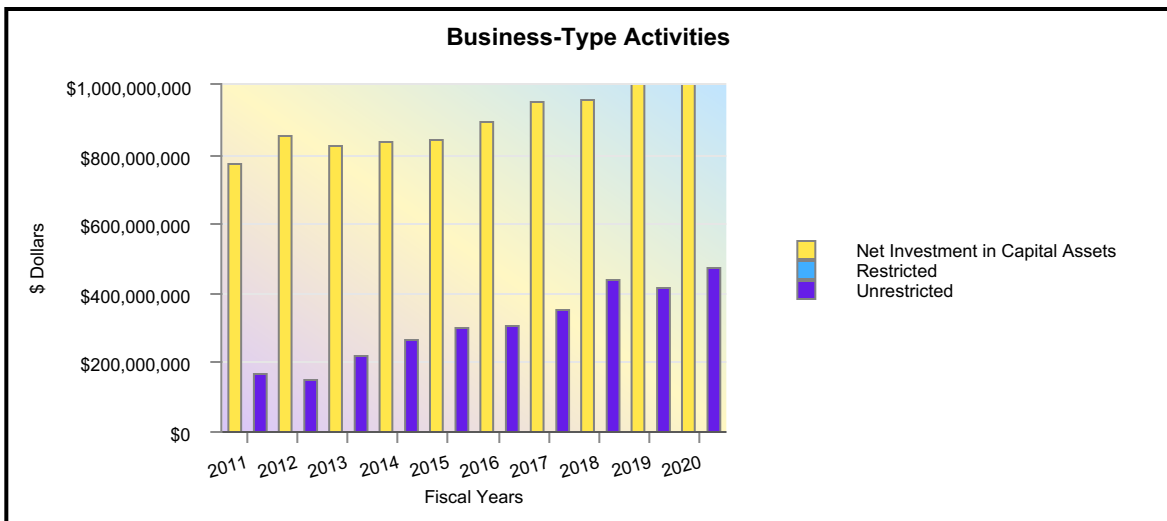
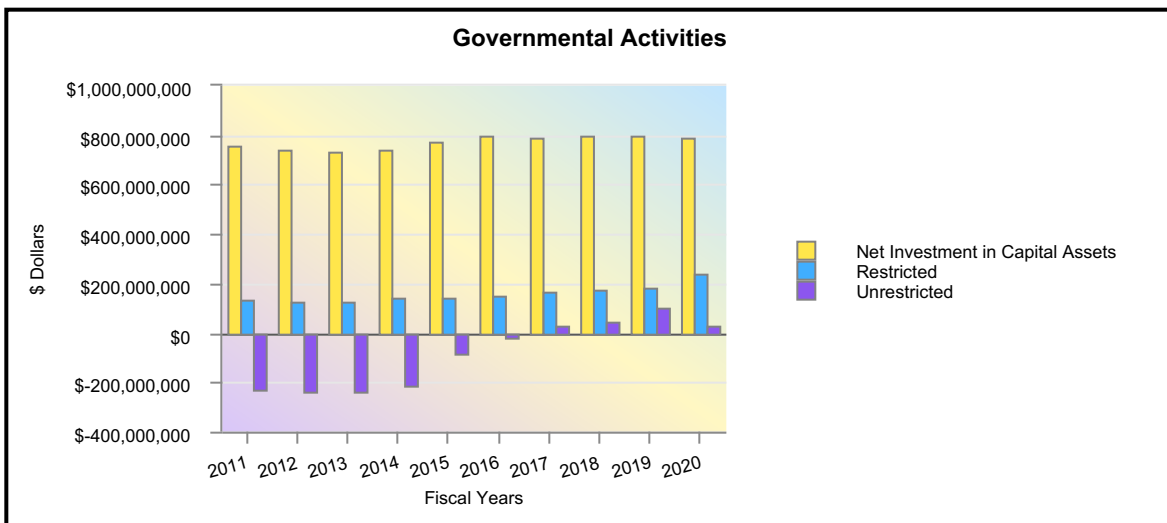
Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF FRESNO, CALIFORNIA
Net Position By Component
Last Ten Fiscal Years
(dollars in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets	\$ 760,927	\$ 742,533	\$ 733,961	\$ 744,074	\$ 771,198	\$ 795,884	\$ 787,522	\$ 796,242	\$ 793,963	\$ 787,395
Restricted	138,021	123,401	125,618	141,123	146,174	151,345	168,927	171,473	178,858	239,898
Unrestricted (Deficit)	(230,447)	(240,718)	(235,759)	(215,416)	(86,424)	(22,058)	28,252	43,380	105,676	27,932
Total Governmental Activities	\$ 668,501	\$ 625,216	\$ 623,820	\$ 669,781	\$ 830,948	\$ 925,171	\$ 984,701	\$ 1,011,095	\$ 1,078,497	\$ 1,055,225
Business-Type Activities										
Net Investment in Capital Assets	\$ 776,377	\$ 853,405	\$ 829,455	\$ 835,290	\$ 841,773	\$ 896,818	\$ 955,128	\$ 958,169	\$ 1,054,185	\$ 1,090,352
Restricted	—	—	—	—	—	—	—	—	—	—
Unrestricted (Deficit)	168,025	148,776	219,983	264,090	300,296	307,315	353,436	440,872	414,184	472,210
Total Business-Type Activities	\$ 944,402	\$ 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
Primary Government										
Net Investment in Capital Assets	\$ 1,537,304	\$ 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
Restricted	138,021	123,401	125,618	141,123	146,174	151,345	168,927	171,473	178,858	239,898
Unrestricted (Deficit)	(62,422)	(91,942)	(15,776)	48,674	213,872	285,257	381,688	484,252	519,860	500,142
Total Primary Government	\$ 1,612,903	\$ 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

Source: City of Fresno, Finance Department



CITY OF FRESNO, CALIFORNIA

Change in Net Position

Last Ten Fiscal Years

(dollars in thousands)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities:										
General Government	\$ 26,642	\$ 23,820	\$ 34,308	\$ 26,997	\$ 28,590	\$ 32,206	\$ 44,157	\$ 31,319	\$ 42,785	\$ 46,114
Public Protection	192,993	208,649	190,050	192,124	177,829	187,733	196,006	206,163	214,903	271,085
Public Ways and Facilities	68,471	75,281	69,771	68,914	64,430	60,875	72,984	76,289	80,369	93,243
Culture and Recreation	21,797	16,294	16,704	17,895	20,036	20,223	23,500	19,771	23,809	26,039
Community Development	14,981	15,986	26,280	23,757	29,257	28,789	28,913	30,412	29,188	31,102
Redevelopment	4,821	8,308	—	—	—	—	—	—	—	—
Interest on Long-term Debt	25,723	22,426	21,037	20,275	19,519	18,787	18,658	14,413	14,101	13,652
Total Governmental Activities	355,428	370,764	358,150	349,962	339,661	348,613	384,218	378,367	405,155	481,235
Business-Type Activities:										
Water System	64,134	67,577	60,749	63,375	62,205	64,454	63,753	73,677	94,066	101,406
Sewer System	47,568	60,003	63,736	65,145	66,148	63,980	64,124	65,991	71,793	65,166
Solid Waste Management	45,424	43,286	30,257	33,345	32,976	26,649	26,605	30,353	31,702	36,915
Transit	47,250	49,670	48,398	45,287	45,435	44,191	47,958	53,937	57,864	62,016
Airports	29,020	27,154	32,413	28,498	28,164	28,509	29,938	31,192	33,262	35,984
Fresno Convention Center	11,637	10,919	14,928	9,982	10,147	9,750	10,798	8,856	8,701	7,108
Community Sanitation	10,024	6,493	7,848	7,949	8,235	6,904	8,978	10,077	10,093	9,147
Parking	5,956	5,059	—	—	—	—	—	—	—	—
Parks and Recreation	782	1,036	812	372	340	316	410	283	502	586
Development Services	11,408	9,741	—	—	—	—	—	—	—	—
Stadium	3,607	3,544	3,463	3,336	3,266	3,191	3,539	2,710	2,600	2,702
Total Business-Type Activities	276,810	284,482	262,604	257,289	256,916	247,944	256,103	277,076	310,583	321,030
Total Primary Government Expenses	\$ 632,238	\$ 655,246	\$ 620,754	\$ 607,251	\$ 596,577	\$ 596,557	\$ 640,321	\$ 655,443	\$ 715,738	\$ 802,265
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 16,454	\$ 16,545	\$ 18,634	\$ 17,038	\$ 23,194	\$ 22,580	\$ 46,742	\$ 17,171	\$ 19,075	\$ 14,805
Public Protection	18,321	19,720	20,924	18,898	31,872	44,037	22,382	32,275	40,945	15,599
Public Ways and Facilities	13,440	13,470	16,669	14,898	17,426	20,468	21,911	21,009	20,461	22,219
Culture and Recreation	2,432	809	3,021	4,680	4,577	4,949	3,645	3,935	3,711	1,742
Community Development	653	2,568	19,529	19,432	21,130	25,239	23,496	23,033	20,347	19,400
Operating Grants and Contributions	43,011	54,974	36,639	48,503	39,550	34,015	25,016	26,488	40,278	39,037
Capital Grants and Contributions	40,295	29,730	35,623	49,651	62,472	57,955	44,586	38,584	37,525	49,161
Total Governmental Activities Program Revenues	134,606	137,816	151,039	173,100	200,221	209,243	187,778	162,495	182,342	161,963
Business-Type Activities:										
Charges for Services:										
Water System	67,922	69,269	71,667	90,096	74,285	77,959	101,895	107,377	119,029	120,252
Sewer System	76,628	76,726	76,324	76,201	81,955	78,186	83,635	81,651	81,085	77,249
Solid Waste Management	51,753	38,271	29,797	29,404	31,208	31,975	31,170	30,100	31,804	29,546
Transit	9,486	10,770	11,054	10,914	13,089	12,479	11,452	10,746	9,348	2,516
Airports	21,701	21,563	23,329	24,991	25,670	27,646	27,835	29,634	32,011	29,192
Fresno Convention Center	2,929	2,667	2,594	2,626	2,960	3,634	3,752	3,318	3,796	2,415
Community Sanitation	10,209	8,918	9,108	8,956	9,746	9,733	9,613	9,422	9,841	8,982
Parking	5,997	5,270	—	—	—	—	—	—	—	—
Parks and Recreation	742	781	736	329	329	325	340	323	410	278
Development Services	10,669	8,395	—	—	—	—	—	—	—	—
Stadium	340	1,251	1,089	798	1,248	677	1,082	238	406	344
Operating Grants and Contributions	49,401	42,361	40,850	44,211	40,215	29,190	37,187	22,939	37,910	80,766
Capital Grants and Contributions	17,744	43,505	22,224	14,755	14,791	18,015	47,576	69,570	33,249	38,027
Total Business-Type Activities Program Revenues	325,521	329,747	288,772	303,281	295,496	289,819	355,537	365,318	358,889	389,567
Total Primary Government Program Revenues	\$ 460,127	\$ 467,563	\$ 439,811	\$ 476,381	\$ 495,717	\$ 499,062	\$ 543,315	\$ 527,813	\$ 541,231	\$ 551,530

CITY OF FRESNO, CALIFORNIA

Change in Net Position

Last Ten Fiscal Years (Continued)

(dollars in thousands)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense)/Revenue										
Governmental Activities	\$(220,823)	\$(232,948)	\$(207,112)	\$(176,862)	\$(139,440)	\$(139,370)	\$(196,440)	\$(215,872)	\$(222,813)	\$(319,272)
Business-Type Activities	48,711	45,265	26,169	45,991	38,580	41,874	99,434	88,242	48,306	68,537
Total Primary Government Net Expense	<u>\$(172,112)</u>	<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>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 125,687	\$ 100,961	\$ 103,745	\$ 107,635	\$ 113,655	\$ 117,048	\$ 123,858	\$ 130,109	\$ 138,201	\$ 142,250
Sales Taxes - Shared Revenues	49,251	53,354	56,474	59,328	61,571	74,010	86,128	85,512	96,939	98,531
In-Lieu Sales Tax	15,947	17,272	18,216	19,190	19,907	10,559	—	—	—	—
Franchise Taxes	7,916	11,720	12,503	12,751	13,469	13,722	14,335	14,811	14,493	16,101
Business Tax	14,249	16,267	16,470	18,868	17,781	16,879	19,101	20,982	18,162	20,868
Room Tax	8,450	9,088	9,560	10,019	11,006	12,045	13,127	13,936	13,998	12,453
Other Taxes	1,948	2,479	2,104	2,324	2,407	2,521	2,348	2,304	2,855	2,241
Revenues Restricted for										
Infrastructure Maintenance	—	—	—	—	—	—	—	—	—	—
Investment Earnings	4,435	2,053	1,889	795	879	1,652	1,215	1,348	8,413	11,863
Gain on Sale of Capital Assets	536	1,022	416	42	402	218	214	223	2,517	2
Special Item - Loss on Receivable/ Transfer of Assets (Note 13)	—	—	—	—	—	—	—	(8,152)	—	—
Extraordinary (Loss):										
Redevelopment Agency Net Position										
Distributed to Successor Agency	—	(18,560.90)	—	—	—	—	—	—	—	—
Transfers:	(6,608)	(5,991)	(15,662)	(5,699)	(6,290)	(15,061)	(4,356)	(4,820)	(5,363)	(8,309)
Total Governmental Activities	<u>221,811</u>	<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>
Business-Type Activities:										
Investment Earnings	3,528	6,139	1,596	2,316	2,998	5,129	641	2,614	15,624	17,316
Debt Forgiveness	—	1,744	—	—	—	—	—	—	—	—
Gain on Sale of Capital Assets	153	2,719	3,832	1	38	—	—	36	35	31
Transfers:	6,608	5,991	15,662	5,698	6,290	15,061	4,356	4,820	5,363	8,309
Total Business-Type Activities	<u>10,289</u>	<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>
Total Primary Government	<u>\$ 232,100</u>	<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>
Change in Net Position										
Governmental Activities	\$ 988	\$ (43,284)	\$ (1,397)	\$ 48,391	\$ 95,347	\$ 94,223	\$ 59,530	\$ 40,381	\$ 67,402	\$ (23,272)
Business-Type Activities	59,000	61,858	47,259	54,006	47,906	62,064	104,431	95,712	69,328	94,193
Total Primary Government	<u>\$ 59,988</u>	<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>

Source: 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 16,829	\$ 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	1,444	1,481	1,903	2,351	5,207	1,610	22,104	25,565	37,004	37,718
Assigned	—	390	1,095	1,006	1,874	2,811	3,890	2,845	4,562	5,158
Unassigned	(64)	483	(9,355)	8,192	24,643	31,808	26,749	19,533	25,312	33,046
Total General Fund	<u>\$ 18,209</u>	<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>
All other Governmental Funds										
Restricted	\$ 143,214	\$ 125,275	\$ 128,100	\$ 145,763	\$ 146,002	\$ 151,726	\$ 163,802	\$ 166,207	\$ 172,587	\$ 197,325
Assigned	31,822	19,897	17,624	15,752	15,928	15,847	12,177	16,115	16,137	11,194
Unassigned	(14,272)	(7,547)	(5,196)	(7,749)	(9,670)	(6,284)	(788)	(809)	(1,950)	(5,590)
Total all other Governmental Funds	<u>\$ 160,764</u>	<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>

Source: City of Fresno, Finance Department

Notes: The City implemented GASB Statement No. 54 in FY2011 and restated the presentation for FY2010.

CITY OF FRESNO, CALIFORNIA

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(dollars in thousands)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$243,155	\$239,845	\$237,956	\$263,470	\$276,847	\$266,521	\$298,425	\$289,140	\$315,903	\$330,423
Licenses and Permits	423	528	5,097	6,331	6,569	7,102	7,291	7,829	7,337	7,915
Intergovernmental	58,183	44,592	37,032	48,910	41,915	39,036	38,770	39,318	41,706	55,879
Charges for Services	20,535	36,184	49,995	46,277	44,692	46,398	49,538	51,294	57,413	53,493
Fines	3,171	1,926	4,193	3,746	3,392	4,271	3,487	3,872	3,643	3,315
Use of Money and Property	4,225	1,677	2,539	1,585	1,643	2,105	1,285	1,305	6,542	9,538
Contributions and Donations	—	169	—	—	—	—	—	—	—	—
Miscellaneous	14,607	5,560	6,146	5,612	8,800	8,156	36,448	4,504	3,640	2,017
Total Revenues	344,299	330,481	342,958	375,931	383,858	373,589	435,244	397,262	436,184	462,580
Expenditures										
General Government	12,818	8,273	13,039	11,742	13,841	17,490	26,257	21,285	28,077	29,286
Public Protection	184,740	191,499	187,189	185,911	188,050	201,656	212,828	221,043	226,108	243,099
Public Ways and Facilities	20,386	34,832	33,332	39,190	35,607	38,293	42,430	41,682	50,561	53,686
Culture and Recreation	16,223	11,833	13,177	14,247	15,433	17,735	16,928	18,257	18,140	20,911
Community Development	12,473	15,217	25,685	23,666	30,320	29,511	29,360	31,483	30,961	32,970
Capital Outlays	50,902	20,345	19,919	28,375	38,984	23,145	29,990	31,401	26,168	27,605
Debt Service:										
Principal	14,368	17,612	17,484	17,814	19,218	17,435	19,196	17,568	18,956	19,911
Interest	25,074	22,493	21,134	20,347	19,511	18,629	17,779	14,752	14,515	13,692
Total Expenditures	336,984	322,104	330,959	341,292	360,964	363,894	394,768	397,471	413,486	441,160
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,315	8,377	11,999	34,639	22,894	9,695	40,476	(209)	22,698	21,420
Other Financing Sources (Uses)										
Transfers In	137,969	82,206	46,827	42,716	44,695	45,251	55,930	49,397	41,142	51,823
Transfers Out	(145,587)	(87,540)	(66,633)	(47,267)	(50,573)	(49,446)	(59,055)	(57,418)	(46,110)	(59,145)
Discount on Debt Issued	—	—	—	—	—	—	835	—	—	—
Issuance of Refunding Bonds	—	—	—	—	—	—	108,903	—	—	—
Refunded Bond Redeemed	—	—	—	—	—	—	(128,621)	—	—	—
Payment to Refund Bonds Escrow Agent	—	—	—	—	—	—	—	—	—	—
Long-Term Debt Issued	—	—	—	—	—	—	—	—	—	—
Premium on Debt Issued	—	—	—	—	—	—	11,528	—	—	—
Proceeds for Note Obligation	—	—	—	—	—	—	—	—	—	—
Capital Lease Financing	—	—	—	621	966	7,331	4,126	3,162	2,228	9,026
Proceeds for Capital Lease Obligations	1,707	—	1,088	—	—	—	—	—	—	—
Sale of Capital Assets	77	679	1,346	8	785	609	2,046	223	2,382	—
Total Other Financing Sources (Uses)	(5,834)	(4,655)	(17,372)	(3,922)	(4,127)	3,745	(4,308)	(4,636)	(358)	1,704
Special Item										
Loss on Receivable (Note 13)	—	—	—	—	—	—	—	(8,152,027)	—	—
Net Change in Fund Balances	\$ 1,481	\$ 3,722	\$ (5,373)	\$ 30,717	\$ 18,767	\$ 13,440	\$ 36,168	\$ (4,845)	\$ 22,340	\$ 23,124
Debt Service as a Percentage of Non-capital Expenditures	12.88 %	13.10 %	12.35 %	12.45 %	11.94 %	11.00 %	10.29 %	9.11 %	8.83 %	8.19 %

Source: City of Fresno, Finance Department

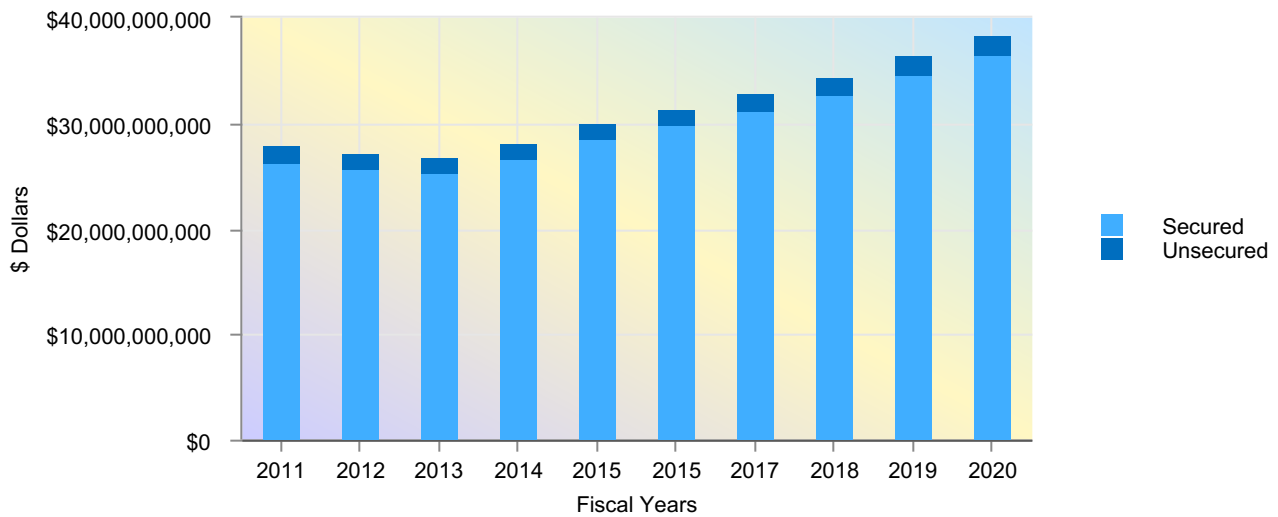
Notes: To properly calculate the ratio of total debt service expenditures to non-capital expenditures, only governmental fund expenditures for the acquisition and construction of assets that are classified as capital assets for reporting in the Government-Wide Financial Statements have been subtracted from the total governmental fund expenditures. These figures by fiscal year are as follows: (2011) \$30,695,022; (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 and (2020) \$30,170,806.

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
2011	\$ 26,427,029,439	\$ 1,607,052,037	\$ 28,034,081,476	0.012314	100%
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

Estimated Value of Taxable Property



Source: County of Fresno

Notes: 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	Fresno Unified School District	State Center Community College District	
2011	1.0	0.032438	1.032438	0.188864	0.010050	1.231352
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

Source: County of Fresno

Notes: 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	2020			2011		
		Taxable Assessed Value	Rank	% of Total County Assessed Value	Taxable Assessed Value	Rank	% of Total County Assessed Value
River Park Properties	Commercial, Misc. Vacant	\$ 211,440,728	1	.0055	\$ 156,767,586	1	0.0056
Amazon.com Services Inc.	Unsecured	171,528,600	2	.0044	—	—	—
Gap Inc.	Commercial	154,145,500	3	.0040	116,701,841	3	0.0042
Gallo E & J Winery	Commercial, Agricultural, Unsecured, Residential, Misc. Vacant	144,598,069	4	.0038	103,904,209	4	0.0037
Macerich Fresno Limited Partnership	Commercial	143,537,485	5	.0037	129,168,510	2	0.0046
RPI Fig Garden LP	Commercial	114,418,961	6	.0030	—	—	—
Meganova LP	Residential Apt., Multi-Family, PUD & Condos, Commercial	108,945,444	7	.0028	—	—	—
DPIF CA 6 Fresno LLC	Commercial	98,794,596	8	.0026	—	—	—
Terraces at San Joaquin Gardens	Institutional	79,763,707	9	.0021	—	—	0.0000
Wal-Mart Stores Inc.	Commercial, Misc. Vacant, Unsecured	77,538,849	10	.0020	—	—	0.0000
Comcast of Fresno Inc.		—	—	—	103,726,947	5	0.0037
Donahue Schriber Realty Group		—	—	—	63,556,040	6	0.0023
Zinkin De Wayne Sandra		—	—	—	58,325,919	7	0.0021
Capri Sun Inc.		—	—	—	56,965,928	8	0.0020
M L Street Properties		—	—	—	54,298,770	9	0.0019
Granum Family Trust		—	—	—	53,435,501	10	0.0019
Total		<u>\$ 1,304,711,939</u>		<u>3.3900 %</u>	<u>\$ 896,851,251</u>		<u>3.2000 %</u>

Source: MuniServices, LLC as compiled by Wildan Financial Services.

Notes: 2019/20 Taxable Assessed Valuation: \$38,558,581,315.

2010/11 Taxable Assessed Valuation: \$28,042,171,201.

In FY2011, Comcast Cablevision was known as Comcast of Fresno Inc.

CITY OF FRESNO, CALIFORNIA

Property Tax Levies and Collections

Last Ten Fiscal Years

Current Tax Collections

Fiscal Year	Total Net Tax Levy (Original Levy)	Supplemental Assessments	Redevelopment Return of Increment	Total Adjusted Tax Levy	Amount Collected	Percentage of Net Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Collection of Adjusted Tax Levy
2011	\$ 88,944,564	\$ 10,281,793	\$ —	\$ 99,226,357	\$ 97,816,966	98.58 %	\$ 1,409,391	\$ 99,226,357	100.00 %
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
							Average Collections		<u>99.18 %</u>

Source: County of Fresno

Notes:

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 FY2014, Delinquent Tax Collections do not include penalties and interest. Property tax collection for fiscal years prior to FY2014 have been adjusted so as not to exceed the levy.

Beginning in FY2014, 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
2011	\$ 171,922	\$ 198,064	\$ 9,208	\$ —	\$ 9,492	\$ 10,671	\$ 58,393	\$ 7,474	\$ 236,256
2012	166,265	189,430	—	—	6,902	7,696	57,461	—	229,397
2013	160,278	180,456	—	—	6,111	6,718	56,459	—	222,109
2014	153,930	171,806	—	—	5,283	7,738	56,138	—	215,611
2015	147,177	161,435	—	—	4,569	10,113	54,590	—	207,280
2016	139,999	153,279	—	—	3,813	17,220	53,098	—	198,436
2017	131,840	144,697	—	—	3,016	20,884	51,508	—	189,134
2018	124,245	136,021	—	—	2,466	28,271	49,825	—	179,351
2019	116,160	126,191	—	—	2,033	39,338	83,039	—	34,943
2020	107,555	114,175	—	—	1,846	43,121	81,145	—	6,934

Source: Debt Information - City of Fresno, Finance Department

Population Information - State of California Department of Finance, Demographic Research Unit

Notes: 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 FY2020 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 FY2012, 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)

	Business-Type Activities					Primary Government		
	Water Revenue Bonds	Lease Revenue Bonds	Certificates of Participation	Notes Payable	Capital Leases	Total Primary Government	Percentage of Personal Income	Net Debt per Capita
2011	\$ 165,338	\$ 92,174	\$ —	\$ 5,624	\$ —	\$ 964,616	3.08 %	\$ 1,929
2012	160,886	91,989	—	11,775	—	921,801	2.82 %	1,825
2013	156,274	87,675	—	46,880	—	922,960	2.77 %	1,815
2014	152,785	84,106	—	54,929	—	902,326	2.57 %	1,750
2015	147,569	79,908	—	52,080	—	864,721	2.31 %	1,662
2016	142,148	75,465	—	82,795	—	866,253	2.20 %	1,664
2017	136,569	69,492	—	208,855	—	955,995	2.33 %	1,818
2018	130,774	61,242	—	364,624	—	1,076,819	2.51 %	2,000
2019	124,759	55,832	—	403,612	—	985,907	2.17 %	1,837
2020	118,501	50,211	—	407,096	—	930,584	N/A	1,705

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
2011	\$ 171,921,659	\$ 9,471,513	\$ 181,393,172	0.647 %	500,121	\$ 363
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

Source: General Bonded Debt Information - City of Fresno Department of Finance
Population Information - State of California Department of Finance, Demographic Research Unit

Notes: 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 FY2012, 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, 2020

2019-20 Gross Assessed Valuation:

\$38,558,581,315

	Estimated Percent Applicable	Debt Applicable
Combined Direct Debt		
City of Fresno Pension Obligation	100%	\$ 107,555,000
Lease Revenue Bonds	100	114,174,930
Notes Payable	100	1,845,503
Capital Leases	100	43,120,510
Total Combined Direct Debt		266,695,943
Overlapping Tax, and Assessment Debt		
City of Fresno Community Facilities District No. 4	100%	\$ 975,000
City of Fresno Community Facilities District No. 5	100	800,000
City of Fresno Community Facilities District No. 7	100	1,300,000
State Center Community College District	42.675	66,432,173
Clovis Unified School District	48.669	168,167,614
Fresno Unified School District	84.452	457,185,203
Central Unified School District	81.369	123,410,518
Other School Districts	Various	48,552,069
California Statewide Communities Development Authority Community Facilities District No. 2012-01	100	4,125,000
Total Overlapping Tax, and Assessment Debt		870,947,577
Overlapping General Fund Obligation Debt		
Fresno County Pension Obligations	46.451%	\$ 105,918,847
Fresno County General Fund Obligations	46.451	16,434,364
Clovis Unified School District Certificates of Participation	48.669	1,523,340
Fresno Unified School District Certificates of Participation	84.452	12,144,198
Central Unified School District Certificates of Participation	81.369	25,181,712
Other School District Certificates of Participation	Various	13,810,959
Total Overlapping General Fund Debt		175,013,420
Overlapping Tax Increment Debt (Successor Agency)		
Fresno Redevelopment Mariposa Medical Project Area	100%	\$ 1,185,000
Fresno Redevelopment Merger No. 2 Project Area		1,185,000
Total Overlapping Tax Increment Debt		2,370,000
Total Overlapping Tax and Assessment, General Fund and Tax Increment Debt		1,048,330,997
Total Overlapping and Direct Debt		\$1,315,026,940

Ratios to 2018-19 Assessed Valuation:

Combined Direct Debt	0.692 %
Overlapping Tax, and Assessment Debt	2.259 %
Combined Total Overlapping and Direct Debt	3.404 %
Overlapping Tax Increment Debt (Successor Agency)	0.003 %

Notes: 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 29, 2020. Direct Debt figures are provided by the Finance Department at the City of Fresno and are as of June 30, 2020.

CITY OF FRESNO, CALIFORNIA

Debt Coverage Ratio - Airports

Last Ten Fiscal Years (in thousands)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues ⁽¹⁾	\$ 17,565	\$ 18,804	\$ 19,876	\$ 21,216	\$ 21,802	\$ 22,976	\$ 24,500	\$ 25,022	\$ 27,308	\$ 26,789
Less Operating Expenses ⁽²⁾	13,340	14,200	14,322	14,262	14,428	14,934	16,117	17,355	18,701	19,962
Other Available Funds ⁽³⁾	—	—	51	95	350	359	368	377	386	395
Net Revenues	\$ 4,225	\$ 4,604	\$ 5,605	\$ 7,049	\$ 7,724	\$ 8,401	\$ 8,751	\$ 8,044	\$ 8,993	\$ 7,222
Adjusted Debt Service										
Series 2000 Bonds	\$ 3,013	\$ 3,011	\$ 3,012	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Series 2013 Bonds	—	—	—	3,288,000	2,805	2,808	2,803	2,801	2,802	2,801
Less										
Minimum PFC Contribution ⁽⁴⁾	(1,100)	(1,100)	(1,100)	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)
Bond proceeds	—	(70,000)	—	—	—	—	—	—	—	—
Additional PFC Contribution	(797)	(321)	(500)	(231)	—	(200)	—	—	—	—
Net Series 2000/2013 Debt Service	\$ 1,116	\$ 1,520	\$ 1,412	\$ 1,457	\$ 1,205	\$ 1,008	\$ 1,203	\$ 1,201	\$ 1,202	\$ 1,201
Series 2007 Bonds	1,283	1,298	1,332	1,369	1,399	1,437	1,472	1,509	1,544	1,581
2019 Bonds	—	—	—	—	—	—	—	—	—	2,141
Annual Adjusted Debt Service	\$ 2,399	\$ 2,818	\$ 2,744	\$ 2,826	\$ 2,604	\$ 2,445	\$ 2,675	\$ 2,710	\$ 2,746	\$ 4,923
Annual Adjusted Debt Service Coverage ⁽⁵⁾	1.76	1.63	2.02	2.49	2.97	3.44	3.27	2.97	3.27	1.47

Notes:

⁽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⁾ 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 FY 2018 and FY 2019.

⁽³⁾ 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.

⁽⁴⁾ 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.

⁽⁵⁾ Numbers used for debt coverage calculated as required by the bond indenture and reflect pledged revenues and expenses in the Airports Debt Coverage Ratio.

CITY OF FRESNO, CALIFORNIA
Debt Coverage Ratio - Water System
Last Ten Fiscal Years (in thousands)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Charges for Services	\$ 67,922	\$ 69,269	\$ 71,667	\$ 90,096	\$ 74,285	\$ 77,959	\$ 101,895	\$ 107,377	\$ 119,029	\$ 120,252
Less: Connection Fee Charges for Services	(1,218)	(1,084)	(1,331)	(1,667)	(1,496)	(1,563)	(1,917)	(2,531)	(2,138)	(2,596)
Net Charges for Services ⁽¹⁾	66,704	68,185	70,336	88,429	72,789	76,396	99,978	104,846	116,891	117,656
Other Operating Revenues and Interest Income	1,451	1,533	720	329	573	1,147	17	(238)	4,974	6,906
Total Revenues	68,155	69,718	71,056	88,758	73,362	77,543	99,995	104,608	121,865	124,562
Expenses										
Labor and Benefits	12,433	12,517	12,679	13,525	11,378	12,437	12,401	12,176	14,581	13,075
Pumping Power	8,850	8,986	9,113	9,292	8,501	8,150	9,064	9,550	8,358	9,419
Source of Supply	7,145	7,748	6,318	1,780	5,613	6,630	4,188	9,751	6,536	9,027
All Other Operating and Maintenance ⁽²⁾	17,999	18,386	16,821	18,151	17,473	17,166	21,547	17,692	35,143	26,148
Total Operating Expenses ⁽³⁾	46,427	47,637	44,931	42,748	42,965	44,383	47,200	49,169	64,618	57,669
Net Current Revenues	\$ 21,728	\$ 22,081	\$ 26,125	\$ 46,010	\$ 30,397	\$ 33,160	\$ 52,795	\$ 55,439	\$ 57,247	\$ 66,893
2003A Senior Bond Debt Service	1,375	1,374	1,376	1,378	1,374	1,381	1,380	1,376	1,379	1,379
State Loans Debt Service ⁽⁴⁾	291	265	259	120	120	120	—	—	—	—
Total Senior Debt	1,666	1,639	1,635	1,498	1,494	1,501	1,380	1,376	1,379	1,379
Senior Coverage Ratio	13.04	13.47	15.98	30.71	20.35	22.09	38.26	40.29	41.51	48.51
Net Revenue Available for Parity Debt Service										
	\$ 20,062	\$ 20,442	\$ 24,490	\$ 44,512	\$ 28,903	\$ 31,659	\$ 51,415	\$ 54,063	\$ 55,868	\$ 65,514
2010 Series A Bond Debt Service	\$ 12,510	\$ 12,515	\$ 12,507	\$ 12,509	\$ 12,509	\$ 12,531	\$ 12,508	\$ 12,509	\$ 12,504	\$ 12,510
State Loans Debt Service ⁽⁴⁾	\$ —	\$ 75	\$ 338	\$ 338	\$ 2,770	\$ 2,786	\$ 3,533	\$ 6,021	\$ 10,937	\$ 18,562
Total Parity Debt Service	\$ 12,510	\$ 12,590	\$ 12,845	\$ 12,847	\$ 15,279	\$ 15,317	\$ 16,041	\$ 18,530	\$ 23,441	\$ 31,072
Parity Coverage Ratio	1.60	1.62	1.91	3.46	1.89	2.07	3.21	2.92	2.38	2.11

Notes:

⁽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⁾ FY2013 State Loan Debt Service payments are actual amounts from the City of Fresno PeopleSoft financial system's expenditure reports. Paid off in FY2016.

CITY OF FRESNO, CALIFORNIA
Debt Coverage Ratio - Sewer System
Last Ten Fiscal Years (in thousands)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Charges for Services ⁽¹⁾	\$ 76,628	\$ 76,726	\$ 76,324	\$ 76,201	\$ 81,955	\$ 78,186	\$ 83,635	\$ 81,651	\$ 81,085	\$ 77,249
Interest Income	1,619	3,797	485	1,547	1,787	2,779	492	2,046	5,548	4,702
Less: Wastewater Facility Connection Fee	(1,463)	(1,133)	(1,853)	(1,981)	(1,709)	(1,844)	(1,968)	(1,996)	(3,290)	(2,600)
Total Senior Lien Revenues	76,784	79,390	74,956	75,767	82,033	79,121	82,159	81,701	83,343	79,351
Operating Expenses ⁽²⁾	31,423	36,858	36,431	36,339	37,391	35,935	38,058	37,237	45,835	43,522
Net Income Before Debt Service	<u>\$ 45,361</u>	<u>\$ 42,532</u>	<u>\$ 38,525</u>	<u>\$ 39,428</u>	<u>\$ 44,642</u>	<u>\$ 43,186</u>	<u>\$ 44,101</u>	<u>\$ 44,464</u>	<u>\$ 37,508</u>	<u>\$ 35,829</u>
Senior Lien Debt Service ⁽³⁾	10,754	10,737	10,724	10,714	10,695	10,387	10,712	10,701	10,684	373
Coverage Ratio ⁽⁴⁾	4.22	3.96	3.59	3.68	4.17	4.16	4.12	4.16	3.51	96.06
100% Coverage-Subordinate Lien:										
Net Current Revenue after Senior Lien Debt (before Connection Fees)	<u>\$ 34,607</u>	<u>\$ 31,795</u>	<u>\$ 27,801</u>	<u>\$ 28,714</u>	<u>\$ 33,947</u>	<u>\$ 32,799</u>	<u>\$ 33,389</u>	<u>\$ 33,763</u>	<u>\$ 26,824</u>	<u>\$ 35,456</u>
Available from Senior Lien Revenues	\$ 34,608	\$ 31,795	\$ 27,801	\$ 28,714	\$ 33,947	\$ 32,799	\$ 33,389	\$ 33,763	\$ 26,824	\$ 35,456
Subordinate Lien Debt Service ⁽⁵⁾	\$ 7,949	\$ 7,949	\$ 7,949	\$ 7,949	\$ 7,949	\$ 7,949	\$ 7,949	\$ 7,949	\$ 4,642	\$ 2,280
State Loan Debt Service ⁽⁶⁾	—	—	—	—	—	—	—	1,280.00	1,286	2,573
Coverage Ratio	4.35	4.00	3.50	3.61	4.27	4.13	4.20	4.25	4.52	7.31
120% & 125% Coverage Subordinate Lien:										
Net Current Revenue (Excluding Connection Fees)	\$ 34,608	\$ 31,795	\$ 27,801	\$ 28,714	\$ 33,947	\$ 32,799	\$ 33,389	\$ 33,763	\$ 26,824	\$ 35,456
Wastewater Facility Connection Fee	1,463	1,133	1,853	1,981	1,709	1,844	1,968	1,996	3,290	2,600
Transfers From Rate Stabilization Fund	—	—	—	—	—	—	—	—	—	—
Net Current Revenue (Including Connection Fees)	\$ 36,071	\$ 32,928	\$ 29,654	\$ 30,695	\$ 35,656	\$ 34,643	\$ 35,357	\$ 35,759	\$ 30,114	\$ 38,056
Available From Senior Lien Revenues	\$ 36,071	\$ 32,928	\$ 29,654	\$ 30,695	\$ 35,656	\$ 34,643	\$ 35,357	\$ 35,759	\$ 30,114	\$ 38,056
Subordinate Lien Debt Service ⁽⁵⁾	\$ 7,949	\$ 7,949	\$ 7,949	\$ 7,949	\$ 7,949	\$ 7,949	\$ 7,949	\$ 7,949	\$ 4,642	\$ 2,280
State Loan Debt Service ⁽⁶⁾	—	—	—	—	—	—	—	1,280.00	1,286	2,573
Coverage Ratio	4.54	4.14	3.73	3.86	4.49	4.36	4.45	3.87	5.08	7.84
Net Income After Debt Service ⁽⁷⁾	\$ 28,122	\$ 24,979	\$ 21,705	\$ 22,746	\$ 27,707	\$ 26,694	\$ 27,408	\$ 26,530	\$ 24,186	\$ 33,203

Notes: ⁽¹⁾ Includes revenue paid by the City of Clovis for Operations and Maintenance pursuant to the 1977 Fresno-Clovis Sewerage System Joint Powers Agreement.

⁽²⁾ The 1993 Indenture specifically excludes from Operating Expenses 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 expenses and any other expenses for lawful purposes.

CITY OF FRESNO, CALIFORNIA

Pledged Revenue Coverage - GASB 44 Methodology

Last Ten Fiscal Years (in thousands)

Solid Waste Revenue Bonds							
Fiscal Year	Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest	Coverage	
2011	\$ 51,753	\$ 42,598	\$ 9,155	\$ 220	\$ 448	13.71	
2012	38,271	40,085	(1,814)	7,500	127	(0.24)	
2013	—	—	—	—	—	—	
2014	—	—	—	—	—	—	
2015	—	—	—	—	—	—	
2016	—	—	—	—	—	—	
2017	—	—	—	—	—	—	
2018	—	—	—	—	—	—	
2019	—	—	—	—	—	—	
2020	—	—	—	—	—	—	

Fresno Convention Center Revenue Bonds							
Fiscal Year	Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest	Coverage	
2011	\$ 2,929	\$ 4,506	\$ (1,577)	\$ 3,466	\$ 2,930	(0.25)	
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	3,878	(244)	3,030	2,346	(0.05)	
2017	3,752	4,929	(1,177)	22,762	2,213	(0.05)	
2018	3,318	3,970	(652)	2,189	1,171	(0.19)	
2019	3,796	4,350	(554)	3,260	1,882	(0.11)	
2020	2,415	3,528	(1,113)	3,422	1,716	(0.22)	

Stadium Bonds							
Fiscal Year	Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest	Coverage	
2011	\$ 340	\$ 13	\$ 327	\$ 1,005	\$ 2,441	0.09	
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	678	31	647	1,335	2,114	0.19	
2017	1,082	224	858	17,210	1,597	0.05	
2018	238	90	148	1,355	1,714	0.05	
2019	405	111	294	1,490	1,705	0.09	
2020	344	51	293	1,575	1,616	0.09	

Park Bonds							
Fiscal Year	Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest	Coverage	
2011	\$ 742	\$ 352	\$ 390	\$ 45	\$ 110	2.53	
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)	

Notes: 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 2020

Assessed Value	\$	38,558,581
Debt Limit (20% of assessed value, pursuant to City Charter)		7,711,716
Debt applicable to the limit:		
General obligation bonds		—
repayment of general obligation debt		—
Total net debt applicable to limit		—
Legal debt margin	\$	7,711,716

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
2011	\$ 5,606,816	\$ —	\$ 5,606,816	0.00 %
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

Source: Assessed Valuation Information - County of Fresno, Tax Rate Book

Notes: 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
2011	500,121	\$ 31,353,987,000	\$ 33,321	16.530%	112.29
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	Not yet available	Not yet available	12.124%	116.48

Source: 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).

Notes:

Personal Income and Per Capita Personal Income information pertains to Fresno, CA, Metropolitan Statistical Area (MSA).

Personal Income and Per Capita Personal Income for 2019 are estimates as of November 2020.

Personal Income and Per Capita Personal Income data is not available from the BEA for 2020.

The FY2020 Unemployment Rate is the average of figures for the first 10 months of calendar year 2020 as provided by the EDD as of November 2020.

The 2020 Population is as of 5/1/2020.

CITY OF FRESNO, CALIFORNIA

Principal Employers

Current Year and Nine Years Ago

Employer	2020			2011		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Fresno Unified School District	10,552	1	2.74%	—	—	—
Community Regional Medical Center	8,600	2	2.23%	6,000	1	3.10%
County of Fresno	7,773	3	2.02%	—	—	—
Clovis Unified School District	6,400	4	1.66%	—	—	—
Internal Revenue Service	5,000	5	1.30%	—	—	—
City of Fresno	3,575	6	0.93%	3,790	2	1.96%
Amazon.com, Inc	3,500	7	0.91%	—	—	—
Saint Agnes Medical Center	2,800	8	0.73%	2,800	3	1.45%
California State University, Fresno	2,543	9	0.66%	—	—	—
State Center Community College	2,329	10	0.61%	—	—	—
Kaiser Permanente Fresno	—	—	—	2,160	4	1.12%
Foster Farms	—	—	—	1,100	5	0.57%
Zacky Farms LLC	—	—	—	900	6	0.46%
AmeriGuard Security Systems	—	—	—	700	7	0.36%
Guarantee Real Estate	—	—	—	502	8	0.26%
Rex Moore Electrical Contractors and Engineers	—	—	—	500	9	0.26%
Lyons Magnus	—	—	—	400	10	0.21%
Total	53,072		13.79%	18,852		9.75%
Fresno City Employment	384,900			193,700		

Source: Employer Information - Fresno County Economic Development Corporation (EDD)
City of Fresno Employment information - Employment Development Department (EDD) - Labor Market Information, State of California

Notes: FY2020 employer information provided by the Fresno County Economic Development Corporation (EDD) and represents private and public sector full-time employees.

The FY2020 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.

FY2020 Fresno City Employment figures are for June 2020 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Management	88.80	78.80	78.80	79.50	79.50	80.25	85.25	96.84	101.50	189.00
Finance	101.00	54.68	56.00	56.00	58.00	58.75	60.75	54.75	55.00	118.00
General Services	104.00	—	—	—	—	—	—	—	—	—
Other	116.80	91.00	89.75	94.80	95.00	96.25	103.50	106.00	112.00	117.00
Enterprise Functions										
Transportation										
Airports										
Sworn	5.00	5.00	5.00	5.00	15.00	15.00	19.00	19.00	19.00	19.00
Civilian	78.00	72.00	72.30	77.40	72.00	72.00	77.35	80.05	82.00	85.65
FAX Department	342.00	409.00	407.00	407.00	422.00	435.50	492.25	508.00	515.50	533.00
Public Utilities	691.00	697.08	602.25	614.75	634.75	640.50	643.80	643.80	646.80	587.75
Economic Growth and Expansion										
Development and Resource Management Department	156.03	169.94	163.10	166.60	174.60	184.60	204.80	218.70	—	—
Downtown & Community Revitalization Department	20.00	—	—	—	—	—	—	—	—	—
Planning and Development Services	—	—	—	—	—	—	—	—	218.20	138.70
Public Works	264.40	265.00	268.00	272.50	292.75	288.75	305.25	315.25	339.50	356.75
Culture and Recreation										
Parks, Recreation and Community Services	85.50	52.00	52.00	52.00	66.00	71.00	73.50	75.00	75.75	76.00
Public Protection										
Police										
Sworn	816.58	767.75	748.00	717.00	717.00	775.00	804.00	830.00	835.00	835.00
Civilian	210.08	200.00	202.00	238.00	278.80	244.56	274.65	270.34	273.75	292.00
Fire										
Sworn	340.35	317.65	309.00	304.00	310.00	314.00	334.00	334.00	334.00	302.00
Civilian	52.60	40.00	42.75	42.20	46.75	45.00	42.91	47.75	42.50	43.50
Total	3,472.14	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

Source: City of Fresno Budget Management & Studies Division - Adopted Budgets, Authorized Positions.

Notes: 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: FY2010 as of June 2010; FY2011 as of May 2011; FY2012 as of May 2012; FY2013 as of September 2012; FY2014 as of June 2013; FY2015 as of September 2014; FY2016 as of September 2015; FY2017 as of June 2017; FY2018 as of June 2018; FY2019 as of June 2019 and FY2020 as of June 2020.

In FY2011, Planning and Development became the Development and Resource Management Department (DARM).

In FY2012, the Downtown & Community Revitalization Department was consolidated into the DARM Department.

In FY2012, the General Services Department (GSD) was dissolved and its operating divisions were merged into the Finance, Public Works and Transportation/FAX Departments.

In FY2012, effective December 1, 2011, Commercial Solid Waste Operations were franchised. 109 authorized positions in the Public Utilities Department were deleted by City Council Resolution, effective July 3, 2012.

In FY2017, 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 FY2017, 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 FY2018, the Budget and Management Studies Division was relocated from the Finance Department to the City Manager's Office.

In FY2019, 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Building Permits Issued										
Commercial	1,133	1,830	1,756	1,835	1,878	1,641	1,948	1,876	1,688	1,731
Residential	3,276	6,499	7,167	7,931	9,084	8,313	11,227	10,998	7,770	9,753
Police										
Physical Arrests	35,726	32,782	35,489	39,689	43,729	37,816	26,893	27,924	28,337	20,885
Traffic Violations (citations issued)	58,132	64,979	53,485	51,940	44,954	58,927	58,927	39,488	57,691	43,992
Calls Received for Police Service	864,005	876,820	945,989	957,532	950,099	1,026,458	950,099	1,013,411	924,016	920,020
Fire										
Emergency Medical Service Calls	19,671	19,216	18,129	19,413	20,191	19,174	21,773	21,430	32,071	27,964
Fire Incidents	12,109	13,800	14,518	15,953	16,326	18,257	16,702	16,830	25,194	14,906
Fire Inspections	12,151	10,985	12,414	11,187	9,780	12,581	13,292	12,679	12,747	13,692
Fire Hydrant Inspections	28,109	30,917	30,342	30,420	26,811	17,025	17,000	17,252	17,252	17,381
Wastewater Treatment										
Average Daily Sewage Treatment (million gallons per day)	66.08	63.56	61.9	60.2	57.2	55.9	56.9	57.1	56.2	56.1
Wastewater Treatment Capacity (million gallons per day)	80	80	80	80	80	80	80	80	92	91.5
Solid Waste										
Refuse Collected (tons per day)	979	916	477	451	505	623	650	648	662	650
Recyclables Collected (tons per day)	214	201	147	116	117	154	156	154	156	159
Green Waste Collected (tons per day)	325	396	378	293	275	348	358	353	365	366
Other Public Works										
Street Resurfacing (miles)	27.0	16.0	10.2	12.3	17.0	18.6	16.8	15.1	28.3	13.8
Parking Violations (citations issued)	56,270	45,667	45,730	49,313	49,326	47,531	53,760	54,865	45,407	31,514
Parks and Recreation										
Athletic Field Permits Issued	2,662	3,710	3,281	4,317	5,921	6,949	8,332	5,392	6,795	5,182
Memorial Auditorium User Groups	34	33	20	26	16	27	18	13	23	8
Memorial Auditorium, Audience	33,136	33,600	15,500	21,600	21,000	45,900	18,900	16,500	19,500	10,800
Senior Hot Meal Participants (All Sites)	66,110	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)	2,871	3,084	2,754	3,058	2,194	2,457	2,053	1,907	1,841	2,438
Average Daily Attendance (Neighborhood Parks with Centers)	—	—	—	—	—	1,653	1,732	1,976	2,083	1,656

CITY OF FRESNO, CALIFORNIA

Operating Indicators by Function/Program

Last Ten Fiscal Years (Continued)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Convention Center										
Event Days	417	341	360	322	297	209	313	300	296	170
Gross Ticket Sales	\$ 6,958,814	\$ 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	585,430	519,543	553,443	442,070	428,086	455,491	455,587	417,918	478,541	278,299
Water										
Number On-Service Accounts	131,880	131,801	130,530	131,910	133,163	134,381	135,448	136,408	137,251	138,332
Main/Service Leaks Repaired	644	589	639	705	558	378	408	663	737	776
Average Daily Per Capita Consumption (gallons)	260	246	241	231	208	183	198	208	189	197
Peak Daily Consumption (MGD - Million Gallons per Day)	220	209.13	200.46	199.4	187.36	169.88	180.6	183.42	156.91	170.01
Transportation										
Airports										
Number of Commercial Airlines	9	9	10	10	9	8	8	8	8	8
Number of Cargo Carriers	3	3	3	3	3	3	3	3	3	3
Total Number Tenant Aircraft	401	405	405	408	408	320	303	277	301	287
Annual Fuel Consumption (gallons)	5,787,043	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
Origin and Destination Passengers										
Domestic	1,163,568	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
International	45,465	130,047	124,453	147,094	153,244	182,225	208,947	212,075	235,667	207,037
Origin and Destination Mail (lbs.)	91	20,880	6,661	183	—	316	17,818	9,362	12,649	—
Origin and Destination Freight (lbs.)	20,630,316	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
Fresno Area Express (FAX)										
Actual Route Miles	4,563,016	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
Passengers	17,589,425	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
Mini-Buses - Purchased Transportation	46	45	44	48	50	58	63	69	56	48

Source: City of Fresno - Various Departments

Notes: 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. In FY2020, Police arrests are as of September 2019, all other months are unavailable due to conversion from Data 911 to Axon.

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.

In FY2011, reduction in citations were attributed to an 18% decrease in the number of motor officers issuing citations due to unfilled attrition vacancies attributed to department-wide budget reductions.

Fire hydrant inspections decreased in FY2016 because of an inspection schedule change. Beginning in FY2016, fire hydrant inspections are scheduled for annual inspections instead of bi-annual inspections.

In FY2016, the Mini bus figure includes 8 sedans as is consistent with National Transit Database (NTD) reporting.

In FY 2019, the increase in all functional areas is tied 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.

In FY2019, Airports 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.

In FY2020, the decrease in number of FAX mini-buses is due to life cycle retirements.

In FY2020, the following areas were significantly impacted by the COVID-19 stay at home order; Convention Center attendance and events, FAX ridership, Parking citations due to relaxed enforcement, Airports number of passengers, and Parks and Recreation attendance and events.

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police Department										
Stations	5	4	4	4	4	4	5	5	5	5
Patrol Bureaus	7	4	4	4	4	4	5	5	5	5
Vehicular Patrol Units	250	261	261	261	257	276	334	360	356	390
Plain Cars (No specialty vehicles)	178	197	197	175	175	173	198	197	200	228
Motorcycles	80	80	70	71	85	72	70	74	70	66
Helicopters	2	2	2	2	2	2	2	2	2	2
Fixed Wing Aircraft	1	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	16	18	18	17	17	18	18
Truck Companies	4	4	4	4	4	4	5	5	5	5
Public Works										
Streets (miles)	1,692	1,548	1,497	1,490	1,672	1,500	1,511	1,692	1,700	1,714
Street Lights	41,100	41,000	41,556	41,500	42,051	42,207	42,405	43,318	43,450	43,570
Traffic Signals	442	450	468	466	489	467	468	481	488	486
Solid Waste Division										
Collection Trucks	126	83	83	83	84	89	81	85	86	86
Water Division										
Water Mains (miles)	1,779	1,781	1,782	1,803	1,799	1,801	1,809	1,827	1,859	1,871
Wells	269	273	273	271	260	261	260	263	262	262
Fire Hydrants	12,914	12,954	13,001	13,139	13,170	13,218	13,332	13,484	13,536	13,638
Sewer Maintenance Division										
Sewer Mainlines (miles)	1,503	1,507	1,521	1,529	1,533	1,536	1,539	1,613	1,558	1,628
Manholes	23,123	23,275	23,384	23,644	23,776	22,834	23,947	24,146	24,359	25,546
Lift Stations	15	15	15	15	15	15	15	15	14	16
Parks										
Metropolitan Parks (Regional)	3	3	3	3	3	3	3	3	3	3
Neighborhood Parks	31	31	31	31	32	33	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	6	8	8	8	8	8
Tennis Courts	40	40	40	40	40	42	42	42	42	42
Acres of Parks	1,535	1,535	1,535	1,535	1,384	1,392	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	5	7	7	7
Swimming Pools	5	5	5	9	9	9	9	9	8	8

CITY OF FRESNO, CALIFORNIA

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years (continued)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Transportation										
Airports	2	2	2	2	2	2	2	2	2	2
Municipal Airport Total Acreage	1,900	1,900	1,875	1,875	1,875	1,875	1,875	2,050	2,050	2,050
Length of Longest Runway (surfaced) - Linear Feet	9,227	9,227	9,227	9,539	9,539	9,539	9,539	9,539	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)	2,425	2,367	2,365	2,365	2,365	2,355	2,664	2,664	2,664	2,812
Air Cargo Ramp Spaces	9	9	9	9	9	8	8	9	9	9
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	302	303	303	303	303	303
Buses - Directly Operated	122	123	110	111	105	105	129	138	102	100

Source: City of Fresno - Various Departments

Notes:

Information combined for Fresno Yosemite International (FYI) and Chandler Executive Airport (FCH).

The reduction in FY2016 is due to the non-inclusion of secondary segments on the major divided roads and is not associated with any road removal.

The number of street lights in FY2011 are estimated.

Effective December 1, 2011, the collection and all commercial and multi-family solid waste services were franchised to two private haulers. The number of commercial solid waste trucks was reduced by 42 at that time.

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 FY2016 due to the opening of Inspiration Park.

In FY2020, 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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