

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT

**FINANCIAL STATEMENTS,
COMBINING FUND FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULES
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Fresno Metropolitan Flood Control District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fresno Metropolitan Flood Control District (the District) as of and for the year ended June 30, 2021, the budgetary comparative statement for the general fund and the related notes to the financial statements, which collectively comprise the District's 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2021, the respective changes in financial position, and the respective budgetary comparison statement for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios, and Schedule of Plan Contributions - OPEB, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 District's financial statements. The combining fund financial statements and supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining fund financial statements and supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 fund financial statements and supplementary schedules are fairly stated in all material respects in relation to the financial statements as a whole.

The schedules on pages 61 and 62 include the effects of recording a liability to developers in the special revenue PPDA Trust Fund. Most of this liability is not actually payable from the fund assets at June 30, 2021, instead it may be paid over the next 20 years from future receipts. Management internally treats this as a true liability despite not being recognized as such by accounting principles generally accepted in the United States of America. Developers will only be paid when the improvements, which were financed by the developers, are later reimbursed by the District from future fees collected in that drainage area that are eligible under District ordinances to reimburse the developers. The schedules also include the gross amount of contracts payable for awarded contracts rather than presenting the liability net of the percent incomplete, as required by generally accepted accounting principles.

The District internally treats all contracts in gross amount as awarded by the Board of Directors as a liability the current resources will be used to pay. These schedules are presented by the District to show these gross amounts for users of the financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2022, on our consideration of the District'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 District's internal control over financial reporting and compliance.

HUDSON HENDERSON & COMPANY, INC.

A handwritten signature in blue ink that reads "Hudson Henderson & Company, Inc." in a cursive script.

Fresno, California
January 18, 2022

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

This section of the Fresno Metropolitan Flood Control District's (the District) Annual Financial Report presents a narrative overview of the District and its programs along with an analysis of the District's financial activities for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with information presented in our financial statements.

INTRODUCTION

The District is a "special act" district, created by the electorate to provide fully coordinated and comprehensive stormwater management and related services on a regional basis through a quasi-joint powers relationship among the Cities of Fresno and Clovis and the County of Fresno.

In the following sections, the mission, history, and organization of the District are presented, as well as an overview of District services and programs.

GOAL AND MISSION OF THE DISTRICT

The mission of the District is to control and manage the flood, storm, and surface and groundwater resources of the area, so as to prevent damage, injury, and inconvenience; to conserve such waters for local, domestic, and agricultural use; and to maximize the public use and benefit of the District's programs and infrastructure.

The District is a service agency created by and for the benefit of the community. Its goal is to meet the flood control, drainage, and water resources management needs of its constituency, while adhering to high standards of performance, environmental sensitivity, economic efficiency, and maximization of public benefit.



McKinley and Fairfax 1962

The District works to address stormwater and related water resource problems and needs, while seeking to prevent the creation of new problems. The District strives to achieve these goals within the reasonable time and economic parameters established through collective community discussion and decision-making as entrusted to the District Board of Directors. As a service agency, it is the District's responsibility to respond to the community's needs for technical information; resources conservation; and facility construction, operation, and maintenance.

DISTRICT HISTORY

The District exists as a direct creation of the electorate of the Fresno-Clovis metropolitan area. Until June 5, 1956, the responsibility for stormwater management and related functions were vested individually in the Cities of Fresno and Clovis and the County of Fresno. Until that time, stormwater management generally consisted of independent, site-specific actions intended only to alleviate individual problem locations, but failing to create comprehensive solutions. In response to the rapidly increasing number of stormwater management problems and the inability of the three independent jurisdictions to provide an effective, coordinated solution, a citizens' committee formed to explore alternatives.

The result of the citizens' efforts was draft legislation creating a "special act" district designed to mandate a quasi-joint powers relationship among the Cities of Fresno and Clovis and the County of Fresno, which would provide the desired stormwater management services. The act is known as the Fresno Metropolitan Flood Control District Act of 1955 (the District Act) and was signed into law on May 13, 1955. The District Act became law on September 17, 1955, subject to voter approval. On June 5, 1956, the District Act was ratified by a five-to-one majority vote (32,030 voting in favor, 5,974 voting in opposition) and was established as Chapter 73 of the California Water Code appendix. Additional information is available from the District's web site at www.fresnofloodcontrol.org.



Downtown Fresno 1925

OVERVIEW OF DISTRICT SERVICES AND PROGRAMS

District Service Area

The District is located in the north-central portion of Fresno County between the San Joaquin and Kings rivers. The District is authorized to control stormwaters within an urban and rural foothill watershed of approximately 400 square miles, known as the Fresno County Stream Group. The watershed extends eastward into the Sierra Nevada to an elevation of approximately 4,500 feet above sea level. The District service area includes most of the Fresno-Clovis metropolitan area (excluding the community of Easton), and unincorporated lands to the east and northeast.



Basin "D" on Forkner Ave.

For the purposes of program planning, structure, service delivery, and financing, a distinction is made between flood control and local drainage services. The flood control program relates to the control, containment, and safe disposal of stormwaters that flow onto the valley floor from the eastern streams. The local drainage program relates to the collection and safe disposal of stormwater runoff generated within the urban and rural watersheds or "drainage areas." These and other major District programs are introduced below and described in detail in the District's Service Plan. All are closely integrated and coordinated to provide efficient, comprehensive services. Collectively, these facilities comprise the "Storm Drainage and Flood Control Master Plan."

Flood Control Program



Redbank Creek Reservoir, Fresno County

The District's flood control program consists of a system of facilities and operations which control the flows from several low-elevation streams that drain a part of the west slope of the Sierra Nevada between the San Joaquin and Kings rivers. These streams are collectively referred to as the Fresno County Stream Group. The system is currently composed of eight major flood control facilities and many related streams and channel features. The District is the local sponsor of the U.S. Army Corps of Engineers' (Corps) Redbank-Fancher Creeks Flood Control Project, which consists of five of the system's major facilities. Through its contract with the federal government, the District is responsible for construction costs

sharing, land acquisition, operation, and maintenance of the Redbank-Fancher Creeks project. The District is also responsible for construction, operation, and maintenance of additional, non-federal flood control facilities required to control the stream group, and for flood plain management.

Rural Streams Program

Between the easterly boundary of the planned urban stormwater drainage system and the District's eastern boundary, there are approximately 175 miles of streams and channels, many of which are severely obstructed. The District has implemented the rural streams program to preserve, restore, and maintain these channels, and to complete any additional facilities necessary to safely convey storm flows through the rural area and the downstream urban area. The rural streams program includes activities to secure and maintain drainage amenities necessary for rural lands within the watershed.

Local Stormwater Drainage Program

The District's local stormwater drainage system consists of storm drains, detention and retention basins, and pump stations, some of which discharge to irrigation canals, creeks, and the San Joaquin River. The system is designed to retain and infiltrate as much runoff as possible. The District's Storm Drainage and Flood Control Master Plan includes 156 drainage areas, each providing service to approximately one to two square miles. All but five of the developed drainage areas are served by a retention or detention facility. Local drainage services include topographic mapping; Master Plan engineering and facility design; system construction, operation, and maintenance; and engineering design services to ensure adequate drainage for new development.

Stormwater Quality Management Program

In compliance with the Federal Clean Water Act and implementing stormwater permit regulations, the District and four other local public agencies (County of Fresno, City of Fresno, City of Clovis, and CSU Fresno) developed a Stormwater Quality Management Program to be implemented in the Fresno-Clovis metropolitan area. The program proposal was submitted to the Central Valley Regional Water Quality Control Board (RWQCB) as a part of the National Pollutant Discharge Elimination System Program (NPDES) municipal stormwater permit process. The RWQCB incorporated into the permit specific program requirements, including best management practices to prevent and reduce stormwater pollutants. The NPDES permit was originally issued to the participating agencies in September 1994, and was renewed in March 2001 and May 2013.

As owner and operator of the stormwater drainage system serving the metropolitan area, the District has primary responsibility for implementing this mandated program. The Stormwater Quality Management Program includes specific pollution prevention and control practices for urban drainage system planning, design, construction, and maintenance. The program also includes public education to prevent stormwater pollution, municipal operations control measures, commercial and industrial control measures, illicit discharges control measures, and control measures associated with planning and land development. The program also includes monitoring to assess stormwater impacts on receiving water and methodologies to evaluate the effectiveness of targeted best management practices; and development and implementation of ordinances to effect and enforce stormwater quality controls.

Water Conservation Program

Water conservation benefits are a design objective of the Flood Control and Urban Drainage Systems, which detain and retain stormwater runoff for groundwater recharge. The District also maintains groundwater recharge contracts with the Fresno Irrigation District (FID) and the Cities of Fresno and Clovis, which provide for dry season delivery of imported surface water into many of the District's local stormwater drainage retention basins. Through cooperative agreements with the Cities of Fresno and Clovis, the District continually investigates the feasibility of building additional interties between the surface water channels and basins, and otherwise expanding the system, to increase the system's water conservation capabilities. When practical, the District will irrigate with surface water to preserve higher quality water for commercial or industrial use.

Recreation Program

The District includes landscaping of urban basin sites with turf, trees, and irrigation systems as part of the improvements in the drainage system. The landscaping stabilizes the soil, adds a green and open space area with aesthetic appeal, and provides the opportunity for recreational activities. Basins in residential areas are designed with depths and slopes that permit large open basin floors to be landscaped and available for passive or active recreational activities. Non-residential basins are designed with depths and slopes that are not accommodative to public access. These basins are only landscaped around the top perimeter and are not available for recreational access. The basins in residential areas are made available for recreational use during the dry weather season and are commonly used for public open space, playing fields, and other organized and unorganized recreation. Organized recreation is controlled by the District through facility use agreements. The District has cooperated with the Cities of Fresno and Clovis to provide active recreational features, such as baseball fields and playgrounds. The District has improved three sites with recreational features specifically designed for use by physically challenged citizens.



Oso De Oro Park, Basin "D"

Wildlife Management Program



Canada Geese

The District's flood control and urban stormwater drainage programs provide benefits to wildlife. The District's flood control reservoirs and rural streams provide riparian habitat for many birds and other animals. Through implementation of a Memorandum of Understanding (MOU), which serves as a section 1601 Master Streambed Alteration Agreement between the District and the Department of Fish & Wildlife (DFW), authorized rural stream activities, including channel flow capacity restoration, are intended to accomplish long-term net benefits for fish, wildlife, water quality, native plants, and stream habitat. Furthermore, the Master MOU

provides for wildlife habitat improvement to be incorporated comprehensively into District stream restoration projects in lieu of imposing incremental requirements on a project-by-project basis, and results in a net benefit to wildlife and habitat.

The District has also designated three areas at its reservoirs as existing or potential wildlife habitat. Many urban retention basins also provide wildlife benefits. The District has implemented the wildlife program to conserve and enhance habitats in its facilities, and to provide related environmental education and awareness opportunities to the public.

DISTRICT ORGANIZATION

District Board of Directors

A seven-member Board of Directors (the Board) governs the District. The Fresno City Council appoints four members; the Fresno County Board of Supervisors appoints two members; and the Clovis City Council appoints one member. Each Director serves a 4-year term and may be re-appointed for consecutive terms. Board meetings normally occur on the second and fourth Wednesday of each month. The Board must approve the District budget, fees and assessments, direct matters of policy and enact ordinances, and perform other responsibilities authorized and required by the District Act.

Assets

The District's physical assets consist of the flood control and local drainage structures and real property, the operations center, and equipment. With the completion of the District's system of flood control facilities, the flows of the stream group will be controlled by eight major flood control structures (dams, reservoirs, and detention basins) and other appurtenant facilities. The five major components of the system initially constructed with the Corps of Engineers as the Redbank-Fancher Creeks Flood Control Project was completed in December 1993 at a total cost of \$67,004,005.

As of June 30, 2021, the District had invested \$76,632,070 for land and \$325,644,751 for infrastructure building the Local Stormwater Drainage System. This value represents the actual costs at the time of construction, and does not reflect the current value of the system to the community.

Revenue Sources and Financing

The financing program of the District includes five major categories of revenues. These include (1) general property tax; (2) assessments; (3) capital construction contributions by other public agencies; (4) fees and service charges; and (5) grants. In addition to these, the District receives minor miscellaneous revenues such as rents and leases, interest, and an occasional gift. The general authority to receive or collect such revenues is set forth in the District's enabling legislation, other state legislation under which the District is an eligible participant, and through joint powers relationships in which the District participates.

Organizational Structure and Functions

District Personnel

For the fiscal year 2020-2021, the Board of Directors authorized 76 full-time positions. Organizational functions are separated into two primary divisions: administration and engineering. The General Manager-Secretary, District Engineer-Assistant General Manager, Assistant General Manager-Administration and support staff performs District administration. Major administrative functions include accounting, assessment collection, office management and clerical support, land acquisition, legal services, community relations, information systems, and environmental resources management.

District engineering functions include system master planning, design, construction, development review, and facility operations and maintenance. These duties are performed by staff engineering personnel, consultants, and contractors under the direction of the District General Manager-Secretary through the District Engineer-Assistant General Manager.

System operations and maintenance activities involve District field staff that monitor all facility operations, perform pump maintenance and equipment repairs, facilitate water diversions and deliveries, and investigate illegal dumping and nuisance complaints related to the storm drain system. Field staff monitors the performance of contractors that provide maintenance services and direct maintenance crews that perform pipeline system cleaning on a contract basis to the District. Field staff also performs inspections of all construction projects to ensure conformance to District design and construction standards.

District engineering staff performs master plan and design engineering for the rural streams system, reviews and comments on development entitlement applications within the District boundaries, and performs and directs the master planning and design engineering of the urban storm drainage systems with the assistance of the District's consultants. Staff administers the Drainage Fee Ordinance of the three land use entitlement agencies (City of Fresno, County of Fresno, and the City of Clovis) and administers a system of reimbursements for developers who advance facility construction in excess of their drainage fee obligation.

Outsourcing to Private Contractors and Consultants

The District contracts with private entities for many administrative, environmental, and engineering services; for most maintenance services; and for all appraisal and construction services. Legal services and legislative review are performed through an agreement with private legal counsel. Community relations activities and many environmental resources planning and compliance activities are performed through professional service contracts. Master plan design engineering is performed by staff plus private engineering firms under professional service contracts. Maintenance of all dams, reservoirs, basins, pipeline systems, and all construction activity are contracted with private enterprise entities. Approximately \$13.5 million in expenditures were outsourced during the current fiscal year.

Storm Drainage System

The Storm Drainage and Flood Control Master Plan includes a five-year construction schedule, which includes projects managed on a priority basis. The urban Master Plan calls for the construction of basin facilities with an interconnected network of underground pipes and above ground conveyance facilities. The Master Plan is subdivided into urban drainage areas and rural watersheds. Nearly all drainage areas have at least one basin, and a network of underground pipelines. In recent years, pump stations and telemetry have been added to basin sites to improve the efficiency of moving stormwater through the system.

BASINS



Ponding basins vary in size from the smallest 4.2 acre site at Basin “CC” to 33 acres for Basin “DP”.

“CAST IN PLACE” PIPELINE CONSTRUCTION



The drainage system is comprised of pipes with diameters as large as 96 inches and as small as 15 inches.

CONSTRUCTION OF A PUMP STATION



FINANCIAL HIGHLIGHTS

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT STATEMENT OF NET POSITION			
	June 30, 2021	Change	June 30, 2020
ASSETS			
Cash and Investments	\$ 32,773,175	\$ 4,234,136	\$ 28,539,039
Receivables	3,217,248	(412,938)	3,630,186
Restricted Cash	64,762,677	4,073,981	60,688,696
Net OPEB Asset	2,413,823	2,289,896	123,927
Capital Assets (Net of Depreciation)	280,998,982	3,114,221	277,884,761
Total Assets	384,165,905	13,299,296	370,866,609
DEFERRED OUTFLOWS			
Deferred Outflows - OPEB	643,723	(149,994)	793,717
LIABILITIES			
Current Liabilities:	3,947,327	(600,027)	4,547,354
Non-Current Liabilities:			
Due within One Year	1,581,611	(116,753)	1,698,364
Due in More Than One Year	9,514,097	(684,956)	10,199,053
Total Liabilities	15,043,035	(1,401,736)	16,444,771
DEFERRED INFLOWS			
Deferred Inflows - OPEB	2,505,788	1,075,068	1,430,720
NET POSITION			
Net Investment in Capital Assets	271,327,656	3,891,719	267,435,937
Restricted for:			
Debt Service	1,296,764	7,272	1,289,492
Construction	60,541,613	4,756,922	55,784,691
Unrestricted	34,094,772	4,820,057	29,274,715
Total Net Position	\$ 367,260,805	\$ 13,475,970	\$ 353,784,835

Statement of Net Position-Total Assets

The total assets of the District increased \$13,299,296 from the prior year. Capital assets increased \$3,114,221 net of depreciation. Non-Capital assets, which are comprised of cash, receivables on hand, and net OPEB asset at the end of the fiscal period, increased \$10,185,075. The District saw an decrease in receivables of \$412,938, while increasing restricted and unrestricted cash on hand of \$8,308,117.

Statement of Net Position-Total Liabilities

As of the end of the year, total liabilities decreased \$1,401,736. Current liabilities decreased \$600,027 and Non-current liabilities decreased \$801,709 from the prior year.

Statement of Net Position-Net Position

At the end of the year, assets exceeded liabilities by \$367,260,805 (net position). Unrestricted Net Position increased \$4,820,057 to \$34,094,442 and may be used to meet the District's ongoing obligations to citizens and creditors. Restricted Net Position, which may only be used for construction or debt service, increased by \$4,764,194. The Net Investment in Capital Assets increased \$3,891,719 to \$271,327,656.

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT CHANGES IN NET POSITION			
	For the Year Ending June 30, 2021	Change	For the Year Ending June 30, 2020
Revenues			
Program Revenues			
Charges for Services	\$ 1,105,712	\$ 31,376	\$ 1,074,336
Capital Grants and Contributions	10,101,671	182,568	9,919,103
Total Program Revenues	11,207,383	213,944	10,993,439
General Revenues			
Property Taxes, Levied for General Purposes	13,278,843	1,027,114	12,251,729
Assessment Tax, Levied for Specific Benefit	8,369,037	24,703	8,344,334
Investment Earnings and Rental Revenue	1,407,019	(401,341)	1,808,360
Gain on Disposal of Assets	2,995	(22,621)	25,616
Miscellaneous	104,598	(36,905)	141,503
Total General Revenues	23,162,492	590,950	22,571,542
Total Revenues	34,369,875	804,894	33,564,981
Functions and Programs			
Flood Control System	9,982,986	303,198	9,679,788
General Government	10,536,487	(123,408)	10,659,895
Interest on Long-Term Debt	374,432	(45,259)	419,691
Total Functions and Programs	20,893,905	134,531	20,759,374
Change in Net Position	13,475,970	670,363	12,805,607
Net Position - Beginning	353,784,835	12,805,607	340,979,228
Net Position - Ending	\$ 367,260,805	\$ 13,475,970	\$ 353,784,835

Changes in Net Position

Change in Net Position increased \$670,363 compared to the prior year; for a net position increase of \$13,475,970. Revenues increased \$804,894 over prior year; primarily due to an increase of \$1,027,114 in General Revenues – Property Taxes, and a decrease in Investment Earnings and Rental Revenue of \$401,341. Total Functions and Program Expenses increased \$134,531, due to an increase of Flood Control Systems of \$303,198.

Governmental Funds-Fund Balance Reporting Requirements

The Governmental Accounting Standards Board (GASB) Statement No. 54 requires all governmental entities to implement changes to governmental fund financial statements. GASB Statement No. 54 requires that the new requirements must be implemented for fiscal years beginning after June 15, 2010. It changes the presentation of the elements of the fund balance. GASB Statement No. 54 also clarified the definitions of special revenue funds, capital projects funds, debt service funds, and their relationship to the General Fund. GASB Statement No. 54 challenges norms that have been in place since fiscal year 2002. Listed are the Fund Balance Categories:

- **Non-spendable** fund balances are balances in permanent funds. This could apply to non-restricted long-term receivables.
- **Restricted** fund balances are legally enforceable requirements that the resources can only be used for specific purposes enumerated in the law. This would apply to the District's Debt Service and Special Revenue Funds (PPDA).
- **Committed** fund balances are balances that the District's Board has approved for construction for the fiscal year. This would apply to the District's Capital Project Fund.
- **Assigned** fund balances are amounts intended for a specific purpose by the government entities management team. This would apply to general obligations including payroll and overhead expenses in the District's General Fund.
- **Unassigned** fund balances are amounts available for any purpose. They are not precluded by a management decision in the General Fund.

The fund balance categories focus largely on the nature of inflows in relation to laws and management decisions. Reserves will no longer be presented, nor will encumbrances, in the fund financial statements. Reserves are either renamed as restricted, committed, or assigned balances.

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT BALANCE SHEET-GOVERNMENTAL FUNDS			
	June 30, 2021	Change	June 30, 2020
ASSETS			
Cash and Investments	\$ 32,773,175	\$ 4,234,136	\$ 28,539,039
Receivable:			
Fees and Charges	189,574	(322,837)	512,411
Interest	611,327	197,573	413,754
Other	2,084,024	(172,962)	2,256,986
Due from Other Funds	865,579	59,176	806,403
Restricted Cash	64,762,677	4,073,981	60,688,696
Total Assets	<u>\$ 101,286,356</u>	<u>\$ 8,069,067</u>	<u>\$ 93,217,289</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 3,103,990	\$ 239,443	\$ 2,864,547
Contracts Payable (See Supplemental Schedule on Pg. 61)	396,028	(843,825)	1,239,853
Salaries Payable	447,309	4,355	442,954
Due to Other Funds	865,579	59,176	806,403
Total Liabilities	<u>4,812,906</u>	<u>(540,851)</u>	<u>5,353,757</u>
Deferred Inflows:			
Deferred inflow from grantors	<u>2,084,024</u>	<u>(172,962)</u>	<u>2,256,986</u>
Fund Balances:			
Restricted:			
Debt Service	1,296,764	7,272	1,289,492
Drainage Assessments	20,199,248	687,375	19,511,873
Committed:			
Construction	40,342,365	4,069,547	36,272,818
Assigned:			
General Obligations	9,060,648	517,828	8,542,820
Unassigned:	<u>23,490,401</u>	<u>3,500,858</u>	<u>19,989,543</u>
Total Fund Balances	<u>94,389,426</u>	<u>8,782,880</u>	<u>85,606,546</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 101,286,356</u>	<u>\$ 8,069,067</u>	<u>\$ 93,217,289</u>

Fund Balance-Governmental Funds

As of June 30, 2021, the District's governmental funds reported combined ending fund balance of \$94,389,426, an increase of \$8,782,880. Total assets increased \$8,069,067 of which unrestricted cash and investments increased \$4,234,136 during the fiscal year.

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES- GOVERNMENTAL FUNDS			
	For the Year Ending June 30, 2021	Change	For the Year Ending June 30, 2020
Revenues			
Taxes and Subventions	\$ 13,278,843	\$ 1,027,114	\$ 12,251,729
Assessment Tax Revenue	8,369,037	24,703	8,344,334
Drainage Fees - Cash	3,030,573	(731,628)	3,762,201
Drainage Fees - Noncash	2,335,826	1,138,161	1,197,665
Fees and Charges for Services	1,105,712	31,376	1,074,336
Interest and Rental Revenue	1,407,019	(401,341)	1,808,360
Grants, Loans, and Contributions	5,022,946	854,395	4,168,551
Miscellaneous	104,598	(36,905)	141,503
Total Revenues	34,654,554	1,905,875	32,748,679
Expenditures			
Personnel Expense	9,517,088	336,081	9,181,007
Office Administration	270,566	42,459	228,107
Management Support	88,682	(33,320)	122,002
Insurance	258,753	28,135	230,618
Professional Services	161,580	(24,959)	186,539
Other Administrative Expense	833,874	35,393	798,481
System Operations and Maintenance	2,705,976	16,207	2,689,769
Operations Center Expense	235,991	(20,924)	256,915
Storm Water Quality Management Expense	758,259	162,499	595,760
Capital Outlay	9,864,199	152,539	9,711,660
Debt Service	1,179,701	(2,770)	1,182,471
Total Expenditures	25,874,669	691,340	25,183,329
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,779,885	1,214,535	7,565,350
Other Financing Sources (Uses)			
Transfers In	11,484,691	(437,548)	11,922,239
Transfers Out	(11,484,691)	437,548	(11,922,239)
Proceeds from Sale of Assets	2,995	(57,239)	60,234
Total Other Financing Sources (Uses)	2,995	(57,239)	60,234
Net Change in Fund Balances	8,782,880	1,157,296	7,625,584
Fund Balances, Beginning of Year	85,606,546	7,625,584	77,980,962
Fund Balances, End of Year	\$ 94,389,426	\$ 8,782,880	\$ 85,606,546

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The statements are comprised of four components:

- 1) Government-Wide Financial Statements**
- 2) Fund Financial Statements**
- 3) Notes to Financial Statements**
- 4) Supplementary Information**

Government-Wide Financial Statements are designed to provide readers with a broad overview of District finances in a manner similar to a private-sector business.

- ❖ The Statement of Net Position, which is similar to a Balance Sheet, presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- ❖ The Statement of Activities presents information showing how the District's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, instead of when the related cash flows in or out. Revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as the collection of year-end Accounts Receivable or the payment of year-end Accounts Payable.
- ❖ The governmental activities or programs of the District include general government, flood control system, and interest on long-term debt.

Fund Financial Statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the District are governmental funds.

- ❖ **Governmental funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of each fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the District's projects and operations.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund's Balance Sheet and the governmental fund's Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *Governmental Funds* and *Governmental Activities*.

The Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual-General Fund provides a comparison to the adopted budget and the activities of the General Fund.

Governmental Fund Structure:

The District maintains several individual governmental funds organized according to their type (general, debt service, capital project, and an expendable trust fund). Information is presented separately in the governmental fund's Balance Sheet and in the governmental fund's Statement of Revenues, Expenditures, and Changes in Fund Balances for each of these funds.

General Fund:

The General Fund is the chief operating fund of the District. Generally, all revenue resources are recorded in the General Fund and allocated to the Capital Project Fund or

Debt Service Fund by Board of Directors action through its adopted Budget. These allocated resources are transferred as the resources become available.

Special Revenue Fund (Drainage Fees):

This fund is an expendable trust fund that is used to account for Developer Impact fees (Drainage Fees) received from the development community. These fees, commonly called Assembly Bill (AB) 1600 fees, are used to pay for the construction of Master Planned Facilities either by the Developer or the District. A trust account has been established for each planned local drainage area. As drainage fees are received, they are deposited in this fund and are allocated to the appropriate planned local drainage areas. The ending fund balance is restricted by statute. Expenditures are recorded on the modified accrual basis of accounting. Reporting of fund balance, revenue, and expenditure activity is done monthly, quarterly, and annually.

These resources are restricted and may only be used to:

- a. Construct drainage facilities,
- b. Reimburse Developers for obligations resulting from construction activity,
- c. Pay for debt service obligations whose funds were used exclusively to purchase or build planned facilities,
- d. Reimburse construction expenditures of the General Fund for construction in a specific planned local drainage area,
- e. Reimburse Developer Construction Agreement administrative costs, or
- f. Reimburse the General Fund for engineering costs for Master Plan engineering related development services.

Capital Project Fund:

The Capital Project Fund is used to account for resources to be used to construct Master Plan capital facilities. Funding comes from the General Fund. The District Budget allocates resources in this fund to support the Capital Project construction program for all planned drainage areas of the master plan and rural facilities. This fund includes a number of sub-funds with resources for specific projects. The ending fund balance is restricted by Board of Directors action for use for capital facilities only.

Debt Service Fund:

The Debt Service Fund is used to account for all Debt Service. Funding comes from the General Fund. The Debt Service Fund includes resources for the debt service payments for the California Infrastructure and Economic Development Bank loan that was used to purchase or construct Master Planned facilities. As of the end of the fiscal year, there were sufficient resources to make loan payments during the first six months of the next fiscal year.

- ❖ ***Notes to the Financial Statements*** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Combining Fund Financial Statements provide information for the major governmental funds, and are presented following the notes to the financial statements.

Combining Balance Sheet – Debt Service Fund

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Debt Service Fund

These statements present the fiscal year activities and the resources available as of June 30, 2021, for the obligations of the District's Debt Service Fund. Debt service accounts for the California Infrastructure and Economic Development Bank loan is part of this fund.

Combining Balance Sheet – Capital Project Fund – Project Areas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Capital Project Fund – Project Areas

These statements present the fiscal year activities and the resources available as of June 30, 2021, for the obligations of the District's Capital Project Fund. Each of the sub funds show resources currently allocated and available for construction activity in those project areas.

Supplementary Schedules include:

Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund

This schedule compares actual results to the final adopted budget.

Schedule of Combined Balance Sheet - Governmental Funds (Developer Payable and Construction Contracts Included as a Liability) and Schedule of Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds (Developer Payable and Construction Contracts Included as a Liability)

Accounting principles generally accepted in the United States of America, Generally Accepted Accounting Principles (GAAP), requires the use of the percentage of completion method for capital construction projects, which reduces the year-end liability for outstanding construction contracts of \$4,527,443 by \$4,380,762 (the amount that is not yet complete). GAAP also precludes the District from recording as a liability of its Special Revenue Fund, the liability due to the development community of \$10,755,004 for amounts owed by it because of the contingent nature of that liability. It is contingent, as the reimbursement obligation from the Special Revenue Fund to the developers, because the repayment obligation expires after 20 years. Payments are made semi-annually to the Development Community based upon the current collection of fees. Management presents this schedule as the GAAP adjustment materially increases the ending fund balance and understates the potential obligations of the District as of the end of the fiscal year. The purpose of this statement is to show the financial obligations and financial impact on the District's governmental funds as though these rules did not exist. Management believes this reflects a better picture of the liabilities due from its operations.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Current Year vs. Prior Year - General Fund

This schedule compares actual results for the current year to the actual results of the prior year. It is not intended to show compliance with the budget, but to show how the results for the current year compare to the results of the prior year.

Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance - Current Year vs. Prior Year - General Fund

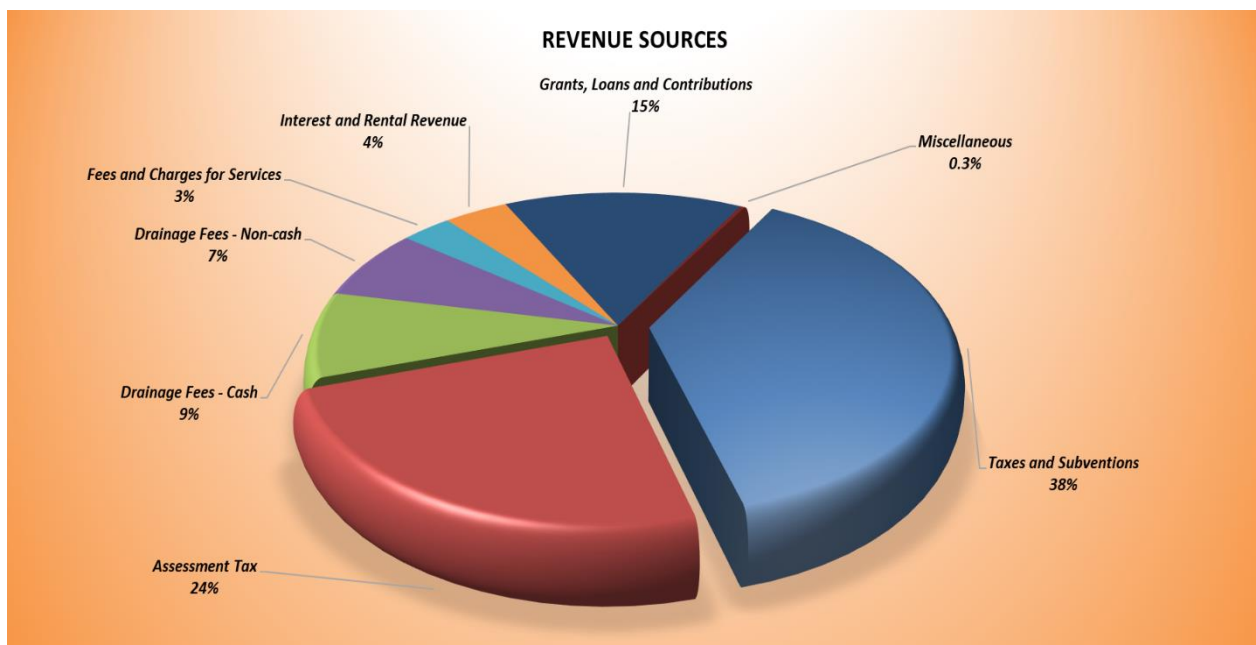
This schedule is a line by line detail of the previous schedule.

ANALYSIS OF GOVERNMENTAL ACTIVITIES

REVENUES

Property Tax Revenue Loss:

After the passage of Proposition (Prop) 13 in 1978, the California legislature enacted legislation that changed the allocation and apportionment of property tax revenues to local governments and public schools. In 1978-79 to help local government deal with the significant revenue loss associated with Prop 13, the State offered agencies bail-out funds. For those agencies, like the District, who took bail-out funds in 1978-79, the State, in 1979-80, converted the bail-out funds to property tax allocations by reducing property taxes allocated to local education and re-allocating those property taxes to local government. From 1980 through 1992, those property taxes grew based upon a formula developed by the State called the “AB-8” formula. The AB-8 legislation was designed to provide local agencies and public schools with a property tax base that would grow as assessed property values increased. Under that formula, property tax allocations were comprised of a base amount (which is equal to the amount of property taxes received in the prior fiscal year) and a proportionate share of any incremental growth (which is the growth or reduction in the property taxes from one year to the next). Beginning in fiscal year 1992-93, the legislature enacted legislation that shifted a portion of local property tax revenues from local public agencies back to the public schools to meet the State’s Proposition 98 mandates. This legislation was known as the Educational Revenue Augmentation Fund or “ERAF.” In 1992-93, the District lost \$1,475,500 of its base property tax revenue to ERAF. In 1993-94, the State enacted legislation titled ERAF II that limited the ERAF I computation to the current value of the property taxes allocated to local government from schools in 1979-80. In 2003-04, the legislature enacted a two year amendment to the ERAF formula called ERAF III. For the two fiscal years 2004-05 and 2005-06, an additional \$438,197 of District property tax revenues was shifted to schools. In 2004, the District discovered an error in the computation of the original 1992-93 ERAF I and 1993-94 ERAF II. This error was verified by the audit staff of the State Controller’s office and determined to be a loss of \$633,000. After working with the Fresno County Auditor-Controller’s Office and the State Controller’s office, it was determined the only way to correct this error was through legislation. In 2007, former CA State Assemblyman Juan Arambula introduced AB 263 which was designed to fix the error. The bill received endorsement from local Assembly and Senate Republicans and Democrats and was signed into law on October 11, 2007. For the fiscal year 2020-2021, the District’s ERAF contribution has grown to an annual revenue loss of \$8,301,136.



Total revenues were \$34,654,554 with General Fund revenues of \$26,329,593, PPDA revenues of \$7,762,381, Capital Project revenues of \$552,427, and Debt Service revenues of \$10,153.

Property Tax Revenues:

Property Tax Revenues, net of the ERAF shift, comprise 50% of the District's General Fund revenues and 38% of the District's total revenues. Property taxes are based upon the District's proportionate share of Fresno County's ad-valorem property tax. The District receives about 1.5% of the total countywide property tax revenue collected by the County of Fresno through property tax assessment rolls prepared by the Auditor-Controller/Treasurer-Tax Collector's office.

Property tax revenues are recorded in the General Fund. This category includes current secured taxes, current unsecured taxes, current collections of unsecured taxes for prior periods, any supplemental taxes, and subventions received from the State and allocated by the County of Fresno to the District and homeowners' relief.

Assessments:

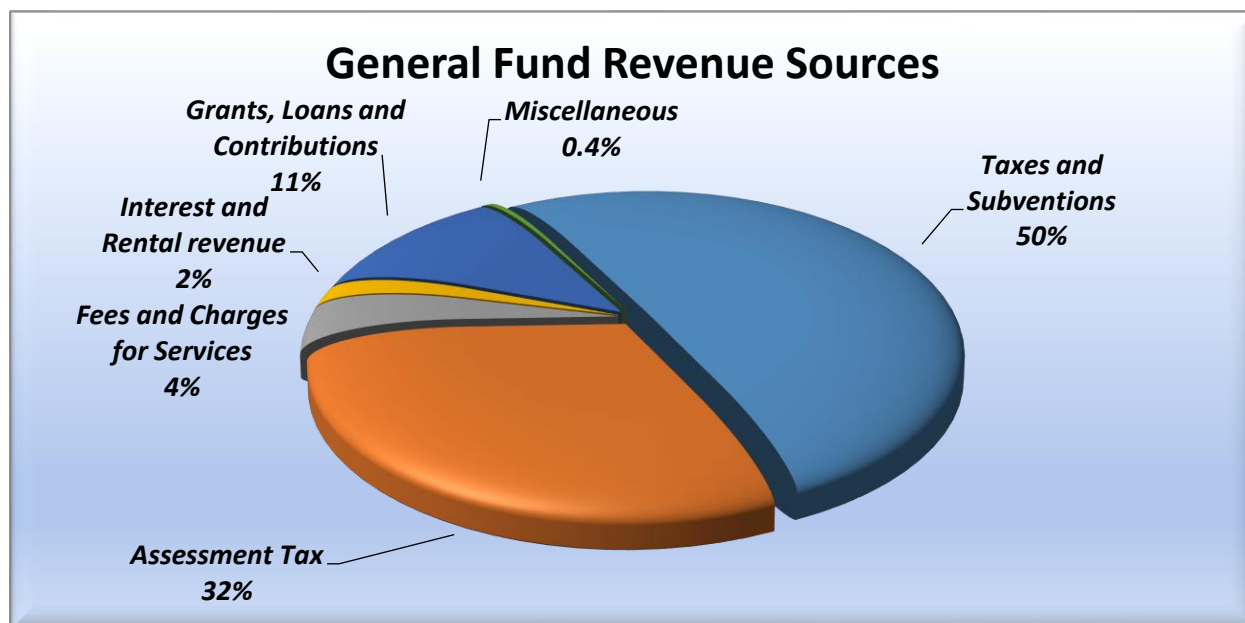
Assessment Revenues comprise 24% of the District's total revenue, 32% of the General Fund revenue. Of the assessment revenue, approximately 14% (approximately \$1.2 million) is earmarked for debt service for our California Infrastructure and Economic Development Bank (CIEDB) loan. Assessment tax revenues are recorded in the General Fund.

Interest and Rental Revenue:

Interest revenue is recorded in all funds while rental revenues are recorded only in the General Fund.

Fees and Charges for Services:

Fees and Charges are recorded in the General Fund. This income category includes charges for Non-Conforming Facilities; Master Plan Engineering Fees; Excavation Permits; reimbursements for recharge maintenance; PPDA Administration Fees; and other miscellaneous fees, charges, and income.



Drainage Fees:

Drainage Fees are recorded only in the Special Revenue “PPDA Trust Fund.” A cash fee is collected and recorded when the fee charged exceeds any construction requirement. An in lieu or non-cash fee is recorded when a developer constructs qualifying master planned facilities and those costs are deducted from the cash fee owed.

Grants, Loans, and Construction Contributions:

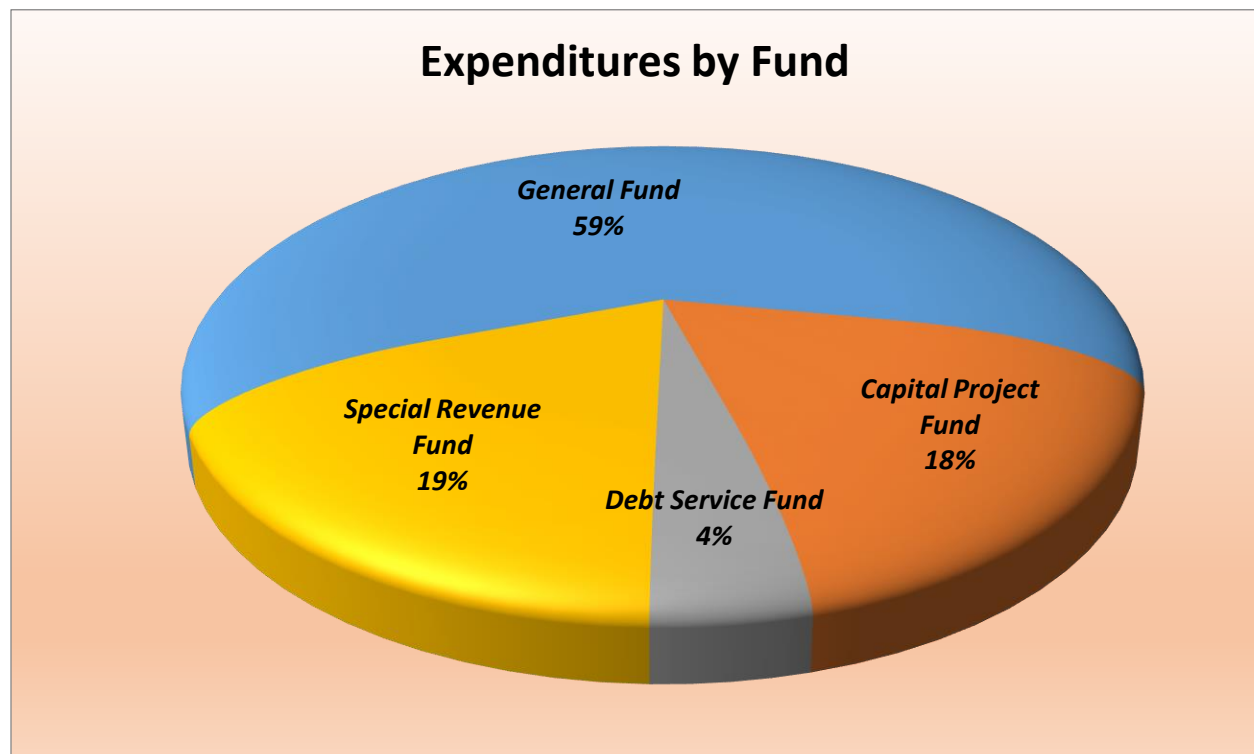
Grants and construction contributions are both recorded in multiple Funds. General Fund activity primarily reflects contributions and grants from other public agencies, while Developers make up the primary contributors of capital in the Special Revenue “PPDA Trust Fund.” General Fund grant income is recorded on a reimbursement basis. Revenue is recognized on the accrual basis. Special Revenue “PPDA Trust Fund” contribution revenues represent the value of contributions by Developers of master plan facilities through the developer agreement process. These contributions do not create expendable resources.

Other Financing Sources-Operating Transfers In:

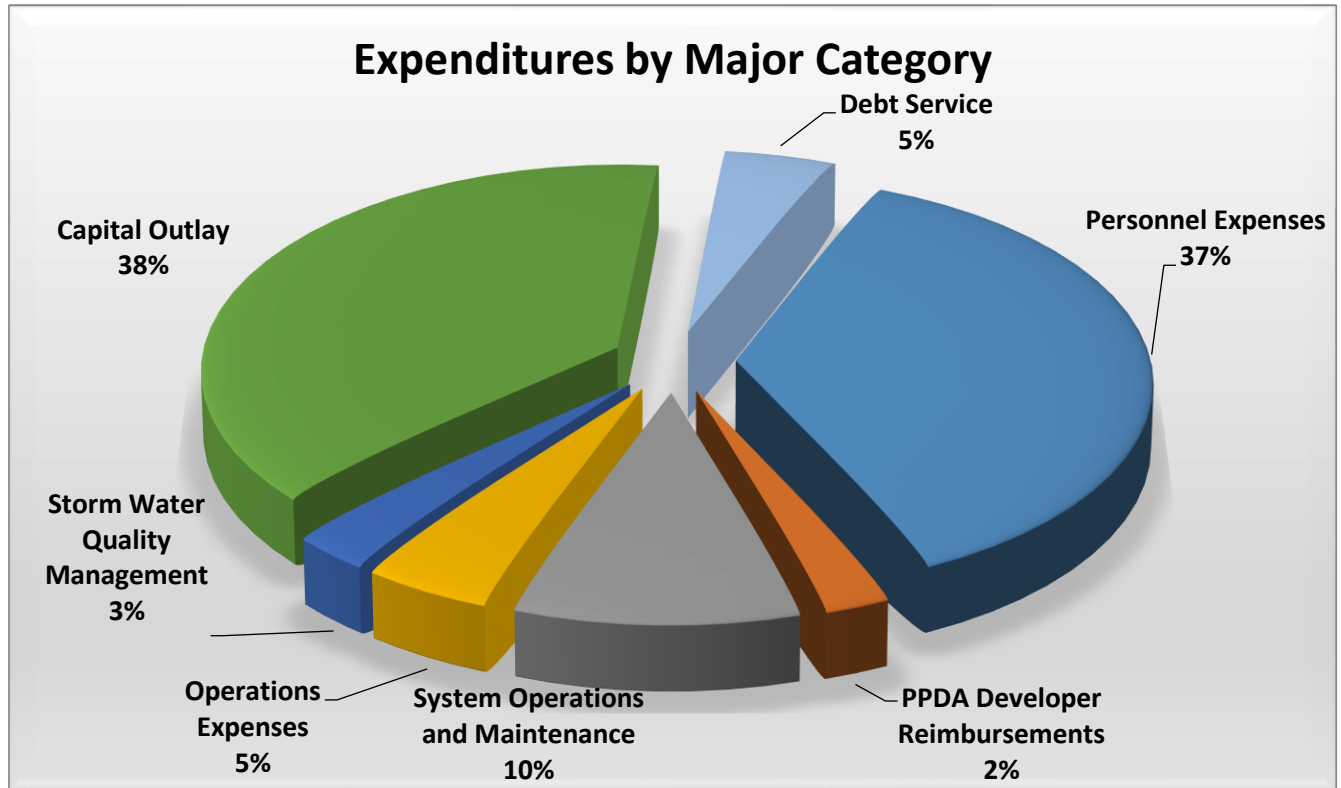
Operating Transfers represent the movement of cash from one fund to another. The Capital Project Fund is funded primarily from resources of the Special Revenue “PPDA Trust Fund” and allocations by the Board of Directors of available resources in the General Fund. The Debt Service Fund is funded primarily from the General Fund.

EXPENDITURES

Total expenditures were \$25,874,669. The following chart shows the expenditures by fund.



The following chart shows the expenditures by major category.



PERSONNEL, SERVICES, AND SUPPLIES

- ❖ Personnel Expense represents all costs related to personnel including salaries, benefits, workers' compensation insurance, retirement plans, and temporary services. It represents 37% of total expenditures and was under budget approximately 3%.
- ❖ Operations Expense represents all operational expenses including liability insurance, office administration expenses, legal expenses, and supplies. It represents 5% of total expenditures and was under budget approximately 26%.
- ❖ Systems Operations and Maintenance includes all expenditures for maintaining the urban and rural drainage facilities. It represents 10% of total expenditures and was approximately 11% under budget. Maintenance expenditures vary based upon how the weather impacts the full implementation of the program.
- ❖ Stormwater Quality Management Expense represents those costs associated with the implementation of our NPDES permit. This account group represents 3% of total expenditures and was approximately 23% under budget.

DEBT ADMINISTRATION

On June 30, 2021, the District had total loans outstanding of \$9.5 million as compared to \$10.3 million in the prior year. The major component of this balance is our California Infrastructure and Economic Development Bank loan.

- ❖ CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK LOAN totaled \$20,000,000 and was used exclusively for infrastructure construction in an older area of the City of Fresno (Drainage Areas “II” & “RR”). As of June 30, 2010, the entire loan had been funded. Annual debt service payments are about \$1.2 million. A principal and interest payment is due each August and an interest only payment is due each February. The remaining principal balance due as of June 30, 2021, was \$9,562,538. The final payment is due July 30, 2030.

Other Long-Term Debt

As of June 30, 2021, other long-term debt totaled \$1,361,392 and included \$1,252,604 in compensated absences and \$108,788 to the City of Fresno.

- ❖ Compensated Absences are the value of accumulated annual leave as of June 30, 2021. Employees can accumulate up to 100 days of service. Any accumulation of annual leave in excess of 100 days is paid out annually.
- ❖ Advance from the City of Fresno: The City of Fresno advanced the District \$175,000 without interest to assist in the construction of drainage facilities in drainage areas “KK”, “LL”, and “AW”.

Other Post-Employment Benefits (OPEB)

- ❖ Net OPEB Liability (Asset) is the actuarial value required to be accrued per GASB Statement No. 75 (see the Notes to the Financial Statements).
- ❖ For employees hired before May 8, 2013, the District subsidizes the health insurance cost for employees who retire after age 55 with at least 10 years of service. The District pays 50% of the “full benefit” for employees with more than 10 years of service but less than 15 years of service. The employees who retire after the age of 55 with more than 15 years of service receive a “full benefit”.
- ❖ Employees hired after May 8, 2013 who retire after age 60 and have completed 15 years of service are eligible to receive a “full benefit”.

The Full Benefit: There are two tiers of employee health benefits.

- ❖ For employees hired prior to July 1, 1988, the District pays either 100% of the cost of the employee’s health insurance or 60% of the cost of the employee plus dependents premium.
- ❖ For those employees hired after July 1, 1988 the District pays 100% of the cost of the employee’s health insurance plus 60% of the cost of the additional dependent’s premium.

The District’s Board of Directors is committed to fully fund the OPEB liability, so it established a Trust fund and has made regular deposits to fund the OPEB liability. As of June 30, 2021, the Total Liability is \$5,229,414, with the District being 146% funded with a cash balance of \$7,643,237. In addition, the Board of Directors has elected to continue to pay the retiree health premiums in addition to making annual contributions to the Trust fund. The contribution this year, including the payment of retiree health benefits, was \$463,048.

Chart of Historical Total Long-Term Debt

Long-term debt was used primarily to finance the acquisition of land for basin sites and for the construction of the drainage system. The increase in long-term debt beginning in 2001 is primarily the result of a new \$20 million loan for the construction of the drainage system in Drainage Areas “II” and “RR”.

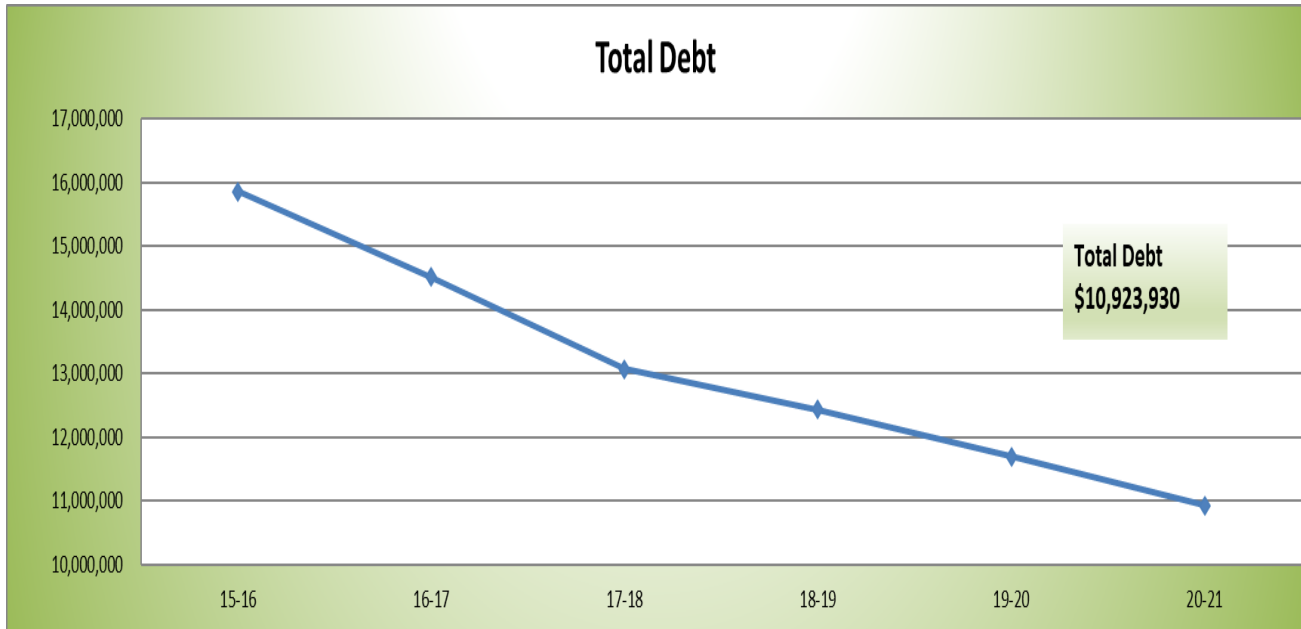
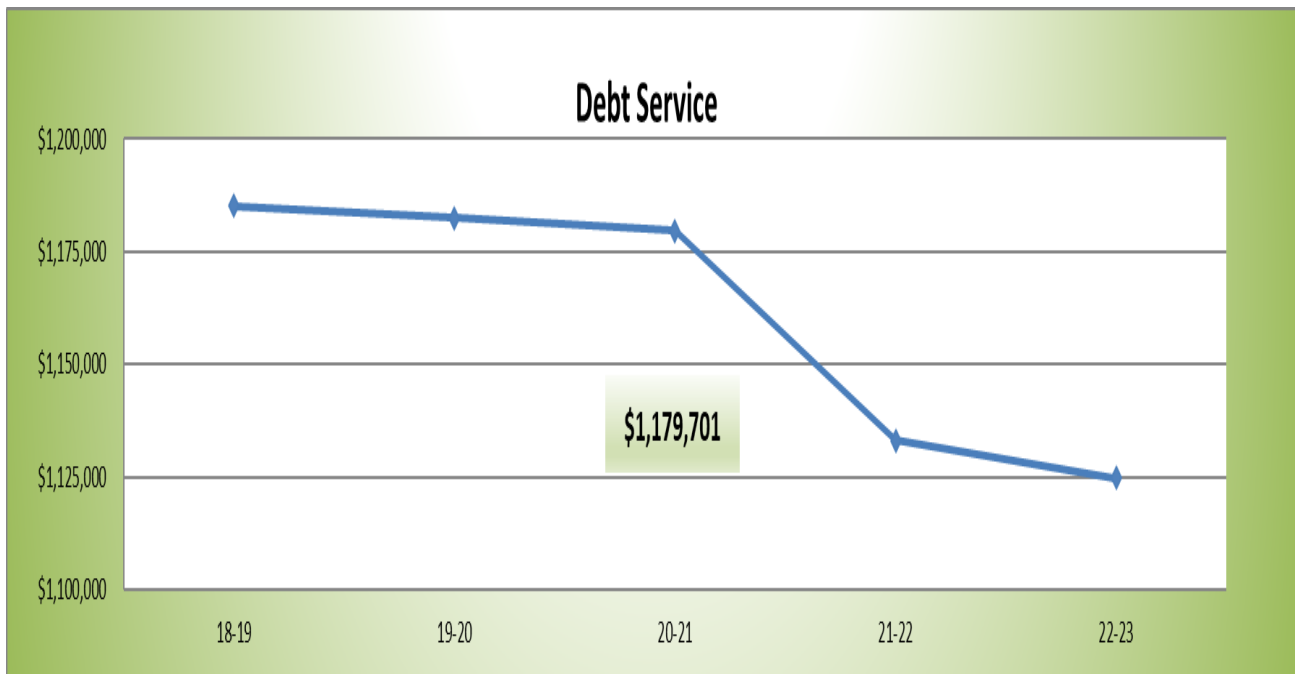


Chart of Historical Debt Service

The annual debt service for 2020-2021 was \$1,179,701.



CAPITAL ASSETS

Capital Assets: The District's investment in capital assets for its governmental activities as of June 30, 2021, amounted to \$280,998,982 (net of accumulated depreciation). The investment in capital assets includes land, easements, infrastructure, structures and improvements, equipment, and construction in progress. The total increase in the District's investment in capital assets for the current period is \$9,854,199. Current period depreciation is \$6,739,778. Retirements/ Adjustments of assets totaled \$200, net of depreciation.

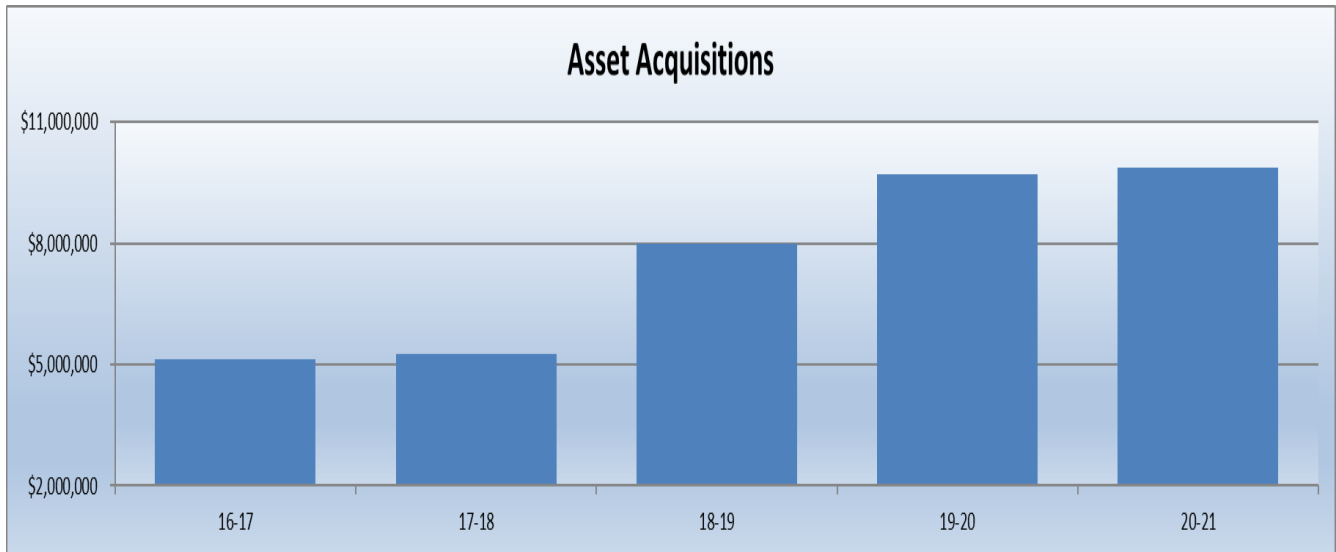
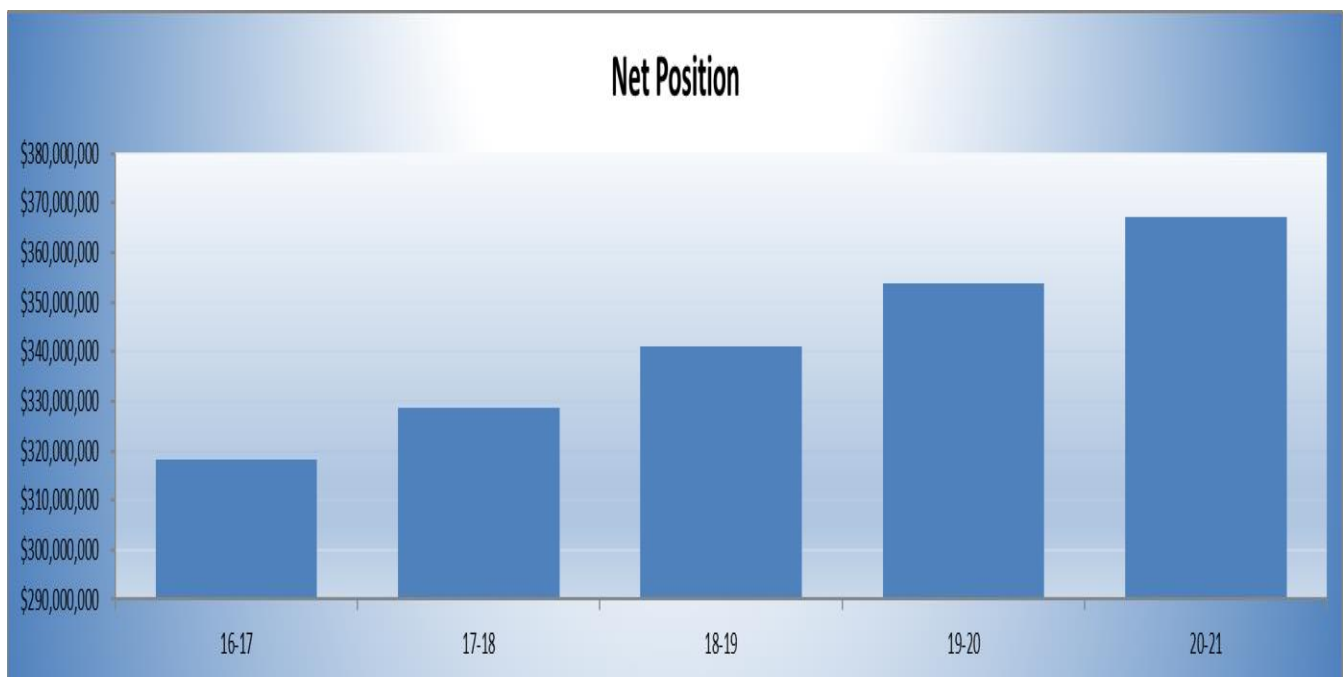


CHART OF NET POSITION

Over the last five years, net position has increased \$59,989,869. A principal reason for the increase is the District's and the Development Community's commitment to constructing new drainage area facilities. The District has constructed \$22,195,341 and the Development Community has constructed \$15,759,312 in drainage area facilities in the last 5 years.



Budgeted Drainage Area capital expenditures for 2020-2021 were estimated at \$14,664,704 including \$873,152 in budget contingencies and construction reserves. Actual expenditures were \$4,601,106. Capital Expenditures in the Expendable Trust Fund (PPDA) totaled \$4,237,873 and were all from development activities. Major capital asset events during the current fiscal year included the following:

URBAN FACILITIES

Drainage area locations are provided to give the reader the general locations. All Drainage Areas are irregular shapes, as they are based on topography. For actual boundaries, please refer to the District's Storm Drainage and Flood Control Master Plan Map.

Drainage Area "Y": This drainage area is located in near E Kings Canyon Blvd and N Peach Ave. Construction and engineering costs incurred at the end of the fiscal year were \$85,254.

Drainage Area "T": This drainage area is located on E Airways Blvd between N Peach Ave and N Clovis Ave. Construction and engineering costs incurred at the end of the fiscal year were \$1,171,207.

Drainage Area "7H": This drainage area is located in Clovis near E Herndon and N Temperance avenues next to the Pup Creek Detention Basin. Construction and engineering costs incurred at the end of the fiscal year were \$303,513.

Drainage Area "AX": This drainage area is located on E Central Ave between S East and S Orange Aves. Construction and engineering costs incurred at the end of the fiscal year were \$98,838.

Drainage Area "BS": This drainage area is located on N Fowler Ave and E McKinley Ave. Construction and engineering costs incurred at the end of the fiscal year were \$957,785.

Drainage Area "CF": This drainage area is located in near E Central Ave and S Peach Ave. Construction and engineering costs incurred at the end of the fiscal year were \$5,574.

Drainage Area "DV": This drainage area is located in near E Kings Canyon Rd and N Temperance Ave, along Freeway 168. Construction and engineering costs incurred at the end of the fiscal year were \$2,500.

Drainage Area "EH": This drainage area is located between N Golden State Blvd and Highway 99, near W Herndon Ave. Construction and engineering costs incurred at the end of the fiscal year were \$889,366.

Drainage Area "II3": This drainage area is located near E Ventura Ave and Highway 41. Construction and engineering costs incurred at the end of the fiscal year were \$25,003.

RURAL FACILITIES

Drainage Area "FCB": This drainage area is Fancher Creek Detention Basin. Construction and engineering costs incurred at the end of the fiscal year were \$2,469,946.

PPDA (Pre-Paid Drainage Assessment): The District processed and finalized nine (9) developer agreements during the fiscal year. The total capital improvements were \$4,237,873.

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year using the straight-line depreciation method. Fund financial statements record capital asset purchases as expenditures.

The District's infrastructure assets are recorded at historical costs in the government-wide financial statements as required by GASB Statement No. 34.

LOOKING INTO THE FUTURE

The following summarizes the basic focus and direction of the 2021-2022 Budget.

The Budget significantly advances the District commitment to support economic development initiatives of the Cities of Fresno and Clovis and County of Fresno by means of the following:

1. For another consecutive year, funding an economic development capital project program.
2. Continuing the system excavation program which produces a significant costs savings to the development community in reduced development fees.

As the District's inventory of completed facilities continues to increase, the non-capital expenditures will increase as a percentage of total expenditures. The District continues its commitment to the local economy by its use of local businesses for most of the maintenance services and capital construction programs.

A significant portion of the total storm drainage improvements constructed today occurs through the drainage ordinance process. The Budget continues to be pro-active toward constructing local drainage and flood control systems by allocating a portion of property and assessment revenues to Capital related projects. This includes budget support of drainage system construction in older neighborhoods, construction in support of development, and construction of the Rural Flood Control System.

The Budget continues the District's commitment to the environmental quality and compliance with the stormwater regulations. The total sum of \$1,010,500 was budgeted for continued water and soil monitoring activities, environmental analysis, and stormwater quality control programs and facilities. Also included is a parks and wildlife element in our Storm Drainage Master Plan.

The Budget addresses the growing operations, maintenance, and repair needs of the District's completed urban and rural facilities through budget allocations totaling \$3,136,300.

REQUEST FOR INFORMATION

This Financial Report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Berta Mims, Assistant General Manager-Administration, Fresno Metropolitan Flood Control District, 5469 East Olive Avenue, Fresno, California 93727. The District's website is at www.fresnofloodcontrol.org.

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and investments	\$ 32,773,175
Receivable:	
Developer	332,323
Fees and charges	189,574
Interest	611,327
Other	2,084,024
Restricted cash	64,762,677
Net OPEB Asset	2,413,823
Capital assets:	
Land	76,632,070
Structures and improvements	325,644,751
Office building	6,475,865
Furniture, fixtures, and equipment	4,410,895
Accumulated depreciation	(132,164,599)
Total Assets	<u>384,165,905</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - OPEB	<u>643,723</u>
LIABILITIES	
Accounts payable	3,103,990
Contracts payable (see supplementary schedule on pg. 61)	396,028
Salaries payable	447,309
Non-current liabilities:	
Due within one year:	
Interest payable	171,778
Compensated absences	603,334
CIEDB loan	806,499
Due in more than one year:	
Compensated absences	649,270
CIEDB loan	8,756,039
Other debt	108,788
Total Liabilities	<u>15,043,035</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - OPEB	<u>2,505,788</u>
NET POSITION	
Net investment in capital assets	271,327,656
Restricted for:	
Debt service	1,296,764
Construction	60,541,613
Unrestricted	34,094,772
Total Net Position	<u><u>\$ 367,260,805</u></u>

The accompanying notes are an integral part of the financial statements.

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Capital Grants and Contributions	Total Governmental Activities
General government	\$ 10,536,487	\$ 1,105,712	\$ -	\$ (9,430,775)
Flood control system	9,982,986	-	10,101,671	118,685
Interest on long-term debt	374,432	-	-	(374,432)
Total	<u>\$ 20,893,905</u>	<u>\$ 1,105,712</u>	<u>\$ 10,101,671</u>	<u>(9,686,522)</u>
General revenues:				
Taxes:				
Property taxes				13,278,843
Assessment tax				8,369,037
Investment earnings and rental revenue				1,407,019
Miscellaneous				104,598
Gain on disposal of capital assets				<u>2,995</u>
Total general revenues				<u>23,162,492</u>
Change in net position				13,475,970
Net position - beginning				<u>353,784,835</u>
Net position - ending				<u>\$ 367,260,805</u>

The accompanying notes are an integral part of the financial statements.

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Capital Project	Debt Service	PPDA Trust Fund	Total Governmental Funds
ASSETS					
Cash and investments	\$ 32,773,175	\$ -	\$ -	\$ -	\$ 32,773,175
Receivable:					
Fees and charges	-	-	-	189,574	189,574
Interest	193,490	254,411	5,965	157,461	611,327
Other	2,084,024	-	-	-	2,084,024
Due from other funds	865,579	-	-	-	865,579
Restricted cash	17,119	40,361,935	1,290,799	23,092,824	64,762,677
Total Assets	<u>\$ 35,933,387</u>	<u>\$ 40,616,346</u>	<u>\$ 1,296,764</u>	<u>\$ 23,439,859</u>	<u>\$ 101,286,356</u>
LIABILITIES					
Accounts payable	\$ 683,721	\$ 45,237	\$ -	\$ 2,375,032	\$ 3,103,990
Contracts payable (see supplementary schedule on page 61)	83,061	312,967	-	-	396,028
Salaries payable	447,309	-	-	-	447,309
Due to other funds	-	-	-	865,579	865,579
Total Liabilities	<u>1,214,091</u>	<u>358,204</u>	<u>-</u>	<u>3,240,611</u>	<u>4,812,906</u>
DEFERRED INFLOWS					
Deferred inflows from grantors	<u>2,084,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,084,024</u>
FUND BALANCES					
Restricted:					
Debt service	-	-	1,296,764	-	1,296,764
Drainage assessments	-	-	-	20,199,248	20,199,248
Committed:					
Construction	84,223	40,258,142	-	-	40,342,365
Assigned:					
General obligations	9,060,648	-	-	-	9,060,648
Unassigned	23,490,401	-	-	-	23,490,401
Total Fund Balances	<u>32,635,272</u>	<u>40,258,142</u>	<u>1,296,764</u>	<u>20,199,248</u>	<u>94,389,426</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 35,933,387</u>	<u>\$ 40,616,346</u>	<u>\$ 1,296,764</u>	<u>\$ 23,439,859</u>	<u>\$ 101,286,356</u>

The accompanying notes are an integral part of the financial statements.

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total fund balances - governmental funds	\$ 94,389,426
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds (net of accumulated depreciation of \$132,164,599).	280,998,982
Certain accrued revenues are not available to pay for current period expenditures, therefore, are deferred in the governmental funds. On the government-wide Statement of Net Position, they are recorded as revenues.	2,084,024
Certain revenues are not recognized in the governmental funds Balance Sheet because they are long-term in nature. On the government-wide Statement of Net Position, these revenues are recorded as receivables.	332,323
Long-term liabilities are not due and payable in the current period and, therefore, are not included in the governmental funds Balance Sheet. Long-term liabilities and associated Deferred Inflows/Outflows at year-end totaled:	<u>(10,543,950)</u>
Total net position - governmental activities	<u><u>\$ 367,260,805</u></u>

The accompanying notes are an integral part of the financial statements.

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	General	Capital Project	Debt Service	PPDA Trust Fund	Total Governmental Funds
REVENUES					
Taxes and subventions	\$ 13,278,843	\$ -	\$ -	\$ -	\$ 13,278,843
Assessment tax revenue	8,369,037	-	-	-	8,369,037
Drainage fees - cash	-	-	-	3,030,573	3,030,573
Drainage fees - noncash	-	-	-	2,335,826	2,335,826
Fees and charges for services	1,105,712	-	-	-	1,105,712
Interest and rental revenue	484,413	552,427	10,153	360,026	1,407,019
Grants, loans, and contributions	2,986,990	-	-	2,035,956	5,022,946
Miscellaneous	104,598	-	-	-	104,598
Total Revenues	26,329,593	552,427	10,153	7,762,381	34,654,554
EXPENDITURES					
Personnel expense	9,517,088	-	-	-	9,517,088
Office administration	270,566	-	-	-	270,566
Management support	88,682	-	-	-	88,682
Insurance	258,753	-	-	-	258,753
Professional services	161,580	-	-	-	161,580
Other administrative expense	213,296	-	-	620,578	833,874
System operations and maintenance	2,705,976	-	-	-	2,705,976
Operations center expense	235,991	-	-	-	235,991
Storm water quality management expense	758,259	-	-	-	758,259
Capital outlay	1,025,220	4,601,106	-	4,237,873	9,864,199
Debt service	-	-	1,179,701	-	1,179,701
Total Expenditures	15,235,411	4,601,106	1,179,701	4,858,451	25,874,669
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,094,182	(4,048,679)	(1,169,548)	2,903,930	8,779,885
OTHER FINANCING SOURCES (USES)					
Transfers in	1,861,999	8,445,872	1,176,820	-	11,484,691
Transfers out	(8,892,278)	(375,858)	-	(2,216,555)	(11,484,691)
Proceeds from sale of assets	2,995	-	-	-	2,995
Total Other Financing Sources (Uses)	(7,027,284)	8,070,014	1,176,820	(2,216,555)	2,995
Net Change in Fund Balances	4,066,898	4,021,335	7,272	687,375	8,782,880
Fund Balances, Beginning of Year	28,568,374	36,236,807	1,289,492	19,511,873	85,606,546
Fund Balances, End of Year	\$ 32,635,272	\$ 40,258,142	\$ 1,296,764	\$ 20,199,248	\$ 94,389,426

The accompanying notes are an integral part of the financial statements.

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Net change in fund balances - governmental funds	\$ 8,782,880
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 net capital outlay exceeded depreciation in the current period.	3,114,421
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the governmental funds. Under the full accrual basis of accounting they are recognized in the year they are earned.	(172,962)
Certain revenues are recognized in the current year in the government-wide Statement of Activities under the full accrual basis of accounting and are not recognized in the current year at the fund level. These revenues decrease receivables in the current year in the Statement of Net Position.	(114,712)
Compensated absences are measured by the amounts paid during the period in governmental funds. In the Statement of Activities, compensated absences are measured by the amount earned.	(3,560)
Post employment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when employer contributions are made. In the Statement of Activities, OPEB costs are recognized on the accrual basis of accounting, including changes in liabilities and changes in associated deferrals.	1,064,634
Repayment of principal on long-term debt is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	<u>805,269</u>
Change in net position - governmental activities	<u><u>\$ 13,475,970</u></u>

The accompanying notes are an integral part of the financial statements.

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts Budgetary	Budget to GAAP Differences	Actual Amounts GAAP	Variance with Final Budget
	Original	Final	Basis	Over (Under)	Basis	
REVENUES						
Taxes and subventions	\$ 12,275,500	\$ 12,275,500	\$ 13,278,843	\$ -	\$ 13,278,843	\$ 1,003,343
Assessment tax revenue	8,367,286	8,367,286	8,369,037	-	8,369,037	1,751
Fees and charges for services	768,120	768,120	1,105,712	-	1,105,712	337,592
Interest and rental revenue	590,580	590,580	484,413	-	484,413	(106,167)
Grants, loans, and contributions	3,383,244	4,602,744	2,986,990	-	2,986,990	(1,615,754)
Miscellaneous	5,500	5,500	104,598	-	104,598	99,098
Total Revenues	25,390,230	26,609,730	26,329,593	-	26,329,593	(280,137)
EXPENDITURES						
Personnel expense	10,024,663	9,819,191	9,512,733	(4,355)	9,517,088	302,103
Office administration	323,590	319,590	270,566	-	270,566	49,024
Management support	170,140	160,140	88,682	-	88,682	71,458
Insurance	210,415	210,415	258,753	-	258,753	(48,338)
Professional services	423,569	423,569	161,580	-	161,580	261,989
Other administrative expense	288,560	288,560	213,296	-	213,296	75,264
System operations and maintenance	3,041,900	3,041,900	2,705,976	-	2,705,976	335,924
Operations center expense	259,535	259,535	235,991	-	235,991	23,544
Storm water quality management expense	986,100	986,100	758,259	-	758,259	227,841
Budget reserves	184,528	400,000	-	-	-	400,000
Capital outlay	1,172,640	1,176,640	1,025,220	-	1,025,220	151,420
Total Expenditures	17,085,640	17,085,640	15,231,056	(4,355)	15,235,411	1,850,229
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,304,590	9,524,090	11,098,537	4,355	11,094,182	1,570,092
OTHER FINANCING SOURCES (USES)						
Transfers in	1,100,000	1,100,000	1,861,999	-	1,861,999	761,999
Transfers out	(11,555,092)	(12,774,592)	(8,892,278)	-	(8,892,278)	3,882,314
Proceeds from sale of assets	9,400	9,400	2,995	-	2,995	(6,405)
Total Other Financing Sources (Uses)	(10,445,692)	(11,665,192)	(7,027,284)	-	(7,027,284)	4,637,908
Net change in fund balance	(2,141,102)	(2,141,102)	4,071,253	\$ 4,355	4,066,898	6,208,000
Fund balance - beginning of year	15,511,436	14,235,436	28,568,374		28,568,374	14,332,938
Fund balance - end of year	\$ 13,370,334	\$ 12,094,334	\$ 32,639,627		\$ 32,635,272	\$ 20,540,938

Explanation of Budget to GAAP differences:

Budget basis for payroll is on the cash basis, and adjustments include the reconciliation between cash and accrual payroll expenditures as follows:

Add: Prior year payroll accrual	\$ 442,954
Less: Current year payroll accrual	(447,309)
Total:	\$ (4,355)

The accompanying notes are an integral part of the financial statements.

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Fresno Metropolitan Flood Control District (the District) was formed on June 26, 1956, under provisions of the Fresno Metropolitan Flood Control Act, Chapter 73 of the Water Code, and uncodified acts of the State of California. The District was organized to provide for the control and conservation of flood, storm, and other wastewater in the Fresno, California metropolitan area.

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Standards and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

Measurement Focus, Basis of Accounting and Financial Statement Presentation: The accounts of the District are organized and operated on a fund basis. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses.

The financial statements consist of the following:

- Government-Wide Financial Statements-

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The Statement of Net Position presents the financial condition of the governmental activities of the District at fiscal year-end on a consolidated basis. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

- Fund Financial Statements-

The District's governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the Balance Sheet – Governmental Funds. The Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. 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. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. The exceptions to this rule are that principal and interest on long-term debt are recognized when due, and for District improvement contracts, the liability is recorded when the contract is awarded, offset by the percent incomplete.

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued): When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the fund financial statements for the governmental fund.

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the "economic resources measurement focus", and the accrual basis of accounting. Under the economic measurement focus all assets and liabilities (whether current or noncurrent) associated with these activities are included on the Statement of Net Position. The Statement of Activities present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The District reports the following major governmental funds:

The **General Fund** is the general operating fund of the District and accounts for all financial resources off the District except those required to be accounted for in another fund.

The **Capital Project Fund** is used to account for the proceeds of special revenue sources restricted for construction of capital facilities. The proceeds are a result of a portion of the levy of special assessments pursuant to the Municipal Improvement Act of the California Streets and Highways Code or levy of assessment taxes pursuant to the Fresno Metropolitan Flood Control Act, Chapter 73 of the Appendices to the California Water Code.

The **Debt Service Fund** is used to account for resources accumulated to pay principal and interest on long-term debt, including bonded assessments which are levied on specific properties to retire debt established to finance improvements of special benefit to those properties.

The **PPDA Trust Fund** is used to account for drainage fees collected from developers pursuant to local ordinance codes held by the District in a trustee capacity, which will be expended solely for construction of local drainage facilities within the area from which the fees were collected. The fund was established pursuant to the State of California Subdivision Map Act and local ordinances of the Cities of Fresno and Clovis, the County of Fresno, and the District itself.

Developer fees are held in each planned local drainage area trust account. As the District and the development community construct master plan drainage facilities, they are reimbursed for their construction from these accounts, with the development community's construction having priority over the District's construction reimbursement. Following construction of all the master planned facilities within each planned local drainage area and the payment of all related claims from the trust account, the District shall determine by resolution the amount of surplus, if any, remaining in each fund. Any surplus shall be used for one of the following purposes:

- a) For transfer to the General Fund provided that the amount of the transfer shall not exceed five percent of the total amount expended from the particular fund, and provided that the funds transferred are used to support the operation and maintenance of those facilities for which the fees are collected;
- b) For the construction of additional or modified facilities within the particular drainage area; or
- c) As a refund in the manner provided in the California Government Code.

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued): The emphasis in fund financial statements is on the major funds. Non-major funds are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures of either fund category or the government combined) for the determination of major funds. For the year ended June 30, 2021, all of the District's individual fund types qualified as major funds.

Accounts Receivable: The District utilizes the allowance method of accounting for and reporting uncollectible or doubtful accounts. At June 30, 2021, management considered all accounts to be fully collectible and, therefore, no allowance was recorded in the accompanying financial statements.

Capital Assets: Capital assets are defined by the District as assets with estimated useful lives of more than one year. Capital assets purchased or constructed are reported at historical cost or estimated historical cost. In the case of acquisitions through gifts or contributions, such assets are recorded at fair value at the time received. The District records at cost the work performed for any construction contracts in progress at year-end. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciable assets are depreciated over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Structures and improvements:	50 years
Office building:	10-50 years
Furniture, fixtures and equipment:	4-10 years

Non-Exchange Transactions: Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property tax increments and other grants. With the accrual basis of accounting, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Capitalization of Interest: Interest incurred on debt during the construction of projects is not capitalized as a cost of the projects.

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

In addition to assets, the Balance Sheet – Governmental Funds will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the District that is applicable to a future reporting period.

In addition to liabilities, the Balance Sheet – Governmental Funds will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. Deferred inflows reported by the District consist of grant revenues that have been earned as of year-end, but not yet billed and collected within the revenue availability period in accordance with the modified accrual basis of accounting.

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences: The District's obligation relating to employees' rights to receive compensation for future absences, which is attributable to services already rendered, is recorded in the General Fund. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Budget and Budgetary Accounting: An annual budget is adopted by the Board of Directors for the General Fund. The budget is adopted on a basis consistent with GAAP, except payroll, which is adopted on a cash basis and the budget does not adjust construction for percentage incomplete. No formal budget is adopted by the District for the PPDA Trust Fund, as all funds are restricted by statute, and thus they are excluded from the general funds computation and annual budget. As such, no budget to actual comparison is required to be presented as required supplementary information for the special revenue major fund in accordance with GAAP.

Net Position: Net position represents the residual interest in the District's assets after liabilities are deducted. The Statement of Net Position reports total net position and presents it in three broad components: net investment in capital assets, restricted, and unrestricted. Net position, net investment in capital assets includes capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Net position is restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. All other net position is unrestricted. Amounts included as unrestricted net position are available for designation for specific purposes established by the District's Board of Directors. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance: In the fund financial statements, in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable* – Amounts that are not in spendable form (such as inventory) or are required either legally or contractually to be maintained intact.
- *Restricted* – Amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional or enabling legislation.
- *Committed* – Amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (the Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- *Assigned* – Amounts the District *intends* to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Directors delegates the authority.
- *Unassigned* – The residual classification for the District's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for a specific purpose exceed the amounts restricted, committed, or assigned to those purposes.

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance (continued): The District establishes and modifies or rescinds fund balance commitments by passage of an ordinance or policy. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget as a designation or commitment of the fund, such as approved contracts. Assigned fund balance is established by the District through adoption or amendment of the budget, or future year budget, plan as intended for a specific purpose.

When both restricted and unrestricted resources are available for use, it is the District's informal policy/practice to use restricted resources first, followed by the committed, assigned, and unassigned resources as they are needed.

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balances are considered unrestricted.

The District, as per its Internal Policy, is required to achieve and maintain unrestricted fund balance in the General Fund sufficient to cover approximately 6 months of working capital at the close of each fiscal year, which exceeds the recommended level (approximately 60 days working capital) promulgated by the Government Finance Officers Association (GFOA).

Tax/Assessment Tax Payment Delinquencies: On October 12, 1993, the Fresno County (the County) Board of Supervisors voted to adopt an alternate method of tax/assessment tax apportionment known as the Teeter Plan, effective fiscal year 1993-94. The Teeter Plan provided a one-time fiscal benefit during fiscal year 1993-94 and in future years offers the District a consistent and predictable amount of tax/assessment tax revenue unaffected by delinquent tax payments. This is accomplished by the fact that the District will receive 100% of its current secured and supplemental tax levy, not just the amount collected, with the County owning the delinquent receivable. The County will apportion the revenue in three installments throughout the year. The Teeter Plan does not apply to unsecured taxes.

Unsecured taxes are due periodically throughout the year and become delinquent, if unpaid, on August 31. The lien date for unsecured tax/assessment tax is March 1 of the preceding fiscal year. All tax/assessment taxes are levied and collected by the County Auditor and are paid to the District as described above.

Tax/assessment tax revenues related to current secured and supplemental taxes are recognized in the fiscal year in which they are levied, due to the adoption of the Teeter Plan. Also, the adoption of the Teeter Plan eliminates the need for a receivable for these types of property taxes. Tax/assessment tax revenues related to unsecured taxes are recognized in the fiscal year for which they become available. Available means when due, past due and receivable within the current period, or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Interfund Transfers: The District records the annual transfer from the PPDA Trust Fund to the General Fund when approved by the Board of Directors, which is typically subsequent to year-end. As a result, the transfer recorded for the year ended June 30, 2021, relates to activity from the year ended June 30, 2020. All other transfers relate to activity for the year ended June 30, 2021.

All interfund transfers are operating transfers, which are transfers from a fund receiving the revenue to the fund which has expended the resources. All of the interfund transfers are netted as part of the reconciliation to the government-wide financial statements.

Interfund Receivables and Payables: Short-term amounts owed between funds are classified as "due to/from other funds" and are subject to elimination upon consolidation.

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Accounting Standards Update: During the year ended June 30, 2021, the District implemented the following Governmental Accounting Standards Board (GASB) standards with no financial impact:

GASB Statement No. 84 – *Fiduciary Activities*. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Subsequent to issuance, GASB Statement No. 95 postponed the requirements of this statement to reporting periods beginning after December 15, 2019.

GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Subsequent to issuance, GASB Statement No. 95 postponed the requirements of this statement to reporting periods beginning after December 15, 2020.

GASB Statement No. 90 – *Majority Equity Interests- an amendment of GASB Statements No. 14 and No 61*. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Subsequent to issuance, GASB Statement No. 95 postponed the requirements of this statement to reporting periods beginning after December 15, 2019.

Released GASB Statements to be implemented in future financial statements are as follows:

GASB Statement No. 87 – *Leases*. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Subsequent to issuance, GASB Statement No. 95 postponed the requirements of this statement to reporting periods beginning after June 15, 2021.

GASB Statement No. 91 – *Conduit Debt Obligations*. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Subsequent to issuance, GASB Statement No. 95 postponed the requirements of this statement to reporting periods beginning after December 15, 2021.

GASB Statement No. 92 – *Omnibus 2020*. The requirements of this statement are effective for reporting periods beginning after June 15, 2020. Subsequent to issuance, GASB Statement No. 95 postponed the requirements of this statement to June 15, 2021.

GASB Statement No. 93 – *Replacement of Interbank Offered Rates*. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. Subsequent to issuance, GASB Statement No. 95 postponed the certain requirements of this statement to reporting periods beginning after June 15, 2022.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

Subsequent Events: In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in the financial statements. Management has determined that the events listed in Note 14 meet the requirement of disclosure in accordance with accounting standards. These subsequent events have been evaluated through January 18, 2022, which is the date the financial statements were available to be issued.

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 2 – CASH AND INVESTMENTS

Statutes authorize the District to invest in the Fresno County (the County) Treasury, Local Agency Investment Fund, U.S. Treasury and registered state warrants, notes, bonds, bills or certificates, commercial paper, repurchase agreements, and other similar instruments. The District's investments, which approximated market value at June 30, 2021, was invested in the County Treasury.

Cash and investments and maturities as of June 30, 2021, are as follows:

	Fair Value	Investment Maturities (in Years)	
		Less Than One	1-5
Cash in banks	\$ 2,875,806	\$ 2,875,806	\$ -
County Treasury	94,660,046	94,660,046	-
Total	<u>\$ 97,535,852</u>	<u>\$ 97,535,852</u>	<u>\$ -</u>

The District's investment is collateralized with pools of securities held by the County Treasury, but not in the District's name. The investment policies of the County are governed by state statute and an adopted investment policy with oversight by the County Treasury Investment Committee.

The County Treasury is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

State statutes and the County of Fresno investment policy authorize the County Treasurer to invest in U.S. Government Treasury and Agency Securities, bankers' acceptances, commercial paper, corporate bonds and notes, repurchase agreements, and the State Treasurer's Local Agency Investment Fund (LAIF). In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held by the County Treasurer are stated at fair value. The fair value of pooled investments is determined quarterly and is based on current market prices received from the securities custodian. The balance available for withdrawal is based on the accounting records maintained by the County Treasury.

For full disclosures regarding interest rate risk, credit risk, and fair value measurements, see the County of Fresno Annual Comprehensive Financial Report for the year ended June 30, 2021.

Custodial Credit Risk: The District maintains cash with qualified financial institutions. At various times such amounts may be in excess of insured limits. As of June 30, 2021, \$2,630,405 were in excess of the FDIC limit (\$250,000). Management considers this a normal business risk, and has not experienced any losses in the past.

Restricted Cash: Receipts from the Capital Project and the PPDA Trust Funds are classified as restricted cash because their use is limited to planned construction and repayment of related debt service obligations. Cash held in the Debt Service Fund is classified as restricted cash as amounts are held for future payments on long-term debt of the District.

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021 was as follows:

	Balance June 30, 2020	Additions/ Completions	Retirements/ Adjustments	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 76,615,270	\$ 16,800	\$ -	\$ 76,632,070
Total capital assets not being depreciated	76,615,270	16,800	-	76,632,070
Capital assets being depreciated:				
Structures and improvements	316,832,570	8,812,181	-	325,644,751
Office building	5,541,529	934,336	-	6,475,865
Furniture, fixtures, and equipment	4,347,669	90,882	(27,656)	4,410,895
Total capital assets being depreciated	326,721,768	9,837,399	(27,656)	336,531,511
Less accumulated depreciation for:				
Structures and improvements	(119,726,184)	(6,395,899)	(200)	(126,122,283)
Office building	(2,453,249)	(147,558)	-	(2,600,807)
Furniture, fixtures, and equipment	(3,272,844)	(196,321)	27,656	(3,441,509)
Total accumulated depreciation	(125,452,277)	(6,739,778)	27,456	(132,164,599)
Total capital assets being depreciated, net	201,269,491	3,097,621	(200)	204,366,912
Total capital assets, net	\$ 277,884,761	\$ 3,114,421	\$ (200)	\$ 280,998,982

Depreciation expense was charged as a direct expense to the following governmental activities for the year ended June 30, 2021 as follows:

General government	\$ 221,027
Flood control system	6,518,751
	<u>\$ 6,739,778</u>

NOTE 4 – LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2021, is summarized as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
CIEDB loan	\$ 10,340,036	\$ -	\$ (777,498)	\$ 9,562,538	\$ 806,499
Other long-term debt	108,788	-	-	108,788	-
Total	\$ 10,448,824	\$ -	\$ (777,498)	\$ 9,671,326	\$ 806,499

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 5 – OTHER LONG-TERM LIABILITIES

Other long-term liability activity for the year ended June 30, 2021, is summarized as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Compensated absences	\$ 1,249,044	\$ 658,174	\$ (654,614)	\$ 1,252,604	\$ 603,334
Total	<u>\$ 1,249,044</u>	<u>\$ 658,174</u>	<u>\$ (654,614)</u>	<u>\$ 1,252,604</u>	<u>\$ 603,334</u>

NOTE 6 – OTHER LONG-TERM DEBT PAYABLE

A construction advance received from the City of Fresno for drainage facilities in an area known as the "Industrial Triangle" (Drainage Area "KK", "LL", and "AW"). Repayment to begin when the area is 40% developed and is to be equal to drainage assessments from the area collected subsequent to that time and continuing until either fully repaid or the area is 80% developed, at which time any amount then unpaid is due. As of June 30, 2021, 47% of the area within the boundaries of the Industrial Triangle has been developed from drainage fee proceeds. The City of Fresno has authorized the District to defer payments and allow the District to use drainage fee revenue to construct Master Plan Facilities. Following completion of the required construction, and after payment of other agreements with chronological priority preceding the date of the required construction, the District will forward any additional fee revenue to the City of Fresno pursuant to all other terms of the agreement.

The ending balance on the other long-term debt payable for the year ended June 30, 2021 was \$108,788.

NOTE 7 – CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (CIEDB) LOAN

Loan with the CIEDB in the maximum amount of \$20,000,000, dated May 1, 2001. As of June 30, 2001, interest only payments shall be payable in four semiannual installments beginning August 1, 2001. Beginning August 1, 2003, principal shall be payable in 28 annual installments and interest shall be payable in 56 semiannual installments. Interest is payable at the rate of 3.73%. Repayment is to be made from Assessment Tax Revenues collected with the General Fund and any other source of funds legally available for the purpose of making the annual payment as secondary sources of funding should Assessment Tax Revenues be inadequate to meet the loan repayment obligation. Collateral consists of a pledge and first lien on all of the Assessment Tax Revenues and all amounts in the Assessment Tax Revenues Special Revenue Fund. The full amount of \$20,000,000 has been loaned to the District.

Any one or more of the following events shall constitute an "event of default" for this loan:

- a. Failure by the District to pay any loan payment or interest when and as the same shall become due and payable.
- b. Failure by the District to observe and perform any of the covenants, agreements or conditions on its part contained in the loan agreement, for a period of 60 days after written notice has been given to the District by the CIEDB, or to the District and the CIEDB, specifying such failure and requesting that such failure be remedied.
- c. The filing by the District of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.
- d. Any representation or other written statement made by the District furnished in compliance shall prove to have been incorrect in any material respect.

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 7 – CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (CIEDB) LOAN (continued)

- e. An unexcused failure by the District to pay amounts due under any bond, note, installment sale agreement, capital lease or other agreement or instrument to which it is a party relating to the borrowing of money, if such unpaid amount shall exceed \$50,000.
- f. The occurrence of an event of default with respect to any Parity Debt or Subordinate Debt which causes all principal of such Parity Debt or Subordinate Debt to become due and payable immediately.

If an event of default has occurred and is continuing, the CIEDB may declare the principal of the Loan, together with the accrued interest on all unpaid principal thereof, to be due and payable immediately.

The ending balance on the CIEDB loan for the year ended June 30, 2021 was \$9,562,538.

Future debt service payments on the CIEDB loan are as follows:

Year	Principal	Interest	Total
2022	\$ 806,499	\$ 370,329	\$ 1,176,828
2023	836,581	337,266	1,173,847
2024	867,785	302,970	1,170,755
2025	900,154	267,395	1,167,549
2026	933,730	230,493	1,164,223
2027-2031	5,217,789	548,912	5,766,701
	<u>\$ 9,562,538</u>	<u>\$ 2,057,365</u>	<u>\$ 11,619,903</u>

Total interest expense on the CIEDB loan for the year ended June 30, 2021 was \$374,432.

NOTE 8 – INTERFUND ACTIVITY

The following is a summary of amounts due from and due to other funds as of June 30, 2021:

To General Fund:	
From PPDA Trust Fund	\$ 865,579
	<u>\$ 865,579</u>

The following is a summary of transfers in and out during the year ended June 30, 2021:

To General Fund:	
From Capital Project Fund	\$ 375,858
From PPDA Trust Fund	1,486,141
To Capital Project Fund:	
From General Fund	7,715,458
From PPDA Trust Fund	730,414
To Debt Service Fund:	
From General Fund	<u>1,176,820</u>
	<u>\$ 11,484,691</u>

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 9 – EMPLOYEE RETIREMENT PLAN

The Fresno Metropolitan Flood Control District Pension Plan (the Plan) is a defined contribution pension plan established by the Board of Directors of the District. The Plan covers all full-time employees who have completed at least six months of continuous service and have attained the age of eighteen. Monthly employer contributions for employees hired prior to June 30, 1988, are 14% of the employees' salary.

Monthly employer contributions for employees hired after June 30, 1988, are 10% of the employees' salaries. Participants are 25% vested after two years of service and an additional 25% after each additional year until they are fully vested. District contributions for, and interest forfeited by, employees who leave employment before becoming 100% vested are used to reduce the District's current period contribution requirement. Plan provisions and contribution requirements are established and may be amended by the Administrative Committee of the Board of Directors of the District. The District made the required contribution amounting to \$613,577 as of June 30, 2021.

The Plan issues a stand-alone financial report that can be reviewed at the District office located at 5469 East Olive Avenue, Fresno, California 93727.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description: The District provides the following post-employment health care benefits in accordance with District employment contracts:

- For employees hired before May 8, 2013, the District subsidizes the health insurance cost for employees who retire after age 55 with at least 10 years of service. The District pays 50% of the "full benefit" for employees with more than 10 years of service but less than 15 years of service. The employees who retire after the age of 55 with more than 15 years of service receive a "full benefit".
- Employees hired after May 8, 2013 who retire after age 60 and have completed 15 years of service are eligible to receive a "full benefit".

The **Full Benefit:** There are two tiers of employee health benefits.

- For employees hired prior to July 1, 1988, the District pays either 100% of the cost of the employee's health insurance or 60% of the cost of the employee plus dependents premium.
- For those employees hired after July 1, 1988, the District pays 100% of the cost of the employee's health insurance plus 60% of the cost of the additional dependent's premium.

The District participates in an industry association plan (ACWA/JPIA) that has about 300 employer members. There are two providers in the plan: Kaiser and Blue Cross/Blue Shield (BCBS) that offer PPO and HMO plans. The same benefit options are available to retirees as active employees. Upon reaching Medicare eligibility, the plans do not coordinate with Medicare. There is a small rate decrease for retirees who opt for Medicare Part B. Kaiser plans are fully-insured while BCBS plans are self-insured. The District employees represent a very small percentage of the pool for the BCBS plans and, thus, these plans are assumed to be community-rated with no implicit subsidy to the District. The District employees represent approximately 6% of the pool for the Kaiser plans and, thus, these plans are not assumed to be community-rated. There will be a GASB implicit subsidy to the District for employees enrolled in this plan. Effective January 1, 2022, the District is no longer offering Anthem Blue Cross for retirees on Medicare. The options for retirees on Medicare changed to Kaiser and United Healthcare, however, the option of Anthem Blue Cross is still available for retirees that are not on Medicare.

The District has established an irrevocable trust with Public Agency Retirement Services (PARS) to accumulate resources strictly for post-employment benefit payments. PARS issues a separate annual financial report, and copies of the report may be obtained by writing to PARS at 4350 Von Karman Ave., Suite 100, Newport Beach, CA 92660, or by calling (800) 540-6369.

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Contributions: The District contribution varies by employee classification up to 100% of the amount of employee only premium incurred by retirees and 60% of the premium incurred for their dependents. Expenditures for post-employment benefits are recognized on a pay-as-you-go basis, as premiums are paid. During the year, expenditures of \$348,115 were recognized for retirees' health care benefits, including \$21,584 of administrative expenses, paid from outside the trust. The District's required contribution is based on pay-as-you-go financing requirements. For the year ended June 30, 2021, the District contributed \$200,000 to the PARS OPEB trust in addition to the required financing requirements of \$326,531. The District intends to maintain a fully funded plan.

Employees Covered: At July 1, 2020, membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	22
Active employees	70
	92

Net OPEB Liability (Asset): The District's Net OPEB Liability (Asset) was measured as of June 30, 2021 and the Total OPEB Liability used to calculate the Net OPEB Liability (Asset) was determined by an actuarial valuation as of July 1, 2020. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial assumptions: The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.0 percent
Discount rate	7.0 percent
Investment rate of return	7.0 percent, net of OPEB plan investment expense

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2020 valuation were based on a review of plan experience during the period July 1, 2019 to June 30, 2020.

Discount rate: GASB 75 requires a discount rate that reflects the long-term expected rate of return on OPEB plan investments (if any) and a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

To determine the discount rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments are compared in each future period.

At July 1, 2020, the District has an irrevocable trust account for prefunding OPEB liabilities. Plan assets are expected to be sufficient. The discount rate used is 7.00%, equal to the long-term expected rate of return.

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Net OPEB Liability (Asset) (continued):

The components of the net OPEB liability (asset) at June 30, 2021, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2020	\$ 5,900,610	\$ 6,024,537	\$ (123,927)
Changes in the year:			
Service cost	105,672	-	105,672
Interest on the total OPEB liability	352,973	-	352,973
Differences between expected and actual experience	(703,685)	-	(703,685)
Changes in assumptions	(99,625)	-	(99,625)
Contributions from the employer	-	526,531	(526,531)
Net investment income	-	1,440,284	(1,440,284)
Benefit payments, including refunds of employee contributions	(326,531)	(326,531)	-
Administrative expense	-	(21,584)	21,584
Net change	(671,196)	1,618,700	(2,289,896)
Balance at June 30, 2021	<u>\$ 5,229,414</u>	<u>\$ 7,643,237</u>	<u>\$ (2,413,823)</u>

Sensitivity of the Net OPEB Liability (Asset) to changes in the discount rate. The following presents the net OPEB liability (asset), as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1- percentage point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current discount rate:

	Discount Rate - 1% (6.00%)	Current Discount Rate (7.00%)	Discount Rate + 1% (8.00%)
Net OPEB Liability (Asset)	<u>\$ (1,783,971)</u>	<u>\$ (2,413,823)</u>	<u>\$ (2,943,372)</u>

Sensitivity of the Net OPEB Liability (Asset) to changes in the healthcare cost trend rates. The following presents the net OPEB liability (asset), as well as what the Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.20 percent decreasing to 4.20 percent) or 1- percentage-point higher (5.20 percent increasing to 6.20 percent) than the current healthcare cost trend rates:

	1% Decrease (4.20%)	Trend Rate (5.20%)	1% Increase (6.20%)
Net OPEB Liability (Asset)	<u>\$ (3,037,250)</u>	<u>\$ (2,413,823)</u>	<u>\$ (1,658,459)</u>

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

At June 30, 2021, the District's deferred outflows of resources and deferred inflows or resources related to OPEB from the following source are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 484,077	\$ 1,178,336
Changes in assumptions or other inputs	-	529,866
Differences between projected and actual return investments	159,646	797,586
Total	<u>\$ 643,723</u>	<u>\$ 2,505,788</u>

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 149,994	\$ (725,224)
2023	126,170	(584,574)
2024	125,520	(373,593)
2025	80,682	(373,595)
2026	80,680	(174,197)
2027	80,677	(174,193)
2028	-	(100,412)

Net OPEB Expense: For the year ended June 30, 2021, the District's Net OPEB expense (benefit) was \$(538,303).

Net OPEB Liability (Asset) - beginning (a)	\$ (123,927)
Net OPEB Liability (Asset) - ending (b)	<u>(2,413,823)</u>
Change in Net OPEB Liability (Asset) [(b)-(a)]	(2,289,896)
Change in Deferred Outflows	149,994
Change in Deferred Inflows	1,075,068
Employer Contributions	<u>526,531</u>
Net OPEB Expense (Benefit)	<u>\$ (538,303)</u>

Investments: The District's policy regarding the allocation of the Plan's invested assets is established and may be amended by District management. The primary objective is to maximize total Plan return, subject to the risk and quality constraints set forth in the investment guidelines. The District has selected a balanced objective, which has a dual goal of growth of principal and income. While dividend and interest income are an important component of the objective's total return, it is expected that capital will comprise a larger portion of the total return. The asset allocation ranges for this objective as of June 30, 2021, are listed as follows:

Strategic Asset Allocation Ranges			
	Cash	Fixed Income	Equity
Stated Range	0-20%	40%-60%	40%-60%

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Rate of Return: For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 23.75%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Litigation: The District is a party to a number of lawsuits, claims, and eminent domain litigation arising out of the conduct of its operation. While the ultimate results of lawsuits or other proceedings against the District cannot be predicted with certainty, management does not expect that these matters will have a material adverse effect on the financial position or results of operations of the District.

Construction Projects: The District has executed construction contracts for system improvements of \$4,776,790. The financial statements have \$396,028 recorded, which reflects the percent of the contract completed at June 30, 2021, and the District has remaining commitments under the contracts of \$4,380,762.

Coronavirus Pandemic: Management has determined the events regarding the novel coronavirus require disclosure in accordance with accounting standards. On March 4, 2020, Governor Newsom issued an emergency proclamation declaring a State of emergency in California due to the novel coronavirus (COVID-19). The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the District is unknown.

NOTE 12 – RISK MANAGEMENT

The District has entered into a joint powers authority agreement along with other members of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA) to form a self-insuring pool for liability coverage up to \$500,000. Insurance in excess of \$500,000 is collectively purchased through excess policies covering all included members. The excess insurance is for \$39,500,000 per occurrence for a total coverage of \$40,000,000.

The ACWA JPIA is governed by a board of directors composed of one representative from each member agency. The JPIA governing board controls the operation of the ACWA JPIA, independent of any influence by the District other than the District's representation on the governing board.

The ACWA JPIA is independently accountable for its fiscal matters. The ACWA JPIA maintains its own accounting records. The ACWA JPIA's budget is not subject to any approval other than that of its governing board.

The relationship between the District and the ACWA JPIA is such that the ACWA JPIA is not a component unit of the District for financial reporting purposes.

Separate financial statements of the ACWA JPIA are available upon request at 2100 Professional Drive, Roseville, California 95661, (916) 786-5742.

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 12 – RISK MANAGEMENT (continued)

Condensed financial information for the ACWA JPIA's most recent year audited is shown below:

	September 30, 2020
Total assets	\$ 237,525,073
Deferred outflows of resources	1,054,750
Total liabilities	113,075,164
Deferred inflows of resources	<u>1,817,452</u>
Net position	<u>\$ 123,687,207</u>
Total revenues	\$ 197,639,443
Total expenditures	<u>172,886,738</u>
Net increase in net position	<u>\$ 24,752,705</u>

During the year ending June 30, 2021, there were no reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 13 – EXCESS EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2021, expenditures exceeded appropriations as follows:

Expenditures	Amount
General Fund:	
Insurance	\$ 48,338

NOTE 14 – SUBSEQUENT EVENTS

On July 28, 2021, the Board of Directors approved and adopted Resolution No. 2021-971 (the "Resolution"). The Resolution permitted the District to refinance their loan with the California Infrastructure and Economic Development Bank and reduce the loan rate by 1%, from 3.73% to 2.73%. The rate reduction went into effect on August 1, 2021.

On September 16, 2021, the District paid the remaining balance of the other long-term debt payable in the amount of \$108,788 to the City of Fresno.

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021
LAST 10 FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 105,672	\$ 115,475	\$ 106,676	\$ 103,569
Interest	352,973	392,394	359,855	338,095
Difference between expected and actual experience	(703,685)	645,437	-	(1,969,136)
Changes of assumptions	(99,625)	(590,260)	-	-
Benefit payments	(326,531)	(191,595)	(153,708)	(108,671)
Net change in total OPEB liability	(671,196)	371,451	312,823	(1,636,143)
Total OPEB Liability - beginning	5,900,610	5,529,159	5,216,336	6,852,479
Total OPEB Liability - ending (a)	<u>5,229,414</u>	<u>5,900,610</u>	<u>5,529,159</u>	<u>5,216,336</u>
Plan fiduciary net position				
Contributions - employer	526,531	391,595	653,708	1,308,671
Net investment income	1,440,284	196,665	348,825	258,434
Benefit payments	(326,531)	(191,595)	(153,708)	(107,671)
Administrative expense	(21,584)	(18,737)	(15,174)	(13,951)
Net change in plan fiduciary net position	1,618,700	377,928	833,651	1,445,483
Plan fiduciary net position	6,024,537	5,646,609	4,812,958	3,368,475
Plan fiduciary net position (b)	<u>7,643,237</u>	<u>6,024,537</u>	<u>5,646,609</u>	<u>4,813,958</u>
Net OPEB liability (asset) - ending (a)-(b)	<u>\$ (2,413,823)</u>	<u>\$ (123,927)</u>	<u>\$ (117,450)</u>	<u>\$ 402,378</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 146.16%	 102.10%	 102.12%	 92.29%
 District's covered-employee payroll	 6,238,634	 6,064,213	 5,835,980	 5,646,134
 Net OPEB liability (asset) as a percentage of covered-employee payroll	 -38.69%	 -2.04%	 -2.01%	 7.13%

NOTES TO SCHEDULE

* Fiscal Year 2018 was the 1st year of implementation, therefore; only four years are shown.

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
SCHEDULE OF PLAN CONTRIBUTIONS - OPEB
FOR THE YEAR ENDED JUNE 30, 2021
LAST 10 FISCAL YEARS***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 56,743	\$ 119,901	\$ 495,412	\$ 495,412
Contributions in relation to the actuarially determined contribution	(526,531)	(391,595)	(653,708)	(1,308,671)
Contribution in deficiency (excess)	<u>\$ (469,788)</u>	<u>\$ (271,694)</u>	<u>\$ (158,296)</u>	<u>\$ (813,259)</u>
District's covered-employee payroll	\$ 6,238,634	\$ 6,064,213	\$ 5,835,980	\$ 5,646,134
Contributions as a percentage of covered-employee payroll	8.44%	6.46%	11.20%	23.18%

NOTES TO SCHEDULE

Valuation Date July 1, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Inflation	3.00%
Salary increases	3.00%
Investment rate of return	7.00%
Retirement age	Based on District retirement patterns
Pre-retirement mortality	Based on RP-2014 Employee Mortality Tables from 2009-2014
Post-retirement mortality	Based on RP-2014 Health Annuitant Mortality Tables from 2009-2014

* Fiscal Year 2018 was the 1st year of implementation, therefore; only four years are shown.

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT

COMBINING FUND FINANCIAL STATEMENTS

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
COMBINING BALANCE SHEET
DEBT SERVICE FUND
JUNE 30, 2021**

	<u>Total</u>	<u>CIEDB Loan</u>	<u>SRF Loan</u>
ASSETS			
Restricted cash	\$ 1,290,799	\$ 1,290,799	\$ -
Interest receivable	<u>5,965</u>	<u>5,965</u>	<u>-</u>
Total assets	<u><u>\$ 1,296,764</u></u>	<u><u>\$ 1,296,764</u></u>	<u><u>\$ -</u></u>
LIABILITIES AND FUND BALANCES			
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted for debt service	<u>1,296,764</u>	<u>1,296,764</u>	<u>-</u>
Total liabilities and fund balances	<u><u>\$ 1,296,764</u></u>	<u><u>\$ 1,296,764</u></u>	<u><u>\$ -</u></u>

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Total</u>	<u>CIEDB Loan</u>	<u>SRF Loan</u>
REVENUES			
Interest	\$ 10,153	\$ 10,153	\$ -
EXPENDITURES			
Debt service	1,179,701	1,179,701	-
Excess (deficiency) of revenues over (under) expenditures	(1,169,548)	(1,169,548)	-
OTHER FINANCING SOURCES (USES)			
Transfers in	1,176,820	1,176,820	-
Total other financing sources (uses)	1,176,820	1,176,820	-
Net change in fund balances	7,272	7,272	-
Fund balances, beginning of year	1,289,492	1,289,492	-
Fund balances, end of year	<u>\$ 1,296,764</u>	<u>\$ 1,296,764</u>	<u>\$ -</u>

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
COMBINING BALANCE SHEET
CAPITAL PROJECT FUND
JUNE 30, 2021**

	Total	Capital Construction Fund	Land	Basin D	Park Fund
ASSETS					
Interest receivable	\$ 254,411	\$ 224,190	\$ 27,239	\$ 103	\$ 2,879
Restricted cash	40,361,935	35,904,243	4,009,609	15,479	432,604
Total assets	<u>\$ 40,616,346</u>	<u>\$ 36,128,433</u>	<u>\$ 4,036,848</u>	<u>\$ 15,582</u>	<u>\$ 435,483</u>
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ 45,237	\$ 45,237	\$ -	\$ -	\$ -
Contracts payable	312,967	312,967	-	-	-
Total liabilities	<u>358,204</u>	<u>358,204</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Committed for construction	<u>40,258,142</u>	<u>35,770,229</u>	<u>4,036,848</u>	<u>15,582</u>	<u>435,483</u>
Total fund balances	<u>40,258,142</u>	<u>35,770,229</u>	<u>4,036,848</u>	<u>15,582</u>	<u>435,483</u>
Total liabilities and fund balances	<u>\$ 40,616,346</u>	<u>\$ 36,128,433</u>	<u>\$ 4,036,848</u>	<u>\$ 15,582</u>	<u>\$ 435,483</u>

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
CAPITAL PROJECT FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Total	Capital Construction Fund	Land	Basin D	Park Fund
REVENUES					
Interest	\$ 552,427	\$ 484,120	\$ 61,604	\$ 236	\$ 6,467
Total revenues	552,427	484,120	61,604	236	6,467
EXPENDITURES					
Capital outlay	4,601,106	4,601,106	-	-	-
Total expenditures	4,601,106	4,601,106	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(4,048,679)	(4,116,986)	61,604	236	6,467
OTHER FINANCING SOURCES (USES)					
Transfers in	8,445,872	8,431,812	-	-	14,060
Transfers out	(375,858)	(375,858)	-	-	-
Total other financing sources (uses)	8,070,014	8,055,954	-	-	14,060
Net change in fund balances	4,021,335	3,938,968	61,604	236	20,527
Fund balances, beginning of year	36,236,807	31,831,261	3,975,244	15,346	414,956
Fund balances, end of year	<u>\$ 40,258,142</u>	<u>\$ 35,770,229</u>	<u>\$ 4,036,848</u>	<u>\$ 15,582</u>	<u>\$ 435,483</u>

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT

SUPPLEMENTARY SCHEDULES

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund - Budgetary Basis		
	Budget	Actual	Variance with Final Budget
Revenues:			
Taxes:			
Property taxes - current	\$ 11,500,900	\$ 11,934,935	\$ 434,035
Property taxes - prior year levies	21,700	105,284	83,584
General subventions	252,900	354,896	101,996
Other	500,000	883,728	383,728
Assessment tax revenue	8,367,286	8,369,037	1,751
Interest revenue	513,180	408,536	(104,644)
Grant revenue	3,189,849	690,728	(2,499,121)
Construction contributions	1,412,895	2,296,262	883,367
Fees and charges for services:			
Non-conforming facilities fees	150,000	108,220	(41,780)
Master plan engineering fees	200,080	284,324	84,244
Excavation permit fees	165,000	140,774	(24,226)
Recharge maintenance	50,000	224,519	174,519
PPDA administration fees	5,000	14,825	9,825
Other fees and charges	198,040	333,050	135,010
Rental income	77,400	75,877	(1,523)
Miscellaneous	5,500	104,598	99,098
Other financing sources:			
Transfers in	1,100,000	1,861,999	761,999
Revenue from sale of assets	9,400	2,995	(6,405)
Total revenues and other financing sources	27,719,130	28,194,587	475,457
Expenditures:			
Personnel expense:			
Salaries, regular and part-time	6,656,319	6,202,109	454,210
Payroll related taxes	461,200	455,775	5,425
Employee insurance	1,260,432	1,246,185	14,247
Workers' compensation	82,120	85,302	(3,182)
Retirement	674,700	613,577	61,123
Annual leave	256,220	423,987	(167,767)
OPEB contribution	415,800	463,048	(47,248)
Unemployment insurance	-	15,325	(15,325)
Temporary help	10,000	5,346	4,654
Employee assistance program	2,400	2,079	321
Total personnel expense	9,819,191	9,512,733	306,458

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

General Fund - Budgetary Basis			
	Budget	Actual	Variance with Final Budget
Expenditures, continued:			
Office administration:			
General office supplies	\$ 90,100	\$ 75,366	\$ 14,734
Records and maps	36,000	23,224	12,776
Reproduction	5,900	4,983	917
Office equipment maintenance	121,950	118,562	3,388
Communications	52,940	40,658	12,282
Postage	7,200	4,024	3,176
Printing	4,300	2,694	1,606
Courier service	1,200	1,055	145
Total office administration	319,590	270,566	49,024
Management support:			
Conferences and meetings	42,300	6,634	35,666
General management	67,840	73,306	(5,466)
Professional education	45,000	8,742	36,258
Corps project representation	5,000	-	5,000
Total management support	160,140	88,682	71,458
Insurance:			
Employee bonding	1,600	1,554	46
Notary, trustee, and fiduciary	10,000	12,449	(2,449)
Directors' liability	8,550	9,686	(1,136)
Fire, theft, and office content	19,217	32,478	(13,261)
Automobile	23,698	25,927	(2,229)
General liability	145,350	164,659	(19,309)
Deductibles, settlements	2,000	12,000	(10,000)
Total insurance	210,415	258,753	(48,338)
Professional services:			
Legal services	168,000	96,317	71,683
Accounting services	39,750	43,285	(3,535)
Consulting engineers	600	-	600
Computer support	5,000	878	4,122
Other professional services	172,169	18,955	153,214
Legislative services	10,000	-	10,000
Personnel services	20,050	1,870	18,180
Benefit administration	8,000	275	7,725
Total professional services	423,569	161,580	261,989

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund - Budgetary Basis		
	Budget	Actual	Variance with Final Budget
Expenditures, continued:			
Other administrative expense:			
Revenue collection expense	\$ 176,000	\$ 177,329	\$ (1,329)
Directors' expense	49,300	21,692	27,608
Public information	32,100	10,162	21,938
Advertising	20,000	1,089	18,911
Service charges	3,360	-	3,360
Special events expense	2,500	-	2,500
Employee recognition expense	4,400	2,143	2,257
Miscellaneous expense	900	881	19
Total other administrative expense	288,560	213,296	75,264
System operations and maintenance:			
Basin maintenance:			
Developed basin maintenance	725,000	803,974	(78,974)
Undeveloped basin maintenance	365,000	369,219	(4,219)
Recharge maintenance	155,000	83,682	71,318
Parks and recreation maintenance	50,000	63,697	(13,697)
Winter operations	25,000	1,531	23,469
Fence repair	102,000	112,140	(10,140)
Pump operations/maintenance	320,000	233,360	86,640
Drainline operations	120,000	86,116	33,884
Flood control maintenance:			
Dam operations/maintenance	375,000	246,183	128,817
Channel operations	275,000	289,536	(14,536)
Detention basin operations	140,000	145,585	(5,585)
Vehicle operations	120,000	134,064	(14,064)
Vehicle repairs	20,000	33,851	(13,851)
Vehicle supplies	6,000	2,499	3,501
Operation expense	24,000	25,090	(1,090)
Field equipment maintenance	60,000	22,372	37,628
Warehouse expense	500	108	392
Other operations expense	6,000	2,343	3,657
Uniform expense	8,000	9,267	(1,267)
Telemetry maintenance	12,000	14,147	(2,147)
Environmental management:			
Environmental analysis	120,000	13,490	106,510
Other environmental management	13,400	13,722	(322)
Total system operations and maintenance	3,041,900	2,705,976	335,924

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund - Budgetary Basis		
	Budget	Actual	Variance with Final Budget
Expenditures, continued:			
Operations center expense:			
Utilities	\$ 116,300	\$ 105,378	\$ 10,922
Building maintenance	91,235	102,375	(11,140)
Landscape maintenance	30,000	23,748	6,252
Repairs and rehabilitation	16,000	3,442	12,558
Other operations center	6,000	1,048	4,952
Total operations center expense	259,535	235,991	23,544
Storm water quality management (SWQM) expense:			
Consulting services	30,000	-	30,000
Municipal NPDES development	39,500	15,651	23,849
SWQM operations/maintenance	480,000	370,029	109,971
Municipal NPDES implementation	433,000	372,369	60,631
Industrial NPDES implementation	3,600	210	3,390
Total SWQM expense	986,100	758,259	227,841
Capital outlay:			
Operations center	575,000	917,426	(342,426)
Telemetry	100,000	-	100,000
Engineering	25,000	-	25,000
Vehicles	82,000	-	82,000
Computer hardware and software	75,240	44,276	30,964
Office equipment and furniture	55,900	6,581	49,319
Field equipment	148,500	40,028	108,472
Site improvement	115,000	16,909	98,091
Total capital outlay	1,176,640	1,025,220	151,420
Total expenditures	16,685,640	15,231,056	1,454,584
Other uses:			
Transfers out	12,774,592	8,892,278	3,882,314
Budget reserves	400,000	-	400,000
Total expenditures and other uses	29,860,232	24,123,334	5,736,898
Net change in fund balance	(2,141,102)	4,071,253	6,212,355
Fund balance, beginning of year	14,235,436	28,568,374	14,332,938
Fund balance, end of year	\$ 12,094,334	\$ 32,639,627	\$ 20,545,293

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
SCHEDULE OF COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
(DEVELOPER PAYABLE AND CONSTRUCTION CONTRACTS INCLUDED AS A LIABILITY)
JUNE 30, 2021

	General	Capital Project	Debt Service	PPDA Trust Fund	Total Governmental Funds
ASSETS					
Cash	\$ 32,773,175	\$ -	\$ -	\$ -	\$ 32,773,175
Receivables:					
Fees and charges	-	-	-	189,574	189,574
Interest	193,490	254,411	5,965	157,461	611,327
Other	2,084,024	-	-	-	2,084,024
Due from other funds	865,579	-	-	-	865,579
Restricted cash	17,119	40,361,935	1,290,799	23,092,824	64,762,677
Total Assets	\$ 35,933,387	\$ 40,616,346	\$ 1,296,764	\$ 23,439,859	\$ 101,286,356
LIABILITIES					
Accounts payable	\$ 683,721	\$ 45,237	\$ -	\$ 2,375,032	\$ 3,103,990
Contracts payable	167,284	4,609,506	-	-	4,776,790
Salaries payable	447,309	-	-	-	447,309
Due to other funds	-	-	-	865,579	865,579
Developers payable	-	-	-	10,755,004	10,755,004
Total Liabilities	1,298,314	4,654,743	-	13,995,615	19,948,672
DEFERRED INFLOWS					
Deferred inflows from grantors	2,084,024	-	-	-	2,084,024
FUND BALANCES					
Restricted:					
Debt service	-	-	1,296,764	-	1,296,764
Drainage assessments	-	-	-	9,444,244	9,444,244
Committed:					
Construction	84,223	35,961,603	-	-	36,045,826
Assigned:					
General obligations	9,060,648	-	-	-	9,060,648
Unassigned	23,406,178	-	-	-	23,406,178
Total Fund Balances	32,551,049	35,961,603	1,296,764	9,444,244	79,253,660
Total Liabilities, Deferred Inflows and Fund Balances	\$ 35,933,387	\$ 40,616,346	\$ 1,296,764	\$ 23,439,859	\$ 101,286,356

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
SCHEDULE OF COMBINED REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
(DEVELOPER PAYABLE AND CONSTRUCTION CONTRACTS INCLUDED AS A LIABILITY)
FOR THE YEAR ENDED JUNE 30, 2021

	General	Capital Project	Debt Service	PPDA Trust Fund	Total Governmental Funds
REVENUES					
Taxes and subventions	\$ 13,278,843	\$ -	\$ -	\$ -	\$ 13,278,843
Assessment tax revenue	8,369,037	-	-	-	8,369,037
Drainage fees - cash	-	-	-	3,030,573	3,030,573
Drainage fees - noncash	-	-	-	2,335,826	2,335,826
Fees and charges for services	1,105,712	-	-	-	1,105,712
Interest and rental revenue	484,413	552,427	10,153	360,026	1,407,019
Grants, loans, and contributions	2,986,990	-	-	1,021,064	4,008,054
Miscellaneous	104,598	-	-	-	104,598
Total revenues	26,329,593	552,427	10,153	6,747,489	33,639,662
EXPENDITURES					
Personnel expense	9,517,088	-	-	-	9,517,088
Office administration	270,566	-	-	-	270,566
Management support	88,682	-	-	-	88,682
Insurance	258,753	-	-	-	258,753
Professional services	161,580	-	-	-	161,580
Other administrative expense	213,296	-	-	(146,258)	67,038
System operations and maintenance	2,705,976	-	-	-	2,705,976
Operations center expense	235,991	-	-	-	235,991
Storm water quality management	758,259	-	-	-	758,259
Capital outlay	1,073,432	6,251,434	-	4,237,873	11,562,739
Debt service	-	-	1,179,701	-	1,179,701
Total expenditures	15,283,623	6,251,434	1,179,701	4,091,615	26,806,373
Excess (deficiency) of revenues over (under) expenditures	11,045,970	(5,699,007)	(1,169,548)	2,655,874	6,833,289
OTHER FINANCING SOURCES (USES)					
Transfers in	1,861,999	8,445,872	1,176,820	-	11,484,691
Transfers out	(8,892,278)	(375,858)	-	(2,216,555)	(11,484,691)
Proceeds from the sale of assets	2,995	-	-	-	2,995
Total other financing sources (uses)	(7,027,284)	8,070,014	1,176,820	(2,216,555)	2,995
Net change in fund balances	4,018,686	2,371,007	7,272	439,319	6,836,284
Fund Balances, Beginning of Year	28,532,363	33,590,596	1,289,492	9,004,925	72,417,376
Fund Balances, End of Year	\$ 32,551,049	\$ 35,961,603	\$ 1,296,764	\$ 9,444,244	\$ 79,253,660

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – CURRENT YEAR VS. PRIOR YEAR – GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	General Fund		
	June 30, 2021	June 30, 2020	Variance
Revenues:			
Taxes and subventions	\$ 13,278,843	\$ 12,251,729	\$ 1,027,114
Assessment tax revenue	8,369,037	8,344,334	24,703
Fees and charges for services	1,105,712	1,074,336	31,376
Interest and rental revenue	484,413	632,707	(148,294)
Grants revenue	690,728	203,435	487,293
Miscellaneous	104,598	141,503	(36,905)
Construction contributions	2,296,262	535,222	1,761,040
Total revenues	26,329,593	23,183,266	3,146,327
Other financing sources:			
Transfers in	1,861,999	1,215,992	646,007
Proceeds from sale of assets	2,995	60,234	(57,239)
Total revenues and other financing sources	28,194,587	24,459,492	3,735,095
Expenditures:			
Personnel expense	9,517,088	9,181,007	336,081
Office administration	270,566	228,107	42,459
Management support	88,682	122,002	(33,320)
Insurance	258,753	230,618	28,135
Professional services	161,580	186,539	(24,959)
Other administrative expense	213,296	106,512	106,784
System operations and maintenance	2,705,976	2,689,769	16,207
Operations center expense	235,991	256,915	(20,924)
Storm water quality management expense	758,259	595,760	162,499
Capital outlay	1,025,220	209,722	815,498
Total expenditures	15,235,411	13,806,951	1,428,460
Other uses:			
Transfers out	8,892,278	10,174,344	(1,282,066)
Total expenditures and other uses	24,127,689	23,981,295	146,394
Net change in fund balance	4,066,898	478,197	3,588,701
Fund balance, beginning of year	28,568,374	28,090,177	478,197
Fund balance, end of year	\$ 32,635,272	\$ 28,568,374	\$ 4,066,898

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – CURRENT YEAR VS.
PRIOR YEAR – GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	General Fund		
	June 30, 2021	June 30, 2020	Variance
Revenues:			
Taxes:			
Property taxes - current	\$ 11,934,935	\$ 11,114,219	\$ 820,716
Property taxes - prior year levies	105,284	14,999	90,285
General subventions	354,896	361,092	(6,196)
Other	883,728	761,419	122,309
Assessment tax revenue	8,369,037	8,344,334	24,703
Interest revenue	408,536	567,773	(159,237)
Grant revenue	690,728	203,435	487,293
Construction contributions	2,296,262	535,222	1,761,040
Fees and charges for services:			
Non-conforming facilities fees	108,220	141,070	(32,850)
Master plan engineering fees	284,324	215,089	69,235
Excavation permit fees	140,774	194,905	(54,131)
Recharge maintenance	224,519	204,356	20,163
PPDA administration fees	14,825	12,700	2,125
Other fees and charges	333,050	306,216	26,834
Rental income	75,877	64,934	10,943
Miscellaneous	104,598	141,503	(36,905)
Other financing sources:			
Transfers in	1,861,999	1,215,992	646,007
Proceeds from sale of assets	2,995	60,234	(57,239)
Total revenues and other financing sources	28,194,587	24,459,492	3,735,095
Expenditures:			
Personnel expense:			
Salaries, regular and part-time	6,206,464	6,182,774	23,690
Payroll related taxes	455,775	448,741	7,034
Employee insurance	1,246,185	1,150,467	95,718
Workers' compensation	85,302	73,398	11,904
Retirement	613,577	622,819	(9,242)
Annual leave	423,987	270,139	153,848
OPEB contribution	463,048	386,061	76,987
Unemployment insurance	15,325	15,415	(90)
Temporary help	5,346	29,160	(23,814)
Employee assistance program	2,079	2,033	46
Total personnel expense	9,517,088	9,181,007	336,081
Office administration:			
General office supplies	75,366	48,773	26,593
Records and maps	23,224	18,662	4,562
Reproduction	4,983	7,371	(2,388)
Office equipment maintenance	118,562	106,458	12,104
Communications	40,658	36,754	3,904
Postage	4,024	5,319	(1,295)
Printing	2,694	3,886	(1,192)
Courier service	1,055	884	171
Total office administration	270,566	228,107	42,459

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – CURRENT YEAR VS.
PRIOR YEAR – GENERAL FUND (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	General Fund		
	June 30, 2021	June 30, 2020	Variance
Expenditures, continued:			
Management support:			
Conferences and meetings	\$ 6,634	\$ 37,382	\$ (30,748)
General management	73,306	64,159	9,147
Professional education	8,742	20,461	(11,719)
Total management support	88,682	122,002	(33,320)
Insurance:			
Employee bonding	1,554	1,554	-
Notary, trustee, and fiduciary	12,449	9,911	2,538
Directors' liability	9,686	8,714	972
Fire, theft, and office content	32,478	20,173	12,305
Automobile	25,927	22,877	3,050
General liability	164,659	148,134	16,525
Deductibles, settlements	12,000	19,255	(7,255)
Total insurance	258,753	230,618	28,135
Professional services:			
Legal services	96,317	115,765	(19,448)
Accounting services	43,285	38,500	4,785
Computer support	878	878	-
Other professional services	18,955	26,942	(7,987)
Personnel services	1,870	4,454	(2,584)
Benefit administration	275	-	275
Total professional services	161,580	186,539	(24,959)
Other administrative expense:			
Revenue collection expense	177,329	50,583	126,746
Directors' expense	21,692	34,108	(12,416)
Public information	10,162	12,311	(2,149)
Advertising	1,089	6,188	(5,099)
Service charges	-	2,199	(2,199)
Employee recognition expense	2,143	244	1,899
Miscellaneous expense	881	879	2
Total other administrative expense	213,296	106,512	106,784

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – CURRENT YEAR VS.
PRIOR YEAR – GENERAL FUND (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	General Fund		
	June 30, 2021	June 30, 2020	Variance
Expenditures, continued:			
System operations and maintenance:			
Basin maintenance:			
Developed basin maintenance	\$ 803,974	\$ 764,153	\$ 39,821
Undeveloped basin maintenance	369,219	335,536	33,683
Recharge maintenance	83,682	145,719	(62,037)
Parks and recreation maintenance	63,697	41,269	22,428
Winter operations	1,531	1,714	(183)
Fence repair	112,140	83,381	28,759
Pump operations/maintenance	233,360	191,811	41,549
Drainline operations	86,116	55,521	30,595
Flood control maintenance:			
Dam operations/maintenance	246,183	414,118	(167,935)
Channel operations	289,536	239,424	50,112
Detention basin operations	145,585	126,725	18,860
Vehicle operations	134,064	111,580	22,484
Vehicle repairs	33,851	27,419	6,432
Vehicle supplies	2,499	5,263	(2,764)
Operation expense	25,090	28,735	(3,645)
Field equipment maintenance	22,372	47,836	(25,464)
Warehouse expense	108	481	(373)
Other operations expense	2,343	151	2,192
Uniform expense	9,267	7,651	1,616
Telemetry maintenance	14,147	8,081	6,066
Environmental management:			
Environmental analysis	13,490	41,178	(27,688)
Other environmental management	13,722	12,023	1,699
Total system operations and maintenance	2,705,976	2,689,769	16,207
Operations center expense:			
Utilities	105,378	108,757	(3,379)
Building maintenance	102,375	75,001	27,374
Landscape maintenance	23,748	28,847	(5,099)
Repairs and rehabilitation	3,442	39,855	(36,413)
Other operations center	1,048	4,455	(3,407)
Total operations center expense	235,991	256,915	(20,924)

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – CURRENT YEAR VS.
PRIOR YEAR – GENERAL FUND (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	General Fund		
	June 30, 2021	June 30, 2020	Variance
Expenditures, continued:			
Storm water quality management expense:			
Consulting services	\$ -	\$ 261	\$ (261)
Municipal NPDES development	15,651	18,500	(2,849)
SWQM operations/maintenance	370,029	243,520	126,509
Municipal NPDES implementation	372,369	332,199	40,170
Industrial NPDES implementation	210	1,280	(1,070)
Total storm water quality management expense	758,259	595,760	162,499
Capital outlay:			
Operations center	917,426	7,793	909,633
Vehicles	-	105,924	(105,924)
Fuel and vehicle service systems	-	19,785	(19,785)
Computer hardware and software	44,276	46,296	(2,020)
Office equipment and furniture	6,581	-	6,581
Field equipment	40,028	-	40,028
Site improvement	16,909	29,924	(13,015)
Total capital outlay	1,025,220	209,722	815,498
Total expenditures	15,235,411	13,806,951	1,428,460
Other uses:			
Transfers out	8,892,278	10,174,344	(1,282,066)
Total expenditures and other uses	24,127,689	23,981,295	146,394
Net change in fund balance	4,066,898	478,197	3,588,701
Fund balance, beginning of year	28,568,374	28,090,177	478,197
Fund balance, end of year	<u>\$ 32,635,272</u>	<u>\$ 28,568,374</u>	<u>\$ 4,066,898</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Fresno Metropolitan Flood Control District

We have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund of the Fresno Metropolitan Flood Control District (the District), as of and for the year ended June 30, 2021, the budgetary comparative statement for the general fund and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated January 18, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HUDSON HENDERSON & COMPANY, INC.

A handwritten signature in blue ink that reads "Hudson Henderson & Company, Inc." in a cursive script.

Fresno, California
January 18, 2022