

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT

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

**FOR THE YEAR ENDED
JUNE 30, 2025**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Fresno Metropolitan Flood Control District

Report on the Audit of the Financial Statements

Opinions

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, 2025, the budgetary comparative statement for the general fund and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2025, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining fund financial statements and supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

The schedules on pages 62 and 63 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, 2025, 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 representing 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 30, 2026, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 & COMPANY, INC.

A handwritten signature in blue ink that reads "Hudson + Company, Inc." in a cursive, stylized font.

Fresno, California
January 30, 2026

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

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, 2025. 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.



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.

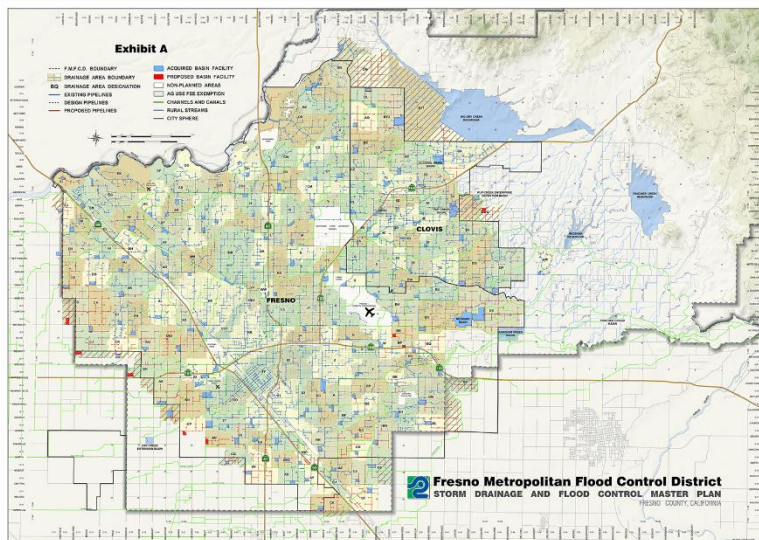


Downtown Fresno 1969

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.



District Service Area

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

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.



Big Dry Creek Reservoir, N/E Clovis

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.

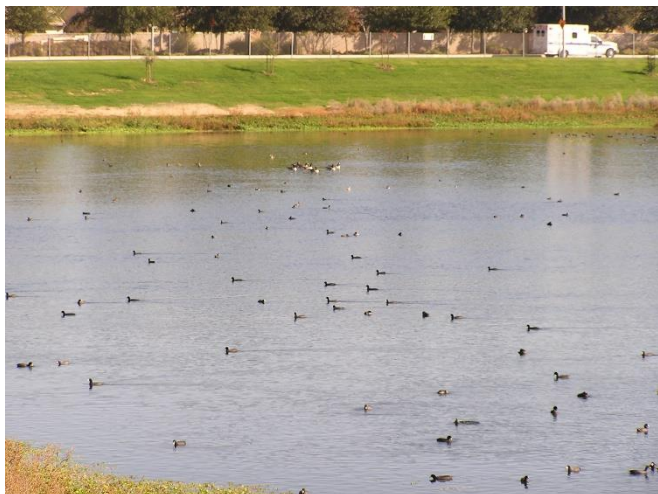
Recreation Program

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 Lake Park, Basin "D"

Wildlife Management Program



Basin "R", Chestnut & Shepherd

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, 2025, the District had invested \$78,594,680 for land and \$360,301,190 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 2024-2025, the Board of Directors authorized 78 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 perform 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 monitor 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 perform inspections of all construction projects to ensure conformance to District design and construction standards.

District engineering staff perform master plan and design engineering for the rural streams system, reviews and comments on development entitlement applications within the District boundaries, and perform and direct 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 \$17.5 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, but average about 15 acres per site.

“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, 2025	Change	June 30, 2024
ASSETS			
Cash and investments	\$ 44,001,065	\$ 3,424,390	\$ 40,576,675
Receivables	2,091,009	(127,848)	2,218,857
Restricted cash	93,791,446	4,541,092	89,250,354
Net OPEB asset	3,135,666	410,184	2,725,482
Capital assets (net of depreciation)	291,356,291	4,858,627	286,497,664
Total Assets	434,375,477	13,106,445	421,269,032
DEFERRED OUTFLOWS			
Deferred outflows - OPEB	1,255,530	(352,847)	1,608,377
LIABILITIES			
Current liabilities:	5,067,292	(800,908)	5,868,200
Non-current liabilities:			
Due within one year	1,610,119	25,106	1,585,013
Due in more than one year	6,112,531	(919,816)	7,032,347
Total Liabilities	12,789,942	(1,695,618)	14,485,560
DEFERRED INFLOWS			
Deferred inflows - OPEB	2,510,927	(318,968)	2,829,895
Deferred inflows from leases	532,230	(55,634)	587,864
Total Deferred Inflows	3,043,157	(374,602)	3,417,759
NET POSITION			
Net investment in capital assets	285,286,524	5,778,274	279,508,250
Restricted for:			
Debt service	1,391,688	20,965	1,370,723
Construction	87,769,791	4,445,145	83,324,646
Unrestricted	45,349,905	4,579,434	40,770,471
Total Net Position	\$ 419,797,908	\$ 14,823,818	\$ 404,974,090

Statement of Net Position-Total Assets

The total assets of the District increased \$13,106,445 from the prior year. Capital assets increased \$4,858,627 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 \$8,247,818. The District saw a decrease in receivables of \$127,848, while increasing restricted and unrestricted cash on hand of \$7,965,482.

Statement of Net Position-Total Liabilities

As of the end of the year, total liabilities decreased \$1,695,618. Current liabilities decreased \$800,908 and Non-current liabilities decreased \$894,710 from the prior year.

Statement of Net Position-Net Position

At the end of the year, assets exceeded liabilities by \$419,797,908 (net position). Unrestricted Net Position increased \$4,579,434 to \$45,349,905 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 \$4,466,110. The Net Investment in Capital Assets increased \$5,778,274 to \$285,286,524.

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT CHANGES IN NET POSITION			
	For the Year Ending June 30, 2025	Change	For the Year Ending June 30, 2024
Revenues			
Program revenues			
Charges for services	\$ 1,386,282	\$ 180,432	\$ 1,205,850
Capital grants and contributions	9,144,280	(954,598)	10,098,878
Total program revenues	10,530,562	(774,166)	11,304,728
General revenues			
Property taxes, levied for general purposes	17,226,687	870,826	16,355,861
Assessment tax, levied for specific benefit	8,497,701	(3,340)	8,501,041
Investment earnings	3,774,391	501,037	3,273,354
Lease and other financing proceeds	84,512	18,317	66,195
Gain on disposal of assets	113,840	68,640	45,200
Miscellaneous	272,940	217,874	55,066
Total general revenues	29,970,071	1,673,354	28,296,717
Total Revenues	40,500,633	899,188	39,601,445
Functions and Programs			
Flood control system	11,417,911	842,819	10,575,092
General government	14,059,678	125,160	13,934,518
Interest on long-term debt	199,226	(18,004)	217,230
Total Functions and Programs	25,676,815	949,975	24,726,840
Change in Net Position	14,823,818	(50,787)	14,874,605
Net Position - Beginning	404,974,090	14,874,605	390,099,485
Net Position - Ending	<u>\$ 419,797,908</u>	<u>\$ 14,823,818</u>	<u>\$ 404,974,090</u>

Changes in Net Position

Change in Net Position decreased \$50,787 compared to the prior year; for a net position increase of \$14,823,818. Revenues increased \$899,188 over prior year; primarily due to an increase of \$870,826 in property taxes, an increase in charges for services of \$180,432, and an increase in investment earnings of \$501,037. Total Functions and Program Expenses increased \$949,975, due to an increase of General Government expenses of \$125,160 and an increase in Flood Control System expenses of \$842,819.

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, 2025	Change	June 30, 2024
ASSETS			
Cash and investments	\$ 44,001,065	\$ 3,424,390	\$ 40,576,675
Receivable:			
Fees and charges	101,533	101,533	-
Interest	839,855	72,961	766,894
Lease	515,076	(51,343)	566,419
Other	124,780	(307,815)	432,595
Due from other funds	1,155,062	92,878	1,062,184
Restricted cash	93,791,446	4,541,092	89,250,354
Total Assets	<u>\$ 140,528,817</u>	<u>\$ 7,873,696</u>	<u>\$ 132,655,121</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,334,140	\$ (219,379)	\$ 3,553,519
Contracts payable (See supplemental schedule on pg. 62)	1,370,739	(642,776)	2,013,515
Salaries payable	362,413	61,247	301,166
Due to other funds	1,155,062	92,878	1,062,184
Total Liabilities	<u>6,222,354</u>	<u>(708,030)</u>	<u>6,930,384</u>
Deferred Inflows:			
Deferred inflows from grantors	124,780	(307,815)	432,595
Deferred inflows from leases	532,230	(55,634)	587,864
Total Deferred Inflows	<u>657,010</u>	<u>(363,449)</u>	<u>1,020,459</u>
Fund Balances:			
Restricted:			
Debt service	1,391,688	20,965	1,370,723
Drainage assessments	22,807,608	(1,691,410)	24,499,018
Committed:			
Construction	64,962,183	6,136,555	58,825,628
Assigned:			
General obligations	10,220,568	403,394	9,817,174
Unassigned:	34,267,406	4,075,671	30,191,735
Total Fund Balances	<u>133,649,453</u>	<u>8,945,175</u>	<u>124,704,278</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 140,528,817</u>	<u>\$ 7,873,696</u>	<u>\$ 132,655,121</u>

Fund Balance-Governmental Funds

As of June 30, 2025, the District's governmental funds reported combined ending fund balance of \$133,649,453, an increase of \$8,945,175. Total assets increased \$7,873,696 of which unrestricted cash and investments increased \$3,424,390 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, 2025	Change	For the Year Ending June 30, 2024
Revenues			
Taxes and subventions	\$ 17,226,687	\$ 870,826	\$ 16,355,861
Assessment tax revenue	8,497,701	(3,340)	8,501,041
Drainage fees - cash	3,166,137	(700,297)	3,866,434
Drainage fees - noncash	2,792,091	646,876	2,145,215
Fees and charges for services	1,386,282	180,432	1,205,850
Investment earnings	3,774,391	501,037	3,273,354
Grants, loans, and contributions	3,437,051	(1,716,805)	5,153,856
Miscellaneous	113,840	58,774	55,066
Total Revenues	40,394,180	(162,497)	40,556,677
Expenditures			
Personnel expense	10,375,651	430,388	9,945,263
Office administration	325,778	(19,551)	345,329
Management support	132,712	8,722	123,990
Insurance	476,792	189,399	287,393
Professional services	331,860	97,731	234,129
Other administrative expense	2,074,661	745,916	1,328,745
System operations and maintenance	3,294,292	190,151	3,104,141
Operations center expense	330,339	39,438	290,901
Storm water quality management expense	1,126,185	363,265	762,920
Capital outlay	12,219,314	2,604,788	9,614,526
Debt service	1,118,873	(3,018)	1,121,891
Total Expenditures	31,806,457	4,647,229	27,159,228
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,587,723	(4,809,726)	13,397,449
Other Financing Sources (Uses)			
Transfers in	13,876,292	1,053,476	12,822,816
Transfers out	(13,876,292)	(1,053,476)	(12,822,816)
Lease and other financing proceeds	84,512	18,317	66,195
Proceeds from sale of assets	272,940	227,740	45,200
Total Other Financing Sources (Uses)	357,452	246,057	111,395
Net Change in Fund Balances	8,945,175	(4,563,669)	13,508,844
Fund Balances, Beginning of Year	124,704,278	13,508,844	111,195,434
Fund Balances, End of Year	\$ 133,649,453	\$ 8,945,175	\$ 124,704,278

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, 2025, 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, 2025, 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 \$4,667,422 by \$2,823,806 (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 \$9,378,565 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

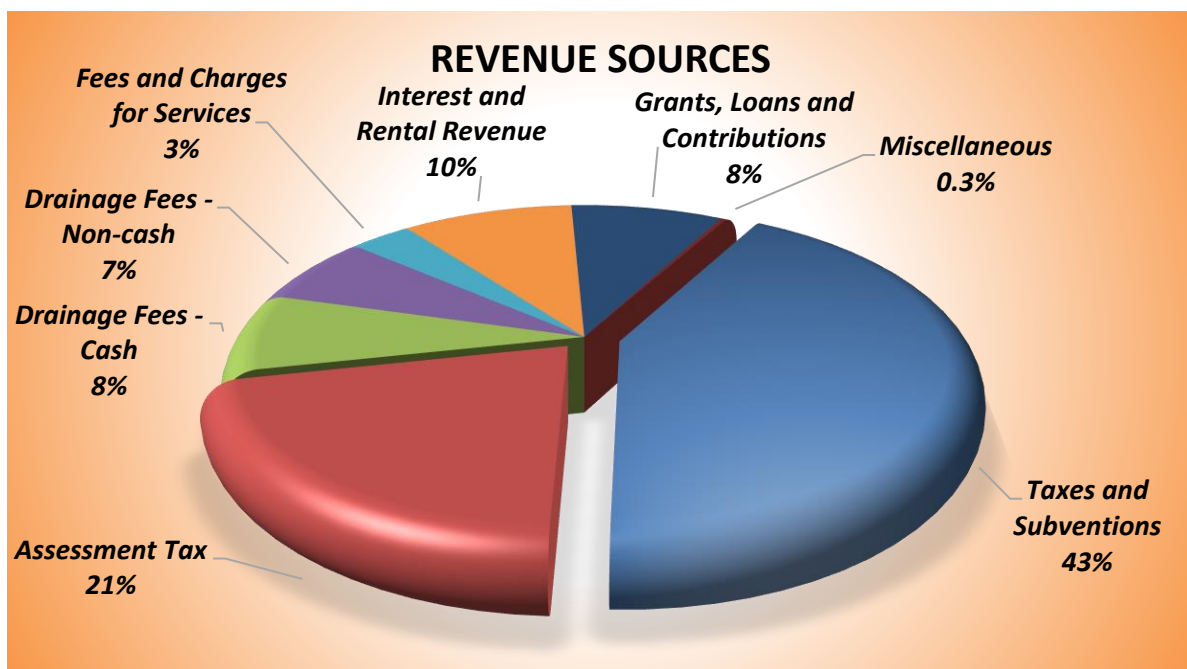
This schedule is a line by line detail of the previous schedule.

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 2024-2025, the District's ERAF contribution has grown to an annual revenue loss of \$9,447,961.



Total revenues were \$40,394,180 with General Fund revenues of \$29,865,236, PPDA revenues of \$8,732,331, Capital Project revenues of \$1,775,795, and Debt Service revenues of \$20,818.

Property Tax Revenues:

Property Tax Revenues, net of the ERAF shift, comprise 58% of the District's General Fund revenues and 43% 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:

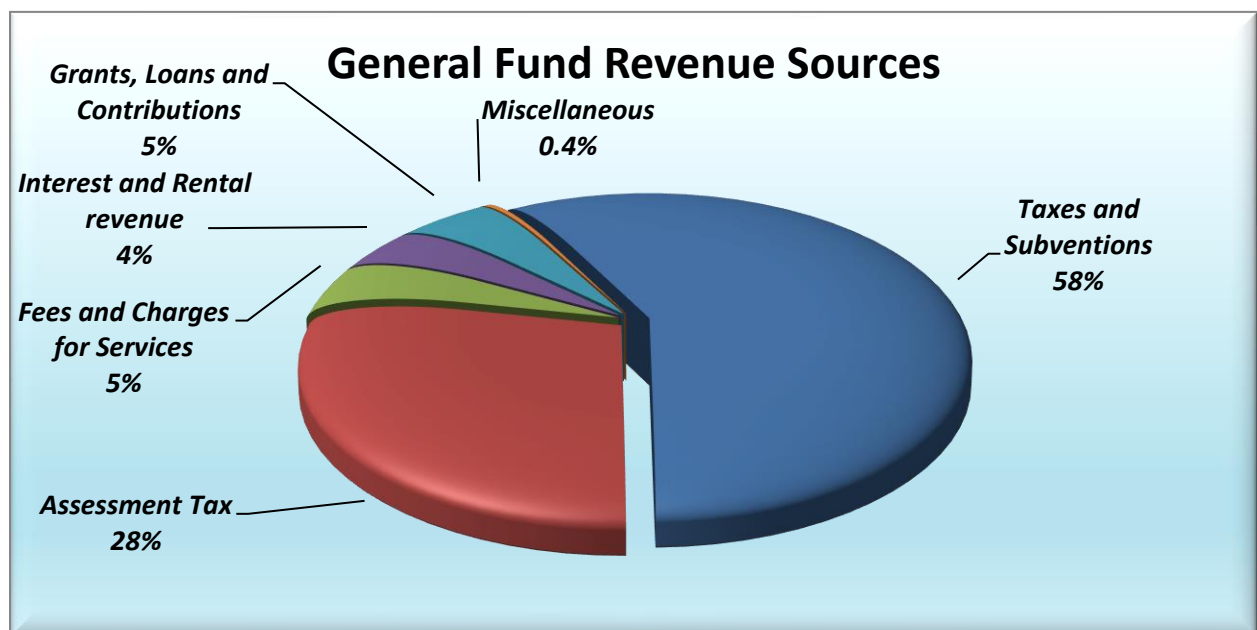
Assessment Revenues comprise 21% of the District's total revenue, 28% of the General Fund revenue. Of the assessment revenue, approximately 13% (approximately \$1.1 million) is earmarked for debt service for our California Infrastructure and Economic Development Bank (CIEDB) loan. Assessment tax revenues 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:

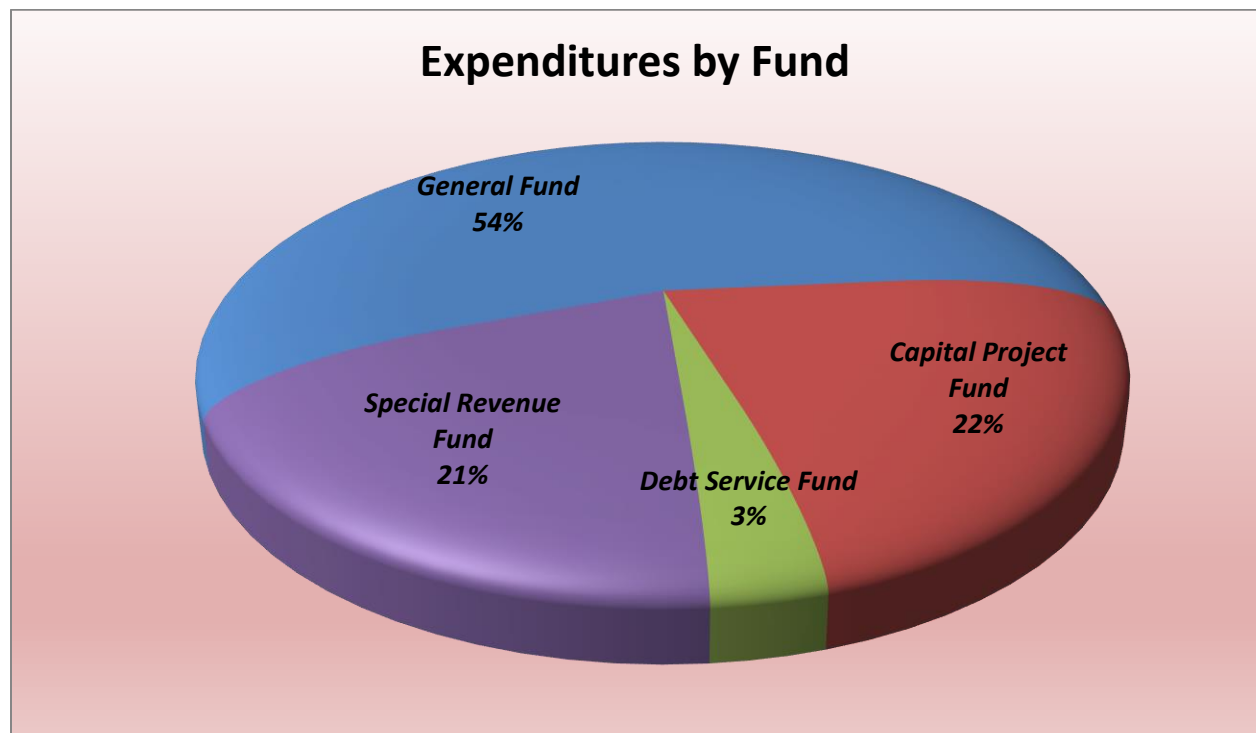
Grants and construction contributions are both recorded in multiple Funds. General Fund activity primarily reflects contributions and grants from other public agencies, while Developers make up the primary contributors of capital in the Special Revenue “PPDA Trust Fund.” General Fund grant income is 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:

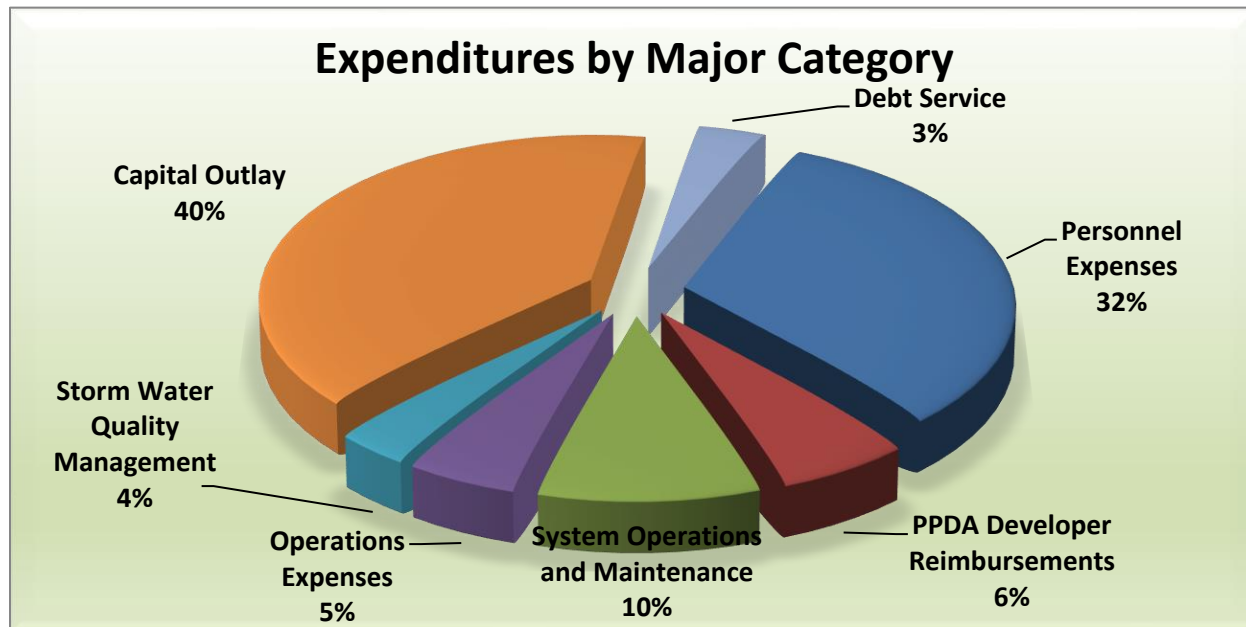
Operating Transfers represent the movement of cash from one fund to another. The Capital Project Fund is funded primarily from resources of the Special Revenue “PPDA Trust Fund” and allocations by the Board of Directors of available resources in the General Fund. The Debt Service Fund is funded primarily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

EXPENDITURES

Total expenditures were \$31,806,457. 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 33% of total expenditures and was under budget approximately 8%.
- ❖ Operations Expense represents all operational expenses including liability insurance, office administration expenses, legal expenses, and supplies. It represents 1% of total expenditures and was over budget approximately 20%.
- ❖ Systems Operations and Maintenance includes all expenditures for maintaining the urban and rural drainage facilities. It represents 10% of total expenditures and was approximately 4% 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 4% of total expenditures and was approximately 1% under budget.

DEBT ADMINISTRATION

On June 30, 2025, the District had total loans outstanding of \$6.1 million as compared to \$7.0 million in the prior year. This balance consists of 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, 2025, was \$6,069,767. The final payment is due July 30, 2030.

Other Long-Term Debt

As of June 30, 2025, other long-term debt totaled \$1,548,295 and included compensated absences.

- ❖ Compensated Absences are the value of accumulated annual leave as of June 30, 2025. Employees can accumulate up to 100 days of service. Any accumulation of annual leave in excess of 100 days is paid out annually.

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, 2025, the Total Liability is \$5,170,303, with the District being 155% funded with a cash balance of \$8,305,969. In addition, the Board of Directors has elected to continue to pay the retiree health premiums and request reimbursement from the Trust. However, the Board of Directors has authorized staff to cease the annual contributions to the Trust fund. The payment of retiree health benefits was \$408,255.

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”.

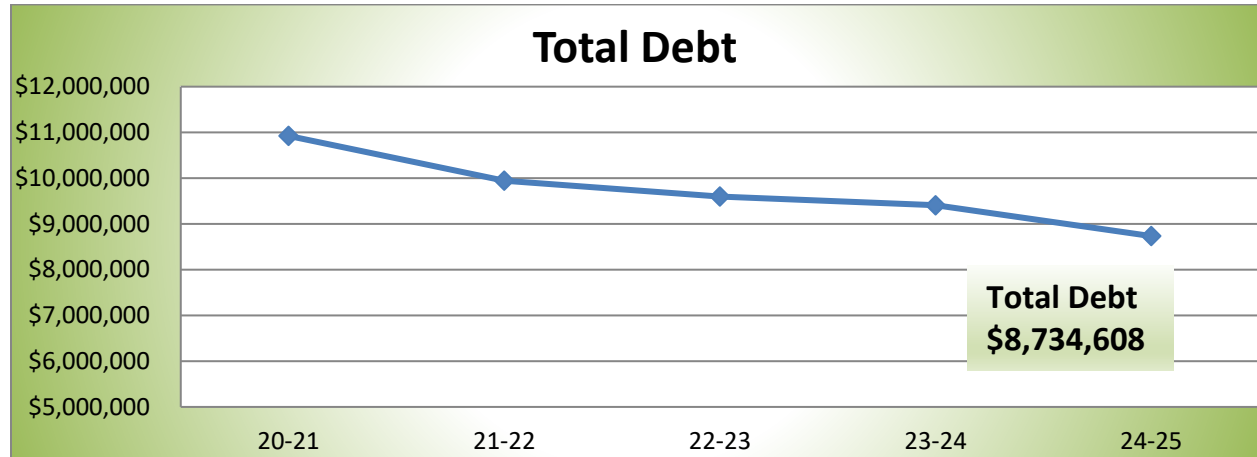
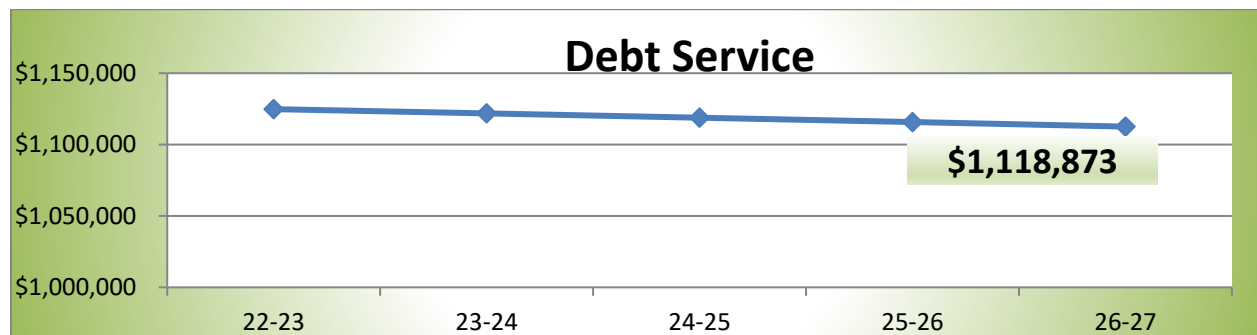


Chart of Historical Debt Service

The annual debt service for 2024-2025 was \$1,118,872.



CAPITAL ASSETS

Capital Assets: The District's investment in capital assets for its governmental activities as of June 30, 2025, amounted to \$291,356,291 (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 \$4,858,627. Current period depreciation is \$7,437,390.

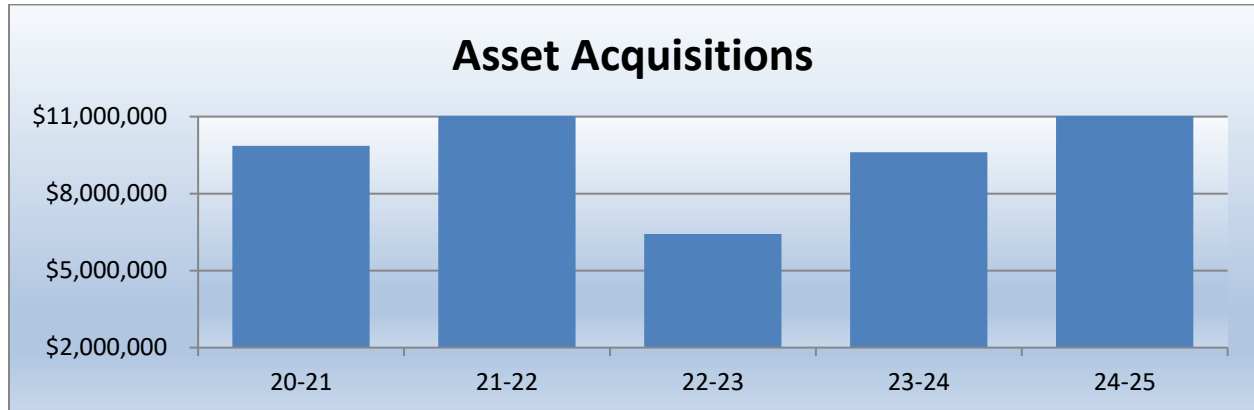
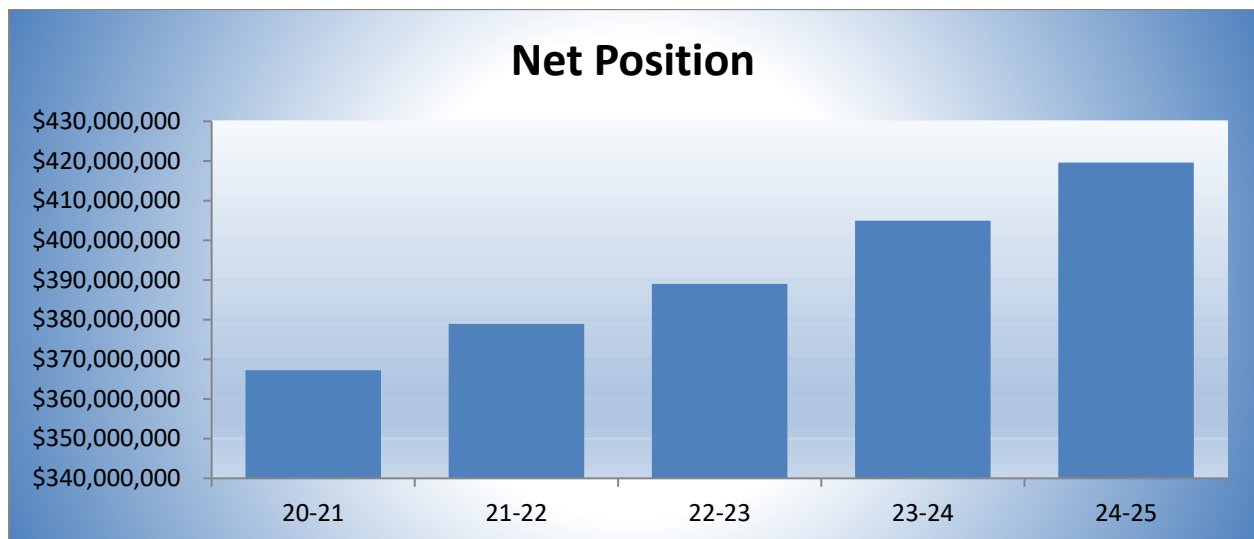


CHART OF NET POSITION

Over the last five years, net position has increased \$65,816,175. 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 \$35,921,640 and the Development Community has constructed \$14,201,880 in drainage area facilities in the last 5 years.



Budgeted Drainage Area capital expenditures for 2024-2025 were estimated at \$11,992,400 including \$850,000 in budget contingencies and construction reserves. Actual expenditures were \$6,265,978. Capital Expenditures in the Expendable Trust Fund (PPDA) totaled \$11,189,227 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 "BX": This drainage area is located near E. Teague and N. Temperance. Construction and engineering costs incurred at the end of the fiscal year were \$401,662.

Drainage Area "AH": This drainage area is located near W. Gettysburg and N. Cornelia. Construction and engineering costs incurred at the end of the fiscal year were \$20,165.

Drainage Area "2D/1E": This drainage area is located near E. Gettysburg and N. Sunnyside. Construction and engineering costs incurred at the end of the fiscal year were \$456,963.

Drainage Area "BK": This drainage area is located near E. Kings Canyon and S. Clovis. Construction and engineering costs incurred at the end of the fiscal year were \$11,279.

Drainage Area "S": This drainage area is located on E. Ashlan and N. Peach. Construction and engineering costs incurred at the end of the fiscal year were \$859,949.

Drainage Area "II2": This drainage area is located on E. Church and S. Cedar. Construction and engineering costs incurred at the end of the fiscal year were \$233,948.

Drainage Area "BS": This drainage area is located near E. McKinley and N. Fowler. Construction and engineering costs incurred at the end of the fiscal year were \$615,166.

Drainage Area "W": This drainage area is located near E. Olive and N. Minnewawa. Construction and engineering costs incurred at the end of the fiscal year were \$894,967.

Drainage Area "BH": This drainage area is located near E. Church and S. Sunnyside. Construction and engineering costs incurred at the end of the fiscal year were \$7,885.

Drainage Area "SS": This drainage area is located near E. Annadale and S. Walnut. Construction and engineering costs incurred at the end of the fiscal year were \$150,402.

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 2025-2026 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 \$1,135,900 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 \$3,752,550.

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, 2025

	Governmental Activities
ASSETS	
Cash and investments	\$ 44,001,065
Receivable:	
Developer	509,765
Fees and charges	101,533
Interest	839,855
Lease	515,076
Other	124,780
Restricted cash	93,791,446
Net OPEB asset	3,135,666
Capital assets:	
Land	78,594,680
Structures and improvements	360,301,190
Office building	8,001,361
Furniture, fixtures, and equipment	4,620,832
Accumulated depreciation	(160,161,772)
Total Assets	<u>434,375,477</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - OPEB	<u>1,255,530</u>
LIABILITIES	
Accounts payable	3,334,140
Contracts payable (see supplementary schedule on pg. 62)	1,370,739
Salaries payable	362,413
Non-current liabilities:	
Due within one year:	
Interest payable	104,588
Compensated absences	560,778
CIEDB loan	944,753
Due in more than one year:	
Compensated absences	987,517
CIEDB loan	5,125,014
Total Liabilities	<u>12,789,942</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - OPEB	2,510,927
Deferred inflows from leases	532,230
Total Deferred Inflows of Resources	<u>3,043,157</u>
NET POSITION	
Net investment in capital assets	285,286,524
Restricted for:	
Debt service	1,391,688
Construction	87,769,791
Unrestricted	45,349,905
Total Net Position	<u>\$ 419,797,908</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, 2025

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	\$ 14,059,678	\$ 1,386,282	\$ -	\$ (12,673,396)
Flood control system	11,417,911	-	9,144,280	(2,273,631)
Interest on long-term debt	199,226	-	-	(199,226)
Total	<u>\$ 25,676,815</u>	<u>\$ 1,386,282</u>	<u>\$ 9,144,280</u>	<u>(15,146,253)</u>
General revenues:				
Taxes:				
Property taxes				17,226,687
Assessment tax				8,497,701
Investment earnings				3,774,391
Lease and other financing proceeds				84,512
Miscellaneous				113,840
Gain on disposal of capital assets				<u>272,940</u>
Total general revenues				<u>29,970,071</u>
Change in Net Position				14,823,818
Net Position - Beginning				<u>404,974,090</u>
Net Position - Ending				<u>\$ 419,797,908</u>

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

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Capital Project	Debt Service	PPDA Trust Fund	Total Governmental Funds
ASSETS					
Cash and investments	\$ 44,001,065	\$ -	\$ -	\$ -	\$ 44,001,065
Receivable:					
Fees and charges	-	-	-	101,533	101,533
Interest	326,795	465,987	8,165	38,908	839,855
Lease	515,076	-	-	-	515,076
Other	124,780	-	-	-	124,780
Due from other funds	1,155,062	-	-	-	1,155,062
Restricted cash	564,966	65,635,816	1,383,523	26,207,141	93,791,446
Total Assets	<u>\$ 46,687,744</u>	<u>\$ 66,101,803</u>	<u>\$ 1,391,688</u>	<u>\$ 26,347,582</u>	<u>\$ 140,528,817</u>
LIABILITIES					
Accounts payable	\$ 918,019	\$ 31,209	\$ -	\$ 2,384,912	\$ 3,334,140
Contracts payable (see supplementary schedule on page 62)	-	1,370,739	-	-	1,370,739
Salaries payable	362,413	-	-	-	362,413
Due to other funds	-	-	-	1,155,062	1,155,062
Total Liabilities	<u>1,280,432</u>	<u>1,401,948</u>	<u>-</u>	<u>3,539,974</u>	<u>6,222,354</u>
DEFERRED INFLOWS					
Deferred inflows from grantors	124,780	-	-	-	124,780
Deferred inflows from leases	532,230	-	-	-	532,230
Total Deferred Inflows	<u>657,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>657,010</u>
FUND BALANCES					
Restricted:					
Debt service	-	-	1,391,688	-	1,391,688
Drainage assessments	-	-	-	22,807,608	22,807,608
Committed:					
Construction	262,328	64,699,855	-	-	64,962,183
Assigned:					
General obligations	10,220,568	-	-	-	10,220,568
Unassigned	34,267,406	-	-	-	34,267,406
Total Fund Balances	<u>44,750,302</u>	<u>64,699,855</u>	<u>1,391,688</u>	<u>22,807,608</u>	<u>133,649,453</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 46,687,744</u>	<u>\$ 66,101,803</u>	<u>\$ 1,391,688</u>	<u>\$ 26,347,582</u>	<u>\$ 140,528,817</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, 2025**

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

Total fund balances - governmental funds	\$ 133,649,453
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds (net of accumulated depreciation of \$160,161,772).	291,356,291
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.	124,780
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.	509,765
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>(5,842,381)</u>
Total net position - governmental activities	<u><u>\$ 419,797,908</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, 2025**

	General	Capital Project	Debt Service	PPDA Trust Fund	Total Governmental Funds
REVENUES					
Taxes and subventions	\$ 17,226,687	\$ -	\$ -	\$ -	\$ 17,226,687
Assessment tax revenue	8,497,701	-	-	-	8,497,701
Drainage fees - cash	-	-	-	3,166,137	3,166,137
Drainage fees - noncash	-	-	-	2,792,091	2,792,091
Fees and charges for services	1,386,282	-	-	-	1,386,282
Investment earnings	1,175,857	1,775,795	20,818	801,921	3,774,391
Grants, loans, and contributions	1,464,869	-	-	1,972,182	3,437,051
Miscellaneous	113,840	-	-	-	113,840
Total Revenues	<u>29,865,236</u>	<u>1,775,795</u>	<u>20,818</u>	<u>8,732,331</u>	<u>40,394,180</u>
EXPENDITURES					
Personnel expense	10,375,651	-	-	-	10,375,651
Office administration	325,778	-	-	-	325,778
Management support	132,712	-	-	-	132,712
Insurance	476,792	-	-	-	476,792
Professional services	331,860	-	-	-	331,860
Other administrative expense	67,226	-	-	2,007,435	2,074,661
System operations and maintenance	3,294,292	-	-	-	3,294,292
Operations center expense	330,339	-	-	-	330,339
Storm water quality management expense	1,126,185	-	-	-	1,126,185
Capital outlay	1,133,873	6,454,901	-	4,630,540	12,219,314
Debt service	-	-	1,118,873	-	1,118,873
Total Expenditures	<u>17,594,708</u>	<u>6,454,901</u>	<u>1,118,873</u>	<u>6,637,975</u>	<u>31,806,457</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,270,528</u>	<u>(4,679,106)</u>	<u>(1,098,055)</u>	<u>2,094,356</u>	<u>8,587,723</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,214,361	11,542,911	1,119,020	-	13,876,292
Transfers out	(10,090,526)	-	-	(3,785,766)	(13,876,292)
Lease and other financing proceeds	84,512	-	-	-	84,512
Proceeds from sale of assets	272,940	-	-	-	272,940
Total Other Financing Sources (Uses)	<u>(8,518,713)</u>	<u>11,542,911</u>	<u>1,119,020</u>	<u>(3,785,766)</u>	<u>357,452</u>
Net Change in Fund Balances	3,751,815	6,863,805	20,965	(1,691,410)	8,945,175
Fund Balances, Beginning of Year	<u>40,998,487</u>	<u>57,836,050</u>	<u>1,370,723</u>	<u>24,499,018</u>	<u>124,704,278</u>
Fund Balances, End of Year	<u>\$ 44,750,302</u>	<u>\$ 64,699,855</u>	<u>\$ 1,391,688</u>	<u>\$ 22,807,608</u>	<u>\$ 133,649,453</u>

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, 2025**

Net change in fund balances - governmental funds	\$ 8,945,175
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.	4,858,627
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.	(307,815)
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.	56,816
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.	(24,937)
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.	376,305
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>919,647</u>
Change in net position - governmental activities	<u>\$ 14,823,818</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, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Taxes and subventions	\$ 15,062,400	\$ 15,062,400	\$ 17,226,687	\$ -	\$ 17,226,687	\$ 2,164,287
Assessment tax revenue	8,504,034	8,504,034	8,497,701	-	8,497,701	(6,333)
Fees and charges for services	772,400	772,400	1,386,282	-	1,386,282	613,882
Investment earnings	908,145	908,145	1,175,857	-	1,175,857	267,712
Grants, loans, and contributions	2,671,786	2,771,786	1,464,869	-	1,464,869	(1,306,917)
Miscellaneous	38,654	38,654	113,840	-	113,840	75,186
Total Revenues	27,957,419	28,057,419	29,865,236	-	29,865,236	1,807,817
EXPENDITURES						
Personnel expense	11,261,384	11,261,384	10,314,404	(61,247)	10,375,651	885,733
Office administration	416,862	414,300	325,778	-	325,778	88,522
Management support	191,350	196,350	132,712	-	132,712	63,638
Insurance	273,713	273,713	476,792	-	476,792	(203,079)
Professional services	415,210	277,710	331,860	-	331,860	(54,150)
Other administrative expense	382,100	382,100	67,226	-	67,226	314,874
System operations and maintenance	3,752,550	3,752,550	3,294,292	-	3,294,292	458,258
Operations center expense	280,090	275,090	330,339	-	330,339	(55,249)
Storm water quality management expense	1,135,900	1,135,900	1,126,185	-	1,126,185	9,715
Budget reserves	600,000	600,000	-	-	-	600,000
Capital outlay	1,267,688	1,265,250	1,133,873	-	1,133,873	131,377
Total Expenditures	19,976,847	19,834,347	17,533,461	(61,247)	17,594,708	2,239,639
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,980,572	8,223,072	12,331,775	61,247	12,270,528	4,047,456
OTHER FINANCING SOURCES (USES)						
Transfers in	1,020,000	1,020,000	1,214,361	-	1,214,361	194,361
Transfers out	(11,965,205)	(11,965,205)	(10,090,526)	-	(10,090,526)	1,874,679
Lease and other financing proceeds	-	-	84,512	-	84,512	84,512
Proceeds from sale of assets	8,850	8,850	272,940	-	272,940	264,090
Total Other Financing Sources (Uses)	(10,936,355)	(10,936,355)	(8,518,713)	-	(8,518,713)	2,417,642
Net Change in Fund Balances	(2,955,783)	(2,713,283)	3,813,062	\$ 61,247	3,751,815	6,465,098
Fund Balances, Beginning of Year	5,937,683	2,711,468	40,856,699		40,998,487	38,287,019
Fund Balances, End of Year	\$ 2,981,900	\$ (1,815)	\$ 44,669,761		\$ 44,750,302	\$ 44,752,117

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	\$ 301,166
Less: Current year payroll accrual	(362,413)
Total:	\$ (61,247)

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, 2025, 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, 2025, management considered all accounts to be fully collectible and, therefore, no allowance was recorded in the accompanying financial statements.

Lease Receivable: The District is a lessor for noncancelable leases of land and buildings. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements at the inception of the lease agreement at current present value of all future payments. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

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.

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 include 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, and lease receivables not meeting the period of availability.

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, 2025, relates to activity from the year ended June 30, 2024. All other transfers relate to activity for the year ended June 30, 2025.

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 ending June 30, 2025, the District implemented the following standards:

GASB Statement No. 101 – *Compensated Absences*. The requirements of this statement are effective for reporting periods beginning after December 15, 2023.

GASB Statement No. 102 – *Certain Risk Disclosures*. The requirements of this statement are effective for reporting periods beginning after June 15, 2024.

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

GASB Statement No. 103 – *Financial Reporting Model Improvements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.

GASB Statement No. 104 – *Disclosure of Certain Capital Assets*. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.

GASB Statement No. 105 – *Subsequent Events*. The requirements of this statement are effective for reporting periods beginning after June 15, 2026.

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 no events require disclosure in accordance with accounting standards. These subsequent events have been evaluated through January 30, 2026, 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, 2025, was invested in the County Treasury.

Cash and investments and maturities as of June 30, 2025, are as follows:

	Fair Value	Investment Maturities (in Years)	
		Less Than One	1-5
Cash in banks	\$ 2,673,889	\$ 2,673,889	\$ -
County Treasury	135,118,622	135,118,622	-
Total	<u>\$ 137,792,511</u>	<u>\$ 137,792,511</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, 2025.

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, 2025, \$3,167,957 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 – LEASE RECEIVABLE

The District is a lessor of land and buildings. The District uses the interest rate contained within the agreements as the discount rate except in cases where the interest rate charged is not provided; in those situations, the District uses the incremental borrowing rate as provided by the California State Controller's Office.

Payment increases include flat percentage increases and the use of an index (such as the consumer price index). For those leases that have payment increases utilizing an index; they were initially calculated using the index at the measurement period.

The length of the lease period includes any noncancellable period of the lease as well as any extension options that are reasonably certain to be taken.

The District's lease receivable of \$515,076 was composed of the following:

Land use leases (including land use for cell towers) - annual payments totaling \$45,320 plus interest at rates ranging from 0.2% to 2.85% and annual increases in base payments per CPI or flat increase. Final payment dates range from 2024 through 2044.	\$ 515,076
Total Principal Balance	<u>\$ 515,076</u>

Payments on the lease receivables are expected to be received in the following subsequent years:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 52,720	\$ 15,487	\$ 68,207
2027	54,339	13,869	68,208
2028	44,761	12,213	56,974
2029	46,470	10,504	56,974
2030	48,259	8,716	56,975
2031-2035	174,752	18,268	193,020
2036-2040	58,122	6,096	64,218
2041-2044	<u>35,653</u>	<u>1,636</u>	<u>37,289</u>
	<u>\$ 515,076</u>	<u>\$ 86,789</u>	<u>\$ 601,865</u>

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

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025 was as follows:

	Balance June 30, 2024	Additions/ Completions	Retirements/ Adjustments	Balance June 30, 2025
Capital assets not being depreciated:				
Land	\$ 78,594,680	\$ -	\$ -	\$ 78,594,680
Total capital assets not being depreciated	<u>78,594,680</u>	<u>-</u>	<u>-</u>	<u>78,594,680</u>
Capital assets being depreciated:				
Structures and improvements	349,101,059	11,200,131	-	360,301,190
Office building	7,165,482	914,282	(78,403)	8,001,361
Furniture, fixtures, and equipment	4,611,415	260,006	(250,589)	4,620,832
Total capital assets being depreciated	<u>360,877,956</u>	<u>12,374,419</u>	<u>(328,992)</u>	<u>372,923,383</u>
Less accumulated depreciation for:				
Structures and improvements	(146,130,744)	(7,078,939)	-	(153,209,683)
Office building	(3,080,967)	(160,108)	-	(3,241,075)
Furniture, fixtures, and equipment	(3,763,261)	(198,343)	250,590	(3,711,014)
Total accumulated depreciation	<u>(152,974,972)</u>	<u>(7,437,390)</u>	<u>250,590</u>	<u>(160,161,772)</u>
Total capital assets being depreciated, net	<u>207,902,984</u>	<u>4,937,029</u>	<u>(78,402)</u>	<u>212,761,611</u>
Total capital assets, net	<u>\$ 286,497,664</u>	<u>\$ 4,937,029</u>	<u>\$ (78,402)</u>	<u>\$ 291,356,291</u>

Depreciation expense was charged as a direct expense to the following governmental activities for the year ended June 30, 2025 as follows:

General government	\$ 219,978
Flood control system	<u>7,217,412</u>
	<u>\$ 7,437,390</u>

NOTE 5 – LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2025, is summarized as follows:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025	Due Within One Year
CIEDB loan	\$ 6,989,414	\$ -	\$ (919,647)	\$ 6,069,767	\$ 944,753
Total	<u>\$ 6,989,414</u>	<u>\$ -</u>	<u>\$ (919,647)</u>	<u>\$ 6,069,767</u>	<u>\$ 944,753</u>

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

NOTE 6 – OTHER LONG-TERM LIABILITIES

Other long-term liability activity for the year ended June 30, 2025, is summarized as follows:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025	Due Within One Year
Compensated absences	\$ 1,523,358	\$ 595,187	\$ (570,250)	\$ 1,548,295	\$ 560,778
Total	<u>\$ 1,523,358</u>	<u>\$ 595,187</u>	<u>\$ (570,250)</u>	<u>\$ 1,548,295</u>	<u>\$ 560,778</u>

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. On July 28, 2021, the Board of Directors approved and adopted Resolution No. 2021-971 (the "Resolution"). The Resolution permitted the District to refinance this loan and reduce the loan rate by 1%, from 3.73% to 2.73%. The rate reduction went into effect on August 1, 2021. 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.
- 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, 2025 was \$6,069,767.

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

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

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

Year	Principal	Interest	Total
2026	\$ 944,753	\$ 171,017	\$ 1,115,770
2027	970,545	142,040	1,112,585
2028	997,041	112,271	1,109,312
2029	1,024,260	81,689	1,105,949
2030	1,052,222	50,273	1,102,495
2031	1,080,946	17,998	1,098,944
	<u>\$ 6,069,767</u>	<u>\$ 575,288</u>	<u>\$ 6,645,055</u>

Total interest expense on the CIEDB loan for the year ended June 30, 2025 was \$199,226.

NOTE 8 – INTERFUND ACTIVITY

The following is a summary of amounts due from and due to other funds as of June 30, 2025:

To General Fund:	
From PPDA Trust Fund	<u>\$ 1,155,062</u>
	<u>\$ 1,155,062</u>

The following is a summary of transfers in and out during the year ended June 30, 2025:

To General Fund:	
From PPDA Trust Fund	\$ 1,214,361
To Capital Project Fund:	
From General Fund	8,971,506
From PPDA Trust Fund	2,571,405
To Debt Service Fund:	
From General Fund	<u>1,119,020</u>
	<u>\$ 13,876,292</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 \$734,874 as of June 30, 2025.

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 and 30% of any dependent coverage 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 \$432,505 were recognized for retirees' health care benefits, including \$24,250 of administrative expenses, paid from outside the trust. The District's required contribution is based on pay-as-you-go financing requirements. The District's OPEB plan fiduciary net position, as of July 1, 2024, is greater than the District's total OPEB liability, creating a net OPEB asset. Therefore, no contributions were made between July 1, 2024 and June 30, 2025.

Employees Covered: At July 1, 2024, membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	32
Active employees	65
Total	97

Net OPEB Liability (Asset): The District's Net OPEB Liability (Asset) was measured as of June 30, 2025 and the Total OPEB Liability used to calculate the Net OPEB Liability (Asset) was determined by an actuarial valuation as of July 1, 2024. 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:

Inflation rate	2.3 percent
Salary increases	2.8 percent
Discount rate	7.0 percent
Investment rate of return	7.0 percent, net of OPEB plan investment expense
Healthcare trend rate	5.5 percent for 2025 through 2034; 4.5 percent for 2035 through 2074; and 4.0 percent for 2075 and later years.

Mortality rates were based on the most recent experience study for CalPERS members.

Actuarial assumptions used in the July 1, 2024 valuation were based on a review of plan experience during the period July 1, 2023 to June 30, 2024.

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, 2024, 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, 2025, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2024	\$ 4,943,127	\$ 7,668,609	\$ (2,725,482)
Changes in the year:			
Service cost	149,308	-	149,308
Interest on the total OPEB liability	351,824	-	351,824
Differences between expected and actual experience	134,299	-	134,299
Changes in assumptions	-	-	-
Contributions from the employer	-	120,274	(120,274)
Net investment income	-	949,591	(949,591)
Benefit payments, including refunds of employee contributions	(408,255)	(408,255)	-
Administrative expenses	-	(24,250)	24,250
Net change	227,176	637,360	(410,184)
Balance at June 30, 2025	\$ 5,170,303	\$ 8,305,969	\$ (3,135,666)

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)	\$ (2,499,091)	\$ (3,135,666)	\$ (3,672,111)

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 (5.50 percent decreasing to 4.50 percent) or 1-percentage-point higher (5.50 percent increasing to 6.50 percent) than the current healthcare cost trend rates:

	1% Decrease (4.50% current, 3.00% ultimate, 3.00% Medicare)	Trend Rate (5.50% current, 4.00% ultimate, 4.00% Medicare)	1% Increase (6.50% current, 5.00% ultimate, 5.00% Medicare)
Net OPEB Liability (Asset)	\$ (3,789,136)	\$ (3,135,666)	\$ (2,331,908)

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, 2025, 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	\$ 628,437	\$ 1,799,324
Changes in assumptions or other inputs	336,408	184,922
Differences between projected and actual return investments	290,685	526,681
Total	<u>\$ 1,255,530</u>	<u>\$ 2,510,927</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
2026	\$ 487,146	\$ (518,020)
2027	196,460	(518,011)
2028	115,782	(428,406)
2029	115,782	(269,234)
2030	115,782	(189,547)
2031	115,782	(189,547)
2032	76,007	(189,547)
2033	16,358	(189,540)
2034	13,802	(19,075)
2035	2,629	-

Net OPEB Expense: For the year ended June 30, 2025, the District's Net OPEB expense (benefit) was \$(256,029).

Net OPEB Liability (Asset) - beginning (a)	\$ (2,725,482)
Net OPEB Liability (Asset) - ending (b)	<u>(3,135,666)</u>
Change in Net OPEB Liability (Asset) [(b)-(a)]	(410,184)
Change in Deferred Outflows	352,849
Change in Deferred Inflows	(318,968)
Employer Contributions	<u>120,274</u>
Net OPEB Expense (Benefit)	<u>\$ (256,029)</u>

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

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

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, 2025, are listed as follows:

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

Rate of Return: For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 12.61%. 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 \$4,667,423. The financial statements have \$1,370,739 recorded, which reflects the percent of the contract completed at June 30, 2025, and the District has remaining commitments under the contracts of \$3,296,684.

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, 2024
Total assets	\$ 308,144,466
Deferred outflows of resources	3,099,110
Total liabilities	177,706,110
Deferred inflows of resources	<u>4,357,741</u>
Net position	<u>\$ 129,179,725</u>
Total revenues	\$ 261,895,930
Total expenditures	<u>253,429,117</u>
Net increase in net position	<u>\$ 8,466,813</u>

During the year ending June 30, 2025, 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, 2025, expenditures exceeded appropriations as follows:

Expenditures	Amount
General Fund:	
Insurance	\$ 203,079
Professional services	\$ 54,150
Operations center expense	\$ 55,249

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, 2025
LAST 10 FISCAL YEARS*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability								
Service cost	\$ 149,308	\$ 140,052	\$ 171,290	\$ 181,110	\$ 105,672	\$ 115,475	\$ 106,676	\$ 103,569
Interest	351,824	336,703	389,783	441,234	352,973	392,394	359,855	338,095
Difference between expected and actual experience	134,299	(973,275)	(1,035,390)	555,616	(703,685)	645,437	-	(1,969,136)
Changes of assumptions	-	32,545	-	498,273	(99,625)	(590,260)	-	-
Benefit payments	(408,255)	(400,469)	(296,080)	(327,679)	(326,531)	(191,595)	(153,708)	(108,671)
Net change in total OPEB liability	<u>227,176</u>	<u>(864,444)</u>	<u>(770,397)</u>	<u>1,348,554</u>	<u>(671,196)</u>	<u>371,451</u>	<u>312,823</u>	<u>(1,636,143)</u>
Total OPEB Liability - beginning	<u>4,943,127</u>	<u>5,807,571</u>	<u>6,577,968</u>	<u>5,229,414</u>	<u>5,900,610</u>	<u>5,529,159</u>	<u>5,216,336</u>	<u>6,852,479</u>
Total OPEB Liability - ending (a)	<u>5,170,303</u>	<u>4,943,127</u>	<u>5,807,571</u>	<u>6,577,968</u>	<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	120,274	400,469	70,519	327,679	526,531	391,595	653,708	1,308,671
Net investment income	949,591	798,310	558,077	(894,935)	1,440,284	196,665	348,825	258,434
Benefit payments	(408,255)	(400,469)	(440,155)	(327,679)	(326,531)	(191,595)	(153,708)	(107,671)
Administrative expense	(24,250)	(22,055)	(20,930)	(23,459)	(21,584)	(18,737)	(15,174)	(13,951)
Net change in plan fiduciary net position	<u>637,360</u>	<u>776,255</u>	<u>167,511</u>	<u>(918,394)</u>	<u>1,618,700</u>	<u>377,928</u>	<u>833,651</u>	<u>1,445,483</u>
Plan fiduciary net position	<u>7,668,609</u>	<u>6,892,354</u>	<u>6,724,843</u>	<u>7,643,237</u>	<u>6,024,537</u>	<u>5,646,609</u>	<u>4,812,958</u>	<u>3,367,475</u>
Plan fiduciary net position (b)	<u>8,305,969</u>	<u>7,668,609</u>	<u>6,892,354</u>	<u>6,724,843</u>	<u>7,643,237</u>	<u>6,024,537</u>	<u>5,646,609</u>	<u>4,812,958</u>
Net OPEB liability (asset) - ending (a)-(b)	<u><u>\$ (3,135,666)</u></u>	<u><u>\$ (2,725,482)</u></u>	<u><u>\$ (1,084,783)</u></u>	<u><u>\$ (146,875)</u></u>	<u><u>\$ (2,413,823)</u></u>	<u><u>\$ (123,927)</u></u>	<u><u>\$ (117,450)</u></u>	<u><u>\$ 403,378</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	160.65%	155.14%	118.68%	102.23%	146.16%	102.10%	102.12%	92.27%
District's covered-employee payroll	7,298,140	6,929,677	6,888,904	6,348,022	6,238,634	6,064,213	5,835,980	5,646,134
Net OPEB liability (asset) as a percentage of covered-employee payroll	-42.97%	-39.33%	-15.75%	-2.31%	-38.69%	-2.04%	-2.01%	7.14%

NOTES TO SCHEDULE

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

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
SCHEDULE OF PLAN CONTRIBUTIONS - OPEB
FOR THE YEAR ENDED JUNE 30, 2025
LAST 10 FISCAL YEARS***

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<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	(120,274)	(400,469)	(70,519)	(327,679)	(526,531)	(391,595)	(653,708)	(1,308,671)
Contribution in deficiency (excess)	<u>\$ (120,274)</u>	<u>\$ (400,469)</u>	<u>\$ (70,519)</u>	<u>\$ (327,679)</u>	<u>\$ (469,788)</u>	<u>\$ (271,694)</u>	<u>\$ (158,296)</u>	<u>\$ (813,259)</u>
District's covered-employee payroll	\$ 7,298,140	\$ 6,929,677	\$ 6,888,904	\$ 6,348,022	\$ 6,238,634	\$ 6,064,213	\$ 5,835,980	\$ 5,646,134
Contributions as a percentage of covered-employee payroll	1.65%	5.78%	1.02%	5.16%	8.44%	6.46%	11.20%	23.18%

NOTES TO SCHEDULE

Valuation Date July 1, 2024

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Amortization period	30 years
Asset valuation method	Market value
Inflation	2.30%
Healthcare cost trend rates	5.50% for 2025 through 2034; 4.50% for 2035 through 2074; and 4.00% for 2075 and later years
Salary increases	2.80%
Investment rate of return	7.00%, net of OPEB plan investment expense
Retirement age	5% for ages 55 through 57; 10% at age 58; 12% at age 59; 15% at age 60; 18% at age 61; 20% at age 62; 25% at age 63; 30% at age 64; 40% at age 65; 50% at age 66; and 100% at age 67
Mortality	CalPERS mortality miscellaneous rates from the most recent actuarial experience study

* Fiscal Year 2018 was the 1st year of implementation, therefore; only eight 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, 2025**

	<u>Total</u>	<u>CIEDB Loan</u>
ASSETS		
Restricted cash	\$ 1,383,523	\$ 1,383,523
Interest receivable	<u>8,165</u>	<u>8,165</u>
Total Assets	<u>\$ 1,391,688</u>	<u>\$ 1,391,688</u>
LIABILITIES AND FUND BALANCES		
Due to other funds	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>
Fund balances:		
Restricted for debt service	<u>1,391,688</u>	<u>1,391,688</u>
Total Liabilities and Fund Balances	<u>\$ 1,391,688</u>	<u>\$ 1,391,688</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, 2025**

	<u>Total</u>	<u>CIEDB Loan</u>
REVENUES		
Interest	<u>\$ 20,818</u>	<u>\$ 20,818</u>
EXPENDITURES		
Debt service	<u>1,118,873</u>	<u>1,118,873</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,098,055)</u>	<u>(1,098,055)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	<u>1,119,020</u>	<u>1,119,020</u>
Total Other Financing Sources (Uses)	<u>1,119,020</u>	<u>1,119,020</u>
Net Change in Fund Balances	20,965	20,965
Fund Balances, Beginning of Year	<u>1,370,723</u>	<u>1,370,723</u>
Fund Balances, End of Year	<u><u>\$ 1,391,688</u></u>	<u><u>\$ 1,391,688</u></u>

**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
COMBINING BALANCE SHEET
CAPITAL PROJECT FUND
JUNE 30, 2025**

	Total	Capital Construction Fund	Land	Basin D	Park Fund
ASSETS					
Interest receivable	\$ 465,987	\$ 427,241	\$ 35,133	\$ 125	\$ 3,488
Restricted cash	65,635,816	60,374,118	4,771,056	16,949	473,693
Total Assets	<u>\$ 66,101,803</u>	<u>\$ 60,801,359</u>	<u>\$ 4,806,189</u>	<u>\$ 17,074</u>	<u>\$ 477,181</u>
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ 31,209	\$ 31,209	\$ -	\$ -	\$ -
Contracts payable	1,370,739	1,370,739	-	-	-
Total Liabilities	<u>1,401,948</u>	<u>1,401,948</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Committed for construction	<u>64,699,855</u>	<u>59,399,411</u>	<u>4,806,189</u>	<u>17,074</u>	<u>477,181</u>
Total Fund Balances	<u>64,699,855</u>	<u>59,399,411</u>	<u>4,806,189</u>	<u>17,074</u>	<u>477,181</u>
Total Liabilities and Fund Balances	<u>\$ 66,101,803</u>	<u>\$ 60,801,359</u>	<u>\$ 4,806,189</u>	<u>\$ 17,074</u>	<u>\$ 477,181</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, 2025**

	Total	Capital Construction Fund	Land	Basin D	Park Fund
REVENUES					
Capital contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	1,775,795	1,622,702	138,817	494	13,782
Total Revenues	1,775,795	1,622,702	138,817	494	13,782
EXPENDITURES					
Capital outlay	6,454,901	6,454,901	-	-	-
Total Expenditures	6,454,901	6,454,901	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,679,106)	(4,832,199)	138,817	494	13,782
OTHER FINANCING SOURCES (USES)					
Transfers in	11,542,911	11,542,911	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	11,542,911	11,542,911	-	-	-
Net Change in Fund Balances	6,863,805	6,710,712	138,817	494	13,782
Fund Balances, Beginning of Year	57,836,050	52,688,699	4,667,372	16,580	463,399
Fund Balances, End of Year	<u>\$ 64,699,855</u>	<u>\$ 59,399,411</u>	<u>\$ 4,806,189</u>	<u>\$ 17,074</u>	<u>\$ 477,181</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, 2025

	General Fund - Budgetary Basis		
	Budget	Actual	Variance with Final Budget
Revenues:			
Taxes:			
Property taxes - current	\$ 13,667,300	\$ 15,413,210	\$ 1,745,910
Property taxes - prior year levies	30,100	14,781	(15,319)
General subventions	390,000	435,706	45,706
Other	975,000	1,362,990	387,990
Assessment tax revenue	8,504,034	8,497,701	(6,333)
Interest revenue	833,170	1,175,857	342,687
Grant revenue	2,671,786	1,452,469	(1,219,317)
Construction contributions	100,000	12,400	(87,600)
Fees and charges for services:			
Non-conforming facilities fees	100,000	107,170	7,170
Master plan engineering fees	200,000	288,459	88,459
Excavation permit fees	125,000	386,444	261,444
Recharge maintenance	110,000	140,958	30,958
PPDA administration fees	12,000	78,834	66,834
Other fees and charges	225,400	384,417	159,017
Miscellaneous	38,654	113,840	75,186
Other financing sources:			
Transfers in	1,020,000	1,214,361	194,361
Lease and other financing proceeds	-	84,512	84,512
Revenue from sale of assets	8,850	272,940	264,090
 Total Revenues and Other Financing Sources	 29,011,294	 31,437,049	 2,425,755
Expenditures:			
Personnel expense:			
Salaries, regular and part-time	8,201,552	7,304,629	896,923
Payroll related taxes	589,420	544,285	45,135
Employee insurance	1,243,524	1,295,875	(52,351)
Workers' compensation	81,860	107,843	(25,983)
Retirement	815,944	734,874	81,070
Annual leave	264,084	304,318	(40,234)
OPEB contribution	40,000	32,041	7,959
Unemployment insurance	15,000	22,386	(7,386)
Temporary help	7,500	-	7,500
Employee assistance program	2,500	2,011	489
 Total personnel expense	 11,261,384	 10,348,262	 913,122

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, 2025

General Fund - Budgetary Basis			
	Budget	Actual	Variance with Final Budget
Expenditures, continued:			
Office administration:			
General office supplies	\$ 97,000	\$ 82,674	\$ 14,326
Records and maps	18,000	3,948	14,052
Reproduction	6,500	4,878	1,622
Office equipment maintenance	223,180	180,594	42,586
Communications	60,420	46,498	13,922
Postage	5,500	5,578	(78)
Printing	3,200	1,569	1,631
Courier service	500	39	461
Total office administration	414,300	325,778	88,522
Management support:			
Conferences and meetings	49,350	31,146	18,204
General management	83,000	84,241	(1,241)
Professional education	59,000	17,325	41,675
Corps project representation	5,000	-	5,000
Total management support	196,350	132,712	63,638
Insurance:			
Employee bonding	1,600	1,554	46
Notary, trustee, and fiduciary	12,500	12,449	51
Directors' liability	8,325	15,565	(7,240)
Fire, theft, and office content	54,429	76,057	(21,628)
Automobile	35,399	40,962	(5,563)
General liability	141,460	264,598	(123,138)
Cyber liability	10,000	9,203	797
Deductibles, settlements	10,000	56,404	(46,404)
Total insurance	273,713	476,792	(203,079)
Professional services:			
Legal services	182,000	143,486	38,514
Accounting services	39,000	39,310	(310)
Consulting engineers	600	-	600
Computer support	5,000	114,893	(109,893)
Other professional services	31,010	21,386	9,624
Legislative services	5,000	-	5,000
Personnel services	11,100	7,535	3,565
Benefit administration	4,000	5,250	(1,250)
Total professional services	277,710	331,860	(54,150)

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, 2025

	General Fund - Budgetary Basis		
	Budget	Actual	Variance with Final Budget
Expenditures, continued:			
Other administrative expense:			
Revenue collection expense	\$ 280,200	\$ -	\$ 280,200
Directors' expense	63,900	44,171	19,729
Public information	21,900	10,554	11,346
Advertising	2,000	629	1,371
Service charges	6,000	6,641	(641)
Employee recognition expense	6,500	4,241	2,259
Miscellaneous expense	1,600	990	610
Total other administrative expense	382,100	67,226	314,874
System operations and maintenance:			
Basin maintenance:			
Developed basin maintenance	845,000	763,258	81,742
Undeveloped basin maintenance	415,000	371,857	43,143
Recharge maintenance	160,000	129,860	30,140
Parks and recreation maintenance	100,000	45,204	54,796
Winter operations	25,000	10,631	14,369
Fence repair	187,000	143,309	43,691
Pump operations/maintenance	415,000	412,932	2,068
Drainline operations	100,000	114,402	(14,402)
Flood control maintenance:			
Dam operations/maintenance	475,000	363,167	111,833
Channel operations	365,000	269,635	95,365
Detention basin operations	160,000	132,886	27,114
Vehicle operations	175,000	158,872	16,128
Vehicle repairs	50,000	58,219	(8,219)
Vehicle supplies	11,000	13,964	(2,964)
Operation expense	28,000	36,964	(8,964)
Field equipment maintenance	60,000	75,177	(15,177)
Warehouse expense	500	157	343
Other operations expense	11,000	4,304	6,696
Uniform expense	16,000	13,732	2,268
Telemetry maintenance	14,000	13,721	279
Environmental management:			
Environmental analysis	120,000	150,336	(30,336)
Other environmental management	20,050	11,585	8,465
Total system operations and maintenance	3,752,550	3,294,292	458,258

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, 2025

	General Fund - Budgetary Basis		
	Budget	Actual	Variance with Final Budget
Expenditures, continued:			
Operations center expense:			
Utilities	\$ 112,090	\$ 155,676	\$ (43,586)
Building maintenance	106,500	104,816	1,684
Landscape maintenance	39,000	51,507	(12,507)
Repairs and rehabilitation	16,000	13,123	2,877
Other operations center	1,500	5,217	(3,717)
Total operations center expense	275,090	330,339	(55,249)
Storm water quality management (SWQM) expense:			
Consulting services	30,000	39,809	(9,809)
Municipal NPDES development	43,900	31,108	12,792
SWQM operations/maintenance	555,000	532,676	22,324
Municipal NPDES implementation	507,000	522,592	(15,592)
Total SWQM expense	1,135,900	1,126,185	9,715
Capital outlay:			
Operations center	617,000	743,279	(126,279)
Telemetry	100,000	65,993	34,007
Engineering	20,000	-	20,000
Vehicles	253,000	145,784	107,216
Computer hardware and software	49,750	44,547	5,203
Office equipment and furniture	57,500	21,861	35,639
Field equipment	3,000	19,809	(16,809)
Site improvement	165,000	92,600	72,400
Total capital outlay	1,265,250	1,133,873	131,377
Total Expenditures	19,234,347	17,567,319	1,667,028
Other uses:			
Transfers out	11,965,205	10,090,526	1,874,679
Total Expenditures and Other Uses	31,799,552	27,657,845	4,141,707
Net Change in Fund Balance	(2,788,258)	3,779,204	6,567,462
Fund Balance, Beginning of Year	10,097,374	40,856,699	30,759,325
Fund Balance, End of Year	\$ 7,309,116	\$ 44,635,903	\$ 37,326,787

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
SCHEDULE OF COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
(DEVELOPER PAYABLE AND CONSTRUCTION CONTRACTS INCLUDED AS A LIABILITY)
JUNE 30, 2025

	General	Capital Project	Debt Service	PPDA Trust Fund	Total Governmental Funds
ASSETS					
Cash	\$ 44,001,065	\$ -	\$ -	\$ -	\$ 44,001,065
Receivables:					
Fees and charges	-	-	-	101,533	101,533
Interest	326,795	465,987	8,165	38,908	839,855
Lease	515,076	-	-	-	515,076
Other	124,780	-	-	-	124,780
Due from other funds	1,155,062	-	-	-	1,155,062
Restricted cash	564,966	65,635,816	1,383,523	26,207,141	93,791,446
Total Assets	<u>\$ 46,687,744</u>	<u>\$ 66,101,803</u>	<u>\$ 1,391,688</u>	<u>\$ 26,347,582</u>	<u>\$ 140,528,817</u>
LIABILITIES					
Accounts payable	\$ 918,019	\$ 31,209	\$ -	\$ 2,384,912	\$ 3,334,140
Contracts payable	262,328	4,405,095	-	-	4,667,423
Salaries payable	362,413	-	-	-	362,413
Due to other funds	-	-	-	1,155,062	1,155,062
Developers payable	-	-	-	9,378,565	9,378,565
Total Liabilities	<u>1,542,760</u>	<u>4,436,304</u>	<u>-</u>	<u>12,918,539</u>	<u>18,897,603</u>
DEFERRED INFLOWS					
Deferred inflows from grantors	124,780	-	-	-	124,780
Deferred inflows from leases	532,230	-	-	-	532,230
Total Deferred Inflows	<u>657,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>657,010</u>
FUND BALANCES					
Restricted:					
Debt service	-	-	1,391,688	-	1,391,688
Drainage assessments	-	-	-	13,429,043	13,429,043
Committed:					
Construction	262,328	61,665,499	-	-	61,927,827
Assigned:					
General obligations	10,220,568	-	-	-	10,220,568
Unassigned	34,005,078	-	-	-	34,005,078
Total Fund Balances	<u>44,487,974</u>	<u>61,665,499</u>	<u>1,391,688</u>	<u>13,429,043</u>	<u>120,974,204</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 46,687,744</u>	<u>\$ 66,101,803</u>	<u>\$ 1,391,688</u>	<u>\$ 26,347,582</u>	<u>\$ 140,528,817</u>

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, 2025

	General	Capital Project	Debt Service	PPDA Trust Fund	Total Governmental Funds
REVENUES					
Taxes and subventions	\$ 17,226,687	\$ -	\$ -	\$ -	\$ 17,226,687
Assessment tax revenue	8,497,701	-	-	-	8,497,701
Drainage fees - cash	-	-	-	3,166,137	3,166,137
Drainage fees - noncash	-	-	-	2,792,091	2,792,091
Fees and charges for services	1,386,282	-	-	-	1,386,282
Investment earnings	1,175,857	1,775,795	20,818	801,921	3,774,391
Grants, loans, and contributions	1,464,869	-	-	1,797,004	3,261,873
Miscellaneous	113,840	-	-	-	113,840
Total Revenues	29,865,236	1,775,795	20,818	8,557,153	40,219,002
EXPENDITURES					
Personnel expense	10,375,651	-	-	-	10,375,651
Office administration	325,778	-	-	-	325,778
Management support	132,712	-	-	-	132,712
Insurance	476,792	-	-	-	476,792
Professional services	331,860	-	-	-	331,860
Other administrative expense	67,226	-	-	287,465	354,691
System operations and maintenance	3,294,292	-	-	-	3,294,292
Operations center expense	330,339	-	-	-	330,339
Storm water quality management	1,126,185	-	-	-	1,126,185
Capital outlay	406,623	6,152,064	-	4,630,540	11,189,227
Debt service	-	-	1,118,873	-	1,118,873
Total Expenditures	16,867,458	6,152,064	1,118,873	4,918,005	29,056,400
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,997,778	(4,376,269)	(1,098,055)	3,639,148	11,162,602
OTHER FINANCING SOURCES (USES)					
Transfers in	1,214,361	11,542,911	1,119,020	-	13,876,292
Transfers out	(10,090,526)	-	-	(3,785,766)	(13,876,292)
Lease and other financing proceeds	84,512	-	-	-	84,512
Proceeds from the sale of assets	272,940	-	-	-	272,940
Total Other Financing Sources (Uses)	(8,518,713)	11,542,911	1,119,020	(3,785,766)	357,452
Net Change in Fund Balances	4,479,065	7,166,642	20,965	(146,618)	11,520,054
Fund Balances, Beginning of Year	40,008,909	54,498,857	1,370,723	13,575,661	109,454,150
Fund Balances, End of Year	\$ 44,487,974	\$ 61,665,499	\$ 1,391,688	\$ 13,429,043	\$ 120,974,204

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, 2025 AND 2024

	General Fund		
	June 30, 2025	June 30, 2024	Variance
Revenues:			
Taxes and subventions	\$ 17,226,687	\$ 16,355,861	\$ 870,826
Assessment tax revenue	8,497,701	8,501,041	(3,340)
Fees and charges for services	1,386,282	1,205,850	180,432
Interest revenue	1,175,857	1,017,427	158,430
Grants revenue	1,464,869	1,438,591	26,278
Miscellaneous	113,840	55,066	58,774
Total Revenues	29,865,236	28,573,836	1,291,400
Other financing sources:			
Transfers in	1,214,361	1,356,646	(142,285)
Lease and other financing proceeds	84,512	66,195	18,317
Proceeds from sale of assets	272,940	45,200	227,740
Total Revenues and Other Financing Sources	31,437,049	30,041,877	1,395,172
Expenditures:			
Personnel expense	10,375,651	9,945,263	430,388
Office administration	325,778	345,329	(19,551)
Management support	132,712	123,990	8,722
Insurance	476,792	287,393	189,399
Professional services	331,860	234,129	97,731
Other administrative expense	67,226	62,395	4,831
System operations and maintenance	3,294,292	3,104,141	190,151
Operations center expense	330,339	290,901	39,438
Storm water quality management expense	1,126,185	762,920	363,265
Capital outlay	1,133,873	608,490	525,383
Total Expenditures	17,594,708	15,764,951	1,829,757
Other uses:			
Transfers out	10,090,526	11,466,170	(1,375,644)
Total Expenditures and Other Uses	27,685,234	27,231,121	454,113
Net Change in Fund Balance	3,751,815	2,810,756	941,059
Fund Balance, Beginning of Year	40,998,487	38,187,731	2,810,756
Fund Balance, End of Year	\$ 44,750,302	\$ 40,998,487	\$ 3,751,815

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, 2025 AND 2024

	General Fund		
	June 30, 2025	June 30, 2024	Variance
Revenues:			
Taxes:			
Property taxes - current	\$ 15,413,210	\$ 14,502,832	\$ 910,378
Property taxes - prior year levies	14,781	52,803	(38,022)
General subventions	435,706	545,282	(109,576)
Other	1,362,990	1,254,944	108,046
Assessment tax revenue	8,497,701	8,501,041	(3,340)
Interest revenue	1,175,857	1,017,427	158,430
Grant revenue	1,452,469	1,438,591	13,878
Construction contributions	12,400	-	12,400
Fees and charges for services:			
Non-conforming facilities fees	107,170	87,110	20,060
Master plan engineering fees	288,459	306,402	(17,943)
Excavation permit fees	386,444	239,930	146,514
Recharge maintenance	140,958	249,232	(108,274)
PPDA administration fees	78,834	20,377	58,457
Other fees and charges	384,417	302,799	81,618
Miscellaneous	113,840	55,066	58,774
Other financing sources:			
Transfers in	1,214,361	1,356,646	(142,285)
Lease and other financing proceeds	84,512	66,195	18,317
Proceeds from sale of assets	272,940	45,200	227,740
Total Revenues and Other Financing Sources	31,437,049	30,041,877	1,395,172
Expenditures:			
Personnel expense:			
Salaries, regular and part-time	7,332,018	7,034,240	297,778
Payroll related taxes	544,285	506,055	38,230
Employee insurance	1,295,875	1,206,981	88,894
Workers' compensation	107,843	108,974	(1,131)
Retirement	734,874	698,450	36,424
Annual leave	304,318	79,818	224,500
OPEB contribution	32,041	298,101	(266,060)
Unemployment insurance	22,386	-	22,386
Temporary help	-	10,682	(10,682)
Employee assistance program	2,011	1,962	49
Total personnel expense	10,375,651	9,945,263	430,388
Office administration:			
General office supplies	82,674	87,182	(4,508)
Records and maps	3,948	8,538	(4,590)
Reproduction	4,878	6,486	(1,608)
Office equipment maintenance	180,594	183,695	(3,101)
Communications	46,498	53,499	(7,001)
Postage	5,578	3,505	2,073
Printing	1,569	2,424	(855)
Courier service	39	-	39
Total office administration	325,778	345,329	(19,551)

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, 2025 AND 2024

	General Fund		
	June 30, 2025	June 30, 2024	Variance
Expenditures, continued:			
Management support:			
Conferences and meetings	\$ 31,146	\$ 24,093	\$ 7,053
General management	84,241	79,237	5,004
Professional education	17,325	20,660	(3,335)
Total management support	132,712	123,990	8,722
Insurance:			
Employee bonding	1,554	1,554	-
Notary, trustee, and fiduciary	12,449	12,449	-
Directors' liability	15,565	7,810	7,755
Fire, theft, and office content	76,057	61,732	14,325
Automobile	40,962	26,461	14,501
General liability	264,598	132,775	131,823
Deductibles, settlements	56,404	35,601	20,803
Cyber liability	9,203	9,011	192
Total insurance	476,792	287,393	189,399
Professional services:			
Legal services	143,486	159,255	(15,769)
Accounting services	39,310	38,915	395
Computer support	114,893	1,594	113,299
Other professional services	21,386	28,519	(7,133)
Personnel services	7,535	5,346	2,189
Benefit administration	5,250	500	4,750
Total professional services	331,860	234,129	97,731
Other administrative expense:			
Directors' expense	44,171	35,121	9,050
Public information	10,554	19,015	(8,461)
Advertising	629	-	629
Service charges	6,641	5,318	1,323
Employee recognition expense	4,241	2,107	2,134
Miscellaneous expense	990	834	156
Total other administrative expense	67,226	62,395	4,831

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, 2025 AND 2024

	General Fund		
	June 30, 2025	June 30, 2024	Variance
Expenditures, continued:			
System operations and maintenance:			
Basin maintenance:			
Developed basin maintenance	\$ 763,258	\$ 776,890	\$ (13,632)
Undeveloped basin maintenance	371,857	397,320	(25,463)
Recharge maintenance	129,860	64,619	65,241
Parks and recreation maintenance	45,204	49,434	(4,230)
Winter operations	10,631	18,189	(7,558)
Fence repair	143,309	183,362	(40,053)
Pump operations/maintenance	412,932	405,498	7,434
Drainline operations	114,402	78,597	35,805
Flood control maintenance:			
Dam operations/maintenance	363,167	386,952	(23,785)
Channel operations	269,635	269,267	368
Detention basin operations	132,886	154,098	(21,212)
Vehicle operations	158,872	142,969	15,903
Vehicle repairs	58,219	48,027	10,192
Vehicle supplies	13,964	13,543	421
Operation expense	36,964	31,729	5,235
Field equipment maintenance	75,177	47,195	27,982
Warehouse expense	157	-	157.00
Other operations expense	4,304	1,302	3,002
Uniform expense	13,732	8,338	5,394
Telemetry maintenance	13,721	5,863	7,858
Environmental management:			
Environmental analysis	150,336	15,349	134,987
Water resources planning	120	-	120
Other environmental management	11,585	5,600	5,985
 Total system operations and maintenance	 3,294,292	 3,104,141	 190,151
 Operations center expense:			
Utilities	155,676	159,155	(3,479)
Building maintenance	104,816	97,810	7,006
Landscape maintenance	51,507	28,655	22,852
Repairs and rehabilitation	13,123	1,253	11,870
Other operations center	5,217	4,028	1,189
 Total operations center expense	 330,339	 290,901	 39,438

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, 2025 AND 2024

	General Fund		
	June 30, 2025	June 30, 2024	Variance
Expenditures, continued:			
Storm water quality management expense:			
Consulting services	\$ 39,809	\$ 4,319	\$ 35,490
Municipal NPDES development	31,108	52,465	(21,357)
SWQM operations/maintenance	532,676	254,666	278,010
Municipal NPDES implementation	522,592	451,470	71,122
Total storm water quality management expense	1,126,185	762,920	363,265
Capital outlay:			
Operations center	743,279	404,347	338,932
Telemetry	65,993	-	65,993
Vehicles	145,784	149,055	(3,271)
Computer hardware and software	44,547	9,812	34,735
Office equipment and furniture	21,861	39,068	(17,207)
Field equipment	19,809	6,208	13,601
Site improvement	92,600	-	92,600
Total capital outlay	1,133,873	608,490	525,383
Total Expenditures	17,594,708	15,764,951	1,829,757
Other uses:			
Transfers out	10,090,526	11,466,170	(1,375,644)
Total Expenditures and Other Uses	27,685,234	27,231,121	454,113
Net Change in Fund Balance	3,751,815	2,810,756	941,059
Fund Balance, Beginning of Year	40,998,487	38,187,731	2,810,756
Fund Balance, End of Year	\$ 44,750,302	\$ 40,998,487	\$ 3,751,815



**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, 2025, the budgetary comparative statement for the general fund and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 30, 2026.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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 & COMPANY, INC.

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

Fresno, California
January 30, 2026