

NEW ISSUE - BOOK-ENTRY ONLY

CUSIP No: 358244__

Rating: Standard & Poor's: “__”

See “Rating” herein.

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the County, interest on the Notes is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). In addition, in the opinion of Bond Counsel to the County, interest on the Notes, under existing statutes, is exempt from personal income taxes imposed by the State of California. See “Tax Matters” herein.



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

**2021-22 TAX AND REVENUE ANTICIPATION NOTES
(FEDERALLY TAXABLE)**

Interest Rate: __% Reoffering Yield: __%

Dated Date: July 1, 2021

Maturity Date: June 30, 2022

The County of Fresno, California (the “County”) is issuing its [\$[Principal Amount]* 2021-22 Tax and Revenue Anticipation Notes (Federally Taxable) (the “Notes”) for the purpose of financing seasonal cash flow requirements for its General Fund expenditures during the fiscal year ending June 30, 2022. In accordance with California law, the Notes are general obligations of the County, but are payable only out of the taxes, income, revenue, cash receipts, or other moneys of the County (including moneys deposited in inactive or term deposits (but excepting certain moneys which, when received by the County, will be encumbered for a special purpose unless an equivalent amount of the proceeds from the Notes is set aside for and used for said special purpose)) received or accrued by the County during Fiscal Year 2021-22 that are lawfully available for payment of the Notes and the interest thereon (collectively, the “Unrestricted Revenues”). The Notes and interest thereon are secured by a pledge of (i) Unrestricted Revenues received by the County during certain periods in Fiscal Year 2021-22 (“Pledged Moneys”) and, in the event such amounts are insufficient to permit the deposit into the Note Repayment Fund of the full amount of the Pledged Moneys to be deposited therein in any such period, (ii) Unrestricted Revenues available that have not been deposited previously into the Note Repayment Fund, as more particularly described herein. As provided in Article 7.6, Chapter 4, Part 1, Division 2, Title 5, Sections 53850 *et seq.* of the California Government Code (the “Act”), the Notes and the interest thereon will be a first lien and charge against, and will be payable from the first moneys received by the County from the Pledged Moneys. The Note Repayment Fund is to be held in trust by the County’s Auditor-Controller/Treasurer-Tax Collector, as fiscal agent (the “Fiscal Agent”). The County expects that the amounts required to be deposited in the Note Repayment Fund from Pledged Moneys will be sufficient to repay the Notes and accrued interest thereon. See “The Notes – Security and Sources of Payment for the Notes” herein. The County may issue additional series of tax and revenue anticipation notes upon satisfaction of certain conditions in the Resolution (defined herein). See “Introduction – Additional Notes” herein.

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

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

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

The Notes are offered when, as and if executed and delivered, and received by the Underwriter, subject to the approval as to their legality by Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the County, and certain other conditions. Certain legal matters will be passed upon for the County by its Disclosure Counsel, Hawkins Delafield & Wood LLP, Los Angeles, California, and for the County by the County Counsel. It is anticipated that the Notes in definitive form will be available for delivery through the facilities of DTC, on or about July 1, 2021.

Dated: ____, 2021

* Preliminary, subject to change.

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

[MAP]

COUNTY OF FRESNO, STATE OF CALIFORNIA

BOARD OF SUPERVISORS

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

COUNTY OFFICIALS

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

FISCAL AGENT

County of Fresno Auditor-Controller/Treasurer-Tax Collector

BOND COUNSEL AND DISCLOSURE COUNSEL

Hawkins Delafield & Wood LLP
Los Angeles, California

MUNICIPAL ADVISOR

KNN Public Finance, LLC
Berkeley, California

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

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

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

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

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

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

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OFFICIAL STATEMENT

**[\$[Principal Amount]*
COUNTY OF FRESNO, CALIFORNIA
2021-22 TAX AND REVENUE ANTICIPATION NOTES (FEDERALLY TAXABLE)**

INTRODUCTION

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

General

This Official Statement, including the cover and the Appendices attached hereto (the “Official Statement”), provides certain information concerning the sale and delivery of the 2021-22 Tax and Revenue Anticipation Notes (Federally Taxable) in an aggregate principal amount of \$[Principal Amount]* (the “Notes”) of the County of Fresno (the “County”). The Notes are issued under the authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the “Act”) and a Resolution adopted by the Board of Supervisors of the County (the “County Board”) on May 25, 2021 (the “Resolution”). The Notes are being issued for the purpose of financing seasonal cash flow requirements of the County for its General Fund (the “General Fund”) expenditures during the fiscal year ending June 30, 2022. For additional information regarding General Fund expenditures, see Appendix A – “Financial, Economic and Demographic Information Regarding the County of Fresno – Financial and Economic Information” and Appendix B – “County of Fresno Cash Flow Statements” attached hereto.

Security and Sources of Payment for the Notes

In accordance with California law, the Notes are general obligations of the County, but are payable only out of taxes, income, revenue, cash receipts, or other moneys of the County (including moneys deposited in inactive or term deposits (but excepting certain moneys which, when received by the County, will be encumbered for a special purpose unless an equivalent amount of the proceeds from the Notes is set aside for and used for said special purpose)) received or accrued by the County during Fiscal Year 2021-22 that are lawfully available for payment of the Notes and the interest thereon (collectively, the “Unrestricted Revenues”). The Notes and interest thereon are secured by a pledge of (i) Unrestricted Revenues received by the County during certain periods in the Fiscal Year 2021-22 (“Pledged Moneys”) and, in the event such amounts are insufficient to permit the deposit into the Note Repayment Fund (as hereinafter defined) of the full amount of the Pledged Moneys to be deposited therein in any such period, (ii) Unrestricted Revenues available that have not been deposited previously into the Note Repayment Fund, as more particularly described herein. As provided in the Act, the Notes and the interest thereon will be a first lien and charge against, and will be payable from the first moneys received by the County from the Pledged Moneys. The Note Repayment Fund is to be held in trust by the County’s Auditor-Controller/Treasurer-Tax Collector, as fiscal agent for the Notes (the “Fiscal Agent”). The County expects that the aggregate amounts required to be deposited in the Note Repayment Fund from Pledged Moneys

* Preliminary, subject to change.

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

General Description of the Notes

The Notes will be delivered in fully registered form without coupons. The Notes will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”) will act as securities depository of the Notes. Individual purchases of the Notes will be made in book-entry form only, in denominations of \$25,000 and integral multiples of \$5,000 in excess thereof. Purchasers of the Notes (the “Beneficial Owners”) will not receive certificates representing their interests in the Notes. The principal of and interest on the Notes will be paid on June 30, 2022 (the “Maturity Date”) by the Fiscal Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the Beneficial Owners. See “Book-Entry Only System” and “The Notes – General” herein.

The Notes are not subject to redemption prior to maturity.

Additional Notes

The County may issue additional series of tax and revenue anticipation notes on parity with the Notes upon satisfaction of certain conditions in the Resolution, including confirmation from S&P (defined herein) that the issuance of such additional series of tax and revenue anticipation notes will not cause a reduction or withdrawal in its rating on the first series of notes and an opinion of Bond Counsel to the effect that interest on the additional series of notes is excludable from gross income for federal income tax purposes. Pursuant to the Resolution, the Notes, together with any additional series of tax and revenue anticipation notes, may be issued in the aggregate principal amount of not to exceed \$130,000,000.

Tax Matters

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the County, interest on the Notes is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). In addition, in the opinion of Bond Counsel to the County, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by the State of California. See “TAX MATTERS” herein.

Continuing Disclosure

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

Forward-Looking Statements

Certain statements included or incorporated by reference in the Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties

and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although such expectations reflected in such forward-looking statements are believed to be reasonable, there can be no assurance that such expectations will prove to be correct. The County is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

COVID-19

The global outbreak of the novel coronavirus COVID-19 (“COVID-19”), a respiratory disease declared to be a pandemic (the “Pandemic”) by the World Health Organization, continues to significantly affect the national capital markets and national, state and local economies. Both the State and the County took actions designed to mitigate the spread of COVID-19, including requiring the temporary closure of non-essential businesses and indoor business operations. The re-opening of certain businesses is currently proceeding according to a phased re-opening plan implemented by the State. In December 2020, two vaccines for COVID-19 were approved for emergency use in the United States and vaccinations began in California. A third vaccine was approved for emergency use in February 2021. The full impact of COVID-19 on the County, its economy and its finances will depend on future events, including future events outside of the control of the County, and actions by the federal government and the State. The County cannot predict the extent or duration of the outbreak or what overall impact it may have on the County’s financial condition or operations. For further information concerning the current and potential effects of the Pandemic on the County, see Appendix A – “Financial, Economic and Demographic Information Regarding the County of Fresno – Financial and Economic Information – COVID-19 and Impact on County Finances” and Appendix A – “Financial, Economic and Demographic Information Regarding the County of Fresno – Financial and Economic Information – Ad Valorem Property Taxes.”

Miscellaneous

The Notes will be offered when, as and if executed and delivered, and received by the Underwriter, subject to the approval as to their legality by Bond Counsel and certain other conditions. It is anticipated that the Notes in definitive form will be available for delivery to DTC on or about July __, 2021.

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

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

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

THE NOTES

General

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

The Notes are not subject to redemption prior to maturity.

Security and Sources of Payment for the Notes

In accordance with California law, the Notes are general obligations of the County, but are payable only out of Unrestricted Revenues received or accrued by the County during Fiscal Year 2021-22 that are lawfully available for payment of the Notes and the interest thereon. The Notes and interest thereon are secured by a pledge of (i) Unrestricted Revenues received by the County during certain periods in the Fiscal Year 2021-22 (“Pledged Moneys”) and, in the event such amounts are insufficient to permit the deposit into the Note Repayment Fund of the full amount of the Pledged Moneys to be deposited therein in any such period, (ii) Unrestricted Revenues available that have not been deposited previously into the Note Repayment Fund, as more particularly described herein. The County expects that the amounts required to be deposited in the Note Repayment Fund from Pledged Moneys will be sufficient to repay the Notes and accrued interest thereon. The Note Repayment Fund is to be held in trust by the Fiscal Agent.

Pledged Moneys are as follows: (i) an amount equal to thirty percent (30%) of the aggregate principal amount of the Notes from the first Unrestricted Revenues to be received by the County in February 2022; (ii) an amount equal to forty percent (40%) of the aggregate principal amount of the Notes from the first Unrestricted Revenues to be received by the County in April 2022; (iii) an amount equal to thirty percent (30%) of the aggregate principal amount of the Notes from the first Unrestricted Revenues to be received by the County in May 2022; and (iv) an amount equal to (a) the interest accrued and to accrue on the Notes to the maturity thereof, from the first Unrestricted Revenues to be received by the County in June 2022, plus (b) an amount, if any, equal to the rebate amount calculated pursuant to the Resolution to be due to the United States Treasury.

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

Use and Investment of Note Proceeds

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

Note Repayment Fund

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

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

investment agreements are rated “AA-” or higher by S&P; (k) the Local Agency Investment Fund (“LAIF-California”) created by California law which the State Treasurer invests through the Pooled Money Investment Account; (l) the Pooled Investment Fund of the County of Fresno; and (m) any other investment authorized by S&P.

BOOK-ENTRY ONLY SYSTEM

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

The Depository Trust Company (“DTC”), will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued in the aggregate principal amount of the Notes, and will be deposited with DTC.

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

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

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

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

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

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

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

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

THE COUNTY, THE FISCAL AGENT AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SECURITIES (I) PAYMENTS OF PRINCIPAL OF AND INTEREST EVIDENCED BY THE SECURITIES (II) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SECURITIES OR (III) OTHER NOTICES SENT TO DTC

OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE SECURITIES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

Article XIII A of the State Constitution

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

The voters of the State subsequently approved various measures that further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the Full Cash Value of other real property between parents and children, do not constitute a “purchase” or “change of ownership” triggering reappraisal under Article XIII A. Other amendments permitted the State Legislature to allow persons over the age of 55 who meet certain criteria or “severely disabled homeowners” who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence’s

assessed value to the new residence. Other amendments permit the State Legislature to allow persons who are either 55 years of age or older, or who are “severely disabled,” to transfer the old residence’s assessed value to their new residence located in either the same or a different county and acquired or newly constructed within two years of the sale of their old residence. In the November 1990 election, the voters approved an amendment of Article XIII A to permit the State Legislature to exclude from the definition of “new construction” certain additions and improvements, including seismic retrofitting improvements and improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990. Article XIII A has also been amended to provide that there would be no increase in the Full Cash Value base in the event of reconstruction of property damaged or destroyed in a disaster.

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

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of “base” revenue from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation the following year. The County is unable to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other ad valorem property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Article XIII B of the State Constitution

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

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

The County's annual appropriation limit for the Fiscal Year 2020-21 was approximately \$[660.95] million. The limitation applies only to proceeds of taxes and therefore does not apply to regulatory licenses, user charges, user fees and service fees and charges that do not exceed the reasonable cost of services, investment earnings on non-proceeds of taxes, fines, and revenue from the sale of property and taxes received from the State and federal governments that are tied to special programs. Based on the County's adopted budget for Fiscal Year 2020-21, the funds subject to the annual appropriation limit totaled approximately \$[318.49] million (total General Operating Budget minus non-proceeds of taxes and debt service) and are approximately \$[310.99] million below the Article XIII B limit.

Articles XIII C and XIII D of the State Constitution

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

Article XIII C of the State Constitution ("Article XIII C") requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the County require a majority vote and taxes for specific purposes, even if deposited in the general fund, require a two-thirds vote. The voter approval requirements of Article XIII C reduce the County's flexibility to deal with fiscal problems by raising revenue through new or extended or increased taxes and no assurance can be given that the County will be able to raise taxes in the future to meet increased expenditure requirements. Article XIII C was subsequently amended by Proposition 26. See "- Proposition 26" below.

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

Article XIII D also contains several provisions affecting a "fee" or "charge," defined for purposes of Article XIII D to mean "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service." All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) with respect to any parcel or person, exceed the proportional cost of the service attributable to the parcel, (iv) are for a service not actually used by, or immediately available to, the owner of the property in question, or (v) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The County must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the County may not impose or increase the fee or charge. In *Morgan et al., v. Imperial Irrigation District and Imperial County Farm Bureau*, the appellate court held that Proposition 218 does not require the agency to conduct a separate protest election for each different rate class comprised of

owners of identified parcels. Instead, the agency need only conduct a single a protest election for a collection of rate increases involving all its customers. Moreover, except for fees or charges for sewer, water and refuse collection services (or fees for electrical and gas service, which are not treated as “property related” for purposes of Article XIII D), no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area. The annual amount of revenues that are received by the County and deposited into its General Fund which may be considered to be property related fees and charges under Article XIII D of Proposition 218 is not substantial. Accordingly, the County does not presently anticipate that any impact Article XIII D may have on future fees and charges will adversely affect the ability of the County to pay the principal of and interest on the Notes as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services to avoid new costs for the County General Fund in the event the fees and charges that presently finance them are reduced or repealed.

In addition to the provisions described above, Article XIII C removes prohibitions and limitations on the initiative power in matters of any “local tax, assessment, fee or charge.” Consequently, the voters of the County could, by future initiative, repeal, reduce or prohibit the future imposition or increase of any local tax, assessment, fee or charge. In *Bighorn-Desert View Water Agency v. Vergil* (2006), the California Supreme Court indicated that the terms “assessment,” “fee” and “charge,” are not defined in Article XIII C and it is not clear whether the definitions of these terms in Article XIII D (which are generally property-related as described above) would limit the scope of the initiative power set forth in Article XIII C. If the Article XIII D definitions are not held to limit the scope of Article XIII C initiative powers, then the Article XIII C initiative power could potentially apply to revenue sources that currently constitute a substantial portion of general fund revenues. No assurance can be given that the voters of the County will not, in the future, approve initiatives that repeal, reduce or prohibit the future imposition or increase of local taxes, assessments, fees or charges.

In 2020, the California Court of Appeal held in separate cases heard in the First Appellate District Court and Fifth Appellate District Court that the two-thirds voter approval requirements of Propositions 13 and 218 do not extend to local voter-circulated initiatives (see *City & County of San Francisco v. All Persons Interested in the Matter of Proposition C*, 51 Cal. App. 5th 703 (2020) and *City of Fresno v. Fresno Building Healthy Communities*, 59 Cal. App. 5th 220 (2020)). The California Supreme Court subsequently denied the petition for review of the First Appellate District Court decision. Absent subsequent intervention by the California Supreme Court, the Court of Appeal’s decisions currently mean that the two-thirds voter approval requirements of Propositions 13 and 218 do not extend to local voter-circulated initiatives.

Proposition 1A

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

local governments within a county. Proposition 1A also provides that if the State reduces the VLF rate below 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates. The State's ability to initiate future exchanges and shifts of funds will be limited by Proposition 22. See "– Proposition 22" below.

Proposition 22

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

Proposition 26

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

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

Proposition 26 amends Article XIII C of the State Constitution to state that a "tax" means a levy, charge or exaction of any kind imposed by a local government, except (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs

to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase rental or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Proposition 218. See “– Proposition 218” herein. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.

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

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

Statutory Limitations

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

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

In deciding *Santa Clara* on Proposition 62 grounds, the Court disapproved the decision in *City of Woodlake v. Logan*, 230 Cal. App. 3d 1058 (1991) (“*Woodlake*”), where the Court of Appeal had held portions of Proposition 62 unconstitutional as a referendum on taxes prohibited by the State Constitution. The State Supreme Court determined that the voter approval requirement of Proposition 62 is a condition precedent to the enactment of each tax statute to which it applies, while referendum refers to a process invoked only after a statute has been enacted. Numerous taxes to which Proposition 62 would apply were imposed or increased without voter approval in reliance on *Woodlake*. The Court notes as apparently distinguishable, but did not confirm, the decision in *City of Westminster v. County of Orange*, 204 Cal. App. 3d 623 (1988), which held unconstitutional the provision of Proposition 62 requiring voter approval of taxes imposed during the “window period” of August 1, 1985 until November 5, 1986. Proposition 62 as an initiative statute does not have the same level of authority as a constitutional initiative, but is analogous to legislation adopted by the State Legislature. After the passage of Proposition 218, certain provisions of Proposition 62 (e.g. voter approval of taxes) are governed by the State Constitution.

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

Future Initiatives

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

ENFORCEABILITY OF REMEDIES

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

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held in the case of *County of Orange v. Merrill Lynch* that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county, but was not required to directly address the State statute that provides for the lien in favor of holders of tax and revenue anticipation notes. The County expects to be in possession of certain Unrestricted Revenues that are pledged and will be set aside to repay Notes and, following payment of these funds to the Fiscal Agent, these funds will be invested in the name of the Fiscal Agent for a period of time in the County Investment Pool. In the event of a petition for the adjustment of County debts under Chapter 9 of the Bankruptcy Code, a court might hold that the Owners of the Notes do not have a valid and prior lien on the such pledged amounts where such amounts are deposited in the County Investment Pool and may not provide the Note owners with a priority interest in such amounts. Such pledged amounts may not be available for payment of principal of and interest on the Notes unless the Owners could “trace” the funds from the Note Repayment Fund that have been deposited in the County Investment Pool. There can be no assurance that the Owners could successfully so “trace” the pledged amounts.

TAX MATTERS

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the County, interest on the Notes is included in gross income for federal income tax purposes pursuant to the Code. The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of Notes by original purchasers of the Notes who are “U.S. Holders,” as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Notes will be held as “capital assets”; and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances or to U.S. Holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Notes as a position in a “hedge” or “straddle,” U.S. Holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, U.S. Holders who acquire Notes in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Certain taxpayers that are required to prepare certified financial statements and file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Notes at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

U.S. Holders of Notes should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Notes as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Original Issue Discount

In general, if Original Issue Discount (“OID”) is greater than a statutorily defined de minimis amount, a U.S. Holder of a Note having a maturity of more than one year from its date of issue must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such U.S. Holder holds such Note) the daily portion of OID, as it accrues (generally on a constant-yield method) and regardless of the U.S. Holder’s method of accounting. “OID” is the excess of (i) the “stated redemption price at maturity” over (ii) the “issue price.” For purposes of the foregoing: “issue price” means the first price at which a substantial amount of the Note is sold to the public (excluding bond houses, brokers, or

similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); “stated redemption price at maturity” means the sum of all payments, other than “qualified stated interest,” provided by such Note; “qualified stated interest” is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and “de minimis amount” is an amount equal to 0.25 percent of the Note’s stated redemption price at maturity multiplied by the number of complete years to its maturity. A U.S. Holder may irrevocably elect to include in gross income all interest that accrues on a Note using the constant-yield method, subject to certain modifications.

Acquisition Discount on Short-Term Notes

Each U.S. Holder of a Note with a maturity not longer than one year (a “Short-Term Note”) is subject to rules of Sections 1281 through 1283 of the Code, if such U.S. Holder is an accrual method taxpayer, bank, regulated investment company, common trust fund or among certain types of pass-through entities, or if the Short-Term Note is held primarily for sale to customers, is identified under Section 1256(e)(2) of the Code as part of a hedging transaction, or is a stripped bond or coupon held by the person responsible for the underlying stripping transaction. In any such instance, interest on, and “acquisition discount” with respect to, the Short-Term Note accrue on a ratable (straight-line) basis, subject to an election to accrue such interest and acquisition discount on a constant-interest-rate basis using daily compounding. “Acquisition discount” means the excess of the stated redemption price of a Short-Term Note at maturity over the U.S. Holder’s tax basis therefor.

A U.S. Holder of a Short-Term Taxable Note not described in the preceding paragraph, including a cash-method taxpayer, must report interest income in accordance with the U.S. Holder’s regular method of tax accounting, unless such U.S. Holder irrevocably elects to accrue acquisition discount currently.

Note Premium

In general, if a Note is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Note other than “qualified stated interest” (a “Taxable Premium Note”), that Taxable Premium Note will be subject to Section 171 of the Code, relating to bond premium. In general, if the U.S. Holder of a Note elects to amortize the premium as “amortizable bond premium” over the remaining term of the Note, determined based on constant-yield principles (in certain cases involving a Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the U.S. Holder will make a corresponding adjustment to the U.S. Holder’s basis in the Note. Any such election is generally irrevocable and applies to all debt instruments of the U.S. Holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the U.S. Holder of a Note may realize a taxable gain upon disposition of the Note even though it is sold or redeemed for an amount less than or equal to the U.S. Holder’s original acquisition cost.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Note, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder’s adjusted tax basis in the Note.

The County may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Notes to be deemed to be no longer outstanding. For federal income tax purposes, such

defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Notes subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate U.S. Holders of the Notes with respect to payments of principal, payments of interest, and the accrual of OID on a Note and the proceeds of the sale of a Note before maturity within the United States. Backup withholding may apply to U.S. Holders of Notes under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders

The term "U.S. Holder" means a beneficial owner of a Note that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under state law and could affect the market price or marketability of the Notes.

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

CERTAIN LEGAL MATTERS

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

MUNICIPAL ADVISOR

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

LITIGATION

No litigation is pending or threatened concerning the validity of the Notes, and an opinion of the County Counsel (based upon its best knowledge after reasonable investigation) to that effect will be furnished to the purchaser at the time of the original delivery of the Notes. The County is not aware of any

litigation pending or threatened questioning the political existence of the County or contesting the County's ability to levy and collect ad valorem taxes or contesting the County's ability to issue and pay the Notes.

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

RATING

The Notes have been assigned a rating of “___” by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business (“S&P”). An explanation of the significance of such rating may be obtained from S&P. The rating reflects the views of S&P and the County makes no representation as to the appropriateness of the rating. Further, there is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely if in the sole judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the trading value and the market price of the Notes.

UNDERWRITING

The Notes were sold at competitive bid on June __, 2021. The Notes were awarded to _____ (the “Underwriter”) at a purchase price of \$_____ (which amount equals the principal amount of the Notes plus a bid premium of \$_____ less \$_____ retained by the Underwriter as its compensation). The Notice Inviting Bids provides that all Notes would be purchased if any were purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Notice Inviting Bids, the approval of certain legal matters by Bond Counsel and certain other conditions.

CONTINUING DISCLOSURE

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

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

FINANCIAL STATEMENTS

The County’s financial statements for the Fiscal Year ended June 30, 2020, and the Independent Auditor’s Report of Brown Armstrong Accountancy Corporation (the “Independent Auditor”), certified public accountants, were completed with an unmodified (“clean”) opinion on the County’s basic financial statements dated December 30, 2020. Afterwards, the Independent Auditor’s Audit Quality Committee reviewed these financial statements, particularly the expenditures relating to the funding under the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act and the federal Treasury Department regulations relating to the CARES Act’s requirements. In accordance with Government Accounting Standards Board Statement 33, recipients of money from the CARES Act should recognize the money received as revenue only when all applicable eligibility requirements are met for each expenditure. CARES Act money provided to the recipient before the eligibility requirements are satisfied should be reported as advances by the federal government and as unearned revenue. After the eligibility requirements are met, the money should be reported as federal grant revenue. As a result of its Audit Quality Committee’s review, the Independent Auditor recommended that the County restate the Comprehensive Annual Financial Report (Financial Report) for the fiscal year ended June 30, 2020, to correct an understatement of \$64,953,000 in unearned revenue and an overstatement of \$64,963,000 in federal grant revenue from the CARES Act. See Note 20 – “Restatements in the Financial Report”.

The County’s restated financial statements for the Fiscal Year ended June 30, 2020, and the Independent Auditor’s Report dated April 26, 2021, are included as Appendix C hereto. The Independent Auditor was not requested to consent to the inclusion of its report as Appendix C hereto and it has not undertaken to update the financial statements included as Appendix C hereto or their report, and no opinion is expressed by the Independent Auditor with respect to any event subsequent to their report.

MISCELLANEOUS

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

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

COUNTY OF FRESNO

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

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

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FINANCIAL AND ECONOMIC INFORMATION

Budgetary Process

The County of Fresno (the “County”) is required by State of California (the “State”) law to adopt on or before October 2 a fiscal line item budget setting forth final expenditures, revenues, and fund balances available so that appropriations during that fiscal year will not exceed available financing. The County’s Fiscal Year 2020-21 Adopted Budget (the “Fiscal Year 2020-21 Adopted County Budget”) was approved by the Board of Supervisors of the County of Fresno (the “County Board”) on September 14, 2020. The County’s Fiscal Year 2021-22 Temporary Budget (the “Fiscal Year 2021-22 Temporary County Budget”) is expected to be submitted to the County Board on June 22, 2021. See “– County Budget.”

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

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

County Budget

The Fiscal Year 2020-21 Adopted County Budget was approved by the County Board on September 14, 2020. The total governmental funds budget, inclusive of the approximately \$2.01 billion General Fund budget, for the Fiscal Year 2020-21 Adopted County Budget, is approximately \$3.58 billion and funds permanent staffing of 8,101 positions. The Fiscal Year 2020-21 Adopted County Budget is subject to certain additional expenditures.

The Fiscal Year 2021-22 Temporary County Budget is expected to be submitted to the County Board on June 22, 2021. In accordance with County budgetary procedures, the Fiscal Year 2021-22 Temporary County Budget will be based on estimates from the Fiscal Year 2020-21 Adjusted County Budget (which is the Fiscal Year 2020-21 Adopted County Budget as subsequently adjusted) without including capital expenditures or accounting for reserves or any reductions in expenditures. Formal budget

hearings are expected begin on September 13, 2021, after which the County will adopt its Fiscal Year 2021-22 Budget (the “Fiscal Year 2021-22 Adopted Budget”). The County’s Fiscal Year 2021-22 Adopted Budget will be subject to certain additional expenditures.

The following Table 1 sets forth the County’s adopted budget for the General Fund for Fiscal Years 2018-19, 2019-20 and 2020-21.

TABLE 1
COUNTY OF FRESNO
GENERAL FUND ANNUAL BUDGETS
Fiscal Years Ended June 30, 2019 through 2021
(\$ in Thousands)

	Adopted 2018-19 Budget	Adopted 2019-20 Budget	Adopted 2020-21 Budget
<u>REQUIREMENTS:</u>			
General Government	\$ 93,932	\$ 111,243	\$ 165,782 ⁽²⁾
Public Protection	483,926	516,436	535,771
Public Ways and Facilities	3,321	3,973	3,308
Health and Sanitation	372,742	452,154	480,254
Public Assistance	708,033	744,080	817,661
Education	361	361	398
Recreation and Cultural	4,532	4,511	3,767
Contingencies & Reserves	<u>18,976</u>	<u>39,000</u>	<u>1,000</u>
<u>TOTAL REQUIREMENTS</u>	<u>\$1,685,823</u>	<u>\$1,871,758</u>	<u>\$2,007,941</u>
<u>AVAILABLE FUNDS:</u>			
Fund Balance Available	\$ 50,000	\$ 83,038	\$ 44,642
Taxes ⁽¹⁾	264,213	275,571	287,192
Licenses, Permits & Franchise	11,866	10,733	10,704
Fines, Forfeits, & Penalties	5,757	6,014	4,673
Use of Money & Property	2,801	2,956	2,947
Aid From Other Govt. Agencies	234,629	263,851	266,953
Charges for Current Services	49,360	51,990	54,770
Other Revenues (Other Financing Sources)	1,028,686	1,137,163	1,297,138
Miscellaneous Revenues	8,566	8,731	8,738
Intrafund Revenue	<u>29,945</u>	<u>31,711</u>	<u>30,184</u>
<u>TOTAL AVAILABLE FUNDS</u>	<u>\$1,685,823</u>	<u>\$1,871,758</u>	<u>\$2,007,941</u>

Source: County of Fresno.

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

⁽²⁾ Includes CARES Act Funding of approximately \$81.6 million. See “Financial and Economic Information – COVID-19 and Related Events.”

Financial Statements

The following Table 2 sets forth the County's Statement of General Fund Revenues, Expenditures and Changes in Fund Balances for Fiscal Years 2016-17 through 2019-20.

TABLE 2
COUNTY OF FRESNO
STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Fiscal Years Ended June 30, 2017 through 2020
(\$ in thousands)

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
REVENUES				
Taxes	\$ 255,054	\$ 271,442	\$ 280,009	\$ 284,330
Licenses and Permits	8,097	10,503	13,143	13,316
Fines, Forfeits, and Penalties	4,868	5,480	5,339	4,610
Use of Money and Property	619	2,618	6,520	5,041
Aid from Other Governmental Agencies	201,009	244,584	198,554	205,097
Charges for Current Services	41,639	47,548	47,978	52,113
Other Revenues	<u>13,654</u>	<u>15,659</u>	<u>9,107</u>	<u>9,775</u>
Total Revenues	\$ <u>524,940</u>	\$ <u>597,834</u>	\$ <u>560,650</u>	\$ <u>574,282</u>
EXPENDITURES:				
General Government	\$ 59,077	\$ 42,741	\$ 43,206	\$ 45,253
Public Ways and Facilities	2,025	2,006	2,406	2,493
Public Protection	359,408	383,305	431,489	467,157
Public Assistance, Health and Sanitation	853,430	930,656	901,629	968,621
Education	195	239	200	252
Culture and Recreational	2,898	4,453	2,998	3,250
Capital Outlay	<u>7,036</u>	<u>6,036</u>	<u>46,072</u>	<u>85,721</u>
Total Expenditures	\$ <u>1,284,069</u>	\$ <u>1,369,436</u>	\$ <u>1,428,000</u>	\$ <u>1,572,747</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	\$ (759,129)	\$ (771,602)	\$ (867,350)	\$ (998,465)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	248	227	121	199
Transfers In ⁽¹⁾	826,820	\$ 900,364	\$ 938,515	\$1,061,157
Transfers Out ⁽¹⁾	<u>(56,670)</u>	<u>(107,456)</u>	<u>(67,399)</u>	<u>(69,223)</u>
Total Other Financing Sources (Uses)	\$ <u>770,398</u>	\$ <u>793,135</u>	\$ <u>871,237</u>	\$ <u>992,133</u>
Net Change in Fund Balances	\$ 11,269	\$ 21,533	\$ 3,887	\$ (6,332)
Fund Balance – Beginning	\$ 200,171	\$ 211,440	\$ 205,617	\$ 204,118
Prior Period Adjustment	--	<u>(27,356)</u> ⁽²⁾	<u>(5,386)</u>	--
Fund Balance – Ending	\$ <u>211,440</u>	\$ <u>205,617</u>	\$ <u>204,118</u>	\$ <u>197,786</u>

Sources: County of Fresno Audited Financial Statements for Fiscal Years 2016-17 through 2019-20.

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

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

The following Table 3 sets forth the County's General Fund Balance Sheets for Fiscal Years 2015-16 through 2019-20.

TABLE 3
COUNTY OF FRESNO
GENERAL FUND BALANCE SHEETS
Fiscal Years Ended June 30, 2016 through 2020
(\$ in thousands)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>ASSETS & DEFERRED OUTFLOWS OF RESOURCES</u>					
Assets:					
Cash and Investments	\$198,173	\$182,565	\$118,786	\$119,007	\$ 91,097
Restricted cash and investments	--	17,842	21,775	17,727	19,206
Receivables:					
Taxes	28,577	33,874	33,999	30,228	37,854
Accounts (Net of Allowance for Uncollectible)	46,243	42,425	82,652	15,943	7,169
Interest	542	871	1,065	886	750
Loans	43,974	46,042	48,280	46,434	46,767
Due from other Funds	360	355	38,709	59,866	86,618
Due from other Governmental Units	--	881	21,941	67,454	75,896
Advances to other Funds	118	136	414	383	345
Inventory of Supplies	<u>2,894</u>	<u>3,146</u>	<u>3,146</u>	<u>--</u>	<u>--</u>
Total Assets	<u>320,881</u>	<u>328,137</u>	<u>370,767</u>	<u>357,928</u>	<u>365,702</u>
Deferred Outflows of Resources:					
Prepaid Expenses	--	--	12,792	12,858	14,815
Total Deferred Outflows of Resources	<u>--</u>	<u>--</u>	<u>12,792</u>	<u>12,858</u>	<u>14,815</u>
Total Assets and Deferred Outflows of Resources	<u>\$320,881</u>	<u>\$328,137</u>	<u>\$383,559</u>	<u>\$370,786</u>	<u>\$380,517</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$ 44,299	\$ 44,434	\$ 68,479	\$ 58,679	\$ 61,373
Salaries and Benefits Payable	19,916	22,524	24,788	26,567	34,200
Due to other Governmental Units	623	--	--	114	53
Due to other Funds	5,848	6,845	8,756	9,927	12,261
Deposits and other Liabilities	43	41	42	43	43
Unearned Revenue	<u>256</u>	<u>2,382</u>	<u>2,953</u>	<u>111</u>	<u>63</u>
Total Liabilities	<u>70,985</u>	<u>76,226</u>	<u>105,018</u>	<u>95,441</u>	<u>107,993</u>
Deferred Inflows of Resources:					
Unavailable property taxes	28,287	29,293	29,644	29,793	32,972
Unavailable HARP Loan	--	--	43,280	41,434	41,766
Other unavailable	<u>21,438</u>	<u>11,178</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total deferred inflows of resources	<u>49,725</u>	<u>40,471</u>	<u>72,924</u>	<u>71,227</u>	<u>74,738</u>

Table continued on next page.

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	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Fund Balances:					
Nonspendable	47,208	49,736	8,971	5,840	5,803
Restricted	9,398	4,255	7,869	6,205	7,590
Committed	21,024	63,602	64,410	91,380	91,417
Assigned	83,021	8,654	--	--	--
Unassigned	<u>39,520</u>	<u>85,193</u>	<u>124,367</u>	<u>100,693</u>	<u>92,976</u>
Total Fund Balances	<u>200,171</u>	<u>211,440</u>	<u>205,617</u>	<u>204,118</u>	<u>197,786</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$320,881</u>	<u>\$328,137</u>	<u>\$383,559</u>	<u>\$370,786</u>	<u>\$380,517</u>

Sources: County of Fresno Audited Financial Statements for Fiscal Years 2015-16 through 2019-20.

Major Revenues

The County derives its revenues from a variety of sources including *ad valorem* property taxes, sales and use taxes, licenses, permits and franchises issued by the County, use of County property and money, aid from other governmental agencies, charges for services provided by the County and other miscellaneous sources. The following Table 4 sets forth the revenue sources for the County’s General Fund for the Fiscal Year ended June 30, 2020.

TABLE 4
COUNTY OF FRESNO
ALLOCATION OF COUNTY GENERAL FUND REVENUES
Fiscal Year Ended June 30, 2020

Taxes	49.5%
Licenses, Permits and Franchises	2.3
Fines, Forfeitures and Penalties	0.8
Use of Property and Money	0.9
Aid from Other Governmental Agencies	35.7
Charges for Current Services	9.1
Other Revenues	<u>1.7</u>
Total	<u>100.0%</u>

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

Intergovernmental Revenues

Intergovernmental Revenues, mostly in the form of State and federal grants and subventions, is the County’s largest revenue source. A large amount of this revenue source also comes from the State in the form of payment for services provided by the County for the State. See “ – County Budget – General” and “State of California Budget and Supplemental Financial Information – State Budget for Fiscal Year 2020-21” herein.

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

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

Expenditures

The County's major expenditures are health, sanitation, public assistance and public protection. See Appendix C – "County of Fresno General Purpose Financial Statements for the Fiscal Year ended June 30, 2020" attached to this Official Statement.

Reserves

County Management Directive No. 782 ("Directive 782") provides a goal of funding a General Reserve fund in an amount of not less than one month of regular operating expenditures. Directive 782 also provides, in accordance with California Government Code Section 29086, that the General Reserve may only be established, canceled, increased or decreased when the County adopts its annual budget, except that it may also be increased at any time by a four-fifths vote of the County Board. Funds in the General Reserve may only be used pursuant to an ordinance or resolution of the County Board. From Fiscal Year 2010-11 to Fiscal Year 2016-17, the County made annual contributions to its General Reserve ranging between \$1.5 million and \$2.3 million. For Fiscal Years 2017-18, 2018-19, and 2019-20, the County made contributions of approximately \$7 million, \$7.9 million, and \$18 million, respectively. No contribution was made to the General Reserve for Fiscal Year 2020-21. The current balance of the General Reserve is approximately \$54 million, which is approximately 40% of the current funding goal.

COVID-19 and Related Events

The global outbreak of the novel coronavirus COVID-19 ("COVID-19"), a respiratory disease declared to be a pandemic (the "Pandemic") by the World Health Organization, continues to significantly affect the national capital markets and national economy. Although the Pandemic negatively affected the County's operations and finances, the impact has been less significant than anticipated based on the County's mitigation efforts.

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

On August 28, 2020, the Governor released the "Blueprint for a Safer Economy," a long-term statewide plan for addressing COVID-19 (the "Blueprint"). The Blueprint sets forth risk-based criteria on tightening and loosening allowable activities and expands the length of time between changes to assess how any movement affects the trajectory of the Pandemic. The State's focus on vaccinations in 2021 has resulted in updating the Blueprint to include fully reopening the State and County if the vaccine supply is sufficient for Californians 16 years and older who wish to be vaccinated and hospitalization rates are stable and low.

Following the Order, the County implemented temporary hiring controls. Since the Order, all essential County services have remained open to the public while implementing innovative solutions to

offer services virtually or in other ways. In-person public access to some County services was restricted to mitigate the potential impact of COVID-19 and to protect the health and safety of employees and the public. The County has continued to maintain operations through work-from-home and other arrangements. The County is in the process of opening County facilities to the public, based on current conditions and potential future risks related to COVID-19.

Although no assurance can be provided about future conditions, to date the County has not experienced a material adverse impact on its operations for essential services or its business operations, financial reporting systems and other internal controls, and it does not expect a materially adverse effect thereon as a result of COVID-19 and the actions taken by the County, the State, and the federal government in response thereto.

In response to the Pandemic, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), which was signed into law on March 27, 2020. The CARES Act provides \$150 billion in financial assistance to states, tribal governments and local governments to provide emergency assistance to those most significantly impacted by COVID-19. Under the CARES Act, local governments are eligible only for reimbursement of certain costs expended to address the impacts of COVID-19. The County received approximately \$97.8 million (being \$81.6 million in federal funding and \$16.2 million in State funding) pursuant to the CARES Act. On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act was signed into law which extended the date CARES Act funds had to be spent to December 31, 2021.

On March 11, 2021, the President signed into law the American Rescue Plan Act of 2021 (the “American Rescue Plan”), a \$1.9 trillion COVID-19 relief package, intended to accelerate the national recovery from the COVID-19 pandemic. The American Rescue Plan includes approximately \$15.3 billion in California funding. The County will receive approximately \$194.1 million in two tranches of approximately \$97.05 million each, the first in May 2021 and the second not later than May 2022. The American Rescue Plan funding may be used to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, to provide premium pay to eligible workers that are performing essential work, for the provision of government services to the extent of a reduction in the County’s revenue due to the COVID-19 public health emergency, and to make necessary investments in water, sewer and broadband infrastructure. The County may only use American Rescue Plan funding for costs incurred beginning March 3, 2021, and ending December 31, 2024.

To date, the County has incurred approximately \$72.6 million of unbudgeted expenses related to COVID-19 since the onset of the Pandemic. The County expects these expenditures to be offset with the \$81.6 million in direct funding from the CARES Act and the additional \$16.2 million in CARES Act funding from the State. Based on future needs to address the COVID-19 public health emergency, the County expects to spend all of the CARES Act funds received by the December 31, 2021 deadline. The County is not expecting a reduction in sales and property tax revenues in Fiscal Year 2021-22, however it does expect an increase in expenditures, particularly in public health, social services and behavioral health, in order to address the impacts of the Pandemic. See “County Budget.” Funding from the American Rescue Plan funds is expected to meet the County’s needs to address the impacts of COVID-19 for the next several years.

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

Capital Projects

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

West Annex Jail. Construction on the West Annex Jail began in January 2018. The project is funded by \$79.2 million from the California Board of State and Community Corrections (Senate Bill 1022) and \$22.6 million from the County. The West Annex Jail is being built to replace the 499-bed South Annex Jail. The West Annex Jail will be a 300-bed facility focusing on the mental health needs and programs/services for the jail population. The new facility will include a day reporting center, medical treatment areas, laundry and storage facilities, increased programming and exercise areas, contact and non-contact visitation areas and will be linked with the existing detention facilities underground tunnel system. The new facility is expected to be completed and occupied by 2022.

Sheriff Area Two Substation. In October 2018, the County Board approved the purchase of land in the southeast area of the County for the development and construction of a new Sheriff's substation. The new substation will serve as the Area Two Headquarters for all patrol operations in the metropolitan area. The project is estimated to cost \$16.5 million, which will be funded by County sources. The anticipated completion date for this project is the Winter 2021.

County Regional Environmental Compliance Center. In December 2018, the County Board approved the County's purchase of a vacant industrial 2.67-acre lot in the southwest are of the County for the development and construction of a new regional Environmental Compliance Center. The new facility will include household hazardous waste collection operations which will be relocated from the County's American Avenue Disposal Site. Construction documents and drawing phase are in progress. This project is estimated to cost \$3.8 million. This project is estimated to be completed in Spring 2022.

Animal Control Facility. In July 2019, the County Board approved the County's purchase of vacant industrial land in the County for the development and construction of a new animal shelter. The project is estimated to cost \$9.8 million, which will be funded by County sources. This project is estimated to be completed in Spring 2022.

New Clovis Regional Branch Library. The County is negotiating an agreement with the City of Clovis for the County to grant its existing approximately 8,457 square foot library, located in the City's Civic Center, to the City, in exchange for a parcel of real property that is part of a larger development by the City. The County expects to build the new Clovis Regional Branch Library on this property, after the City completes construction on an adjacent Senior Activity Center and Transit Hub, which the City has begun. The County's new Clovis Regional Branch Library will be approximately 20,000 square feet and is estimated to cost approximately \$16.6 million. The construction of this project will be funded by Measure B funds, which are local tax revenues from a 1/8 cent sales tax approved by the voters to pay for library services and facilities in the County.

Recorder's Office Building. This project involves the full interior remodel and exterior refurbishment of an existing office building. The project is estimated to cost \$11 million, which will be funded by County sources. This project is estimated to be completed in the first quarter of 2022.

Ad Valorem Property Taxes

General. The County levies *ad valorem* property taxes on behalf of taxing agencies in the County for each fiscal year on taxable real and personal property which is situated in the County as of the preceding

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

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

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

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

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer in certain limited circumstances; (2) filing a certificate in the office of the clerk of the court

specifying certain facts in order to obtain a judgment lien on property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

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

As of April 30, 2021, the County projected property tax revenues for Fiscal Year 2020-21 to total approximately \$1.15 billion, which reflects an increase of \$49 million from Fiscal Year 2019-20. The increase is attributable to growth in assessed value. The County projects that \$108 million of the \$1.12 billion property tax revenues will be attributable to secured property tax revenues for the County's General Fund. The aggregate assessed valuation of taxable properties within the County for Fiscal Year 2020-21 of \$91.36 billion reflects an increase of approximately \$4.57 billion, or 5.3%, from Fiscal Year 2019-20. The County expects that assessed values in the County will not decrease in Fiscal Year 2021-22. Although there may be a decrease in commercial assessed values, the County expects that it will be offset by an increase in the residential assessed values. See "Financial and Economic Information – COVID-19 and Related Events".

Supplemental property taxes are assessed when there is a change in the assessed valuation of property after the property tax bill for that year has been issued. Supplemental property tax revenues increase when property values increase and sales activity is high. Receipts of supplemental property taxes for the County and other taxing agencies within the County were approximately \$21.4 million in Fiscal Year 2019-20 and expected to be approximately \$21.6 million in Fiscal Year 2020-21.

The delinquency rate on secured property tax payments is approximately 1% higher than last year. On May 6, 2020, the Governor signed Executive Order N-61-20 (the "Executive Order N-61-20") which, among other things, permits county tax collectors to cancel penalties, costs, and interest for property taxes not timely paid on certain properties until May 6, 2021. The Executive Order provides that in order to be eligible for relief, the taxes owed must not have been delinquent prior to March 4, 2020, the taxpayer must timely file a claim for relief in a manner prescribed by the county tax collector, and the taxpayer must demonstrate that it has suffered economic hardship or was otherwise unable to tender timely payment due to the Pandemic or any governmental response to the Pandemic. Approximately 65 penalty cancellation requests have been received, a decrease of 810 from the prior year, that identify the Pandemic as the reason property tax payments could not be made on time and the County intends to cancel any penalties, costs, and interest on property taxes as appropriate in accordance with the Executive Order N-61-20. The County expects the Pandemic to have a greater effect on property tax collections in Fiscal Year 2020-21 but cannot presently predict the magnitude of such effect. See "Financial and Economic Information – COVID-19 and Related Events."

The following Table 5 sets forth certain information regarding County property tax levies and collections, including taxes levied and collected on behalf of all taxing agencies in the County from Fiscal Years 2016-17 through 2020-21.

TABLE 5
COUNTY OF FRESNO
SUMMARY OF TAX LEVIES AND COLLECTIONS
Fiscal Years 2016-17 through 2020-21
(\$ in thousands)

<u>Fiscal Year</u>	<u>Secured Tax Charge</u>	<u>Unsecured Tax Charge</u>	<u>Total Tax Levy</u>	<u>Total Tax Collection through June 30</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquency to Tax Levy</u>
2016-17	\$ 879,820	\$ 45,719	\$ 925,539	\$ 908,284	\$17,254	1.86%
2017-18	950,394	44,286	994,680	979,011	15,669	1.58
2018-19	1,008,351	46,957	1,055,308	1,037,930	17,279	1.64
2019-20	1,068,014	50,925	1,118,939	1,099,154	19,785	1.77
2020-21 ⁽¹⁾	1,127,261	52,866	1,180,127	1,147,980	32,147	2.72

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

⁽¹⁾ Estimated.

The following Table 6 sets forth the County’s Assessed Valuation for Fiscal Years 2016-17 through 2020-21.

TABLE 6
COUNTY OF FRESNO
ASSESSED VALUATION
Fiscal Years 2016-17 through 2020-21
(\$ in thousands)

<u>Fiscal Year</u>	<u>Secured</u>	<u>Unsecured</u>	<u>Total Assessed Value</u>
2016-17	\$71,057,076	\$3,376,707	\$74,433,783
2017-18	74,950,077	3,432,862	78,382,939
2018-19	78,876,831	3,519,686	82,396,517
2019-20	83,267,031	3,520,780	86,787,811
2020-21	87,403,881	3,959,891	91,363,772

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

Largest Taxpayers. The following Table 7 is a list of the ten largest property taxpayers in the County by total taxes assessed for Fiscal Year ending June 30, 2020.

TABLE 7
COUNTY OF FRESNO
TEN LARGEST PROPERTY TAXPAYERS BY TOTAL TAXES ASSESSED
Fiscal Year 2019-20

<u>Taxpayer⁽¹⁾</u>	<u>Type of Business</u>	<u>Amount of Tax</u>
Pacific Gas & Electric Co. ⁽²⁾	Utility	\$36,553,292
Southern California Edison Co.	Utility	9,164,314
Chevron USA INC	Petroleum	2,787,545
Gallo E & J Winery	Winery	2,463,420
GAP Inc.	Distribution	2,132,497
Panoche Energy Center, LLC	Utility	2,086,964
Aera Energy LLC	Utility	2,039,620
Terraces at San Joaquin Gardens	Real Estate	2,029,660
Macerich Fresno Limited Partnership	Real Estate	1,828,662
Meganova LP	Real Estate	1,447,860

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

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

⁽²⁾ On January 29, 2019, Pacific Gas & Electric Co. (“PG&E”) filed a voluntary Chapter 11 petition in the United States Bankruptcy Court for the Northern District of California (Case No. 19-30088). Property taxes are due in two installments for each Fiscal Year, in December and April. During the bankruptcy case, which is still pending, PG&E has timely paid all property taxes as they have come due. The County provides no assurance that PG&E will pay any future installments of its property taxes.

Employees and Labor Relations

The following Table 8 sets forth the County’s number of authorized employees for Fiscal Years 2016-17 through 2020-21. Some employees are hired by the County under various federally funded programs.

TABLE 8
COUNTY OF FRESNO
PERMANENT EMPLOYEES
Fiscal Years 2016-17 through 2020-21⁽¹⁾

<u>Fiscal Year</u>	<u>Authorized Employees</u>
2016-17	7,494
2017-18	7,586
2018-19	7,809
2019-20	8,053
2020-21	8,101

Source: County of Fresno.

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

Approximately 86.5% of the County’s permanent employees are represented by one of 22 bargaining units. The represented County employees consist of 20% office and clerical workers, 9% technical service workers, 3% maintenance workers and 68% paraprofessionals, professionals, protective service employees and skilled craft workers.

The County has labor agreements with all 22 of its bargaining groups. Nineteen bargaining units have contracts expiring in 2021. Negotiations for prospective labor agreements will commence on or around June 1, 2021. It is expected that agreements will be reached with all bargaining units. However, in the event an agreement is not reached prior to the expiration of any current Memorandum of Understanding (“MOU”), the terms of the existing MOU will remain in effect until a new agreement is entered into, or new terms are imposed after exhausting impasse procedures .

**TABLE 9
COUNTY OF FRESNO
BARGAINING UNITS**

<u>Unit Number</u>	<u>Bargaining Unit</u>	<u>MOU Expiration Date</u>
1	Fresno Deputy Sheriffs Association: Law Enforcement Personnel	October 31, 2021
2	Fresno County Public Safety Association: Sheriff’s & Probation Personnel	October 31, 2021
3	Service Employees International Union – Local 521: Mental Health Professionals & Social Workers	November 14, 2021
4	Service Employees International Union – Local 521: Eligibility Workers	November 14, 2021
7	California Nurses Association Nurses	November 14, 2021
10	Fresno County District Attorney Investigators Association: District Attorney Investigators	November 14, 2021
11	Fresno County Deputy Probation Officers Association: Deputy Probation Officers	February 20, 2022
12	Service Employees International Union – Local 521: Clerical, Paramedical, Building & Service Employees	November 14, 2021
13	Stationary Engineers – Local 39 International Union of Operating Engineers: Crafts and Trades	November 14, 2021
14	Fresno Sheriff’s Sergeants Association: Supervisory Peace Officers	October 31, 2021
19	Professional Association of Employees: Professional Employees	October 17, 2021
22	Service Employees International Union – Local 521: Professional, Para-Professional & Technical Employees	November 14, 2021
25	Association of Engineering Technicians: Engineering Technicians	October 3, 2021
30	Fresno County Prosecutors Association: Deputy District Attorneys	June 27, 2021
31	Professional Association County Employees: Public Defenders	December 12, 2021
35	Sheriff’s Department & Correctional Lieutenants Association: Sheriff’s & Correctional Lieutenants	October 31, 2021
36	Service Employees International Union – Local 521: Supervisory Employees	November 14, 2021
37	Fresno Sheriff’s Correctional Sergeants Association: Correctional Sergeants	January 23, 2022
38	Fresno County Sheriff’s Captain Association: Sheriff’s Captains	December 12, 2021
39	Stationary Engineers – Local 39 International Union of Operating Engineers: Operating Engineers	November 14, 2021
42	Association of County Engineers: Engineers	November 13, 2022
43	Stationary Engineers – Local 39 International Union of Operating Engineers: Computer Employees	November 14, 2021

Source: County of Fresno.

Information Technology

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

The County has established an Information Technology and Telecommunications Security Policy and other internal information services policies in order to address cybersecurity risks. The County conducts annual security awareness training for all County employees as well as conducting simulated phishing attacks periodically. The County contracts with a third party to regularly identify possible vulnerabilities in the County's network and for weekly service scans that identifies vulnerabilities in its network. Internally, County staff use a variety of monitoring and scanning tools to monitor the County's network. The County employs a variety of software, multi-factor authentication processes, and other tools to protect its servers and workstations and to detect suspicious activity on its network. The County Sheriff's Office has its own information technology services. It expects to engage the California State Cybersecurity Team and Department of Homeland Security Cybersecurity and Infrastructure Security Agency for both internal and external vulnerability scanning.

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

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

In September 2020, a third-party vendor of the County experienced a breach of their e-mail system. This breach led to an impersonation attack from the vendor's e-mail domain requesting that the County provide certain information to the vendor. The County completed the request believing this was a valid request from the vendor, which led to \$1.7 million in payments to an unauthorized account. The County responded immediately, addressing the incident by reviewing and revising its internal controls and procedures, which were then communicated through a County-wide training program. Following the training program, the County conducted several tests of its new procedures. The County expects to recover the lost funds through its cybersecurity insurance and does not expect that there will be any costs or insurance premium increases as a result of this incident.

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

Medical Services

The provision of health care within the County has been impacted by federal and State legislation. In 2010, Congress passed the Patient Protection and Affordable Care Act and the Health Care and Education

Reconciliation Act of 2010 (collectively, the “Affordable Care Act”). In connection therewith, the State expanded health care coverage through the California Medical Assistance Program (“Medi-Cal”) and provides subsidized health insurance through the State’s health insurance marketplace (“Covered California”). In June 2013, the State Legislature enacted Assembly Bill 85 (2013) (“AB 85”). AB 85 modifies distributions from the State’s 1991 Realignment Local Revenue Fund. Pursuant to AB 85, a portion of the savings that counties obtain through the implementation of healthcare reform is redirected to the State.

AB 85 permits counties in California to choose between two health care realignment formulas. On January 14, 2014, the County Board adopted a resolution to select the “cost savings formula” because it expects that the County will receive larger health care funding with this selected formula. Under AB 85, the County is required to redirect certain amounts to the State each year. The County was required to redirect approximately \$15.7 million for Fiscal Year 2018-19, approximately \$16.1 million for Fiscal Year 2019-20, and approximately \$15.7 million for Fiscal Year 2020-21. Pursuant to the Governor’s May Revision, the County will be required to redirect approximately \$16.4 million to the State for Fiscal Year 2021-22.

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

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

Defined Benefit Retirement Plan

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

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

The Association is a cost-sharing multiple-employer system. In addition to the County, the employers participating in the Association are the following governmental agencies: Fresno-Madera Area Agency on Aging, the Clovis Veterans Memorial District, the Fresno Mosquito and Vector Control District, and the Superior Court of California, County of Fresno (collectively, the “Participating Employers”). The Association is not considered a component unit of the County in the County’s audited financial statements. The Association is a legally separate entity with a separate governing board (the “Board of Retirement”). The Association is governed by a nine-member Board of Retirement. The Board of Retirement consists of the Auditor-Controller/Treasurer-Tax Collector, who is a publicly-elected official, two general members of the Association, who are employees of a Participating Employer, elected by the general members in an active member election, one safety member of the Association, who is an employee of a Participating Employer, elected by the safety members in an active member election, one retired member of the Association elected by the retired members in a retired member election, four members who are appointed by the County Board who are qualified electors of the County but are not connected with County government in any capacity except that one member may be a County Supervisor. In addition, one alternate member of the Board of Retirement is an elected retired member, elected by the retired members in a separate retired member election, and one alternate member may be an elected safety member (who is an employee of a Participating Employer) under certain conditions (which conditions do not presently exist). Pursuant to the State Constitution, the members of the Board of Retirement are to discharge their duties with respect to the System solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the System. The Board of Retirement’s duty to its participants and their beneficiaries shall take precedence over any other duty, including any duty to the County.

Information contained in this section “ – Defined Benefit Retirement Plan,” regarding the Association was obtained from, or otherwise relates to, the Association’s Actuarial Experience Study, Analysis of Actuarial Experience During the Period July 1, 2015 through June 30, 2018, dated April 9, 2019 (the “2018 Experience Study”), the Association’s Actuarial Valuation and Review as of June 30, 2020, dated December 10, 2020 (the “2020 Actuarial Valuation”), the Association’s Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2020, dated December 16, 2020 (the “Association 2020 Financial Report”), the Association’s Governmental Accounting Standards 67 Actuarial Valuation as of June 30, 2020, dated December 10, 2020 (the “2020 GAS 67 Actuarial Valuation”), and the Association’s Governmental Accounting Standards 68 Actuarial Valuation Based on June 30, 2020 Measurement Date for Employer Reporting as of June 30, 2021 (the “2021 GAS 68 Actuarial Valuation”), which reports are the most recent analysis of actuarial experience, actuarial valuation and comprehensive annual financial report available to the County as of the date of this Official Statement. The County has not obtained any updates to such reports since their respective dates.

The information contained in this section “– Defined Benefit Retirement Plan,” relies on information produced by the Association, independent accountants engaged by the Association, and The Segal Company, the Association’s current actuarial consultant (the “Association’s Actuarial Consultant”). The Association’s Actuarial Consultant has prepared the Association’s annual actuarial reports for the years ended June 30, 2006 through June 30, 2020. The actuarial assessments in such actuarial reports contain “forward looking” information that reflects the judgment of the Association and the Association’s Actuarial Consultant. Those actuarial assessments are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future, and will change with the future experience of the Association and the Participating Employers.

Membership. The projected total compensation for employees of all Participating Employers covered by the Association for the year ended June 30, 2020, the date of the most recent actuarial valuation on behalf of the Association, was approximately \$485,586,431. The following Table 10 sets forth the Association’s membership on June 30, 2020.

TABLE 10
FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Membership as of June 30, 2020⁽¹⁾

Active Members	7,873
Inactive Vested Members	4,014
Service Retired Members	6,345
Disability Retired Members	419
Beneficiaries	<u>1,074</u>
Total Membership	<u>19,725</u>

Source: Fresno County Employees' Retirement Association – Actuarial Valuation and Review as of June 30, 2020.

Retirement Tiers. The County has implemented five mandatory retirement tiers that include nine pension plans for qualifying County employees who are members of the Association. The largest group of qualifying County employees either are general members (3,466) or safety members (491), who are in a member retirement tier known as the Tier 5 retirement benefit (“Tier 5”). The next largest group of qualifying County employees either are general members (2,488) or safety members (401), who are in a member retirement tier known as the Tier 1 retirement benefit (“Tier 1”). Tier 1 offers to certain general members a retirement benefit that is approximately 2.5% of final compensation per year of service credit at age 55 and a maximum retirement benefit of approximately 3.27% of final compensation per year of service credit at age 60. Tier 1 offers to certain safety members a retirement benefit that is approximately 2.5% of final compensation per year of service credit at age 50 and a maximum retirement benefit of 3.27% of final compensation per year of service credit at age 55. Compared to Tier 1, the Tier 2 retirement benefit (“Tier 2”) has a lower average contribution rate for active general members and active safety members, respectively. Tier 2 offers to certain general members a lower retirement benefit established at 2% of final compensation per year of service credit at age 55 and a maximum retirement benefit of approximately 2.42% of final compensation per year of service credit at age 63. Tier 2 offers to certain safety members a lower retirement benefit of approximately 2.29% of final compensation per year of service at age 50 and a maximum retirement benefit of 3.0% of final compensation per year of service credit at age 55. Compared to Tier 1, the third retirement tier (“Tier 3”) has a lower average contribution rate for active members. Tier 3 does not have any safety members. Tier 3 offers to certain general members a retirement benefit that ranges from 2% at 55 to approximately 3.13% of final compensation per year of service credit at age 65. Tier 3 retirement benefits are calculated using a three-year final average compensation.

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

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

such elective officers’) compensation under Tier 4 will be based upon the highest paid “three year final average compensation,” as adopted by such resolution of the County Board, and as provided by the 1937 Act.

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

California Public Employees’ Pension Reform Act of 2013 and Related Changes in State Law.

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

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

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

PEPRA generally mandates equal sharing of normal costs between the County and PEPRA Members employed thereby and that PEPRA Members pay at least 50% of normal costs and that employers not pay any of the required employee contribution for PEPRA Members. According to the 2020 Actuarial Valuation, the average active member contribution rate for General Members in Tier 5 is 7.31%, which amount is not age-graded and is a flat rate regardless of age of entry, and the average active member contribution rate for Safety Members in Tier 5 is 11.93%, which amount is not age graded and is a flat rate regardless of age of entry.

Funding Practices of the Association

General. The 1937 Act requires the Association to commission an actuarial valuation at least every three years. The Association’s practice has been to conduct an actuarial valuation (including a review of economic assumptions) on an annual basis as of June 30 of each year, which is the end of the Association’s

fiscal year and to conduct a demographic experience study (*i.e.*, review of non-economic actuarial assumptions) every three years. The valuation must be completed by an enrolled actuary, covering the mortality, service, and compensation experience of the members and beneficiaries, and must evaluate the valuation assets and actuarially determined liabilities of the Association. The 1937 Act requires the Board of Retirement, upon the basis of the investigation, valuation, and recommendation of the enrolled actuary, to recommend to the Board of Supervisors at least 45 days prior to the beginning of the succeeding fiscal year such changes in the rates of interest, in the rates of contributions of the County's employee members, and in County appropriations as necessary. Once the Board of Retirement recommends any such changes the 1937 Act requires the Participating Employers (including the County) to implement such changes. The Association's Actuarial Consultant's most recent actuarial valuation is as of June 30, 2020. The Association's Actuarial Consultant's last actuarial experience study, the 2018 Experience Study, was completed April 9, 2019 for the three-year period ending June 30, 2018. For the Association's next actuarial experience study, a new 3-year cycle will be used covering the three fiscal years ending June 30, 2019 through 2021.

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

For purposes of the Association's financial reporting, pursuant to GASB 67, the funded status and unfunded actuarial accrued liability (the "UAAL") of the pension plan are not presented in the notes or required supplementary information for financial reporting purposes. However, the UAAL continues to be calculated by the Association's Actuary and set forth in valuation reports and is used to determine a Participating Employer's actuarially determined contribution for the upcoming fiscal year. UAAL represents the excess of the actuarial accrued liability (a standard disclosure measure of the present value of pension benefits to a certain date (*i.e.*, the "as of date" of the valuation), based on applicable actuarial assumptions, including the pension plan's assumed rate of return) over the actuarial value of assets (determined by smoothing values over a certain number of years to reduce volatility), and represents the costs that are not covered by the actuarial value of assets and allocated to the "as of" date for current Association members and their beneficiaries. Pursuant to GASB 67, the UAAL has been replaced by the Net Pension Liability ("NPL") for financial reporting purposes. The Association's 2020 GAS 67 Actuarial Valuation reports that NPL represents the excess of the Total Pension Liability ("TPL") (the same actuarial cost method (entry age cost method) and the same type of discount (expected return on assets) as the Association uses for funding) over fiduciary net position (plan assets valued at fair market value, and that NPL is similar to UAAL but uses market value assets.

At June 30, 2020, the Association's 2020 GAS 67 Actuarial Valuation reports the plan's service costs of approximately \$110.809 million, TPL of approximately \$6.326 billion, fiduciary net position of approximately \$4.935 billion and NPL of approximately \$1.391 billion, which results in the plan's fiduciary net position as percentage of total pension liability of 78.02%. The System's NPL increased from approximately \$1.130 billion as of June 30, 2019 to \$1.391 billion as of June 30, 2020 primarily due to a

return on market value of the System's assets during Fiscal Year 2019-20 of 0.26%, which was lower than the assumed rate of 7.00%.

Due to the COVID-19 Pandemic, market conditions changed significantly in 2020. The System's funded status as reflected in its 2020 GAS 67 Actuarial Valuation is based on market values on June 30 of each year and does not reflect short-term fluctuations of the market. The 2020 GAS 67 Actuarial Valuation is also based on data as of June 30, 2019 and does not include any short-term or long-term impacts on mortality of the covered population since June 30, 2019.

At June 30, 2020, the County reported approximately \$1.055 billion as its proportionate share of the System's NPL of approximately \$1.130 billion (as of June 30, 2019), referenced above. The County's portion of the System's NPL was measured as of June 30, 2019 and the TPL used to calculate such NPL was determined by an actuarial valuation as of that date. The County's proportion of the System's NPL was based on a projection of the County's long-term share of contributions to the Association's pension plan relative to the projected contributions of all Association participants, actuarially determined. See Note 12 to the County's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2020 attached hereto as Appendix C.

For the fiscal year ended June 30, 2020, the County recognized a debit to pension expense of \$9.858 million. Pension expense represents the change in the NPL during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions of methods, and plan benefits. See Note 12 to the County's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2020 attached hereto as Appendix C.

Subsequent to the release of the Association's 2020 GAS 67 Actuarial Valuation, the Association released its 2021 GAS 68 Actuarial Valuation. The 2021 GAS 68 Actuarial Valuation provides that the Association's NPL will be approximately \$1.391 billion at June 30, 2021, of which the County's proportionate share will be approximately \$1.296 billion. The 2021 GAS 68 Actuarial Valuation also provides, for a measurement date of June 30, 2020 and a reporting date of June 30, 2021, a pension expense for the County of approximately \$227.428 million. The County will review these calculations in connection with the preparation of its audited financial statements for Fiscal Year 2020-21.

The 2021 GAS 68 Actuarial Valuation reports, for a measurement date of June 30, 2020 and a reporting date of June 30, 2021, the TPL of the System, the fiduciary net position of the System, and the NPL of the System as follows:

<u>Total Pension Liability</u>	
1. Service Cost	\$ 110,809,270
2. Interest	423,497,695
3. Change of benefit terms	0
4. Differences between expected and actual experience	22,279,347
5. Changes of assumptions	0
6. Benefit payments, including refunds of member contributions	<u>(294,992,402)</u>
7. Net change in Total Pension Liability	\$ 261,593,910
8. Total Pension Liability – Beginning of Fiscal Year	<u>6,064,374,653</u>
9. Total Pension Liability – End of Fiscal Year	<u>\$6,325,968,563</u>
<u>Fiduciary Net Position</u>	
10. Contributions – Employers	\$ 247,474,194
11. Contributions - Employees	41,761,381
12. Net investment income	12,966,492
13. Benefit payments, including refunds of member contributions	(294,992,402)
14. Administrative expense	(6,422,137)
15. Other	<u>0</u>
16. Net Change in Fiduciary Net Position	\$ 787,528
17. Fiduciary Net Position – Beginning of Fiscal Year	4,934,507,078
18. Fiduciary Net Position – End of Fiscal Year	<u>\$4,935,294,606</u>
19. Net Pension Liability (item 9 minus item 18)	<u>\$1,390,673,957</u>

Significant Accounting Policies.

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

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

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

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

and 2016, the Association's pension plan was determined by the IRS to be tax qualified. In accordance with this determination, the Association states in Note 2 to the Association 2020 Financial Report that no provisions for income taxes have been made in the basic financial statements accompanying the Association's 2020 Financial Report, as the Association states that it is exempt from federal and state income taxes under provisions of the IRC, Section 401(a), and the California Revenue and Taxation Code, Section 23701, respectively.

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

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

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

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

employees, subject to certain conditions, if new Association members were to pay a greater contribution rate. Participating Employer contribution rates are determined pursuant to Section 31453 of the 1937 Act, which also applies to employee contribution rates.

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

The following Table 11 sets forth the Participating Employer contribution rates and the average Member contribution rates as of June 30, 2020.

TABLE 11
COUNTY OF FRESNO
CONTRIBUTION RATES TO BE PAID TO THE
FRESNO COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION
(As of June 30, 2020 for Fiscal Year 2021-22)

Retirement Tier	Participating Employer Contribution Rate	Average Member Contribution Rate
General Tier 1	57.20%	9.90%
General Tier 2	53.84	6.94
General Tier 3	54.12	8.03
General Tier 4	45.66	7.18
General Tier 5	43.34	7.31
Safety Tier 1	84.45	12.37
Safety Tier 2	85.33	11.44
Safety Tier 4	70.82	10.18
Safety Tier 5	66.94	11.93
All Categories	54.91	9.07

Source: Actuarial Valuation and Review as of June 30, 2020.

The County’s and its employee members’ contribution rates are determined as a percentage of payroll. The Association’s Participating Employer rates provide for both normal cost and a payment or credit to amortize any unfunded or overfunded actuarial accrued liabilities. In the 2020 Actuarial Valuation, the Association’s Actuarial Consultant has continued with the Board of Retirement’s funding policy to amortize the Association’s outstanding balance of the UAAL established as of June 30, 2003 over a declining period with 13 years remaining as of June 30, 2020. Any new UAAL as a result of assumption changes, method changes and actuarial gains or losses identified in the annual valuation as of June 30, 2011 and later will be amortized over a 15-year period. Any new UAAL as a result of plan amendments will be amortized over a period of 15 years. Any new UAAL as a result of “golden handshakes” or early retirement incentive programs will be amortized over a period of up to five years. The UAAL shall be amortized over “closed” amortization periods so that the amortization period for each layer decreases by one year with each actuarial valuation. The Participating Employer and employee contribution rates and amounts are further determined by the Association’s Actuarial Consultant using the “entry age normal cost” method. This method currently produces a Participating Employer contribution rate consisting of amounts for (a) normal cost and (b) amortization of the outstanding balance of the UAAL established as of June 30, 2003 over a declining 30-year period, of which 13 years remain as of June 30, 2020; (c) amortization period for UAAL established on each subsequent valuation as a result of actuarial gains or losses, changes in actuarial

assumptions or plan amendments over a declining 15-year period. Employees' contributions are funded and recognized currently through payroll deductions in amounts recommended by the Association's Actuarial Consultant. In addition to their normal contributions established by statute and, with respect to Tier 1, by the Settlement Agreement, general members of Tier 1, Tier 2 and Tier 3 and safety members of Tier 1 and Tier 2 pay one-half of the total normal cost necessary to fund their cost-of-living benefits. In accordance with PEPR, contribution rates for Tier 5 General Members and Tier 5 Safety Members will be a single-rate and not an age-based rate, which is currently 50% of the normal cost rate. See "- Significant Accounting Policies – Determination of Pension Benefits" " – Retirement Tiers" and " – California Public Employee's Pension Reform Act of 2013" herein.

The 2020 Actuarial Valuation calculates the aggregate employer rate as 54.91% of payroll for the Fiscal Year ended June 30, 2020, which decreased from the 60.84% of payroll for the Fiscal Year ended June 30, 2019. This decrease is primarily due to contributions made to amortize the UAAL, partially offset by the investment return (after "smoothing") being less than the 7.00% return assumption.

The following Table 12 sets forth the aggregate contributions of all of the Participating Employers in the System, the percentage of such contributions made in relation to the actuarially determined contributions, covered employee payroll and the Participating Employers' contributions as a percentage of covered employee payroll for the Fiscal Years ended June 30, 2016 through 2020.

TABLE 12
FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
ANNUAL PARTICIPATING EMPLOYERS' CONTRIBUTIONS
AND PERCENTAGE CONTRIBUTED
Fiscal Years Ended June 30, 2016 through 2020
(\$ in thousands)

Fiscal Year Ended June 30	Actuarially Determined Participating Employers' Contributions⁽¹⁾	Percentage Contributed	Covered Payroll	Participating Employers' Contributions as a Percentage of Covered Payroll
2016	\$191,529	100%	\$370,318	51.72%
2017	198,472	100	386,345	51.37
2018	210,535	100	403,018	52.24
2019	225,492	100	423,092	53.30
2020	247,474	100	451,525	54.81

Source: Fresno County Employees' Retirement Association – Comprehensive Annual Financial Report as of June 30, 2020.

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

The 2020 Actuarial Valuation states that the aggregate employer contributions for the Participating Employers for the Fiscal Year ended June 30, 2020 totaled approximately \$247,474,194 and the aggregate employer contributions for the Fiscal Year ended June 30, 2019 were \$225,491,692.

The 2020 Actuarial Valuation states that, as of June 30, 2020, the System's net assets at actuarial value were approximately \$5,226,009,456, the System's net assets at valuation value (*i.e.*, the actuarial value excluding any non-valuation reserves) were approximately \$5,226,009,456, and the System's net assets at market value were approximately \$4,935,294,606. The 2020 Actuarial Valuation also states, as of June 30, 2020, the rate of return on the actuarial value of net assets was 5.38%, the rate of return on the valuation value of the System's net assets was 5.38%, and the rate of return on the market value of the

System's net assets was 0.26% for Fiscal Year 2019-20. See Table 17 – "Fresno County Employees' Retirement Association – Investment Results Based on Market Value" herein.

The 2020 Actuarial Valuation states that, as of June 30, 2020, the System's actuarial accrued liability was approximately \$6,320,381,000 and the System's unfunded actuarial accrued liability (calculated using the valuation value of plan assets) was approximately \$1,094,372,000. Based on the 2020 Actuarial Valuation, the employers' funded ratio (*i.e.*, the ratio of valuation value of assets of the Association over the actuarial accrued liability) is 82.69% as of June 30, 2020.

The actuarial value of the System's assets and actuarial accrued liability reflect amounts received by the Association from the County in connection with the prior issuance of the County's pension obligation bonds. The County applied a portion of the proceeds of its Taxable Pension Obligation Bonds, Series 1998 (the "1998 Series A Bonds"), Taxable Pension Obligation Bonds, Series 2004A (the "2004 Series A Bonds"), Taxable Pension Obligation Bonds, Series 2004B (the "2004 Series B Bonds") and Taxable Pension Obligation Refunding Bonds, 2015 Series A (the "2015 Series A Bonds") to reduce its UAAL. The County applied a portion of the proceeds of the Taxable Pension Obligation Bonds, Refunding Series 2002 (the "2002 Refunding Bonds") to refund a portion of the 1998 Series A Bonds. The 1998 Series A Bonds, the 2002 Refunding POBs and the 2015 Series A Bonds are no longer outstanding. The 2004 Series A Bonds are outstanding in the principal amount of \$140,756,000 and the 2004 Series B Bonds are outstanding in the principal amount of \$75,000,000.

The following Table 13 sets forth the County's actuarially determined annual contribution and actual contributions related thereto for Fiscal Years 2015-16 through 2019-20 and County's actual contributions as a percentage of total governmental funds expenditures for such fiscal years.

TABLE 13
COUNTY OF FRESNO
EMPLOYER CONTRIBUTION STATUS
Fiscal Years 2015-16 through 2019-20
(\$ in thousands)

<u>Fiscal Year</u>	<u>Actuarially Determined County Contribution</u>	<u>Actual County Contribution</u>	<u>Actual County Contribution as Percentage of Total Governmental Funds Expenditures⁽¹⁾</u>
2015-16	\$171,577	\$172,912	12.69%
2016-17	178,220	178,233	12.52
2017-18	184,317	189,161	12.35
2018-19	196,073	202,752	12.54
2019-20	210,712	222,360	12.67

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

⁽¹⁾ The County’s Total Governmental Funds reflects funds on deposit for general government functions in the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Fund and certain other non-major governmental funds. See “General Fund Financial Statements” herein and Appendix C – “County of Fresno General Purpose Financial Statements for the Fiscal Year ended June 30, 2020” attached to this Official Statement.

Pension Related Payments

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

The following Table 14 sets forth the estimated Employer Contributions and POB debt service for Fiscal Years 2021-22 through 2028-29. The estimates and related assumptions are “forward-looking” in nature and are not to be construed as representations of fact or representations that in fact the various estimates shown will be the correct amounts for the years indicated. Rather, these reflect good faith estimates by the County taking into account a variety of assumptions, a number of which are discussed herein. Accordingly, prospective investors are cautioned to review these estimates as general opinions of orders of magnitude and not as precise amounts.

TABLE 14
COUNTY OF FRESNO
ESTIMATED COUNTY EMPLOYER CONTRIBUTIONS AND
ESTIMATED PENSION OBLIGATION BOND RELATED PAYMENTS⁽¹⁾
Fiscal Years 2021-22 through 2028-29

<u>Fiscal Year</u>	<u>County's Estimated Employer Contributions</u>	<u>County's Estimated Pension Obligation Bonds Debt Service</u>	<u>Total</u>
2021-22	\$211,994,005	\$33,392,021	\$245,386,026
2022-23	216,233,886	35,257,022	251,490,908
2023-24	220,558,563	37,197,023	257,755,586
2024-25	224,969,735	39,217,024	264,186,759
2025-26	229,469,129	41,312,025	270,781,154
2026-27	234,058,512	43,497,026	277,555,538
2027-28	238,739,682	45,767,027	284,506,709
2028-29	243,514,475	47,952,028	291,466,503

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

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

The following Table 15 sets forth the combined total of the County's employer contribution rates and the debt service payment rates on its outstanding pension obligation bonds for each of the Association's membership tiers as a percentage of covered payroll for Fiscal Years 2020-21 and 2021-22.

TABLE 15
FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
COUNTY'S CONTRIBUTION RATES AND DEBT SERVICE PAYMENTS
ON PENSION OBLIGATION BONDS AS A PERCENTAGE OF COVERED PAYROLL
Fiscal Years Ended June 30, 2021 through 2022

<u>Year Ended</u>	<u>General</u>					<u>Safety</u>			
	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Tier 4</u>	<u>Tier 5</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 4</u>	<u>Tier 5</u>
June 30, 2021	70.77%	67.50%	67.85%	59.77%	57.20%	95.39%	96.55%	82.26%	78.37%
June 30, 2022	65.27%	61.91%	62.19%	53.73%	51.41%	93.34%	94.22%	79.71%	75.83%

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

Unfunded Actuarial Accrued Liability and Unrecognized Gains/Losses as of June 30, 2020. The 2020 Actuarial Valuation states the System's UAAL decreased from approximately \$1.115 billion as of June 30, 2019 to approximately \$1.094 billion as of June 30, 2020 when determined on a valuation (smoothed) value of assets basis. On a market value basis, the System's UAAL increased from approximately \$1.152 billion as of June 30, 2019 to approximately \$1.385 billion as of June 30, 2020. The System's funded ratio on a valuation value of assets basis has increased from 81.67% as of June 30, 2019 to 82.69% as of June 30, 2020, while on a market value basis, the funded ratio has decreased from 81.07% as of June 30, 2019 to 78.09% as of June 30, 2020.

The 2020 Actuarial Valuation states that the System's net total unrecognized investment losses as of June 30, 2020 were approximately \$290.7 million compared to the net total unrecognized investment losses of \$36.7 million as of June 30, 2019. The 2020 Actuarial Valuation also states that these investment losses will be recognized in the determination of the System's actuarial value of assets for funding purposes

in the next few years, and will offset any investment gains that may occur after June 30, 2020. The 2020 Actuarial Valuation further states that, unless offset by future investment gains or other favorable experience, the recognition of the \$290.7 million market losses is expected to have an impact on the System's future funded ratio and contribution rate requirements. The unrecognized investment losses represent approximately 5.9% of the System's market value of assets. If the deferred losses were recognized immediately in the System's valuation value of assets, the funded percentage would decrease from 82.7% to 78.1%. If the deferred losses were recognized immediately in the System's valuation value of assets, the aggregate employer contribution rate would increase from 54.91% of payroll to 60.16% of payroll. The valuation value of assets is based on the market value of assets as of the valuation date, as provided by the Association. The Association uses a valuation value of assets that differs from market value to gradually reflect six-month changes in the market value of assets in determining contribution requirements. The valuation value of assets is determined by reducing the actuarial value of assets by the value of non-valuation reserves. The actuarial value of assets is determined by recognizing any difference between actual and expected market return over the last nine semi-annual accounting periods. The actuarial value of assets is further adjusted, if necessary, to be within 30% of the market value of assets.

Actuarial Assumptions. The Association's Actuarial Consultant considers various factors in determining the assumptions to be used in calculating funding ratios. The actuarial assumptions used do not determine the "actual cost" of the retirement plan. Demographic assumptions are based on a study of the actual history of retirement, rates of termination/separation of employment, years of life expectancy after retirement, disability and other factors. This experience study is done once every three years. The most recent experience study for the Association was the 2018 Experience Study, which provides the proposed actuarial assumptions to be used effective with the June 30, 2019 actuarial valuation. In addition, the Association's Actuarial Consultant considers certain economic factors assumptions in determining the assumptions to be used in calculating funding ratios. The actuarial assumptions have a significant impact on the determination of the ratio of assets of the Association that are set aside to pay plan benefits by the Association. Significant actuarial assumptions of the Association's Actuarial Consultant for the 2020 Actuarial Valuation include: (a) a rate of return on the investment of present and future assets of 7.00% per year (net of administration and investment expenses); (b) an inflation assumption of 2.75%; (c) projected across-the-board salary increases of 0.50% plus merit and longevity increases based on age that vary between 1.5% and 8.5% for safety members and 1.1% and 8.5% for general members and (d) projected cost of living adjustments of 2.75% of retirement income per year, subject to a 3.00% maximum change per year for General members in Tiers 1, 2 and 3 and Safety members in Tiers 1 and 2, and 0.00% for General members in Tier 4 and Tier 5 and Safety members in Tier 4 and Tier 5. The Board of Retirement may modify such assumptions based in part on analyses of experience and recommended changes submitted by the Association's Actuarial Consultant. These assumptions were based upon recommendations by the Association's Actuarial Consultant in the 2018 Experience Study and approved by the Board of Retirement on April 17, 2019.

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

The following Table 16 sets forth certain economic actuarial assumptions for the Fiscal Years ended June 30, 2016 through June 30, 2020.

TABLE 16
FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
ECONOMIC ACTUARIAL ASSUMPTIONS
Fiscal Years ended June 30, 2016 through June 30, 2020

<u>Actuarial Assumption</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Interest	7.00%	7.00%	7.00%	7.00%	7.00%
Inflation	3.00	3.00	3.00	2.75	2.75
Employee Account Interest Credit Rate	3.00	3.00	3.00	2.75	2.75

Source: Fresno County Employees' Retirement Association Actuarial Valuations and Review as of June 30, 2016 through 2020.

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

TABLE 17
FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF PARTICIPATING EMPLOYERS' FUNDING PROGRESS
Fiscal Years ended June 30, 2011 through June 30, 2020
(\$ in thousands)

<u>Actuarial Valuation Date</u>	<u>(1) Valuation Value of Assets</u>	<u>(2) Actuarial Accrued Liability (AAL)</u>	<u>(3) Unfunded (Overfunded) AAL (2) – (1)</u>	<u>(4) Funded Ratio (1)/(2)</u>	<u>(5) Projected Covered Payroll</u>	<u>(6) Unfunded (Overfunded) AAL Percentage of Projected Covered Payroll (3)/(5)</u>
6/30/11	\$3,114,483	\$4,237,961	\$1,123,478	73.5%	\$398,976	281.6%
6/30/12	3,305,045	4,345,402	1,040,357	76.1	365,596	284.6
6/30/13	3,518,982	4,694,780	1,175,798	75.0	370,079	317.7
6/30/14	3,824,221	4,876,754	1,052,533	78.4	373,774	281.6
6/30/15	4,092,647	5,074,333	981,686	80.7	383,775	255.8
6/30/16	4,278,001	5,472,149	1,194,148	78.2	402,535	296.7
6/30/17	4,529,508	5,643,444	1,113,936	80.3	413,760	269.2
6/30/18	4,802,958	5,893,909	1,090,951	81.5	431,678	252.7
6/30/19	4,971,225	6,086,654	1,115,429	81.7	457,759	243.7
6/30/20	5,226,009	6,320,381	1,094,372	82.7	485,587	225.4

Source: Fresno County Employees' Retirement Association – Actuarial Valuation and Review as of June 30, 2020.

The following Table 18 sets forth the value of the System's assets as of the actuarial valuation dates for the Fiscal Years ended June 30, 2011 through 2020 based on the valuation value, actuarial value and market value of System's assets.

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

<u>Valuation Date</u>	<u>Valuation Value of Assets</u>	<u>Actuarial Value of Assets⁽¹⁾</u>	<u>Market Value of Assets⁽¹⁾</u>
6/30/11	\$3,114,483	\$3,151,541	\$3,167,177
6/30/12	3,305,045	3,333,856	3,148,513
6/30/13	3,518,982	3,539,367	3,499,451
6/30/14	3,824,221	3,828,862	4,050,129
6/30/15	4,092,647	4,093,377	4,032,119
6/30/16	4,278,001	4,278,161	4,009,496
6/30/17	4,529,508	4,529,508	4,407,222
6/30/18	4,802,958	4,802,958	4,699,871
6/30/19	4,971,225	4,971,225	4,934,507
6/30/20	5,226,009	5,226,009	4,935,295

Sources: Fresno County Employees’ Retirement Association – Actuarial Valuation and Review as of June 30, 2011 through 2020.

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

The actuarial value of System’s assets is based on a modified five-year smoothed market method. This method spreads the difference between the market investment return achieved by the investment portfolio of the Association and the assumed investment return over a five-year period, and that difference is to be limited within a 30 percent corridor around the market value of assets effective with the actuarial valuation.

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

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

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

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

Reserve Levels. The 2020 Actuarial Valuation states that, as of June 30, 2020, there was \$0 on deposit in the Health Benefit Reserve, which is a non-valuation reserve. The Interest Crediting and Undistributed Earnings Policy permits transfer of amounts to the non-valuation Health Benefit Reserve only after amounts have been allocated to various other accounts and funds, including valuation accounts and funds.

Investment Policy. The Board of Retirement has exclusive control and fiduciary responsibility of the investment of the Association's retirement fund. Pursuant to the State Constitution, the members of the Board of Retirement are required to diversify the investments of the Association so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so. Except as otherwise expressly restricted by the State Constitution and by law, the Board of Retirement may, in its discretion, invest, or delegate the authority to invest the assets of the Association's retirement fund through the purchase, holding, or sale of any form or type of investment financial instrument, or financial transaction when prudent in the informed opinion of the Board of Retirement. The Association has established a series of policies, procedures and guidelines, grouped together as the "Investment Policy and Guidelines & Performance" (the "Association Investment Policy"), which was most recently amended September 2, 2020, to guide the Association's investment program. Under the Association Investment Policy, the Board of Retirement has directed the investment consultant to report on the investment returns and market conditions on a quarterly basis and make recommendations on investment policy revisions for

the Board of Retirement’s consideration as necessary. The Association Investment Policy includes a Strategic Asset Allocation with targets along with the allowable ranges, which shall serve as the guideline for maintaining Association’s retirement fund investment allocations (Appendix A to the Association Investment Policy).

The following Table 19 sets forth the target allocations based on the Association’s Investment Policy (as described above) and the actual allocations for the Association’s investment portfolio for quarter ended December 31, 2020.

TABLE 19
FRESNO COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION
INVESTMENT ASSET ALLOCATION
As of December 31, 2020

<u>Association’s Portfolio</u>	<u>Target Allocations</u>	<u>Actual Allocations⁽¹⁾</u>
Domestic Equity	28.0%	27.0%
International Equity	21.0	23.1
Global Fixed Income	26.0	23.0
Real Estate	4.5	4.2
Hedge Funds	1.0	0.2
Private Equity	6.0	5.0
Private Credit	8.0	7.2
Infrastructure	3.5	3.2
Cash and Equivalents	2.0	5.8
Other	<u>0.0</u>	<u>1.4</u>
	<u>100.0%</u>	<u>100.0%</u>

Source: Fresno County Employees’ Retirement Association – Investment Performance Review for the period ended December 31, 2020, prepared by Verus Investments.

(1) Totals may not add due to rounding.

The System’s assets are exclusively managed by external professional investment management firms. The Board of Retirement monitors the performance of the managers with the assistance of an external investment consultant. The following Table 20 sets forth the annualized rate of return on the Association’s investments in the portfolio for the Fiscal Years ended June 30, 2011 through June 30, 2020 based upon the valuation value, actuarial value and market value of the Association’s investments, as reported by the Association’s Actuarial Consultant.

TABLE 20
FRESNO COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION
INVESTMENT RESULTS
Fiscal Year ended June 30, 2011 through June 30, 2020

Fiscal Year Ended June 30	Annualized Rates of Return (Valuation Value)	Annualized Rates of Return (Actuarial Value)	Annualized Rates of Return (Market Value)
2011	4.84%	4.78%	23.34%
2012	6.01	5.94	(0.44)
2013	6.96	6.91	11.95
2014	8.98	9.03	16.63
2015	7.31	7.29	(0.10)
2016	4.97	4.97	(0.11)
2017	6.36	6.35	10.44
2018	6.49	6.49	7.11
2019	3.93	3.93	5.43
2020	5.38	5.38	0.26

Sources: Fresno County Employees’ Retirement Association – Actuarial Valuation and Review as of June 30, 2020.

Health Benefits. The Board of Retirement has exclusive rights to determine how undistributed earnings were lawfully used prior to the adoption of a settlement agreement in December 2000 relating to a retirement benefits formula for Tier 1 (the “Settlement Agreement”). However, under the Settlement Agreement, the Board of Retirement has taken the position that additional costs associated with the benefits provided under the settlement are to be funded first from undistributed earnings to the extent any are available. See “Transfers of Investment Earnings by the Association” herein. There were no undistributed earnings available as of June 30, 2020.

Pursuant to the Settlement Agreement, all retirees and beneficiaries who are parties to the agreement would receive an increase in monthly paid health benefits of \$3.00 per full year of service. The Settlement Agreement provides this benefit to general members and safety members who are enrolled in Tier 1. The County Board extended this benefit to general members who are enrolled in Tier 2 and Tier 3, and to Safety Members who are enrolled in Tier 2 and Tier 4. There are 7,721 retiree members receiving this benefit, and the monthly cost of such benefit actually paid to such retiree members is approximately \$420,000 (reflecting an average of \$54.31 per retiree member per month and an average of approximately 18 years of service). The Board of Retirement and its outside counsel have determined that there is no cap on such benefit under the Settlement Agreement.

On October 23, 2014, the Association reported to the Board of Supervisors that approximately \$8.68 million of proceeds from the 2004 Series A Bonds that should have been allocated to the vested Health Benefit Reserve were instead allocated to the non-vested Health Benefit Reserve. As a result, some non-vested health benefits have been paid out of such funds. The Board of Retirement suspended paying benefits from the non-vested Health Benefit Reserve as of November 1, 2014, and determined not to seek recovery of these discretionary payments from individual retirees, and to correct the reserve amounts as of July 1, 2013 (for Fiscal Year 2013-14). In 2016, the Board of Retirement initially determined to carry the resulting deficit in the Health Benefit Reserve, but in 2017 the Board of Retirement determined to carry such deficit in the Contra Tracking Account. See “ – Transfers of Investment Earnings by the Association” herein.

Post-Retirement Healthcare Benefits. The County does not fund any post-retirement healthcare benefits (“OPEB”) to its employees or retirees. The County has contracts for fully insured healthcare plans for certain retirees. The premium for these plans are paid entirely by the participating retirees and the County does not incur any costs in connection therewith. Accordingly, the County does not have any normal costs or UAAL associated with OPEB, nor would retirees benefit from any “implicit subsidy” derived from obtaining post-retirement healthcare coverage at an active employee rate. Statement No. 75 of the Governmental Standards Accounting Board, which covers accounting and financial reporting by employers of post-retirement healthcare benefits other than pensions adopted in June 2015 does not apply to the County.

Litigation

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

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

wildfires throughout the State. This bankruptcy action is pending and it is presently unknown what the impact of this bankruptcy action will have on the pending civil actions.

Litigation Regarding Civil Rights Violations. There are several cases pending or proceeding against the County involving civil rights claims related to the actions of County law enforcement.

Anderson v. County of Fresno. The case of *Anderson v. County of Fresno* involves an in-custody death that occurred in the Fresno County Jail on June 24, 2020. The claimant, individually and as the successor in interest for the decedent, has not yet filed a lawsuit or stated the amount of damages sought. However, the complaint will likely include claims of civil rights violations, and therefore attorneys' fees could be awarded in addition to compensatory damages. The County cannot estimate its exposure at this time. If this case cannot be settled and proceeds to trial in Federal Court, a trial will likely occur in 2023.

Brock v. County of Fresno. The case of *Brock v. County of Fresno* involves an inmate-on-inmate assault that occurred in the Fresno County Jail on January 19, 2018, during which the plaintiff and his cell mate engaged in a fight that resulted in plaintiff going into a coma. The plaintiff is no longer in a coma, but the extent of his recovery is in dispute and the parties are currently engaging in non-expert discovery. The County estimates its exposure is approximately \$3,000,000 based on plaintiff's claims. However, if the case proceeds to trial a decision in the plaintiff's favor could result in greater than estimated damages and attorneys' fees. The scheduled trial date is presently April 12, 2022.

Mullins v. County of Fresno. The case of *Mullins v. County of Fresno* involves a death in March 2020 in the course of a commercial burglary. Plaintiffs, the mother and daughter of the decedent, allege various civil rights violations, as well as negligence, battery, wrongful death and survival claims. Plaintiffs are seeking damages, attorney's fees, and costs, in addition to declaratory and injunctive relief to cause the County Sheriff's Office to require deputies to wear body cameras and receive training in the use of less lethal weapons and de-escalation of force. Presently, the County believes its potential liability is less than \$1,000,000, but needs additional information to make a full determination. No trial date has been scheduled for this case.

Perez v. County of Fresno. The case of *Perez v. County of Fresno* involves an in-custody death that occurred in May 2017 involving Fresno Police Officers, County Sheriff's Deputies and a paramedic employed by American Ambulance. The lawsuit was filed on February 21, 2018. The parties are finishing non-expert discovery. Presently, the County believes it is not liable for this death. However, a jury could find the County liable and a verdict could result in an award of approximately \$3,000,000 plus attorneys' fees. The current trial date is scheduled for May 2022.

The County does not believe that any of its potential liabilities in the above matters will adversely affect its ability to pay the Notes as and when due.

Insurance

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

disability and life insurance, as well as health insurance for retirees, are also accounted for in the Risk Management Fund.

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

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

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

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

The County is fully self-insured for its medical malpractice exposure arising from providing public medical and mental health services. Prior to October 7, 1996, the County operated an acute hospital. The medical staff and resident physicians were covered by the University of California at San Francisco. The non-physician staff was covered by the County’s self-insurance plan. After that date, the operation of the hospital was contracted to a local private non-profit hospital. The medical malpractice exposure arising from County operation of the hospital will diminish over time. On March 25, 2014, medical and mental health services for the County’s correctional facilities was contracted to a third-party provider, who is required to maintain its own medical malpractice coverage for exposure under the contract. The current provider of these services is California Forensic Medical Group, doing business as Wellpath. The County employs several physicians and nurses to provide medical services for the County’s mental and public health programs. It also employs forensic pathologists and autopsy technicians for coroner services. These medical professionals are covered by the County’s self-insured medical malpractice program.

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

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

Settled claims for all programs have not exceeded the commercial coverage in any of the past three fiscal years. The claims liability of \$87,964,000 reported in the Risk Management Fund at June 30, 2020 is based on the requirement that claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The ending balance was equal to the beginning Fiscal Year 2019-20 liability of \$84,395,000, plus Fiscal Year 2019-20 claims provision and changes in estimates of \$19,081,000, minus claim payments of \$15,512,000.

The following Table 21 sets forth the Risk Management Fund’s claims liability amount for self-insurance in Fiscal Years 2015-16 through 2019-20. For Fiscal Year 2020-21, the County expects the balance in the Risk Management Fund at year end to be approximately the same or increase slightly over the amount in Fiscal Year 2019-20.

TABLE 21
COUNTY OF FRESNO
RISK MANAGEMENT FUND CLAIMS LIABILITY – SELF INSURANCE
Fiscal Years 2015-16 through 2019-20
(\$ in thousands)

<u>Fiscal Year</u>	<u>Beginning of Fiscal-Year Liability</u>	<u>Current-Year Claims Provision and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2015-16	\$85,805	\$12,066	\$(17,635)	\$80,236
2016-17	80,236	16,381	(18,910)	77,707
2017-18	77,707	22,366	(19,458)	80,615
2018-19	80,615	38,423	(34,643)	84,395
2019-20	84,395	19,081	(15,512)	87,964

Source: County of Fresno Comprehensive Annual Financial Report for Fiscal Years 2015-16 through 2019-20.

Indebtedness

Debt Management Policy. The County established the Debt Advisory Committee (“DAC”) in 1993. The DAC is responsible for reviewing all potential financings issued by the County and making appropriate recommendations to the County Board. The DAC consists of two members from the County Board, the County Administrative Officer, the Auditor-Controller/Treasurer-Tax Collector and County Counsel.

The County Board adopted the County’s Debt Policy (“Debt Policy”) in 2006 to help ensure the financial stability of the County, to reduce the County’s costs of borrowing, and to protect the County’s good credit quality through proper debt management. In 2018, the County Board revised the Debt Policy and renamed it as the County’s Debt Management Policy (“Debt Management Policy”). The Debt Management Policy provides general guiding policy principles to assist County decision makers and staff with respect to their debt management decisions and actions, as well as identify approved County financing methods and limitations on County debt. Such general guiding policy principles include, but are not limited

to, the following: (1) the proposed debt issuance should not be expected to cause financial instability or uncertainty for the County and the County will not incur debt in such a way that will unduly burden current or future taxpayers, ratepayers, or residents; (2) the proposed debt issuance should be expected to preserve the County’s good reputation in the financing markets and the County’s creditworthiness; (3) the total amount of all outstanding debt, after taking into account proposed debt, shall be reasonable for the County’s current and foreseeable future anticipated needs; (4) the County will incur debt only for certain reasons; (5) the proposed debt issuance should be similar to the type of debt that has been successfully issued by California counties of similar size and the amount of debt should not materially exceed the amount of debt of other California counties similar to the County; and (6) the proposed debt issuance should not expose the County to any legal or financial risk greater than that which the County would normally assume in other, similar financing transactions.

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

Short-Term Financing. The County has a cash management program for its General Fund through the issuance of tax and revenue anticipation notes. Tax and revenue anticipation notes provide cash flows to meet County General Fund expenditures during the period prior to the collection of property taxes. The following Table 22 sets forth the principal amounts of the County’s tax and revenue anticipation notes issued for Fiscal Years 2010-11 through 2019-20.

**TABLE 22
COUNTY OF FRESNO
TAX AND REVENUE ANTICIPATION NOTES
Fiscal Years 2010-11 through 2019-20**

<u>Fiscal Year</u>	<u>Amount</u>
2010-11	\$ 86,000,000
2011-12	78,000,000
2012-13	82,000,000
2013-14	63,000,000
2014-15	65,000,000
2015-16	No Issuance
2016-17	No Issuance
2017-18	No Issuance
2018-19	No Issuance
2019-20	100,000,000

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

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

TABLE 23
COUNTY OF FRESNO
SUMMARY OF LONG-TERM DEBT OBLIGATIONS
Payable from the General Fund
As of June 1, 2021

	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Original Principal Amount (\$ in thousands)</u>	<u>Principal Amount Outstanding (\$ in thousands)</u>
Fresno County Taxable Pension Obligation Bonds Series 2004A ⁽¹⁾	5.365 – 5.67%	2032	\$140,756	\$140,756
Fresno County Taxable Pension Obligation Bonds Series 2004B	5.56	2033	75,000	75,000
Fresno County Financing Authority Lease Revenue Refunding Bonds, Series 2012A	3.00	2022	22,425	2,790
Fresno County Financing Authority Lease Revenue Refunding Bonds, Series 2016	3.00 – 5.00	2030	<u>37,270</u>	<u>26,265</u>
Total			<u>\$275,451</u>	<u>\$244,811</u>

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

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

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

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

Fiscal Year	Pension Obligation Bonds				Lease Revenue Refunding Bonds				Total Debt Service
	2004 Series A Bonds Principal	2004 Series A Bonds Interest ⁽¹⁾	2004 Series B Bonds Principal	2004 Series B Bonds Interest	2012 Series A Refunding Bonds Principal	2012 Series A Refunding Bonds Interest	2016 Refunding Bonds Principal	2016 Refunding Bonds Interest	
2022	\$12,230,704.10	\$18,854,295.90	--	\$4,170,000.00	\$1,870,000.00	\$55,650.00	\$ 2,385,000.00	\$1,176,750.00	\$40,742,400.00
2023	12,162,116.75	20,862,883.25	--	4,170,000.00	920,000.00	13,800.00	2,505,000.00	1,057,500.00	41,691,300.00
2024	12,109,098.85	22,935,901.15	--	4,170,000.00	--	--	2,635,000.00	932,250.00	42,782,250.00
2025	12,016,647.00	25,123,353.00	--	4,170,000.00	--	--	2,765,000.00	800,500.00	44,875,500.00
2026	11,963,844.75	27,361,155.25	--	4,170,000.00	--	--	2,900,000.00	662,250.00	47,057,250.00
2027	11,969,793.15	29,625,206.85	--	4,170,000.00	--	--	3,050,000.00	517,250.00	49,332,250.00
2028	11,863,066.60	31,916,933.40	--	4,170,000.00	--	--	3,200,000.00	364,750.00	51,514,750.00
2029	11,893,026.60	34,516,973.40	--	4,170,000.00	--	--	3,360,000.00	204,750.00	54,144,750.00
2030	11,837,288.75	37,127,711.25	--	4,170,000.00	--	--	3,465,000.00	103,950.00	56,703,950.00
2031	11,800,332.00	39,819,668.00	--	4,170,000.00	--	--	--	--	55,790,000.00
2032	11,755,324.60	42,624,675.40	--	4,170,000.00	--	--	--	--	58,550,000.00
2033	9,154,949.70	35,630,050.30	\$12,800,000.00	3,814,160.00	--	--	--	--	61,399,160.00
2034	--	--	62,200,000.00	1,729,160.00	--	--	--	--	63,929,160.00
Totals ⁽²⁾	\$140,756,192.85	\$366,398,807.15	\$75,000,000.00	\$51,413,320.00	\$2,790,000.00	\$69,450.00	\$26,265,000.00	\$5,819,950.00	\$668,512,720.00

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

- (1) Includes compounded interest on Capital Appreciation Bonds.
- (2) Totals may not add due to rounding.

Civil Assessments. The County entered into a Memorandum of Understanding, dated July 1, 2005 (“Memorandum of Understanding”), with the Superior Court of California of the County of Fresno (the “Superior Court”), which was subsequently affected by certain trial court funding laws and procedural mechanisms (together, the “Procedural Mechanisms”) implemented by California State Association of Counties and the Judicial Council of California (the “Judicial Council”), including its Administrative Office of the Courts (the “AOC”). The Memorandum of Understanding and the Procedural Mechanisms were made part of that certain Development and Disposition Agreement for the Juvenile Court Facility, Superior Court of California, County of Fresno, dated as of March 13, 2007, by and among the County, the AOC, and the Superior Court (the “DDA,” together with the Memorandum of Understanding, and the Procedural Mechanisms, the “MOU”). The Juvenile Court Facility under the DDA is a shared-use court facility, which is used by the County and the Superior Court, through the AOC, respectively, based on their respective shared use ratios, generally, 41.5% of which is allocated to the County (the “County’s Share”) and 58.5% of which is allocated to the AOC. The County subleases the AOC’s portion of the shared-use court facility under that certain Lease-Purchase Agreement for the Juvenile Court Facility, Superior Court of California, County of Fresno, dated as of March 13, 2007, by and between the County and the AOC, and as amended by the Judicial Council and the County on March 28, 2018.

Under the MOU, the County receives the net amount, after the Superior Court’s deduction of certain allowable costs, of certain civil assessments imposed against defendants who failed to appear in court for an authorized proceeding (the “Civil Assessments”). The Superior Court collects the Civil Assessments and pays those monies to the AOC, which, in turn, pays those monies periodically to the County under the MOU. Presently, up to 50% of the balance, if any, received by the County from the AOC in accordance with the MOU from Civil Assessments up to \$500,000 per court fiscal year for up to a 20-year period, which is expected to end June 30, 2029, may be used by the County to pay a portion attributable to the County’s Share of the base rental payments due under the Lease Agreement (the “2016 Lease Agreement”) entered into in connection with the issuance of the Fresno County Financing Authority Lease Revenue Refunding Bonds, Series 2016 (the “Series 2016 Lease Revenue Refunding Bonds”). The amount of Base Rental Payments for the Series 2016 Lease Revenue Refunding Bonds in Fiscal Year 2021-22 is approximately \$3,565,500. The County’s share of such amount is \$1,479,683, which amount will be offset by \$500,000 of Civil Assessments received by the County.

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

The following Table 25 sets forth the amount of Civil Assessments received by the County in Fiscal Years 2015-16 through 2020-21.

TABLE 25
COUNTY OF FRESNO
CIVIL ASSESSMENT REVENUES
Fiscal Years 2015-16 through 2020-21

<u>Fiscal Year</u>	<u>Amount of Civil Assessments⁽¹⁾</u>
2015-16	\$4,507,027
2016-17	2,311,215
2017-18	2,535,376
2018-19	2,702,051
2019-20	2,928,698
2020-21 ⁽²⁾	1,203,148

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

⁽¹⁾ See text above for a description of the amounts available to pay a portion of the Base Rental Payments due under the 2016 Lease Agreement.

⁽²⁾ Civil Assessment revenues for Fiscal Year 2020-21 reflect revenues collected through 2nd Quarter of Fiscal Year 2020-21.

Lease Obligations. As of June 30, 2020, the County was the lessee under certain capital leases in effect with respect to real property and equipment used by the County. The following Table 26 sets forth the minimum lease payments in Fiscal Years 2020-21 through 2024-25 required by the County under capital leases as of June 30, 2020.

TABLE 26
COUNTY OF FRESNO
MINIMUM CAPITAL LEASE PAYMENTS
As of June 30, 2020
(\$ in thousands)

<u>Government Activities (Fiscal Year ended June 30)</u>	<u>Total Payments</u>	<u>Imputed Interest</u>	<u>Present Value of Net Minimum Lease Payments</u>
2021	\$1,296	\$103	\$1,193
2022	1,007	52	955
2023	510	17	493
2024	154	5	149
2025	<u>16</u>	<u>1</u>	<u>15</u>
Total	<u>\$2,983</u>	<u>\$178</u>	<u>\$2,805</u>

Source: County of Fresno, Comprehensive Annual Financial Report as of June 30, 2020.

Since June 30, 2017, the County entered into five lease purchase agreements for office buildings used by County staff in the County’s Department of Social Services and the District Attorney’s Office. A portion of these leases financed tenant improvements. Four of these leases are for Department of Social Services buildings. The rental payments due under these four leases begin upon occupancy by the County. Substantially all of these rental payments are reimbursed by federal and state governments. The rental payments for the building used by the District Attorney’s Office commenced in June 2020. This lease agreement provides for an average annual payment of approximately \$1,920,000 for 20 years and permits the County to purchase the building during the tenth year of the lease term.

Direct and Overlapping Debt

Set forth in the following Table 27 on the following page is a direct and overlapping bonded indebtedness report as of May 1, 2021 (the “Debt Report”) which was compiled by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. The County has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith. The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the County. Such long-term obligations generally are not payable from revenues of the County (except as indicated) nor are they necessarily obligations secured by land within the County. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE 27
COUNTY OF FRESNO
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
As of May 1, 2021

2020-21 Assessed Valuation: \$91,363,772,817 (includes unitary utility valuation)

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/21</u>
Merced Community College District School Facilities Improvement District No. 2	2.842%	\$ 164,832
State Center Community College District	83.222	285,463,943
West Hills Community College District and School Facilities Improvement Districts	26.479-99.591	35,311,113
Central Unified School District	100.	170,970,202
Clovis Unified School District	100.	388,402,988
Fresno Unified School District	100.	567,858,298
Kings Canyon Joint Unified School District	90.710	69,823,946
Sanger Unified School District	100.	173,594,481
Other Unified School Districts	Various	294,318,564
High School and School Districts	Various	45,608,248
City of Selma	100.	3,755,000
Hospital Districts	100.	21,570,000
Coalinga-Huron Recreation and Park District	100.	14,475,000
California Statewide Community Development Authority		
Community Facilities District No. 2012-01	100.	4,090,000
City Community Facilities Districts	100.	2,725,000
1915 Act Bonds (Estimated)	100.	<u>4,731,974</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$2,082,863,589
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Fresno County General Fund Obligations	100. %	\$ 29,055,000⁽¹⁾
Fresno County Pension Obligation Bonds	100.	215,756,193
College Community College District General Fund Obligations	Various	7,739,314
Central Unified School District Certificates of Participation	100.	29,080,450
Clovis Unified School District General Fund Obligations	100.	19,015,000
Fresno Unified School District General Fund Obligations	100.	11,720,000
Sanger Unified School District Certificates of Participation	100.	38,970,000
Other School District General Fund Obligations	Various	35,232,973
City of Clovis General Fund Obligations	100.	20,307,131
City of Fresno General Fund and Judgment Obligations	100.	158,364,238
City of Fresno Pension Obligation Bonds	100.	107,555,000
Other City General Fund Obligations	100.	17,580,521
Coalinga Regional Medical Center General Fund Obligations	100.	3,800,000
Clovis Memorial Water District General Fund Obligations	100.	<u>3,470,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$697,645,820
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>	100. %	\$46,837,791

COMBINED TOTAL DEBT \$2,827,347,200⁽²⁾

(1) Excludes issue to be sold.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2020-21 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.28%
Combined Direct Debt (\$244,811,193)	0.27%
Combined Total Debt	3.09%

Ratios to Redevelopment Incremental Valuation (\$6,388,824,430):

Total Overlapping Tax Increment Debt	0.73%
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Source: California Municipal Statistics, Inc.

General Fund Financial Statements

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

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

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

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

Treasury Investment Pool

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

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

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

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

State law requires that all monies of the County, school districts, and certain special districts be held by the Auditor-Controller/Treasurer-Tax Collector. As of April 30, 2021, 23.35% of the amounts in the Treasury Investment Pool, exclusive of the amounts resulting from County short-term borrowing, are attributable to the County. Approximately 46.68% of the amounts in the Treasury Investment Pool are attributable to school districts, which are required by law to make deposits in the Treasury Investment Pool. Monies deposited in the Treasury Investment Pool by the participants represent an individual interest in all assets and investments in the Treasury Investment Pool based upon the amount deposited. All income is distributed to the participants based upon their average daily balance.

As of April 30, 2021, Treasury Investment Pool market-to-book value analysis indicated a less than 1.7% appreciation because of fluctuations in interest rates. Current liquidity in the Treasury Investment Pool, consisting of cash, investments in mutual funds and investments in cash equivalents, is approximately 15.57% as of April 30, 2021. The Auditor-Controller/Treasurer-Tax Collector calculates and apportions interest quarterly. The weighted average years-to-maturity for the month ended April 30, 2021 was 2.10 years.

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

As of April 30, 2021, approximately 34.0% of the Treasury Investment Pool's portfolio was comprised of securities with a maturity of less than one year, 13.5% was invested in securities with maturities ranging from one to two years, 15.1% was invested in securities with maturities ranging from two to three years, 14.3% was invested in securities with maturities ranging from three to four years and 23.0% was invested in securities with maturities ranging from four to five years.

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

As of April 30, 2021, the market value of on the Treasury Investment Pool was \$5,039,740,340, the amortized book value was \$4,956,600,010, the book yield was 1.40% and the effective duration was 2.00 years. The following Table 28 reflects various information with respect to the Treasury Investment Pool as of the close of business on April 30, 2021. As described above, a wide range of investments are authorized under California Government Code, but they are further limited by the current Treasury Investment Policy. For additional information concerning County investments, see Appendix C – “County of Fresno General Purpose Financial Statements for the Fiscal Year ended June 30, 2020” attached to this Official Statement.

TABLE 28
COUNTY OF FRESNO
Pooled Investment Fund of the County
As of April 30, 2021

	Net Market Value (\$ in thousands)	Percentage of Total Value
INVESTMENTS		
Bank Accounts (Cash)	\$ 54,577	1.08%
Federal Agency Securities	2,539,908	50.40
Medium Term Notes	1,126,216	22.35
U.S. Treasury Securities	156,301	3.10
Commercial Paper	99,910	1.98
Mutual Funds	20,000	0.40
Local Agency Investment Funds	75,000	1.49
Bank Money Market Accounts	635,010	12.60
Negotiable CD's	110,005	2.18
Municipal Bonds	<u>222,813</u>	<u>4.42</u>
TOTAL CASH AND INVESTMENTS⁽¹⁾	<u>\$5,039,740</u>	<u>100.00%</u>

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

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

The Teeter Plan

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

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

In addition, pursuant to the Teeter Law, the County is required to establish a tax losses reserve fund to cover losses which may occur in the amount of tax liens as a result of special sales of tax-defaulted property (*i.e.*, if the sale price of the property is less than the amount owed). The amount required to be on deposit in the tax losses reserve fund is, at the election of the County, one of the following amounts: (1) an amount not less than 1% of the total amount of taxes and assessments levied on the secured roll for a particular year for entities participating in the Teeter Plan or (2) an amount not less than 25% of the total delinquent secured taxes and assessments calculated as of the end of the fiscal year for entities participating in the Teeter Plan. The County’s tax losses reserve fund is currently fully funded in accordance with the County’s election to be governed by the first alternative in the amount of \$20,592,091.81. Accordingly, any additional penalties and interest that otherwise would be credited to the tax losses reserve fund are available to be credited to the County’s General Fund.

Community Facilities District

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

Impact of Wildfires on the County

Many areas of northern California have suffered from severe wildfires in recent years, resulting in thousands of acres being burned and the destruction of thousands of homes and other structures. In addition to the direct impact of wildfires on health and safety, as well as property damage, smoke from wildfires has impacted the quality of life in the State and may have short-term and future impacts on commercial and tourist activity, as well as the desirability of the State as a place to live, potentially negatively affecting real estate trends and values.

In 2020, the Creek Fire, the largest single-origin fire in recent State history, consumed more than 379,000 acres before being contained and forced the evacuation of thousands of people from their homes in the County and neighboring Madera County. The fire damaged or destroyed at least 927 structures in both the County and Madera County. Fire suppression costs have been estimated at \$193 million and damage to the County’s infrastructure is estimated at \$35 million. Over 25% of the San Joaquin River watershed basin burnt with 50% of that being a moderate to high intensity burn. The full impact to the watershed has yet to be realized as the County had a mild winter in 2021; however, contaminated surface water runoff from the burnt watershed has a significant potential to impact the quality of drinking water for over 300,000 downstream users, in addition to thousands of acres of agricultural crops. The Creek Fire’s impact to the environment and beauty of the Sierra National Forest will be a visual reminder for decades to come. The County, the United States Department of Agriculture – High Sierra Forest Service, and private property owners within the Creek Fire burn area will be forced to address hundreds of thousands of dead or dying trees over the next five to ten years. The costs associated with dead or dying trees over this period of time can easily exceed hundreds of millions of dollars. The economic losses and loss of property tax base are currently being calculated and have been conservatively estimated to be in the tens of millions of dollars. However, relative to overall property tax base for Fresno County, it will not have a significant impact on property tax revenue received by Fresno County.

In the last five years, prior to the Creek Fire, the County undertook several projects to clear dead and dying trees from County land, especially around major roadways. This included the creation of fire fuel breaks around Shaver Lake and Huntington Lake. These projects were shown to be effective in assisting emergency response personnel in responding to the Creek Fire.

STATE OF CALIFORNIA BUDGET AND SUPPLEMENTAL FINANCIAL INFORMATION

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

no responsibility for the continued accuracy of the internet address of the State Treasurer or for the accuracy, if any, or timeliness of information posted there, and such information is not incorporated herein by these references.

State Budget for Fiscal Year 2020-21

On June 29, 2020, the Governor approved the State Budget Act for Fiscal Year 2020-21 (the “Fiscal Year 2020-21 State Budget Act”). Although initially the proposed Fiscal Year 2020-21 State budget (the “2020-21 Proposed State Budget”) had not reflected the impacts of COVID-19, the May Revision to the 2020-21 Proposed State Budget (the “May Revision”) reflected the projected impacts of the Pandemic on the State’s economy, including a projected decline of \$41 billion in General Fund revenues. This decline in revenues, along with increased costs in health and human services programs, lead to a projected budget deficit of approximately \$54 billion prior to the implementation of the budget proposals in the May Revision. The Fiscal Year 2020-21 State Budget Act takes a balanced approach to closing the \$54 billion deficit projected in the May Revision.

The Fiscal Year 2020-21 State Budget Act projects Fiscal Year 2020-21 State General Fund total resources of \$139.7 billion (inclusive \$2.0 billion in fund balance from Fiscal Year 2019-20), total expenditures of \$133.9 billion and a year-end surplus of \$5.8 billion, of which \$3.2 billion would be reserved for the liquidation of encumbrances and \$2.6 billion would be deposited in a special fund for economic uncertainties. In addition, it is projected that as of the end of Fiscal Year 2020-21, there will be \$8.3 billion on deposit in the State’s Rainy Day Fund. In response to the COVID-19 Pandemic, the Fiscal Year 2020-21 State Budget Act also reserves \$716 million in a COVID-19 Reserve.

Features of the Fiscal Year 2020-21 State Budget Act affecting counties in general include, but are not limited to, the following:

- The Fiscal Year 2020-21 State Budget Act provides \$1.3 billion to counties, with funds distributed according to relative population. Recipients must use the funds according to federal law.
- The Fiscal Year 2020-21 State Budget Act includes \$750 million in General Fund moneys to provide support for counties experiencing revenue losses for realigned programs. To the extent the federal government provides sufficient eligible funding by October 15, 2020, an additional \$250 million may be provided for these purposes. The Fiscal Year 2020-21 State Budget Act requires counties to prioritize funding to support entitlement programs and programs that serve vulnerable populations, including young offenders in the criminal justice system. The California Department of Finance, in consultation with the California State Association of Counties, developed a countywide allocation schedule to distribute the funds, of which the County received its full allocation of \$20.8 million.
- The Fiscal Year 2020-21 State Budget Act includes ongoing savings of \$12.2 million ongoing to freeze In-Home Supportive Services (“IHSS”) county administration funding at the Fiscal Year 2019-20 level.
- The Fiscal Year 2020-21 State Budget Act expands Medi-Cal eligibility for seniors and preserves optional benefits; maintains IHSS service hours at current year levels; maintains CalWORKS eligibility and grant levels and extends the time limit for aid to adult recipients from 48 months to 60 months.
- The Fiscal Year 2020-21 State Budget Act Provides \$550 million of CARES Act funding for the acquisition and/or rehabilitation of motels, hotels, or hostels; master leasing of properties; acquisition of other sites and assets; conversion of units from nonresidential to residential; purchase of affordability covenants and restrictions for units; and the relocation costs for individuals who are being displaced as a result

of the rehabilitation of existing units. An additional \$50 million will be provided to Project Roomkey, to be dispersed through the Multifamily Housing Program to fund the acquisition, conversion, rehabilitation, and operating subsidies for hotels, motels, and other properties to provide housing for people experiencing homelessness or at-risk of becoming homeless.

- The Fiscal Year 2020-21 State Budget Act provides \$100.8 million in increased funding to repair, restore, or replace public real property damaged or destroyed by a disaster or to reimburse local governments for eligible costs associated with emergency activities undertaken in response to a state of emergency proclaimed by the Governor.

- The Fiscal Year 2020-21 State Budget Act Provides \$35 million of State funding for the November 2020 election and adopts language for a mechanism to provide additional funding for increased costs, if adequately justified. The Secretary of State has the authority to spend \$65.5 million of additional Federal funds for the implementation of State mandates in the Help America Vote Act of 2002 as it relates to the Consolidated Appropriations Act of 2020 and the CARES Act due to the COVID-19 Pandemic.

State Budget for Fiscal Year 2021-22

On January 8, 2021, the Governor released the Fiscal Year 2021-22 Proposed State Budget (the “2021-22 Proposed State Budget”). The 2021-22 Proposed State Budget estimates Fiscal Year 2021-22 State General Fund total resources of \$170.6 billion (inclusive of \$12.2 billion in fund balance from Fiscal Year 2020-21), total expenditures of \$164.5 billion and a year-end surplus of \$6.1 billion, of which \$3.2 billion would be reserved for the liquidation of encumbrances, with \$2.9 billion deposited in a reserve for economic uncertainties. In addition, the 2021-22 Proposed State Budget projects that as of the end of Fiscal Year 2021-22 there will be \$450 million on deposit in the Safety Net Reserve and \$15.6 billion on deposit in the State’s Rainy Day Fund.

Features of the 2021-22 Proposed State Budget affecting counties in general include, but are not limited to, the following:

- The 2021-22 Proposed State Budget includes the “Golden State Stimulus”, which provides \$2.4 billion for \$600 in tax refunds to low-income taxpayers.

- The 2021-22 Proposed State Budget authorizes early action to deploy the State’s Emergency Rental Assistance funds and extends the eviction protections enacted by Assembly Bill 3088 (Chapter 347, Statutes of 2020). On January 29, 2021, the Governor signed Senate Bill 91 (Chapter 2, Statutes of 2021), which extends the State’s eviction moratorium until June 30, 2021, and created the State’s Emergency Rental Assistance program.

- The 2021-22 Proposed State Budget provides \$750 million in one-time State funding for competitive grants for local governments to purchase and rehabilitate housing and convert them into interim or permanent long-term housing.

- The 2021-22 Proposed State Budget provides \$750 million for the State’s Small Business COVID-19 Relief Grant program and \$25.0 million in grants for small cultural institutions.

- The 2021-22 Proposed State Budget provides \$17.8 million for In-Home Supportive Services, \$65.4 million for Medi-Cal and \$198.0 million for CalFresh for caseload increases and California Consumer Price Index adjustments.

- The 2021-22 Proposed State Budget provides \$61.1 million of funding to address the COVID-19 pandemic, including funding for the Extended Foster Care program established by AB 12, and sufficient funding to implement the Family First Prevention Services Act.

- The 2021-22 Proposed State Budget includes a one-time General Fund allocation of \$60 million for Sustainable Groundwater Management grants to support economic mitigation planning and groundwater implementation projects in critically over-drafted basins. The 2021-22 Proposed State Budget also includes a one-time General Fund allocation of \$40 million to provide incentives that help farmers reduce irrigation water use and greenhouse gas emissions from agriculture pumping. These funds are to be split equally between the 2020-21 and 2021-22 budget years.

May Revision to the Fiscal Year 2021-22 Proposed State Budget. On May 14, 2021, the Governor released the May Revision to the Fiscal Year 2021-22 Proposed State Budget (the “May Revision”). The May Revision estimates Fiscal Year 2021-22 State General Fund total resources of \$203.4 billion (inclusive of \$27.4 billion in fund balance from Fiscal Year 2020-21), total expenditures of \$196.8 billion and a year-end surplus of \$6.6 billion, of which \$3.2 billion would be reserved for the liquidation of encumbrances, with \$3.4 billion deposited in a reserve for economic uncertainties. In addition, the May Revision projects that as of the end of Fiscal Year 2021-22 there will be \$450 million on deposit in the Safety Net Reserve and \$15.9 billion on deposit in the State’s Rainy Day Fund.

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

- The May Revision expands the Golden State Stimulus program to provide stimulus payments to three non-exclusive groups: \$600 one-time stimulus payments to all taxpayers filing a 2020 tax year return with adjusted gross income of \$75,000 or less who did not already receive a Golden State Stimulus; \$500 one-time stimulus payments to all taxpayers with adjusted gross income of \$75,000 or less with a dependent on the return; and \$500 one-time stimulus payments to all taxpayers with Individual Tax Identification Numbers and adjusted gross income of \$75,000 or less and a dependent.

- The May Revision proposes \$1.5 billion federal American Rescue Plan Act funds for three additional rounds of grants to provide relief to more small businesses.

- The May Revision includes \$750 million to provide financial support to regional and local stakeholder collaboratives to plan and implement region- and industry-specific economic transition strategies, with a focus on supporting high road industries, quality job creation, and workforce strategies in those sectors or regions most affected by the State’s transition to carbon neutrality.

- The May Revision proposes an additional \$532 million (over the \$262 million included in the 2021-22 Proposed state Budget) to advance climate smart agriculture and improve drought resiliency, among other things.

Additional Information; Future State Budgets

Information about the State budget and State spending for subdivisions of the State, such as the County, which receive the majority of their revenues through the State, is regularly available at various State-maintained websites. Text of the State budget may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading “California Budget”. Various analyses of the State budget may be found at the website of the LAO at www.lao.ca.gov. In addition, certain State official statements, many of which contain a summary of the current and past State budgets and the impact of those State budgets on counties in

the State, may be through the website of the MSRB's EMMA System, emma.msrb.org. The information presented in these websites is not incorporated by reference in this Official Statement.

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

Potential Impact of State Budget on County's Financial Condition

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

DEMOGRAPHIC INFORMATION

General

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

The County is organized as a charter county under State law. The County charter was adopted on April 19, 1933. As required by State and federal mandate, the County is responsible at the local level for activities involving public welfare, health and justice (including jails) and for the maintenance of public records. The County also provides services such as law enforcement and public works to cities within the County on a cost-recovery contract basis. The County also operates recreational and cultural facilities serving both the incorporated and unincorporated areas of the County.

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

Population

The following Table 29 sets forth the estimates of the County's population for calendar years 2015 through 2020.

**TABLE 29
COUNTY OF FRESNO
POPULATION ESTIMATES
2015 through 2020**

<u>Year</u> <u>(as of January 1)</u>	<u>Population</u>
2015	975,169
2016	984,202
2017	993,773
2018	1,004,260
2019	1,015,195
2020	1,023,358

Source: California Department of Finance.

Major Industries

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

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

**TABLE 30
COUNTY OF FRESNO
EMPLOYMENT BY INDUSTRY
2020 Annual Averages**

<u>Industry</u>	<u>2020 Annual Average Employment</u>	<u>2020 Percentage of County Employment⁽¹⁾</u>	<u>2020 Percentage of County Total Labor Force⁽¹⁾</u>
Government	72,500	18.34%	16.27%
Health Care and Social Assistance	68,300	17.28	15.33
Total Farm	41,100	10.40	9.23
Retail Trade	37,100	9.39	8.33
Professional and Business Services	33,800	8.55	7.59
Leisure and Hospitality	28,600	7.24	6.42
Manufacturing	25,800	6.53	5.79
Wholesale Trade	14,500	3.67	3.25
Mining, Logging and Construction	18,900	4.78	4.24
Finance and Insurance	8,800	2.23	1.98
Real Estate and Rental and Leasing	4,800	1.21	1.08
Transportation, Warehousing and Utilities	18,400	4.65	4.13

Source: State of California Employment Development Department, 2020 Benchmark.

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

Labor Force

The following Table 31 sets forth employment by industry group and labor force figures for the County and employment and the unemployment rate in the County from 2016 through 2020.

TABLE 31
COUNTY OF FRESNO
INDUSTRY EMPLOYMENT, EMPLOYMENT AND UNEMPLOYMENT
ANNUAL AVERAGES
2016 through 2020
(in thousands)

Industry Employment	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<i>Mining and Logging</i>	0.3	0.3	0.3	0.3	0.3
<i>Total Farm</i>	46.9	46.1	44.2	44.1	41.1
<i>Construction</i>	16.0	17.4	18.7	19.0	18.6
<i>Manufacturing</i>	25.2	25.6	25.9	26.2	25.8
<i>Wholesale Trade</i>	14.0	14.1	14.4	14.7	14.5
<i>Retail Trade</i>	38.8	38.9	39.1	38.7	37.1
<i>Transportation, Warehousing and Utilities</i>	13.2	14.1	15.4	16.6	18.4
<i>Information</i>	3.8	3.6	3.6	3.4	3.0
<i>Finance and Insurance</i>	8.7	9.0	9.2	9.3	8.8
<i>Real Estate and Rental and Leasing</i>	4.6	4.8	5.0	4.9	4.8
<i>Professional and Business Services</i>	32.4	31.1	32.5	34.6	33.8
<i>Educational and Health Services</i>	63.9	67.2	69.3	72.5	72.0
<i>Leisure and Hospitality</i>	32.8	33.8	34.5	35.7	28.6
<i>Other Services</i>	11.7	11.8	11.9	12.1	11.0
<i>Government</i>	<u>71.0</u>	<u>72.6</u>	<u>74.5</u>	<u>75.2</u>	<u>72.5</u>
<i>Total Wage and Salary Employment⁽¹⁾⁽²⁾</i>	<u>383.3</u>	<u>390.2</u>	<u>398.3</u>	<u>407.5</u>	<u>390.0</u>
<i>Civilian Labor Force⁽³⁾</i>	444.7	444.8	446.3	450.5	445.5
<i>Civilian Employment</i>	402.4	406.5	412.3	417.3	395.3
<i>Unemployment</i>	42.2	38.2	33.9	33.2	50.3
<i>Unemployment Rate</i>	9.5%	8.6%	7.6%	7.4%	11.3%

Source: State of California Employment Development Department. March 2020 Benchmark.

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

⁽²⁾ Based on place of work.

⁽³⁾ Based on place of residence.

Personal Income

The following Table 32 sets forth the per capita personal income for the County, the State and the United States of America from 2016 through 2020.

TABLE 32
PER CAPITA PERSONAL INCOME
2016 through 2020

<u>Year</u>	<u>County of Fresno</u>	<u>State of California</u>	<u>United States of America</u>
2016	\$41,122	\$58,074	\$49,995
2017	41,905	60,581	52,096
2018	43,438	63,759	54,581
2019	45,487	66,745	56,474
2020	-----	71,480	59,729

Source: U.S. Department of Commerce, Bureau of Economic Analysis.
All dollar estimates are in millions of current dollars (not adjusted for inflation).
County of Fresno: Data last updated on November 17, 2020.
State of California and the United States of America: Data last updated: March 24, 2021.

Commercial Activity

The following Table 33 sets forth taxable sales in the County for 2016 through 2020 and for the nine-month period ended September 2020.

TABLE 33
COUNTY OF FRESNO
TAXABLE SALES
2016 through and 2020
(\$ in thousands)

<u>Type of Business</u>	<u>2016</u> <u>Annual</u>	<u>2017</u> <u>Annual</u>	<u>2018</u> <u>Annual</u>	<u>2019</u> <u>Annual</u>	<u>2020</u> <u>(as of Sept. 2020)</u>
Retail and Food Services					
Motor Vehicle and Parts Dealers	\$ 2,257,850	\$ 2,278,278	\$ 2,274,327	\$ 2,346,587	\$ 682,856
Home Furnishings and Appliance Stores	499,702	514,677	528,234	561,087	139,656
Building Materials, Garden Equipment and Supplies	885,807	966,216	1,019,028	1,003,704	300,171
Food and Beverage Stores	614,736	663,117	699,267	718,860	196,182
Gasoline Stations	1,012,809	1,114,149	1,224,916	1,212,541	266,148
Clothing and Clothing Accessories Stores	617,080	621,379	708,052	784,345	169,987
General Merchandise Stores	1,444,145	1,475,214	1,522,758	1,597,357	407,322
Food Services and Drinking Places	<u>1,356,591</u>	<u>1,423,611</u>	<u>1,472,393</u>	<u>1,561,973</u>	<u>340,496</u>
Total Retail and Food Services	<u>\$ 9,678,468</u>	<u>\$ 10,067,448</u>	<u>\$ 10,566,360</u>	<u>\$ 11,083,054</u>	<u>\$ 3,039,626</u>
All Other Outlets	<u>4,505,629</u>	<u>4,688,303</u>	<u>4,819,896</u>	<u>5,135,829</u>	<u>1,461,036</u>
Total All Outlets ⁽¹⁾	<u>\$14,184,097</u>	<u>\$ 14,755,751</u>	<u>\$ 15,386,256</u>	<u>\$ 16,218,883</u>	<u>\$ 4,500,662</u>

Source: California Department of Tax and Fee Administration, Taxable Sales in California.
⁽¹⁾ Total may not equal sum of component parts due to rounding.

Construction Activity

The following Table 34 sets forth a summary of building permit valuations for the County for 2016 through 2020.

TABLE 34
COUNTY OF FRESNO
BUILDING PERMIT VALUATIONS⁽¹⁾
2016 through 2020
(\$ in thousands)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Valuations:					
Residential	\$ 772,029	\$ 673,605	\$ 818,012	\$899,276	\$983,560
Nonresidential	<u>409,795</u>	<u>353,350</u>	<u>497,052</u>	<u>499,337</u>	<u>577,313</u>
Total	<u>\$1,181,824</u>	<u>\$1,026,955</u>	<u>\$1,315,064</u>	<u>\$1,398,612</u>	<u>\$1,560,873</u>
New Dwelling Units:					
Single Family	2,559	1,886	2,560	2,732	2,747
Multiple Family	<u>339</u>	<u>1,135</u>	<u>290</u>	<u>689</u>	<u>653</u>
Total	<u>2,898</u>	<u>3,021</u>	<u>2,850</u>	<u>3,421</u>	<u>3,400</u>

Sources: California Homebuilding Foundation.

⁽¹⁾ Amounts not adjusted for inflation. Amounts not seasonally adjusted. Amounts may not be equal to total due to rounding.

Agricultural Production

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

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

The following Table 35 sets forth the gross production value of agricultural products in the County for calendar years 2009 through 2019.

TABLE 35
COUNTY OF FRESNO
GROSS PRODUCTION VALUE OF AGRICULTURAL PRODUCTS
2009 through 2019
(\$ in millions)

<u>Year</u>	<u>Total</u>
2009	\$5,347,381,000
2010	5,944,758,000
2011	6,811,533,700
2012	6,587,266,000
2013	6,443,236,500
2014	7,039,436,000
2015	6,665,915,000
2016	6,187,919,100
2017	7,028,024,100
2018	7,900,464,790
2019	7,717,906,900

Source: County of Fresno Agricultural Commissioner.

The following Table 36 sets forth the gross production value by category of various agricultural products from 2015 through 2019.

TABLE 36
COUNTY OF FRESNO
GROSS PRODUCTION VALUE OF VARIOUS COMMODITIES
2015 through 2019
(\$ in thousands)

<u>Crops</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Field	\$ 235,683	\$ 230,614	\$ 323,047	\$ 342,442	\$ 336,642
Seed	23,446	21,491	27,765	37,219	18,036
Vegetable	1,251,412	1,105,362	990,326	1,533,030	1,429,003
Fruit & Nut	3,403,549	3,247,839	4,033,301	4,357,961	4,426,673
Nursery	46,637	116,186	38,247	51,061	39,877
Livestock and Poultry	1,139,142	954,223	1,007,996	989,912	880,871
Livestock and Poultry Products	491,952	417,091	505,849	462,802	431,816
Apiary	70,745	90,378	95,584	122,141	149,435
Industrial	3,349	4,735	5,909	3,896	5,553
Total	<u>\$6,665,915</u>	<u>\$6,187,919</u>	<u>\$7,028,024</u>	<u>\$7,900,464</u>	<u>\$7,717,906</u>

Source: County of Fresno Agricultural Commissioner.

Transportation

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

Airport in the City of Fresno provides regularly scheduled passenger and freight service to major metropolitan centers in the nation and Mexico.

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

Port of Entry

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

Utilities

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

Education

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

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

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

Community Services and Recreation

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

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

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

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

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

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

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

APPENDIX B

**COUNTY OF FRESNO
CASH FLOW STATEMENTS**

COUNTY OF FRESNO
FY 2019-20 CASH FLOWS
12 Month Actuals

	Actuals JULY	Actuals AUGUST	Actuals SEPTEMBER	Actuals OCTOBER	Actuals NOVEMBER	Actuals DECEMBER	Actuals JANUARY	Actuals FEBRUARY	Actuals MARCH	Actuals APRIL	Actuals MAY	Actuals JUNE	TOTAL
BEGINNING CASH	179,152,521	122,875,935	97,712,153	89,123,471	89,302,167	23,644,036	167,956,002	156,667,940	136,134,826	119,177,266	209,179,200	153,259,056	
RECEIPTS:													
1 PROPERTY TAXES	686,102	-	-	(197,694)	-	52,211,416	-	-	-	45,735,599	-	5,929,836	104,365,259
2 OTHER TAXES	(2,521,015)	5,661,306	2,662,817	3,334,914	2,689,942	64,886,481	11,155,096	364,795	9,990,314	68,255,065	7,852,057	2,274,226	176,605,998
3 LICENSES, PERMITS AND FRANCHIS	(298,474)	925,996	427,792	436,097	456,116	375,933	809,727	574,501	367,515	4,890,353	71,528	569,471	9,606,555
4 FINES, FORFEITS, AND PENALTIES	(172,787)	478,338	359,721	386,749	529,691	586,723	361,599	301,952	343,422	342,334	242,856	226,849	3,987,447
5 USE OF MONEY AND PROPERTY	76,790	35,973	830,330	69,242	(20,492)	650,981	242,697	16,724	447,776	53,213	25,277	658,001	3,086,512
6 INTERGOVERNMENTAL REVENUES	21,966,920	17,106,534	10,615,612	23,132,746	4,432,909	20,253,056	22,408,767	16,215,758	18,913,835	17,119,606	16,858,198	22,279,849	211,303,790
7 CHARGES FOR SERVICES	351,687	3,712,379	4,100,970	4,426,444	2,497,170	6,183,938	4,652,772	2,320,734	2,713,056	9,814,904	3,615,546	4,241,783	48,631,383
8 OTHER REVENUES	96,954	2,207,140	708,170	678,688	632,820	620,348	437,858	527,685	1,266,171	507,552	1,508,774	967,453	10,159,613
9 INTRAFUND TRANSFERS	66,915,967	62,788,181	97,581,202	88,141,338	64,387,731	113,674,038	92,938,647	79,572,880	106,256,950	91,004,757	70,890,053	126,413,011	1,060,564,755
DEBT SERVICE (POB/LRB)	2,854,410	2,936,683	3,057,695	2,854,828	4,141,431	3,134,867	8,074,389	2,839,640	3,064,936	3,135,920	4,147,319	3,206,257	43,448,375
CAPITAL PROJECTS	-	-	-	-	-	-	17,864,063	-	-	-	-	-	17,864,063
COVID REIMBURSEMENTS	-	-	-	-	-	-	-	-	-	-	-	11,663,782	11,663,782
TRAN PROCEEDS	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	89,956,554	95,852,530	120,344,309	123,263,352	79,747,318	262,577,781	158,945,615	102,734,669	143,363,975	240,859,303	105,211,608	178,430,518	1,701,287,532
DISBURSEMENTS:													
10 SALARIES AND BENEFITS	53,629,262	57,938,233	55,109,701	57,937,977	83,130,788	55,900,096	58,721,168	56,431,853	56,788,325	59,777,718	82,464,734	82,464,734	760,294,589
11 SERVICES AND SUPPLIES	60,518,722	61,527,910	66,898,003	62,811,233	59,490,418	57,179,134	90,839,276	65,208,932	91,933,649	81,315,337	70,459,717	69,384,409	837,566,740
12 OTHER CHARGES	238,252	837,136	3,718,206	243,263	284,014	3,530,607	20,891	142,647	3,951,808	3,724,818	473,997	473,997	17,639,636
13 OTHER FINANCING USES	8,400	188,816	3,174,963	1,093,466	1,363,608	989,398	20,087,478	983,406	2,485,844	1,372,460	1,947,225	1,947,225	35,642,289
14 CAPITAL ASSETS	51,053	50,650	50,650	882,383	1,135,528	624,074	375,939	405,043	1,141,680	727,456	1,639,287	1,639,287	8,723,030
DEBT SERVICE (POB/LRB)	31,764,052	-	-	-	-	-	-	-	-	-	-	-	31,764,052
CAPITAL PROJECTS	23,399	473,567	(18,532)	116,334	1,093	42,506	188,925	95,902	132,302	51,653	258,864	1,398,035	2,764,048
COVID EXPENDITURES	-	-	-	-	-	-	-	-	3,887,927	3,887,927	3,887,928	4,963,236	16,627,018
TRAN REPAYMENT	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	146,233,140	121,016,312	128,932,991	123,084,656	145,405,449	118,265,815	170,233,677	123,267,783	160,321,535	150,857,369	161,131,752	162,270,923	1,711,021,402
ENDING CASH	122,875,935	97,712,153	89,123,471	89,302,167	23,644,036	167,956,002	156,667,940	136,134,826	119,177,266	209,179,200	153,259,056	169,418,651	

COUNTY OF FRESNO
FY 2020-21 PROJECTED CASH FLOWS
10 Month Actuals and 2 Month Estimates

	Actuals JULY	Actuals AUGUST	Actuals SEPTEMBER	Actuals OCTOBER	Actuals NOVEMBER	Actuals DECEMBER	Actuals JANUARY	Actuals FEBRUARY	Actuals MARCH	Actuals APRIL	Estimated MAY	Estimated JUNE	TOTAL
BEGINNING CASH	169,418,651	214,211,894	205,978,272	204,130,614	134,239,240	84,092,489	163,775,006	129,118,027	129,179,365	133,774,723	127,399,348	123,712,487	
RECEIPTS:													
1 PROPERTY TAXES	-	-	-	-	-	55,722,974	-	-	-	46,834,338	5,000,000	5,474,176	113,031,488
2 OTHER TAXES	594,902	4,906,186	3,560,893	3,044,180	4,920,225	70,295,392	8,105,214	12,507,963	3,264,908	72,723,318	16,087,619	2,342,453	202,353,252
3 LICENSES, PERMITS AND FRANCHIS	32,049	263,182	229,266	1,372,494	257,891	864,179	327,117	423,160	158,938	3,728,751	73,674	586,555	8,317,256
4 FINES, FORFEITS, AND PENALTIES	23,433	227,684	519,383	837,537	334,666	654,925	403,468	246,011	302,281	277,893	250,142	233,654	4,311,077
5 USE OF MONEY AND PROPERTY	52,933	57,118	697,275	39,024	7,734	511,291	36,600	190,974	285,385	50,160	26,035	677,741	2,632,270
6 INTERGOVERNMENTAL REVENUES	24,241,864	16,897,682	20,498,713	5,923,018	9,641,952	18,547,984	12,355,183	45,314,144	27,000,896	25,554,284	16,858,198	22,279,849	245,113,767
7 CHARGES FOR SERVICES	546,966	3,077,491	2,228,086	4,519,939	3,971,792	4,252,846	3,233,530	3,723,888	4,149,401	4,668,098	3,615,546	4,241,783	42,229,366
8 OTHER REVENUES	328,228	716,287	592,616	1,658,806	512,562	701,168	496,984	631,330	1,114,274	1,563,836	1,508,774	967,453	10,792,318
9 INTRAFUND TRANSFERS	63,121,545	89,387,493	100,279,359	90,457,968	84,393,556	111,295,280	71,158,873	63,607,532	126,120,229	72,595,446	76,782,702	142,541,321	1,091,741,303
DEBT SERVICE (POB/LRB)	2,722,679	3,076,886	3,613,323	4,290,576	2,874,999	3,092,807	2,909,085	2,693,592	3,175,726	7,223,555	3,983,458	2,939,374	42,596,059
CAPITAL PROJECTS	693	-	8,930	691	-	287,761	3,276,276	-	3,463	236	-	-	3,578,049
COVID REIMBURSEMENTS	4,963,236	929,529	537,955	-	-	35,146,241	7,907,401	1,800,208	3,244,166	3,778,597	3,000,000	3,000,000	64,307,334
TRAN PROCEEDS (with PREMIUM)	104,808,000	-	-	-	-	-	-	-	-	-	-	-	104,808,000
TOTAL RECEIPTS	201,436,528	119,539,538	132,765,799	112,144,233	106,915,377	301,372,848	110,209,731	131,138,802	168,819,667	238,998,512	127,186,147	185,284,359	1,935,811,541
DISBURSEMENTS:													
10 SALARIES AND BENEFITS	57,381,595	61,781,089	57,560,709	91,171,763	58,839,473	58,044,468	61,671,915	58,273,506	58,830,675	91,696,264	53,701,705	83,701,705	792,654,867
11 SERVICES AND SUPPLIES	61,576,479	62,301,634	55,925,900	72,395,409	58,908,061	69,720,404	73,419,453	64,954,119	87,507,666	86,098,843	68,164,314	66,931,269	827,903,552
12 OTHER CHARGES	175,054	688,067	3,916,137	818,126	24,541,470	3,855,435	254,135	494,171	4,150,995	3,955,245	478,737	478,737	43,806,309
13 OTHER FINANCING USES	-	1,008,520	3,272,180	2,461,173	1,454,112	21,800,913	6,297,551	1,270,583	3,999,644	3,018,391	1,966,697	1,966,697	48,516,462
14 CAPITAL ASSETS	617,026	653,378	516,197	1,626,322	1,477,223	9,801,009	995,260	1,308,998	991,333	1,615,969	1,655,680	1,655,680	22,914,075
DEBT SERVICE (POB/LRB)	35,261,943	-	645,250	1,600	-	-	41,850	-	2,920,250	-	-	-	38,870,893
CAPITAL PROJECTS	701,659	802,517	1,061,670	1,845,800	126,375	560,701	386,338	1,531,921	2,045,149	1,181,175	1,905,875	3,201,000	15,350,180
COVID EXPENDITURES	929,529	537,955	11,715,414	11,715,414	11,715,414	7,907,401	1,800,208	3,244,166	3,778,597	3,000,000	3,000,000	3,146,984	62,491,082
TRAN REPAYMENT (with INTEREST)	-	-	-	-	-	50,000,000	-	-	-	54,808,000	-	188,654	104,996,654
TOTAL DISBURSEMENTS	156,643,285	127,773,160	134,613,457	182,035,607	157,062,128	221,690,331	144,866,710	131,077,464	164,224,309	245,373,887	130,873,008	161,270,727	1,957,504,073
ENDING CASH	214,211,894	205,978,272	204,130,614	134,239,240	84,092,489	163,775,006	129,118,027	129,179,365	133,774,723	127,399,348	123,712,487	147,726,119	

COUNTY OF FRESNO
FY 2021-22 PROJECTED CASH FLOWS
12 Months Estimates

	Estimated JULY	Estimated AUGUST	Estimated SEPTEMBER	Estimated OCTOBER	Estimated NOVEMBER	Estimated DECEMBER	Estimated JANUARY	Estimated FEBRUARY	Estimated MARCH	Estimated APRIL	Estimated MAY	Estimated JUNE	TOTAL
BEGINNING CASH	147,726,119	220,145,366	207,641,416	214,269,488	153,017,925	136,100,835	163,883,362	124,848,309	125,950,145	134,023,716	109,902,611	101,045,267	
RECEIPTS:													
1 PROPERTY TAXES	-	-	-	-	-	56,280,204	-	-	-	47,302,681	-	5,528,918	109,111,803
2 OTHER TAXES	566,761	4,674,104	3,392,449	2,900,178	4,687,479	66,970,145	7,721,806	11,916,288	3,110,465	69,283,221	15,326,612	2,231,646	192,781,153
3 LICENSES, PERMITS AND FRANCHISES	30,533	250,732	218,421	1,307,570	245,692	823,300	311,643	403,143	151,420	3,552,367	70,189	558,809	7,923,817
4 FINES, FORFEITS, AND PENALTIES	22,325	216,914	494,814	797,918	318,835	623,944	384,382	234,374	287,982	264,748	238,309	222,602	4,107,146
5 USE OF MONEY AND PROPERTY	50,429	54,416	664,291	37,178	7,368	487,105	34,869	181,940	271,885	47,787	24,804	645,681	2,507,754
6 INTERGOVERNMENTAL REVENUES	24,241,864	16,897,682	20,498,713	5,923,018	9,641,952	18,547,984	12,355,183	45,314,144	27,000,896	25,554,284	16,858,198	22,279,849	245,113,767
7 CHARGES FOR SERVICES	546,966	3,077,491	2,228,086	4,519,939	3,971,792	4,252,846	3,233,530	3,723,888	4,149,401	4,668,098	3,615,546	4,241,783	42,229,366
8 OTHER REVENUES	328,228	716,287	592,616	1,658,806	512,562	701,168	496,984	631,330	1,114,274	1,563,836	1,508,774	967,453	10,792,318
9 INTRAFUND TRANSFERS	63,140,105	89,406,053	102,043,884	90,476,528	84,412,116	126,233,480	71,177,433	63,626,091	127,884,754	72,614,005	77,151,262	144,305,846	1,112,471,555
DEBT SERVICE (POB/LRB)	2,722,679	3,076,886	3,613,323	4,290,576	2,874,999	3,092,807	2,909,085	2,693,592	2,879,556	4,289,231	3,983,458	2,939,374	39,365,565
CAPITAL PROJECTS	693	-	8,930	691	-	287,761	3,276,276	-	-	-	-	-	3,574,351
AMERICAN RESCUE PLAN	10,000,000	-	-	-	-	-	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	46,000,000
COVID REIMBURSEMENTS	3,146,984	3,146,984	3,146,984	3,146,984	3,146,984	3,146,984	3,146,984	-	-	-	-	-	22,028,888
TRAN PROCEEDS	130,000,000	-	-	-	-	-	-	-	-	-	-	-	130,000,000
TOTAL RECEIPTS	234,797,566	121,517,549	136,902,511	115,059,386	109,819,779	281,447,729	111,048,174	134,724,789	172,850,632	235,140,258	124,777,150	189,921,959	1,968,007,483
DISBURSEMENTS:													
10 SALARIES AND BENEFITS	57,955,411	62,398,900	58,136,316	92,083,481	59,427,868	58,624,913	62,288,634	58,856,241	59,418,982	92,613,227	54,238,722	84,538,722	800,581,416
11 SERVICES AND SUPPLIES	62,192,244	62,924,650	58,231,125	73,119,363	59,497,142	85,337,249	74,153,647	65,603,660	90,128,708	86,959,831	69,195,957	69,346,547	856,690,125
12 OTHER CHARGES	175,054	688,067	3,916,137	818,126	38,739	3,855,435	254,135	494,171	4,150,995	3,955,245	478,737	478,737	19,303,578
13 OTHER FINANCING USES	-	1,008,520	3,272,180	2,461,173	1,454,112	21,800,913	6,297,551	1,270,583	3,999,644	3,018,391	1,966,697	1,966,697	48,516,462
14 CAPITAL ASSETS	617,026	653,378	516,197	1,626,322	1,477,223	9,801,009	995,260	1,308,998	991,333	1,615,969	1,655,680	1,655,680	22,914,075
DEBT SERVICE (POB/LRB)	35,255,000	-	-	-	-	-	-	-	-	-	-	-	35,255,000
CAPITAL PROJECTS	3,036,600	3,201,000	3,055,500	3,055,500	1,694,800	98,700	94,000	89,300	87,400	98,700	98,700	103,400	14,713,600
AMERICAN RESCUE PLAN (ARP)	-	-	-	-	-	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	5,000,000	41,000,000
COVID EXPENDITURES	3,146,984	3,146,984	3,146,984	3,146,984	3,146,984	3,146,984	-	-	-	-	-	-	18,881,904
TRAN REPAYMENT (with INTEREST)	-	-	-	-	-	65,000,000	-	-	-	65,000,000	-	-	130,000,000
TOTAL DISBURSEMENTS	162,378,319	134,021,499	130,274,439	176,310,949	126,736,868	253,665,203	150,083,227	133,622,953	164,777,062	259,261,363	133,634,493	163,089,784	1,987,856,159
ENDING CASH	220,145,366	207,641,416	214,269,488	153,017,925	136,100,835	163,883,362	124,848,309	125,950,145	134,023,716	109,902,611	101,045,267	127,877,443	

APPENDIX C

**COUNTY OF FRESNO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDING JUNE 30, 2020**



COUNTY OF FRESNO
STATE OF CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2020

Compiled Under the Department of:
Auditor-Controller/Treasurer-Tax Collector

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

County of Fresno
Comprehensive Annual Financial Report
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For Fiscal Year Ended June 30, 2020

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INTRODUCTORY SECTION

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



April 26, 2021

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

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

The Comprehensive Annual Financial Report (Financial Report) of the County of Fresno (County) for the fiscal year ended June 30, 2020, is hereby submitted in accordance with the provisions of Sections 25250 and 25253 of the Government Code of the State of California.

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

The County's financial statements have been audited by the certified public accounting firm of Brown Armstrong Accountancy Corporation. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2020 are free of material misstatement. The independent certified public accounting firm has issued an unmodified ("clean") opinion on the County's financial statements as of and for the fiscal year ended June 30, 2020. The auditor's report is located at the beginning of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The County was created from parts of Merced, Tulare, and Mariposa counties in 1856 and is a political subdivision chartered by the State of California (the State). It is the sixth largest county in the State in terms of area, occupying over 6,000 square miles in the heart of the San Joaquin Valley and has a population of 1,023,358 as of January 1, 2020. There are 15 incorporated cities within the County: Fresno, Clovis, Sanger, Reedley, Selma, Coalinga, Parlier, Kerman, Kingsburg, Mendota, Orange Cove, Firebaugh, Huron, Fowler, and San Joaquin. The largest employment categories include public administration, retail trade,

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

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

Board of Supervisors

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

Jean M. Rousseau, CPA
County Administrative Officer

Daniel C. Cederborg
County Counsel

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

The County, with an average of 7,345 full-time equivalent employees, provides a full range of services to its residents as the above organizational chart depicts. Included in reported operations are various component units that provide specific services County-wide or to distinct geographic areas within the County. They include, among others, County Service Areas (CSAs), Fresno County Financing Authority (FCFA), Fresno County Tobacco Funding Corporation, and San Joaquin Valley Insurance Authority. While these entities are legally separate from the County, the County has some financial accountability for them, their governing bodies are substantially the same as the County's Board, and in most cases, provide services exclusively to the County.

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

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

ECONOMIC OVERVIEW

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

California has the largest labor market in the United States with a labor force of 18,971,200 persons as of June 30, 2020. The employed labor force at June 30, 2020, was 16,140,200 persons on a seasonally adjusted basis. This number demonstrates a decline in the California labor market. The State-wide unemployment rate is 14.9% or 2,830,900 persons. The County of Fresno has experienced a similar decline in labor force and employment with a corresponding increase in unemployment. The County of Fresno labor force consisted of 450,000 persons as of June 30, 2020. Unemployment in the County has increased by 7.5% from the prior year and is at a rate of 14.5% as of June 30, 2020.

The County's economy continues to have moderate growth in property tax and sales tax revenues. The net assessed value of the Property Tax Secured Roll increased to \$82,621,662,237 in the 2019-2020 fiscal year. Property tax revenues increased by 10.5% from fiscal year 2018-2019 to fiscal year 2019-2020, while sales tax revenues increased by 4% over the same time period. This movement indicated a steady and continued recovery in the County's economy.

The housing market in the County continues to show significant growth. The median home price within the County was up to \$325,000 during the month of September 2020; this represents an increase of \$38,000 or 13.24%, as compared to the median home prices in September 2019 of \$287,000. Furthermore, housing sales increased by 6.7% in September compared to the same period last year. The current Unsold Inventory Index, which is a measure in number of months, of current housing inventory, based on current sales volume was at 2.2 months in September 2020 compared to 3.1 in September 2019. A six to seven-month supply is considered typical in a normal market.

The County remained one of the leading agricultural counties in the State and nation. Total gross agricultural production in 2019 decreased by 2.31% from 2018. This is largely due to a 6.79% decrease in the value of vegetables along with a decrease in seed crops, fruit and nut crops, and field products. The number one crop in value was once again Almonds (\$1,577,193,002) followed by Grapes (\$962,856,675). Fruit and nut crops provide 57.36% (\$4,426,673,000) of the gross agricultural production value followed by Vegetables at 18.52% (\$1,429,003,000) and Livestock, et al. at 17.01% (\$1,312,687,000).

While agriculture currently accounts for 10.74% of wage and salary employment, other important sources of employment include: government 18.79%; educational and health services trade 19.28%; transportation and utilities 17.29%; social assistance 6.77%; leisure and hospitality services 6.83%; professional and business services 8.67%; manufacturing 6.62%; and construction 4.59%.

MAJOR INITIATIVES, SERVICE EFFORTS AND ACCOMPLISHMENTS

Current Financial Planning

The County maintains the largest road system in the State covering over 3,488 miles of roads. The 2020-2021 Road Fund adopted budget totals \$91.5 million, which reflects a decrease of 6% from the prior year adopted budget. Major projects anticipated for fiscal year 2020-2021 include participation in the Federal Transportation Improvement Program, which includes \$108 million of Highway Bridge Program funding. Participation in this effort includes increasing staff to manage the more than 20 projects over the next ten years. The 2020-2021 road maintenance programs include \$30.86 million dedicated to pavement seals and maintenance overlays; contracted preventative maintenance; routine maintenance; traffic signs and striping; and traffic safety and operations.

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

Long-term Financial Planning

The County's budget is strongly influenced by the State economy and local economic conditions along with the State's fiscal budget. The State passed the fiscal year 2020-2021 budget of \$196 billion on June 30, 2020, a decrease of 4% over the revised prior year budget. The budget includes significant projected revenue shortfalls due to the expected economic downturn brought about by the impact of COVID-19. This requires an approximately \$13 billion decrease in general fund appropriations from the prior year's adopted budget.

The County's fiscal year 2020-2021 adopted budget is \$3.9 billion, which is \$258.5 million greater than the prior year. The increase is predominately due to the budgeting of CARES Act funding in the General Fund, Special Revenue Funds, and Internal Services Funds. The County identified a potential \$16 million shortfall in its General Fund due to a projected reduction in Statewide Public Safety Sales Taxes. In order to accommodate the projected shortfall, the County utilized available unassigned fund balance from the 2019-2020 budget for the 2020-2021 fiscal year budget.

RELEVANT FINANCIAL POLICIES

Investments

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

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

General Fund, Fund Balance Classifications

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

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

Budget

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

Appropriations within the adopted budget will be controlled by the Board at the object level, except for capital assets. Transfers of appropriations between funds and departments require approval from the Board.

Transfers of appropriations between expenditure objects, e.g., Salaries and Employee Benefits, Services and Supplies, Other Charges, and Capital Assets, within a department are permitted with the approval of the County Administrative Officer.

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

Debt Limitations

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

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

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Financial Report for the fiscal year ended June 30, 2019. The County has received this prestigious award for over thirty years. In order to be awarded a Certificate of Achievement, the County is required to publish an easily readable and efficiently organized Financial Report that satisfies both GAAP and applicable legal requirements.

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

Acknowledgments

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

Respectfully submitted,



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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Fresno
California**

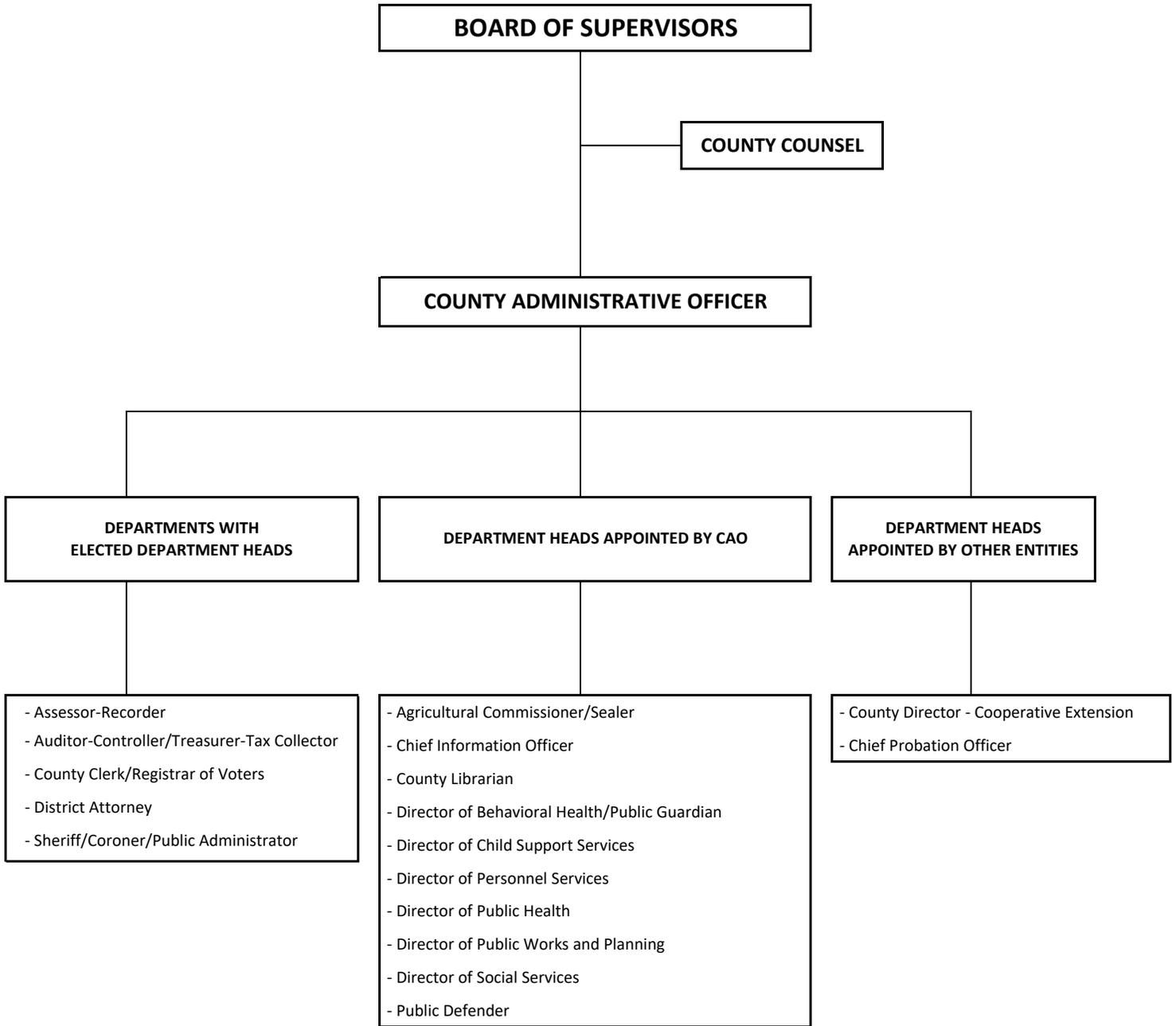
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

COUNTY OF FRESNO ORGANIZATIONAL CHART



**County of Fresno
List of Principal Officials
June 30, 2020**

ELECTED OFFICIALS

Board of Supervisors:

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

APPOINTED OFFICIALS

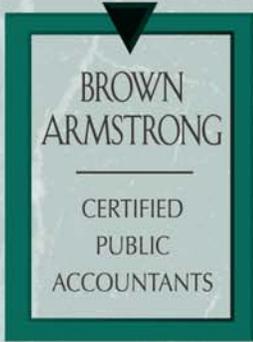
County Administrative Officer	Jean M. Rousseau, CPA
County Counsel.....	Daniel C. Cederborg

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FINANCIAL SECTION

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



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Fresno, California (the County), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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STOCKTON OFFICE

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of and for the fiscal year ended June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Restatement of Financial Statements

Without modifying our opinion, we draw attention to Note 20 to the amended and restated financial statements, which explains that the financial statements as of and for the fiscal year ended June 30, 2020, have been restated from those which we originally reported on in our report dated December 30, 2020.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
April 26, 2021

County of Fresno
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

The County of Fresno's (County) management's discussion and analysis is designed to present a narrative overview of the financial activities of the County and an analysis of the County's financial performance for the fiscal year ended June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section. All dollar amounts are expressed in thousands unless otherwise indicated.

FINANCIAL HIGHLIGHTS

- At the close of the 2019-2020 fiscal year, the assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources of the County by \$390,006. The residual of this difference is referred to as "net position." The County has an unrestricted net position of (\$441,765). The County's net position also includes a restricted net position of \$1,590 representing assets that may only be used for specific purposes, and \$830,181 representing the County's net investment in capital assets.
- The County's long-term liabilities decreased by \$42,124. Long-term liabilities totaled \$1,903,806 at June 30, 2020.
- The primary government's total net position increased to \$390,006. The governmental activities net position is \$275,641 and business-type activities net position is \$114,365.
- As of June 30, 2020, the County's governmental funds reported combined ending fund balances of \$756,818, which is a decrease of \$45,058 in comparison to the prior year. Approximately 87.71% of combined fund balances, or \$663,842, is either nonspendable or restricted for specific uses; 12.29%, or \$92,976, is unassigned to meet the County's current and future uses.
- The total fund balance in the County's primary operating fund, the General Fund, at year-end was \$197,786. Approximately \$104,810 is either nonspendable or restricted for specific uses. The remaining \$92,976, which approximates to 5.91% of the General Fund's total expenditures for the year, is unrestricted.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Component units are included in our basic financial statements and can be blended or discretely presented. Blended component units consist of legally separate entities for which the County is financially accountable and have substantially the same governing board as the County or provide services entirely to the County. The County's blended component units include the CSAs, the Fresno County Tobacco Funding Corporation, and the Fresno County Financing Authority. Discretely presented component units are legally separate entities, which have some financial accountability to the County Board of Supervisors (Board); though the entity's governing board is substantially different from the County Board. As of June 30, 2020, the County had no discretely presented component units.

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

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

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

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

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

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Expenditures and Changes in Fund Balances. Data for the other, nonmajor governmental funds are combined into a single, aggregated presentation. Summary fund data by fund type and individual fund data for these nonmajor governmental funds is provided as other supplementary information in the form of *combining statements and schedules* found on pages 82-115 of this report.

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements; however, information is provided in more detail and includes cash flow statements. The Landfills' and CSAs' operations are considered to be major funds of the County. The County's six internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided as supplementary information in the form of combining statements which can be found on pages 118-125 of this report.

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

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. The accounting used for fiduciary funds, except for the agency funds, is much like that used for proprietary funds. Individual fund data for agency funds is provided as supplementary information in the form of combining statements. These statements can be found on page 127 of this report.

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

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the financial statements and should be read in conjunction with them. The notes can be found on pages 27-69 of this report.

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Required Supplementary Information includes the Budgetary Comparison Schedules for the General Fund, Disaster Claiming, Behavioral Health-MH, Social Services, Local Health and Welfare, and 2011 Realignment Fund. Additionally, this section includes the Fresno County Employees' Retirement Association (FCERA) Schedule of the County's Proportionate Share of the Net Pension Liability, which provides information regarding the County's portion of the net pension liability, along with the Schedule of County Contributions, which provides information on the actuarially determined contribution amounts for the last 10 fiscal years. Required supplementary information can be found on pages 70-78 of this report.

The combining and individual fund statements and schedules referred to earlier provide information for major and nonmajor governmental funds, internal service funds, and fiduciary funds, and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 82-125 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$390,006 at June 30, 2020.

Summary of Net Position
June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Assets:						
Current and other assets	\$1,207,679	\$1,176,491	\$ 108,094	\$97,220	\$ 1,315,773	\$ 1,273,711
Capital assets	956,546	840,492	66,208	62,473	1,022,754	902,965
Total assets	<u>2,164,225</u>	<u>2,016,983</u>	<u>174,302</u>	<u>159,693</u>	<u>2,338,527</u>	<u>2,176,676</u>
Deferred Outflows of Resources:						
Prepaid expenses	14,889	12,934	-	-	14,889	12,934
Deferred pensions	311,075	356,922	2,172	2,766	313,247	359,688
Total deferred outflows of resources	<u>325,964</u>	<u>369,856</u>	<u>2,172</u>	<u>2,766</u>	<u>328,136</u>	<u>372,622</u>
Liabilities:						
Other liabilities	251,650	177,285	5,772	4,464	257,422	181,749
Long-term liabilities	1,848,270	1,892,033	55,536	53,897	1,903,806	1,945,930
Total liabilities	<u>2,099,920</u>	<u>2,069,318</u>	<u>61,308</u>	<u>58,361</u>	<u>2,161,228</u>	<u>2,127,679</u>
Deferred Inflows of Resources:						
Deferred pensions	114,628	104,750	801	813	115,429	105,563
Total deferred inflows of resources	<u>114,628</u>	<u>104,750</u>	<u>801</u>	<u>813</u>	<u>115,429</u>	<u>105,563</u>
Net Position:						
Net investment in capital assets	763,973	647,516	66,208	62,473	830,181	709,989
Restricted	-	-	1,590	1,596	1,590	1,596
Unrestricted (deficit)	(488,332)	(434,745)	46,567	39,216	(441,765)	(395,529)
Total net position	<u>\$ 275,641</u>	<u>\$212,771</u>	<u>\$ 114,365</u>	<u>\$103,285</u>	<u>\$ 390,006</u>	<u>\$ 316,056</u>

The largest portion of the County's net position, \$830,181, represents its investment in capital assets (e.g., land, land improvements, buildings, equipment, infrastructure, intangible assets, construction in progress), less any outstanding debt used to acquire those assets. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the County uses these capital assets to provide services to citizens. Restricted net position balance of \$1,590 represents resources that are subject to external restrictions on how they may be used.

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Current and other assets increased from \$1,273,711 to \$1,315,773 or 3.3%. This increase is primarily due to an increase in accounts and loans receivable to the County along with an increase to due from other governmental units.

Capital assets increased by \$119,789 from \$902,965 to \$1,022,754, or 13.27% from the prior year. The increase was primarily due to the increase in depreciable assets, with a corresponding increase in non-depreciable assets (construction in progress). The corresponding depreciation to those previously non-depreciable assets slightly increased the net book value of the assets.

Long-term liabilities decreased by \$42,124, from \$1,945,930 to \$1,903,806, or 2.16% from the prior year. This is primarily due to a decrease of Net Pension Liability by the amount of \$46,451.

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

Summary of Changes in Net Position
For the Fiscal Years Ended June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Revenues:						
Program revenues:						
Charges for services	\$ 100,333	\$ 89,025	\$ 21,882	\$ 25,039	\$ 122,215	\$ 114,064
Operating grants and contributions	960,735	919,835	485	367	961,220	920,202
General Revenues:						
Property taxes	271,007	262,330	819	796	271,826	263,126
Sales taxes	62,561	58,264	-	-	62,561	58,264
Motor vehicle in-lieu taxes	265,955	258,594	-	-	265,955	258,594
Franchise taxes	17,110	16,192	-	-	17,110	16,192
Gain (Loss) on sale of capital assets	-	-	-	(2,529)	-	(2,529)
Investment earnings	33,511	32,538	4,614	4,007	38,125	36,545
Miscellaneous	8,474	2,934	9,745	3,202	18,219	6,136
Total revenues	<u>1,719,686</u>	<u>1,639,712</u>	<u>37,545</u>	<u>30,882</u>	<u>1,757,231</u>	<u>1,670,594</u>
Expenses:						
General government	266,452	235,530	-	-	266,452	235,530
Public protection	403,010	266,178	-	-	403,010	266,178
Public ways and facilities	69,231	36,765	-	-	69,231	36,765
Health, sanitation & public assistance	853,749	659,419	-	-	853,749	659,419
Education	26,118	18,288	-	-	26,118	18,288
Culture and recreation	2,818	2,122	-	-	2,818	2,122
Interest on long-term debt	35,820	35,302	-	-	35,820	35,302
County Service Areas, other	-	-	12,274	8,265	12,274	8,265
Landfill	-	-	18,260	14,726	18,260	14,726
Total expenses	<u>1,657,198</u>	<u>1,253,604</u>	<u>30,534</u>	<u>22,991</u>	<u>1,687,732</u>	<u>1,276,595</u>
Increase (decrease) in net position before transfers						
	62,488	386,108	7,011	7,891	69,499	393,999
Transfers	15	252	(15)	(252)	-	-
Increase (decrease) in net position	<u>62,503</u>	<u>386,360</u>	<u>6,996</u>	<u>7,639</u>	<u>69,499</u>	<u>393,999</u>
Net position beginning of year	\$212,771	(176,789)	103,285	95,290	316,056	(81,499)
Prior period adjustment	367	3,200	4,084	356	4,451	3,556
Net position end of year	<u>\$ 275,641</u>	<u>\$212,771</u>	<u>\$ 114,365</u>	<u>\$103,285</u>	<u>\$ 390,006</u>	<u>\$ 316,056</u>

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Governmental activities. Governmental activities increased the County's net position by \$62,503, which accounts for the majority of the total increase in net position of the County. Revenue related to charges for services increased by \$11,308 due to an increase in service levels. Operating grant revenue increased by \$40,900, primarily due to the increase in Grant revenue, awarded to assist citizens during the COVID-19 pandemic. Property taxes increased by \$8,677. This increase in property taxes is due to a slight increase in assessed values and a slightly decreased property tax delinquency rate. Sales tax revenues increased by \$4,297 due to greater distribution of Bradley-Burns State tax revenues.

Expenses for general government increased by \$30,922, and public protection increased by \$136,832, primarily due to increased costs for salaries and benefits along with an overall increase in expenditures for internal service funds. Health, sanitation, and public assistance increased by \$194,330. Expenses for public ways and facilities increased by \$32,466, due to increased expenditures for road building and repairing activities.

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

Business-type activities. Business-type activities increased the County's net position by \$6,996. Combined with the prior period adjustment increasing the net position by \$4,084, the result is a net \$11,080 increase in net position from business-type activities, which is attributable an increase in service charges.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

County of Fresno
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At June 30, 2020, the County's governmental funds reported combined ending fund balances of \$756,818, a decrease of \$45,058 in comparison with the prior fiscal year. Approximately 12.29% of this total amount, or \$92,976, constitutes fund balance that is available for appropriation in the upcoming year. The remainder of the fund balance, totaling \$663,842, is restricted or committed; this includes \$5,839 "not in spendable form" for items that are not expected to be converted into cash, such as long-term receivables and imprest cash balances, that are long-term in nature and thus do not represent available spendable resources. The remainder of the fund balance also includes \$658,003 restricted or committed for programs at various levels.

General Fund. The General Fund is the chief operating fund of the County. At June 30, 2020, unassigned fund balance of the General Fund was \$92,976, while total fund balance was \$197,786. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 5.91% of total fund expenditures less transfers, while total fund balance represents 12.58% of that same amount.

The fund balance of the County's General Fund decreased \$6,332 during the current fiscal year primarily due to the increase in expenditures related to the general government.

Revenues for the General Fund without transfers totaled \$574,282, which represents a 2.4% increase from fiscal year 2018-2019. Overall revenue increased by \$13,632 from fiscal year 2018-2019.

Expenditures without other financing sources (uses) for the General Fund totaled \$1,572,747 in fiscal year 2019-2020, which represents an increase of 10% from fiscal year 2018-2019. The primary cause for the increase is an overall increase in public protection and assistance.

Disaster Claiming Fund. The Disaster Claiming Fund was established during fiscal year 2019-2020 to help track funds received that are related to local disaster relief. During fiscal year 2019-2020 there were \$16,627 in disbursements and \$64,953 in unearned revenue.

Debt Service Fund. The Debt Service Fund is a major governmental fund. Fund balance increased by \$5,953 from \$57,369 to \$63,322, or 10.38%. This increase is due to an increase in transfers in during fiscal year 2019-2020.

Behavioral Health-MH Fund. The Behavioral Health-MH Fund was established during fiscal year 2014-2015, as this fund was previously reported in the General Fund. This fund was created pursuant to the Mental Health Services Act. This fund received \$48,047 in revenues without transfers and distributed \$85,858 to the General Fund. The fund balance decreased by \$27,402, or 26.54%, from fiscal year 2018-2019. The fund balance decrease was primarily attributable to increased distributions to the General Fund.

Social Services Fund. The Social Services Fund was established during fiscal year 2014-2015, as these funds were previously reported in the General Fund. This fund was created primarily to house welfare assistance and administration revenues. This fund received \$416,864 in revenues without transfers and distributed \$426,508 to the General Fund. The fund balance decreased by \$9,607, or 17.61%, from fiscal year 2018-2019. The fund balance decrease was primarily attributable to an increase in distributions to the General Fund.

Local Health and Welfare Fund. The Local Health and Welfare Fund existed as a nonmajor special revenue fund in previous fiscal years. This fund was created pursuant to Assembly Bill 1288 of 1991. This fund received \$267,144 in revenues without transfers and distributed \$288,317 to the General Fund which, when combined with the \$50,103 in restricted fund balance from the prior year, resulted in \$43,402 in restricted fund balance for fiscal year 2019-2020.

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2011 Realignment Fund. The 2011 Realignment Fund was established in fiscal year 2011-2012. This fund was created pursuant to Assembly Bill 118, which realigned particular Public Safety and Health programs. This fund received \$160,292 in revenues without transfers in and distributed \$194,921 to the General Fund which, when combined with the \$103,255 in restricted fund balance from the prior year, resulted in \$68,582 in restricted fund balance for fiscal year 2019-2020.

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

Landfills have \$80,796 in net position at June 30, 2020, and the CSAs have \$33,569. The Landfills' and CSAs' unrestricted net positions are \$41,657 and \$4,910, respectively; this comprises 51.6% and 14.6%, respectively, of their total net positions. Overall, net position increased by \$11,080 for the combined Landfills and CSAs funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The total change in fund balance between the original budget and the final amended budget was a decrease of \$1,950. Some of the significant differences between the original budget and the final amended budget are briefly summarized as follows:

- The Department of Social Services' CalWORKS and Foster Care programs' appropriations increased by \$22,299 primarily due to increases in services to support the public during the COVID-19 pandemic.
- The Department of Behavioral Health's appropriations increased by \$22,471, primarily due to an increase in contracted services provided to support the public during the COVID-19 pandemic.
- The Department of Public Health's appropriations increased by \$5,919, primarily due to an increase in overtime and services to support the public during the COVID-19 pandemic.
- The Sheriff Department's appropriations increased by \$5,051, primarily due to increased salaries and benefits along with an increase in the purchase of needed equipment.

The actual General Fund revenue balance of \$574,282 was \$95,493, or 14.25%, lower than what was expected. The primary reason for the revenue deficit was a decrease in aid from other governmental agencies and other miscellaneous revenues. Actual General Fund expenditures fell below the total budget estimates by \$287,491, or 15.45%. The savings were achieved by an array of continuous efforts to manage the County's budget effectively.

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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

As of June 30, 2020, the County's investment in capital assets for its governmental and business-type activities was \$1,022,754. This investment in capital assets includes infrastructure, infrastructure in progress, land, land easements, buildings and improvements, equipment, intangible assets, intangible in progress, and construction in progress. The total increase in the County's investment in capital assets for the current period was \$119,789.

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

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

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

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

County of Fresno's Capital Assets
(Net of depreciation)
As of June 30, 2020 and 2019

	Governmental		Business-type		Total	
	Activities		Activities			
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Assets:						
Infrastructure	\$ 323,048	\$ 327,455	\$ -	\$ -	\$ 323,048	\$ 327,455
Infrastructure in progress	29,771	14,546	-	-	29,771	14,546
Land	16,878	17,000	9,183	9,183	26,061	26,183
Land easements	41,838	41,838	-	-	41,838	41,838
Buildings and Improvements	416,179	342,497	40,688	41,732	456,867	384,229
Equipment	36,242	36,224	3,851	2,335	40,093	38,559
Construction in progress	92,355	60,811	12,486	9,223	104,841	70,034
Intangible assets	235	121	-	-	235	121
	<u>\$ 956,546</u>	<u>\$ 840,492</u>	<u>\$ 66,208</u>	<u>\$ 62,473</u>	<u>\$ 1,022,754</u>	<u>\$ 902,965</u>

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

County of Fresno
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

Infrastructure Assets

The County capitalizes and depreciates the value of bridges, streets, and traffic lights using the straight-line depreciation method. Right-of-way is treated as a non-depreciable asset, labeled as land easements. During fiscal year 2019-2020, the County added infrastructure totaling \$7,207. Accumulated depreciation for infrastructure increased by \$11,614.

Long-term Liabilities

At June 30, 2020, the County had total long-term liabilities outstanding of \$1,903,806, compared to \$1,945,930 for the prior fiscal year. This amount includes \$1,848,270 from governmental activities, which was comprised of \$53,253 in compensated absences; \$2,805 in capital leases; \$87,964 in liability for self-insurance; \$354,056 in bonds payable; \$278,491 from accreted interest; \$24,503 from an adverse judgment; and \$1,047,198 in net pension liability. This combined with \$55,536 from business-type activities, which was comprised of \$45,243 in closure and post-closure care liability; \$2,545 in bonds payable; \$59 in loans payable; \$377 in compensated absences; and \$7,312 in net pension liability. Please refer to Note 9 and Note 11 on pages 47 through 55 for further information on the County's long-term debt.

Economic Factors and Next Year's Budget and Rates

- The national, state, and local economies have seen solid gains in their recovery from the recession. Fresno County has seen upward trends in property taxes, as well as in program-related revenues. However, high unemployment and overall uncertainty about the economic policies of the government continue to persist, although nonfarm unemployment has decreased. Additionally, while new construction activity in the housing market has occurred, housing inventory remains low, leading to higher median home prices.
- Due to the County being heavily dependent on agriculture, it experiences chronically high unemployment, which places continual pressure on the County to provide adequate social and medical services. In addition, certain types of crime are considered high profile and public protection is a high priority to citizens.
- On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) pandemic. In response, the County of Fresno, followed by the Governor of California, issued a Shelter at Home order effective March 19, 2020, requiring non-essential businesses to temporarily close to the public. Although property tax revenues have seen increases, sales tax revenues have significantly decreased. At the same time, the portion of the County's budget that relies on this revenue continues to experience increased costs due to general inflation, medical insurance, workers' compensation, retirement increases, and increases in service demands.
- Realignment funds support the County's public safety, social services, health, and mental health programs. These are comprised of vehicle license fees and sales taxes. Realignment funds increased significantly pursuant to Assembly Bill 118, which realigned additional programs and reassigned responsibility of overseeing and providing core services to local governments. While Realignment funds continue to increase, specific program-related revenue continues to fall to compensate.

County of Fresno
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

To the extent these factors were known, or could be estimated, they were considered in preparing the County's budget for fiscal year 2020-2021. The County will adjust its budget as necessary to deal with further expected State budget actions.

Request for Information

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

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County of Fresno
Statement of Net Position
June 30, 2020
(amounts expressed in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 866,932	\$ 59,028	\$ 925,960
Restricted cash and investments	39,811	45,657	85,468
Receivables, net:			
Accounts	13,485	3,253	16,738
Taxes	37,854	-	37,854
Interest	4,219	501	4,720
Loans	46,767	-	46,767
Internal balances	439	(439)	-
Due from other governmental units	198,172	94	198,266
Capital Assets, net:			
Land	16,878	9,183	26,061
Land easements	41,838	-	41,838
Buildings and improvements	416,179	40,688	456,867
Equipment	36,242	3,851	40,093
Construction in progress	92,355	12,486	104,841
Infrastructure	323,048	-	323,048
Infrastructure in progress	29,771	-	29,771
Intangible	235	-	235
Total assets	<u>2,164,225</u>	<u>174,302</u>	<u>2,338,527</u>
DEFERRED OUTFLOWS OF RESOURCES			
Prepaid expenses	14,889	-	14,889
Deferred pensions	311,075	2,172	313,247
Total deferred outflows of resources	<u>325,964</u>	<u>2,172</u>	<u>328,136</u>
LIABILITIES			
Accounts payable	86,815	508	87,323
Salaries and benefits payable	37,601	132	37,733
Interest payable	2,450	89	2,539
Due to other governmental units	16,922	-	16,922
Deposits and other liabilities	10,066	5,043	15,109
Unearned revenue	97,796	-	97,796
Noncurrent liabilities:			
Due within one year	88,195	6,799	94,994
Due beyond one year	1,760,075	48,737	1,808,812
Total liabilities	<u>2,099,920</u>	<u>61,308</u>	<u>2,161,228</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pensions	114,628	801	115,429
Total deferred inflows of resources	<u>114,628</u>	<u>801</u>	<u>115,429</u>
NET POSITION			
Net investment in capital assets	763,973	66,208	830,181
Restricted for:			
Debt service	-	1,590	1,590
Unrestricted	(488,332)	46,567	(441,765)
Total net position	<u>\$ 275,641</u>	<u>\$ 114,365</u>	<u>\$ 390,006</u>

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

County of Fresno
Statement of Activities
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

Functions / Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 266,452	\$ 38,620	\$ 54,344	\$ -	\$ (173,488)	\$ -	\$ (173,488)
Public protection	403,010	26,556	252,646	-	(123,808)	-	(123,808)
Public ways and facilities	69,231	7,334	53,767	-	(8,130)	-	(8,130)
Health, sanitation and public assistance	853,749	24,994	599,361	-	(229,394)	-	(229,394)
Education	26,118	1,962	244	-	(23,912)	-	(23,912)
Culture and recreation	2,818	867	373	-	(1,578)	-	(1,578)
Interest and fiscal charges	35,820	-	-	-	(35,820)	-	(35,820)
Total governmental activities	<u>1,657,198</u>	<u>100,333</u>	<u>960,735</u>	<u>-</u>	<u>(596,130)</u>	<u>-</u>	<u>(596,130)</u>
Business activities:							
Water/Sewer services	12,274	5,885	-	-	-	(6,389)	(6,389)
Landfill	18,260	15,997	485	-	-	(1,778)	(1,778)
Total business-type activities	<u>30,534</u>	<u>21,882</u>	<u>485</u>	<u>-</u>	<u>-</u>	<u>(8,167)</u>	<u>(8,167)</u>
Total primary government	<u>\$ 1,687,732</u>	<u>\$ 122,215</u>	<u>\$ 961,220</u>	<u>\$ -</u>	<u>(596,130)</u>	<u>(8,167)</u>	<u>(604,297)</u>
General revenues:							
Property tax					271,007	819	271,826
Sales tax					62,561	-	62,561
Franchise tax					17,110	-	17,110
Unrestricted motor vehicle in-lieu taxes					265,955	-	265,955
Other					8,474	9,745	18,219
Unrestricted investment earnings					33,511	4,614	38,125
Transfers in (out)					15	(15)	-
Total general revenues and transfers					<u>658,633</u>	<u>15,163</u>	<u>673,796</u>
Change in net position					<u>62,503</u>	<u>6,996</u>	<u>69,499</u>
Net position - beginning					212,771	103,285	316,056
Prior period adjustments					367	4,084	4,451
Net position - beginning restated					<u>213,138</u>	<u>107,369</u>	<u>320,507</u>
Net position - ending					<u>\$ 275,641</u>	<u>\$ 114,365</u>	<u>\$ 390,006</u>

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

**County of Fresno
Balance Sheet
Governmental Funds
June 30, 2020
(amounts expressed in thousands)**

	General Fund	Disaster Claiming	Debt Service	Behavioral Health - MH	Social Services	Local Health and Welfare	2011 Realignment	Other Governmental Funds	Total Governmental Funds
ASSETS & DEFERRED OUTFLOWS OF RESOURCES									
Assets									
Cash and investments	\$ 91,097	\$ 72,006	\$ 50,778	\$ 70,786	\$ 50,511	\$ 34,604	\$ 81,520	\$ 274,562	\$ 725,864
Restricted cash and investments	19,206	-	12,327	-	-	-	-	3,794	35,327
Receivables, net:									
Accounts	7,169	-	-	-	1,648	-	-	3,955	12,772
Taxes	37,854	-	-	-	-	-	-	-	37,854
Interest	750	305	217	405	232	208	411	1,025	3,553
Loans	46,767	-	-	-	-	-	-	-	46,767
Due from other funds	86,618	-	-	40	25	107	2,354	1,016	90,160
Due from other governmental units	75,896	-	-	4,607	72,398	18,792	5,857	13,355	190,905
Advances to other funds	345	-	-	-	-	-	-	-	345
Total assets	<u>365,702</u>	<u>72,311</u>	<u>63,322</u>	<u>75,838</u>	<u>124,814</u>	<u>53,711</u>	<u>90,142</u>	<u>297,707</u>	<u>1,143,547</u>
Deferred outflows of resources:									
Prepaid expense	14,815	-	-	-	-	-	-	74	14,889
Total deferred outflows of resources	<u>14,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74</u>	<u>14,889</u>
Total assets and deferred outflows of resources	<u>\$ 380,517</u>	<u>\$ 72,311</u>	<u>\$ 63,322</u>	<u>\$ 75,838</u>	<u>\$ 124,814</u>	<u>\$ 53,711</u>	<u>\$ 90,142</u>	<u>\$ 297,781</u>	<u>\$ 1,158,436</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES									
Liabilities									
Accounts payable	\$ 61,373	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ 12,364	\$ 73,741
Salaries and benefits payable	34,200	-	-	-	-	-	-	2,110	36,310
Due to other governmental units	53	-	-	-	8,607	-	-	834	9,494
Due to other funds	12,261	4,963	-	-	41,655	10,309	21,556	9,652	100,396
Deposits and other liabilities	43	-	-	-	-	-	-	9,146	9,189
Unearned revenue	63	64,953	-	-	29,617	-	-	3,117	97,750
Total liabilities	<u>107,993</u>	<u>69,916</u>	<u>-</u>	<u>-</u>	<u>79,879</u>	<u>10,309</u>	<u>21,560</u>	<u>37,223</u>	<u>326,880</u>
Deferred inflows of resources:									
Unavailable property taxes	32,972	-	-	-	-	-	-	-	32,972
Unavailable HARP loan	41,766	-	-	-	-	-	-	-	41,766
Total deferred inflows of resources	<u>74,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,738</u>
Fund balances:									
Nonspendable	5,803	-	-	-	-	-	-	36	5,839
Restricted	7,590	2,395	63,322	75,838	44,935	43,402	68,582	260,522	566,586
Committed	91,417	-	-	-	-	-	-	-	91,417
Unassigned	92,976	-	-	-	-	-	-	-	92,976
Total fund balances	<u>197,786</u>	<u>2,395</u>	<u>63,322</u>	<u>75,838</u>	<u>44,935</u>	<u>43,402</u>	<u>68,582</u>	<u>260,558</u>	<u>756,818</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 380,517</u>	<u>\$ 72,311</u>	<u>\$ 63,322</u>	<u>\$ 75,838</u>	<u>\$ 124,814</u>	<u>\$ 53,711</u>	<u>\$ 90,142</u>	<u>\$ 297,781</u>	<u>\$ 1,158,436</u>

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

County of Fresno
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020
(amounts expressed in thousands)

Fund balances - total governmental funds	\$ 756,818
Amounts reported for net position of governmental activities are different because:	
Capital assets are not recorded in the governmental fund statements but are recorded in government-wide statements to conform with generally accepted accounting principles.	911,258
Deferred outflows of resources are not recorded in the governmental fund statements but are recorded in the government-wide statements.	296,290
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. This amount is net of internal service fund activity.	(1,704,817)
Unmatured interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. This amount is net of internal service fund activity.	(2,450)
Deferred inflows of resources are not recorded in the governmental fund statements but are recorded in the government-wide statements.	(109,181)
Because the focus of governmental funds is not short-term financing, some assets will not be available to pay current period expenditures. Those assets are offset by deferred revenues in the governmental funds. This amount is net of internal service fund activity.	74,738
Internal service funds are used by management to charge the cost of fleet services, information systems, printing and mailing services, facility services, security, risk management and communications to individual funds. The assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the internal service funds are included in the statement of net position.	52,985
Net position of governmental activities	\$ 275,641

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

County of Fresno
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	General Fund	Disaster Claiming	Debt Service	Behavioral Health - MH	Social Services	Local Health and Welfare	2011 Realignment	Other Governmental Funds	Total Governmental Funds
Revenues									
Taxes	\$ 284,330	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,451	\$ 331,781
Licenses and permits	13,316	-	-	-	-	-	-	5,580	18,896
Fines, forfeitures and penalties	4,610	-	-	-	-	-	-	3,863	8,473
Use of money and property	5,041	2,395	2,371	3,595	2,272	1,862	3,773	12,202	33,511
Aid from other governmental agencies:									
State	100,576	-	-	44,452	135,157	265,282	156,519	76,603	778,589
Federal	104,161	16,627	-	-	277,249	-	-	41,746	439,783
Other	360	-	2,086	-	1,236	-	-	1,125	4,807
Charges for services	52,113	-	-	-	948	-	-	15,826	68,887
Other revenues	9,775	-	9,161	-	2	-	-	12,509	31,447
Total revenues	<u>574,282</u>	<u>19,022</u>	<u>13,618</u>	<u>48,047</u>	<u>416,864</u>	<u>267,144</u>	<u>160,292</u>	<u>216,905</u>	<u>1,716,174</u>
Expenditures									
Current:									
General government	45,253	-	-	-	-	-	44	9,262	54,559
Public protection	467,157	-	-	-	-	-	-	-	467,157
Public ways and facilities	2,493	-	-	-	-	-	-	65,237	67,730
Health, sanitation, and public assistance	968,621	-	-	-	-	-	-	1,049	969,670
Education	252	-	-	-	-	-	-	28,618	28,870
Culture and recreation	3,250	-	-	-	-	-	-	-	3,250
Capital outlay	85,721	-	-	-	-	-	-	38,741	124,462
Debt service:									
Principal	-	-	29,314	-	-	-	-	-	29,314
Interest and fiscal charges	-	-	9,307	-	-	-	-	-	9,307
Total expenditures	<u>1,572,747</u>	<u>-</u>	<u>38,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44</u>	<u>142,907</u>	<u>1,754,319</u>
Excess (deficiency) of revenues over (under) expenditures	(998,465)	19,022	(25,003)	48,047	416,864	267,144	160,248	73,998	(38,145)
Other Financing Sources (Uses)									
Proceeds from sale of capital assets	199	-	-	-	-	-	-	-	199
Transfers in	1,061,157	-	33,244	10,409	37	14,472	-	23,451	1,142,770
Transfers (out)	(69,223)	(16,627)	(2,288)	(85,858)	(426,508)	(288,317)	(194,921)	(66,140)	(1,149,882)
Total other financing sources (uses)	<u>992,133</u>	<u>(16,627)</u>	<u>30,956</u>	<u>(75,449)</u>	<u>(426,471)</u>	<u>(273,845)</u>	<u>(194,921)</u>	<u>(42,689)</u>	<u>(6,913)</u>
Net change in fund balances	(6,332)	2,395	5,953	(27,402)	(9,607)	(6,701)	(34,673)	31,309	(45,058)
Fund balances - beginning	204,118	-	57,369	103,240	54,542	50,103	103,255	229,249	801,876
Fund balances - ending	<u>\$ 197,786</u>	<u>\$ 2,395</u>	<u>\$ 63,322</u>	<u>\$ 75,838</u>	<u>\$ 44,935</u>	<u>\$ 43,402</u>	<u>\$ 68,582</u>	<u>\$ 260,558</u>	<u>\$ 756,818</u>

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

County of Fresno
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

Net change in fund balances - total governmental funds \$ (45,058)

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

Governmental funds report capital outlays as expenditures.

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

Expenditures for general capital assets, infrastructure and other related capital asset adjustments	\$ 124,462	
Less - current year depreciation expense	<u>(11,116)</u>	113,346

Interest is expended in the governmental funds when paid, while interest on long-term debt is accrued in the Statement of Net Position. This is the amount by which the current year accrued interest decreased from the prior year's reported total. 53

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. This amount is net of internal service fund activity. 2,020

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This amount is net of internal service fund activity. (11,179)

Certain revenues are deferred because they are not available within the County's 180 day availability period. However, they are recognized in the government-wide financial statements. Amounts at the beginning of the fiscal year are netted with those at the end of the fiscal year. This amount is net of internal service fund activity. 3,511

Internal service funds are used by management to charge the cost of fleet services, information systems, printing and mailing services, facility services, security, risk management and communications to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities. (190)

Change in net position of governmental activities	<u><u>\$ 62,503</u></u>
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The notes to the basic financial statements are an integral part of this statement.

County of Fresno
Statement of Net Position
Proprietary Funds
June 30, 2020
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Enterprise	County Service Areas, Other	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 49,567	\$ 9,461	\$ 59,028	\$ 141,068
Restricted cash and cash equivalents	44,067	1,590	45,657	4,484
Accounts receivable (net of allowance)	2,091	1,162	3,253	486
Interest receivable	446	55	501	666
Due from other funds	1,308	229	1,537	13,616
Due from other governmental units	94	-	94	7,267
Total current assets	<u>97,573</u>	<u>12,497</u>	<u>110,070</u>	<u>167,587</u>
Noncurrent assets:				
Accounts receivable	-	-	-	229
Nondepreciable:				
Land	7,956	1,227	9,183	-
Construction in progress	1,824	10,662	12,486	7,177
Depreciable:				
Buildings and improvements	65,490	35,115	100,605	10,581
Equipment	15,909	4,720	20,629	75,618
Less accumulated depreciation	(52,040)	(24,655)	(76,695)	(48,088)
Intangible	-	-	-	20,563
Less accumulated amortization	-	-	-	(20,563)
Total noncurrent assets	<u>39,139</u>	<u>27,069</u>	<u>66,208</u>	<u>45,517</u>
Total assets	<u>136,712</u>	<u>39,566</u>	<u>176,278</u>	<u>213,104</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pensions	1,416	756	2,172	14,785
Total deferred outflows of resources	<u>1,416</u>	<u>756</u>	<u>2,172</u>	<u>14,785</u>
LIABILITIES				
Current liabilities:				
Accounts payable	185	323	508	13,074
Salaries and benefits payable	129	3	132	1,291
Due to other funds	1,210	421	1,631	3,288
Due to other governmental units	-	-	-	7,428
Advances from other funds	-	345	345	-
Liability for self-insurance	-	-	-	23,204
Interest payable	-	89	89	-
Deposits and other liabilities	5,021	22	5,043	877
Loans payable	-	3	3	-
General obligation bonds payable	-	250	250	-
Unearned revenue	-	-	-	46
Compensated leave and absences	152	58	210	1,336
Accrued closure/post-closure liability	6,336	-	6,336	-
Capital lease obligations	-	-	-	1,177
Total current liabilities	<u>13,033</u>	<u>1,514</u>	<u>14,547</u>	<u>51,721</u>
Noncurrent liabilities:				
Liability for self-insurance	-	-	-	64,760
Compensated leave and absences	101	66	167	1,636
General obligation bonds payable	-	2,295	2,295	-
Loans payable	-	56	56	-
Accrued closure/post-closure liability	38,907	-	38,907	-
Capital lease obligations	-	-	-	1,570
Net pension liability	4,768	2,544	7,312	49,770
Total noncurrent liabilities	<u>43,776</u>	<u>4,961</u>	<u>48,737</u>	<u>117,736</u>
Total liabilities	<u>56,809</u>	<u>6,475</u>	<u>63,284</u>	<u>169,457</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pensions	523	278	801	5,447
Total deferred inflows of resources	<u>523</u>	<u>278</u>	<u>801</u>	<u>5,447</u>
NET POSITION				
Net investment in capital assets	39,139	27,069	66,208	42,541
Restricted for:				
Debt service	-	1,590	1,590	-
Unrestricted	41,657	4,910	46,567	10,444
Total net position	<u>\$ 80,796</u>	<u>\$ 33,569</u>	<u>\$ 114,365</u>	<u>\$ 52,985</u>

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

County of Fresno
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Solid Waste	County Service Areas, Other	Total	Internal Service Funds
Operating revenues:				
Charges for services	\$ 15,997	\$ 5,885	\$ 21,882	\$ 221,548
Other revenues	1,877	7,868	9,745	1,289
Total operating revenues	<u>17,874</u>	<u>13,753</u>	<u>31,627</u>	<u>222,837</u>
Operating expenses:				
Salaries and benefits	3,933	2,086	6,019	40,766
Insurance	26	127	153	115,119
Professional services	3,467	4,118	7,585	18,631
General and administrative	4,228	2,063	6,291	28,917
Repairs and maintenance	1,424	1,786	3,210	3,026
Rents and leases	12	1	13	8,239
Parts and supplies	201	20	221	5,362
Accrued closure/post-closure costs	3,186	-	3,186	-
Utilities	118	859	977	13,390
Depreciation	1,381	792	2,173	7,685
Total operating expenses	<u>17,976</u>	<u>11,852</u>	<u>29,828</u>	<u>241,135</u>
Operating income (loss)	<u>(102)</u>	<u>1,901</u>	<u>1,799</u>	<u>(18,298)</u>
Nonoperating revenues (expenses):				
(Loss) on sale of capital assets	(159)	(311)	(470)	(825)
Use of money and property	4,227	387	4,614	6,315
Interest expense	-	(111)	(111)	-
Tax revenues	-	819	819	-
Insurance recoveries	-	-	-	5,491
Closure/post-closure expense/fees	(125)	-	(125)	-
Grants and other revenues	485	-	485	-
Total nonoperating revenues (expenses)	<u>4,428</u>	<u>784</u>	<u>5,212</u>	<u>10,981</u>
Net income (loss) before transfers	<u>4,326</u>	<u>2,685</u>	<u>7,011</u>	<u>(7,317)</u>
Transfers in (out)				
Transfers in	219	5	224	8,756
Transfers out	(157)	(82)	(239)	(1,629)
Total transfers in (out)	<u>62</u>	<u>(77)</u>	<u>(15)</u>	<u>7,127</u>
Change in net position	<u>4,388</u>	<u>2,608</u>	<u>6,996</u>	<u>(190)</u>
Net position - beginning	75,750	27,535	103,285	52,808
Prior period adjustment	658	3,426	4,084	367
Net position - beginning restated	<u>76,408</u>	<u>30,961</u>	<u>107,369</u>	<u>53,175</u>
Net position - ending	<u>\$ 80,796</u>	<u>\$ 33,569</u>	<u>\$ 114,365</u>	<u>\$ 52,985</u>

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

County of Fresno
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Solid Waste	County Service Areas, Other		Internal Service Funds
		Total		
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from users	\$ 18,324	\$ 15,954	\$ 34,278	\$ 225,896
Cash paid to suppliers	(10,432)	(13,372)	(23,804)	(173,762)
Cash paid to employees	(3,846)	(2,038)	(5,884)	(39,842)
Cash paid for claims	-	-	-	(15,473)
Net cash provided by (used in) operating activities	<u>4,046</u>	<u>544</u>	<u>4,590</u>	<u>(3,181)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Tax revenues	-	812	812	-
Transfers from other funds	219	5	224	8,756
Transfers to other funds	(157)	(82)	(239)	(1,629)
Advances paid to/returned to other funds	-	326	326	-
Cash paid to closure/post-closure liability	(2,457)	-	(2,457)	-
Net cash provided by (used in) non-capital financing activities	<u>(2,395)</u>	<u>1,061</u>	<u>(1,334)</u>	<u>7,127</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	762	2,282	3,044	(13,055)
Insurance recoveries	-	-	-	5,491
Principal paid on long-term liabilities	-	(235)	(235)	-
Interest paid on long-term liabilities	-	(103)	(103)	-
Net cash (used in) capital and related financing activities	<u>762</u>	<u>1,944</u>	<u>2,706</u>	<u>(7,564)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Use of money and property received	4,196	418	4,614	6,431
Net cash provided by (used in) investing activities	<u>4,196</u>	<u>418</u>	<u>4,614</u>	<u>6,431</u>
Net increase (decrease) in cash and cash equivalents	6,609	3,967	10,576	2,813
Cash and cash equivalents - beginning	87,025	7,084	94,109	142,739
Cash and cash equivalents - ending	<u>\$ 93,634</u>	<u>\$ 11,051</u>	<u>\$ 104,685</u>	<u>\$ 145,552</u>
Reconciliation of cash and cash equivalents to the statement of net position:				
Cash and cash equivalents in cash and investments	\$ 49,567	\$ 9,461	\$ 59,028	\$ 141,068
Cash and cash equivalents in restricted cash and investments	44,067	1,590	45,657	4,484
Total	<u>\$ 93,634</u>	<u>\$ 11,051</u>	<u>\$ 104,685</u>	<u>\$ 145,552</u>

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

County of Fresno
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Solid Waste	County Service Areas, Other	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (102)	\$ 1,901	\$ 1,799	\$ (18,298)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Landfill closure and post-closure costs	3,186	-	3,186	-
Pension expense	45	24	69	466
Depreciation expense	1,381	792	2,173	7,685
Decrease (increase) in accounts receivable	190	(343)	(153)	(121)
Decrease (increase) in due from other funds	(544)	44	(500)	532
Decrease (increase) in due from other governmental units	-	(104)	(104)	2,679
Decrease (increase) in construction in progress	(1,812)	(1,983)	(3,795)	834
(Decrease) increase in accounts payable	198	(97)	101	877
(Decrease) increase in salaries and benefits payable	42	24	66	458
(Decrease) increase in unearned revenue	-	104	104	-
(Decrease) increase in deposits held for others	1,273	-	1,273	-
(Decrease) increase in due to other funds	234	203	437	(2,773)
(Decrease) increase in due to other governmental units	(45)	(21)	(66)	912
(Decrease) increase in liability for self-insurance	-	-	-	3,568
Total adjustments	4,148	(1,357)	2,791	15,117
Net cash provided by (used in) operating activities	<u>\$ 4,046</u>	<u>\$ 544</u>	<u>\$ 4,590</u>	<u>\$ (3,181)</u>

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

County of Fresno
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020
(amounts expressed in thousands)

	Investment Trust	Agency
ASSETS		
Cash and investments	\$ 3,167,865	\$ 130,930
Accounts receivable	5,163	7,897
Taxes receivable	-	2
Interest receivable	-	775
Property held by public administrator	-	4,034
Total assets	\$ 3,173,028	\$ 143,638
LIABILITIES		
Due to other taxing units	\$ -	\$ 63,627
Due to other governmental units	5,594	30,157
Fiduciary liability	-	49,854
Total liabilities	5,594	\$ 143,638
NET POSITION		
Net position held in trust	\$ 3,167,434	

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

County of Fresno
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	<u>Investment Trust</u>
ADDITIONS	
Contributions:	
Contributions to pooled investments	\$ 10,629,207
Total contributions	<u>10,629,207</u>
Interest and investment revenue:	
Use of money and property	141,090
Total interest and investment revenue	<u>141,090</u>
Total additions	<u>10,770,297</u>
DEDUCTIONS	
Distributions from pooled investments	10,423,067
Total deductions	<u>10,423,067</u>
Change in net position	347,230
Net position - beginning	2,820,204
Net position - ending	<u>\$ 3,167,434</u>

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

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County of Fresno
Notes to the Basic Financial Statements
June 30, 2020
(amounts expressed in thousands)

NOTE 1 - The Financial Reporting Entity

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

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

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

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

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

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

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

County of Fresno
Notes to the Basic Financial Statements
June 30, 2020
(amounts expressed in thousands)

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

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

Discretely Presented Component Unit: Discretely presented component units are legally separate entities, which have some financial accountability to the Board, though the entities' governing boards are substantially different from the Board. As of June 30, 2020, the County had no discretely presented component units.

NOTE 2 - Summary of Significant Accounting Policies

(A) Basis of Presentation

Government-wide Financial Statements

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

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

County of Fresno
Notes to the Basic Financial Statements
June 30, 2020
(amounts expressed in thousands)

Fund Financial Statements

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

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

The County reports seven major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out the basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes the following services: public protection; public ways and facilities; health and sanitation; public assistance; education; and recreation.
- The *Disaster Claiming Fund* accounts for all activities used in providing relief to County citizens and businesses as a result of any ongoing or preceding catastrophic events (such as the Creek Fire or the COVID-19 pandemic).
- The *Debt Service Fund* accounts for all activities involving the issuance and payment of debt. This includes receipt of bond issuance proceeds, the distribution of those proceeds, along with the payment of principal and interest to extinguish the debt.
- The *Behavioral Health – Mental Health (MH) Fund* is used to account for health services mandated under the California Mental Health Act. Revenue is derived primarily from state grants.
- The *Social Services Fund* accounts for a variety of public assistance and social service programs that are funded primarily from federal and state grants.
- The *Local Health and Welfare Fund* is used to account for proceeds of sales tax and vehicle license fees designated for State & local programs that were realigned to counties in 1991 (1991 Realignment). In addition, the fund is used to deposit County general fund revenues to satisfy the mandated Maintenance of Effort (MOE) county contribution for mental health and health programs.
- The *2011 Realignment Fund* is utilized to account for funds provided by the State pursuant to Assembly Bill 118, which required counties to use County Local Revenue Fund 2011 exclusively for specific public safety services related to appropriate rehabilitative, housing, and supervision services to youth offenders.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2020
(amounts expressed in thousands)

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

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

The County reports the following additional fund types:

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

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

(B) Basis of Accounting

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

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

County of Fresno
Notes to the Basic Financial Statements
June 30, 2020
(amounts expressed in thousands)

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

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

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

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

(C) Budgeting

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

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

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

The General Fund, Disaster Claiming Fund, Behavioral Health-MH, Social Services, Local Health and Welfare, and 2011 Realignment Budgetary Comparison Schedules are part of Required Supplementary Information on pages 70-75.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2020
(amounts expressed in thousands)

(D) Cash and Cash Equivalents

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

(E) Restricted Cash and Investments

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

(F) Investments

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

(G) Receivables

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

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

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the State Government Code along with Revenue and Taxation Code. Pursuant to Article XIII A (known as Proposition 13) of the State Constitution, the County is permitted to levy a maximum tax of 1 percent of full cash value. For fiscal year 2019-20, the County recorded \$271,007 in property taxes that were used to finance general governmental services.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2020
(amounts expressed in thousands)

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

(H) Prepaid Items

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

(I) Capital Assets

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

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

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

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

County of Fresno
Notes to the Basic Financial Statements
June 30, 2020
(amounts expressed in thousands)

(J) Deferred Outflows and Inflows of Resources

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

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

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

(K) Liability for Earned Compensated Absences

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

(L) Allocation of Pension and Net Pension Liability

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

(M) Bond Issuance Costs and Discounts

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

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

County of Fresno
Notes to the Basic Financial Statements
June 30, 2020
(amounts expressed in thousands)

(N) Fund Balance

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

(O) Special Assessments

The total amount of special assessments for special districts paid on June 30, 2020, was \$73,075. Special assessments take many forms and are authorized to exist under various state codes such as Streets and Highways, Government, Health and Safety, Water, Public Utilities, and others. Certain special assessments may be authorized to be bonded. They can include both debt collection activity and fees for services provided by the special district. The County is not liable for this. Rather, the County acts solely as an agent for the special district, which is liable for the debt or providing the services. Accordingly, this liability is not reflected in these financial statements. The assessments are added to the tax bill in accordance with several state codes as mentioned herein such as Proposition 218.

(P) Use of Estimates

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

(Q) Recently Issued Accounting Pronouncements

During the fiscal year ended June 30, 2020, the County implemented the following GASB Statements:

The GASB has issued Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement provides temporary relief to governments in light of the COVID-19 pandemic by postponing the effective dates of certain provisions and pronouncements. The requirements of this statement are effective immediately. The County will implement GASB Statements No. 84, 87, 89, 90, 91, 92, and 93 in accordance with the postponed effective dates as stated in GASB Statement No. 95.

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

The GASB has issued Statement No. 84 – *Fiduciary Activities*. The requirements of this statement are effective for periods beginning after December 15, 2019.

The GASB has issued Statement No. 87 – *Leases*. The requirements of the statement are effective for reporting periods beginning after June 15, 2021.

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

The GASB has issued Statement No. 91 – *Conduit Debt Obligations*. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

The GASB has issued Statement No. 92 – *Omnibus 2020*. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

The GASB has issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

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

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

The GASB has issued Statement No. 97 – *Certain Component Units Criteria, and Accounting and Financial Reporting of Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment to GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32*. The requirements in paragraph 4 as it applies to defined contribution plans, defined OPEB plans, and other employee benefit plans, and paragraph 5 are effective immediately. All other requirements are applicable for reporting periods beginning after June 15, 2020.

County of Fresno
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NOTE 3 - Cash and Investments

Cash and investments as of June 30, 2020 are classified in the accompanying basic financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 925,960
Restricted cash and investments	85,468
Fiduciary Funds:	
Cash and investments	3,298,795
Total cash and investments	<u>\$ 4,310,223</u>

Cash and investments as of June 30, 2020 consist of the following:

Cash on hand	\$ 3,566
Imprest cash	125
Postage funds	637
Total cash & cash equivalents	<u>\$ 4,328</u>
Deposits with financial institutions	37,555
Investments (pooled)	4,212,442
Total pooled cash and investments	<u>4,254,325</u>
Debt Investments (fiscal agents)	12,759
External Investments (fiscal agents)	43,139
Total cash, investments, and investments with fiscal agents	<u>\$ 4,310,223</u>

The following represents a condensed statement of net position for the Treasury Investment Pool as of June 30, 2020.

Cash and investments	\$ 4,333,103
Less: transitory items/warrants payable	<u>(78,778)</u>
Net position held in trust for pool participants	<u>\$ 4,254,325</u>
Equity of internal pool participants	\$ 955,530
Equity of external pool participants (voluntary and involuntary)	<u>3,298,795</u>
	<u>\$ 4,254,325</u>

County of Fresno
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The following represents a condensed statement changes in net position for the Treasury Investment Pool as of June 30, 2020.

Statement of Changes in Net Position

Net position at July 1, 2019	\$ 3,853,452
Net change in investments by pool participants	<u>400,873</u>
Net position held in trust for pool participants at June 30, 2020	<u><u>\$ 4,254,325</u></u>

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

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

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

Investment Authorized by Debt Agreements

The County and its component units have \$12,759 in investments held by bond trustees pledged to the payment or security of certain debt issues. These funds are invested in accordance with bond covenants and are pledged for payment of principal, interest, and specified capital improvements.

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Interest Rate Risk

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

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

Pooled Investments in County Treasury:

	Totals	Remaining Maturity (in months)			
		12 months or less	13 to 24 months	25 to 36 months	37 to 60 months
U.S. Government Agency Obligations	\$ 1,978,788	\$ 227,657	\$ 405,595	\$ 398,938	\$ 946,598
Medium-Term Corporate Notes	992,898	153,474	236,579	209,061	393,784
U.S. Treasury Notes	177,520	111,061	20,602	20,737	25,120
Commercial Paper	299,898	299,898	-	-	-
Municipal Bonds	161,164	25,110	35,815	46,896	53,343
Mutual Fund	110,000	110,000	-	-	-
Bank Accounts	612,835	612,835	-	-	-
Total	\$ 4,333,103	\$ 1,540,035	\$ 698,591	\$ 675,632	\$ 1,418,845
Less: Outstanding Warrants Still Invested	(78,778)				
Total Financial Statement Pooled Investments	\$ 4,254,325				

Investments with Fiscal Agents:

	Totals	Remaining Maturity (in months)			
		12 months or less	13 to 24 months	25 to 36 months	37 to 60 months
Cash Balance	\$ 3,569	\$ 3,569	\$ -	\$ -	\$ -
Federated Government Obligation Fund	451	451	-	-	-
Money Market Mutual Funds	8,739	8,739	-	-	-
Total	\$ 12,759	\$ 12,759	\$ -	\$ -	\$ -

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Credit Risk

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

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

Pooled Investments in County Treasury:

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure	Ratings as of the Year End 6/30/2020			
				A1/P1 A-AAA	B-BBB	C-CCC	Not Rated
U.S. Government Agency Obligations	\$ 1,978,788	N/A	\$ -	\$ 1,978,788	\$ -	\$ -	\$ -
Medium-Term Corporate Notes	992,898	A3	-	992,898	-	-	-
U.S. Treasury Notes	177,520	N/A	-	177,520	-	-	-
Commercial Paper	299,898	A-1	-	299,898	-	-	-
Municipal Bonds	161,164	N/A	-	161,164	-	-	-
Mutual Fund	110,000	N/A	-	35,000	-	-	75,000
Bank Accounts	612,835	N/A	-	-	-	-	612,835
Total	<u>\$ 4,333,103</u>		<u>\$ -</u>	<u>\$ 3,645,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 687,835</u>

Investments with Fiscal Agents:

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure	Ratings as of the Year End 6/30/2020			
				A1/P1 A-AAA	B-BBB	C-CCC	Not Rated
Cash Balance	\$ 3,569	N/A	\$ -	\$ 3,569	\$ -	\$ -	\$ -
Federated Government Obligation Fund	451	N/A	-	451	-	-	-
Money Market Mutual Funds	8,739	N/A	-	8,739	-	-	-
Total	<u>\$ 12,759</u>		<u>\$ -</u>	<u>\$ 12,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	Federal Agency Securities	\$ 581,985
Federal Home Loan Bank	Federal Agency Securities	811,533
Federal National Mortgage Association	Federal Agency Securities	541,918
Toyota Motor Credit	Medium Term Corporate Note	243,569

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Custodial Credit Risk

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

As of June 30, 2020, all of the County's deposits with financial institutions in excess of Federal Depository Insurance Corporation (FDIC) limits were held in fully collateralized accounts, as permitted by the CGC. As of June 30, 2020, all of the County's investments were held with the County's custodian or by a broker-dealer (counterparty) other than the broker-dealer used by the County to purchase the securities.

Investment in State Investment Pool

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

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

Fair Value Measurements

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

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

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

The County's pooled investments have the following recurring fair value measurements as of June 30, 2020:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in</u>	<u>Other</u>	<u>Unobservable</u>
		<u>Active Markets</u>	<u>Observable</u>	<u>Inputs</u>
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
U.S. Government Agency Obligations	\$ 1,978,788	\$ -	\$ 1,978,788	\$ -
Medium-Term Corporate Notes	992,898	-	992,898	-
U.S. Treasury Notes	177,520	-	177,520	-
Commercial Paper	299,898	-	299,898	-
Municipal Bonds	161,164	-	161,164	-
Total Investments Measured at Fair Value	\$ 3,610,268	\$ -	\$ 3,610,268	\$ -
Investments at Net Asset Value:				
Mutual Fund	110,000			
Bank Account	612,835			
	\$ 4,333,103			

NOTE 4 - Restricted Cash and Investments

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

Governmental activities:	
General Fund:	
EBT/other social services accounts	\$ 19,206
Debt Service:	
Bond repayment	12,327
Capital Projects:	3,794
Internal Service Funds:	4,484
Total	\$ 39,811
Business-type activities:	
Enterprise funds:	
Solid Waste Enterprise:	
American Avenue post-closure care - other	\$ 43,075
Corrective action	992
Subtotal	44,067
CSAs:	
Bond repayment/construction	1,590
Subtotal	1,590
Total	\$ 45,657

County of Fresno
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NOTE 5 - Receivables

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

At June 30, 2020, the General Fund had a HARP loans allowance of \$854 while the Internal Services Risk Management fund had an allowance of \$115. The total allowance for uncollectible accounts was \$969.

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

Loans Receivable

The County engages in affordable housing programs and housing assistance rehabilitation programs designed to encourage construction or improvement of housing for persons with low to moderate incomes. Under these programs, loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with County terms. Since the County does not expect to collect these loans in the near term, they have been offset by deferred inflows of resources in the fund financials statements. The amount not expected to be collected within the next fiscal year is \$41,767.

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

The County established a County Service Area (CSA) Revolving Fund to provide temporary financial assistance to CSAs that have or are projected to have short-term financial deficits.

NOTE 6 - Interfund Transactions and Balances

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

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

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The composition of interfund balances as of June 30, 2020 was as follows:

Payable Fund	Receivable Fund						Total
	General Fund	Major Govt.	Nonmajor Govt.	Solid Waste	CSAs	Internal Service	
General Fund	\$ -	\$ 1,202	\$ 313	\$ 550	\$ 148	\$ 10,048	\$ 12,261
Major Governmental	77,159	1,324	-	-	-	-	78,483
Nonmajor Governmental	8,382	-	705	-	14	551	9,652
Solid Waste Enterprise	454	-	-	715	-	41	1,210
CSAs	180	-	-	-	67	174	421
Internal Service	443	-	-	43	-	2,802	3,288
Totals	\$ 86,618	\$ 2,526	\$ 1,018	\$ 1,308	\$ 229	\$ 13,616	\$ 105,315

The following schedule briefly summarizes the County's transfer activity for the fiscal year ended June 30, 2020:

Transfers To	Transfers From						Total
	General Fund	Major Govt.	Nonmajor Govt.	Solid Waste	CSAs	Internal Service	
General Fund	\$ -	\$ 43,018	\$ 17,264	\$ 185	\$ -	\$ 8,756	\$ 69,223
Major Governmental	999,375	15,144	-	-	-	-	1,014,519
Nonmajor Governmental	59,914	-	6,187	34	5	-	66,140
Solid Waste Enterprise	157	-	-	-	-	-	157
CSAs	82	-	-	-	-	-	82
Internal Service Funds	1,629	-	-	-	-	-	1,629
Totals	\$ 1,061,157	\$ 58,162	\$ 23,451	\$ 219	\$ 5	\$ 8,756	\$ 1,151,750

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

The following schedule briefly summarizes the County's advances between funds for the fiscal year ended June 30, 2020:

	To Other Funds	From Other Funds
General Fund	\$ 345	\$ -
CSAs	-	345
	\$ 345	\$ 345

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

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NOTE 7 – Tax Abatements

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

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

No other commitments were made by the County as part of the Williamson Act or Farmland Security Zone contracts. For the fiscal year ended June 30, 2020, the Williamson Act Program tax abatements were \$44,898.

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NOTE 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Retirements	Adjustments	Balance June 30, 2020
Governmental activities					
Capital assets, not being depreciated					
Land	\$ 17,000	\$ -	\$ -	\$ (122)	\$ 16,878
Land easements	41,838	-	-	-	41,838
Construction in progress	60,811	44,844	(11,757)	(1,543)	92,355
Infrastructure in progress	14,546	16,310	(1,349)	264	29,771
Total capital assets, not being depreciated	<u>134,195</u>	<u>61,154</u>	<u>(13,106)</u>	<u>(1,401)</u>	<u>180,842</u>
Capital assets, being depreciated					
Buildings and improvements	569,600	85,459	-	(6,411)	648,648
Equipment	116,070	12,724	(10,288)	(1,771)	116,735
Infrastructure	642,121	7,207	-	-	649,328
Intangible	45,726	135	-	-	45,861
Total capital assets, being depreciated	<u>1,373,517</u>	<u>105,525</u>	<u>(10,288)</u>	<u>(8,182)</u>	<u>1,460,572</u>
Less accumulated depreciation for:					
Buildings and improvements	(227,103)	(15,202)	-	9,836	(232,469)
Equipment	(79,846)	(8,943)	10,145	(1,849)	(80,493)
Infrastructure	(314,666)	(11,614)	-	-	(326,280)
Intangible	(45,605)	(280)	-	259	(45,626)
Total accumulated depreciation	<u>(667,220)</u>	<u>(36,039)</u>	<u>10,145</u>	<u>8,246</u>	<u>(684,868)</u>
Total capital assets, being depreciated, net	<u>706,297</u>	<u>69,486</u>	<u>(143)</u>	<u>64</u>	<u>775,704</u>
Governmental activities capital assets, net	<u>\$ 840,492</u>	<u>\$ 130,640</u>	<u>\$ (13,249)</u>	<u>\$ (1,337)</u>	<u>\$ 956,546</u>
Business-type activities					
Capital assets, not being depreciated					
Land	\$ 9,183	-	-	-	\$ 9,183
Construction in progress	9,223	3,623	(387)	27	12,486
Total capital assets, not being depreciated	<u>18,406</u>	<u>3,623</u>	<u>(387)</u>	<u>27</u>	<u>21,669</u>
Capital assets, being depreciated					
Buildings and improvements	100,326	-	-	279	100,605
Equipment	19,930	2,293	(1,695)	101	20,629
Total capital assets, being depreciated	<u>120,256</u>	<u>2,293</u>	<u>(1,695)</u>	<u>380</u>	<u>121,234</u>
Less accumulated depreciation for:					
Buildings and improvements	(58,594)	(1,407)	-	84	(59,917)
Equipment	(17,595)	(766)	1,687	(104)	(16,778)
Total accumulated depreciation	<u>(76,189)</u>	<u>(2,173)</u>	<u>1,687</u>	<u>(20)</u>	<u>(76,695)</u>
Total capital assets being depreciated, net	<u>44,067</u>	<u>120</u>	<u>(8)</u>	<u>360</u>	<u>44,539</u>
Business-type activities capital assets, net	<u>\$ 62,473</u>	<u>\$ 3,743</u>	<u>\$ (395)</u>	<u>\$ 387</u>	<u>\$ 66,208</u>

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Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 9,956
Public protection	2,294
Public ways and facilities	10,444
Health, sanitation, and public assistance	4,227
Education	1,064
Culture and recreation	9
Depreciation on capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	8,045
Total depreciation expense - governmental functions	\$ 36,039

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

Solid waste enterprise	\$ 1,381
County service areas, other	792
Total depreciation expense - business-type functions	\$ 2,173

NOTE 9 - Leases

Operating Leases

The County conducts some of its operations from leased facilities. The total rental expense for the fiscal year ended June 30, 2020, for operating leases was \$14,440.

The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2020:

Fiscal Year Ended June 30	Governmental Activities
2021	\$ 12,946
2022	11,941
2023	9,475
2024	8,565
2025	8,516
2026-2030	37,784
2031-2035	34,160
2036-2040	24,427
Total	\$ 147,814

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Capital Leases

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

The following is a schedule of future minimum lease payments under capital leases together with the present value of future minimum lease payments as of June 30, 2020:

Governmental Activities Fiscal Year Ended June 30	Total Payments	Imputed Interest	Net Present Value of Minimum Lease Payments
2021	\$ 1,296	\$ 103	\$ 1,193
2022	1,007	52	955
2023	510	17	493
2024	154	5	149
2025	16	1	15
Total	<u>\$ 2,983</u>	<u>\$ 178</u>	<u>\$ 2,805</u>

The following is a schedule of property under capital leases segregated by major class at June 30, 2020:

	Governmental Activities
Equipment	\$ 29,370
Accumulated depreciation	(26,777)
Net	<u>\$ 2,593</u>

NOTE 10 – Service Concession Arrangements (SCA)

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

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

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

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NOTE 11 - Long-Term Liabilities

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

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

The following is a schedule of long-term liabilities for governmental and business-type activities for the fiscal year ended June 30, 2020:

	Balance			Balance		Amounts
	July 1, 2019	Additions	Deductions	June 30, 2020	due within	
					one year	
Governmental activities						
Earned compensated absences	\$ 47,222	\$ 52,093	\$ (46,062)	\$ 53,253	\$ 22,933	
Capital lease obligations (Note 9)	3,154	716	(1,065)	2,805	1,193	
Liability for self-insurance (Note 13)	84,395	19,081	(15,512)	87,964	23,204	
Adverse Judgment (Note 16)	23,000	1,503	-	24,503	24,503	
Bonds payable	389,833	-	(35,777)	354,056	16,362	
Accreted interest	251,935	26,556	-	278,491	-	
Net pension liability (Note 12)	1,092,494	-	(45,296)	1,047,198	-	
Total governmental activities	<u>\$ 1,892,033</u>	<u>\$ 99,949</u>	<u>\$ (143,712)</u>	<u>\$ 1,848,270</u>	<u>\$ 88,195</u>	
Business-type activities						
Earned compensated absences	\$ 301	\$ 76	\$ -	\$ 377	\$ 207	
Bonds	2,780	-	(235)	2,545	250	
Loans	62	-	(3)	59	3	
Closure and post-closure	42,287	2,956	-	45,243	6,339	
Net pension liability	8,467	-	(1,155)	7,312	-	
Total business-type activities	<u>\$ 53,897</u>	<u>\$ 3,032</u>	<u>\$ (1,393)</u>	<u>\$ 55,536</u>	<u>\$ 6,799</u>	
Totals	<u>\$ 1,945,930</u>	<u>\$ 102,981</u>	<u>\$ (145,105)</u>	<u>\$ 1,903,806</u>	<u>\$ 94,994</u>	

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The following is a schedule of future bonds payable requirements for governmental activities:

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2021	\$ 16,362	\$ 8,593	\$ 24,955
2022	16,486	8,423	24,909
2023	15,587	8,262	23,849
2024	14,744	8,123	22,867
2025	14,782	7,992	22,774
2026-2030	71,622	38,492	110,114
2031-2035	142,976	30,128	173,104
2036-2040	18,500	3,399	21,899
2041-2045	-	-	-
2046-2050	19,496	-	19,496
2051-2055	19,519	-	19,519
Sub-total	350,074	113,412	463,486
Less: Original issue premium	4,707	-	4,707
Original issue discount	(725)	-	(725)
Total	<u>\$ 354,056</u>	<u>\$ 113,412</u>	<u>\$ 467,468</u>

Pension Obligation Bonds

In March 2002, the County issued \$117,055 in Taxable Pension Obligation Bonds; Refunding Series 2002 to advance refund a portion of the County's Taxable Pension Obligation Bonds, Series 1998. The 1998 Series bonds were originally issued in March 1998 in the amount of \$184,910. The proceeds of the refunding issue were used to purchase U.S. Government Securities and to provide cash, which was placed into an irrevocable escrow account with a trustee bank. The purpose of the escrow account is to provide resources to service a portion of the 1998 Series when the respective bonds come due between August 2002 and August 2008. As a result, the refunded bonds are considered defeased and the liability is not reported in the governmental activities column of the statement of net position. This advance refunding was undertaken to reduce the debt service requirements for the next six fiscal years by extending the overall payments by eleven years and resulted in a net present value loss of \$7,704.

The portion of the County's taxable Pension Obligation Bonds, Series 1998 that were not refunded have various maturity dates between 2002 and 2008. The interest rates range from 6.01% to 6.26%. The County's taxable Pension Obligation Bonds, Refunding Series 2002 include both serial and term bonds. The serial bonds have various maturity dates between 2009 and 2014 with interest rates ranging between 6.06% and 6.45%. The term bonds matured in 2018 with an interest rate of 6.67% and a mandatory sinking fund redemption commencing in 2016. The 1998 Pension obligation bonds that were refunded in 2002 have matured.

In March 2004, the County issued Series 2004A and 2004B Pension Obligation Bonds for \$327,898 and \$75,000, respectively. These were issued to fund a portion of the County's unfunded accrued actuarial liability in the retirement system. The Series 2004A Pension Obligation Bonds include current interest bonds, term bonds, and capital appreciation bonds. The Series 2004B bonds were issued as auction rate bonds. The debt matures between 2005 and 2033. In September 2006, the Series 2004B Pension Obligation

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Bonds were converted from auction rate to fixed rate securities. The Series 2004A Pension Obligation Bonds (Fixed Rate Bonds) maturing in August 2019 (totaling \$26,765) were refunded from the issuance of Series 2015A Taxable Pension Obligation Refunding Bonds.

In September 2015, the County issued \$27,255 in Series 2015A Taxable Pension Obligation Refunding Bonds, maturing in fiscal year 2020. The Taxable Pension Obligation Refunding Bonds generated a net present value savings (net of all costs) of \$2,018 or 7.5% of the refunded bond par amount. This financing refunded, on a current basis, a portion of the Series 2004A Pension Obligation Bonds totaling \$26,765.

The Debt Service fund is utilized to pay for pension obligation bonds. Payments for pension obligation bonds for the current year are shown as transfers out in the General, Special Revenue, Enterprise and Internal Service Funds and as transfers-in in the Debt Service Fund.

Lease Revenue Bonds

In February 2004 the FCFA, which was established to provide for the acquisition, disposition and/or financing of capital improvements and/or working capital for the County, issued \$26,000 in lease revenue bonds for the Juvenile Justice Campus. These bonds were refunded from the issuance of Series 2012A Refunding Lease Revenue Bonds.

The FCFA issued \$14,375 of lease revenue bonds October 1, 2004 to fund the County's Energy Project. The majority of the debt issued was to fund a gas energy generating plant, which will produce energy for the County Jail and other facilities. The remaining portion was used to upgrade lighting and electrical fixtures. These bonds were refunded from the issuance of Series 2012A Refunding Lease Revenue Bonds.

On April 16, 2007, the FCFA issued \$55,350 in lease revenue bonds for the construction of a juvenile court and offices for joint occupancy and use by the County and the County of Fresno Superior Court. The Series 2007 Bonds consist of \$25,605 in serial bonds maturing between 2010 and 2021 with interest rates ranging from 4.0% to 4.125%, and \$29,745 in term bonds maturing between 2023 and 2030 with interest rates ranging between 4.3% and 4.75%. These bonds were refunded from the issuance of Series 2016 Lease Revenue Refunding Bonds.

In September 2012, the County issued \$22,425 in Series 2012A Refunding Lease Revenue Bonds, maturing between 2013 and 2022. The Series 2012A Refunding Lease Revenue Bonds generated present value savings (net of all costs) of \$2,790 or 10.66% of the refunded bond par amount. This financing refunded, on a current basis, all outstanding maturities of the County's Series 2004 and 2004B Lease Revenue Bonds.

In June 2016, the County issued \$37,270 in Series 2016 Lease Revenue Refunding Bonds, maturing between 2017 and 2030, with interest rates ranging from 3.0% to 5.0%. The Series 2016 Lease Revenue Refunding Bonds generated present value savings (net of all costs) of \$5,946 or 14.2% of the refunded par amount. This was an advance, in-substance defeasance of the Series 2007 Lease Revenue Bonds, refunding that bond series in its entirety.

Tobacco Settlement Asset-Backed Bonds

In July 2002, the California County Tobacco Securitization Agency (the Agency) issued \$9,925 in Series 2002 asset-backed serial maturities and \$83,030 in Series 2002 asset-backed term bonds. These bonds mature between 2005 and 2038. The interest rates for the asset-backed serial maturities range from 3% to 5%. The interest rates for the asset-backed term bonds range from 5.63% to 6.13%.

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In April of 2006, the Agency issued the Tobacco Settlement Asset-Backed Bonds, Subordinate Series 2006 for \$39,015. The FCTFC entered into a loan agreement with the Agency to borrow the bond proceeds and to secure the loan with County Tobacco Assets consisting of seventy-five percent of its rights to future tobacco settlement revenues. The 2006 Tobacco Bonds are turbo capital appreciation bonds, issued in four series and maturing in 2046 through 2055. The interest rates on the bonds range from 6.50% to 7.75%.

Capital Appreciation and Series Bonds

The County has issued two series of capital appreciation bonds. The first series is the Series 2004 A Pension Obligation Bonds for \$327,898. The second is the Series 2006 Tobacco Settlement Asset-Backed Bonds. Capital appreciation bonds are debt securities on which the investment return on an initial principal amount is reinvested at a stated compounded rate until maturity, at which time the investor receives a single payment (the “maturity value”) representing both the initial principal amount and the total investment return.

The following schedule represents the capital appreciation bonds issued by the County and the California County Tobacco Securitization Agency:

Pension Obligation Bonds

Series	Maturity Date	Interest Rate	Initial Principal Amount	Accreted Value June 30, 2020	Accreted Value at Maturity
2004A	August 15, 2033	1.3% to 5.67%	\$ 327,898	\$ 542,688	\$ 711,250
			Less principal	(327,898)	
			Accreted interest	\$ 214,790	

Tobacco Securitization Tax Bonds

Series	Maturity Date	Interest Rate	Initial Principal Amount	Accreted Value June 30, 2020	Accreted Value at Maturity
2006A	June 1, 2046	6.50%	\$ 16,606	\$ 41,020	\$ 216,420
2006B	June 1, 2046	6.65%	2,890	7,286	39,920
2006C	June 1, 2055	7.00%	9,757	25,806	286,800
2006D	June 1, 2055	7.75%	9,762	28,604	409,500
Total			\$ 39,015	\$ 102,716	\$ 952,640
			Less principal	(39,015)	
			Accreted interest	\$ 63,701	
			Total accreted	\$ 278,491	

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Limited Obligation Improvement Bonds

In September of 1997, the FCFA issued \$5,392 limited obligation improvement bonds reported in the CSAs fund with an average interest rate of 5.92% payable semi-annually to purchase infrastructure improvements for Quail Lake, a planned community. The bonds are payable from assessments on the property owners within the special district and are not payable from any funds of the County.

The following is a schedule of future debt service requirements for business-type activities bonds:

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2021	\$ 250	\$ 162	\$ 412
2022	270	145	415
2023	285	126	411
2024	305	106	411
2025	325	86	411
2026-2028	1,110	114	1,224
Total	<u>\$ 2,545</u>	<u>\$ 739</u>	<u>\$ 3,284</u>

Loans Payable

CSA No. 49, as part of funding for a Surface Water Treatment Plant, received a \$80 loan payable from the California Department of Public Health. The note is to be repaid in semi-annual installments beginning in fiscal year 2015. As of June 30, 2020, the special district's unpaid loan balance was \$59.

Landfill Closure and Post-Closure Costs

The County accounts for all solid waste landfill closure and post-closure costs based on the provisions of GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs*. State and federal laws and regulations require the County to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure costs as an operating expense and liability in each period based on landfill capacity used as of each balance sheet date.

The County owns a solid waste landfill which is currently operating, the American Avenue Disposal Site, as well as two landfills which ceased accepting waste in fiscal years 1991 and 2010, the Southeast Regional Disposal Site and the Coalinga Disposal Site, respectively. Southeast Regional completed its closure activities during fiscal year 1999 and began post-closure activities, which are still ongoing as of June 30, 2020. Coalinga completed its closure activities during fiscal year 2017 and began post-closure activities in fiscal year 2018.

The \$45,243 reported as landfill closure and post-closure care liability at June 30, 2020, represents the cumulative amount reported to date based on the landfill capacity used to date. The County will recognize the remaining estimated cost of closure and post-closure care of \$35,133 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all remaining closure and post-closure care as of June 30, 2020. The total current cost of landfill closure and post-closure care is an

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estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

The percentage of landfill capacity used to date, the estimated remaining landfill life, the liability for closure and post-closure care at the balance sheet date, and the estimated remaining local closure and post-closure costs to be recognized for the three landfills are as follows:

Landfill	Capacity used at June 30, 2020	Estimated Years Remaining	Total Estimated Liability June 30, 2020	Liability Recognized June 30, 2020	Remaining Liability to be Recognized
American Avenue	52.70%	30	\$ 74,274	\$ 39,141	\$ 35,133
Coalinga	49.30%	-	3,006	3,006	-
Southeast Regional	100.00%	-	3,096	3,096	-
Total			<u>\$ 80,376</u>	<u>\$ 45,243</u>	<u>\$ 35,133</u>

The increase from fiscal year 2018-2019 in the closure and post-closure care liability for American Avenue was reported as an operating expense in 2019-2020. Closure and post-closure costs for Southeast Regional and Coalinga Disposal Sites are reported as non-operating expenses. The County is required by state and federal laws to finance closure and post-closure care. Amounts collected from current users for these costs are reported in restricted cash and investments. Regarding the American Avenue Site, the County expects that future user fees and interest earnings over the remaining landfill lives will fund the closure and post-closure liabilities. Regarding the Southeast Regional and Coalinga Disposal Sites, the County expects any ongoing costs to be funded from interest earnings and from quarterly payments from waste haulers and cities by agreement.

Additionally, Title 22 of the California Code of Regulations (CFR) requires that counties finance certain closure and post-closure maintenance and monitoring activities for their hazardous waste disposal sites. Post-closure activities are required for a minimum of 30 years after closure. The County's Blue Hills Hazardous Waste Disposal Site closed in the fiscal year 1992-93.

The County is further required by 40 CFR 264.144 to establish a financial assurance for post-closure care in accordance with the approved post-closure plan for the facility 60 days prior to the initial receipts of hazardous waste or the effective date of the regulation, whichever was later. The County used the financial test under 40 CFR 264.145(f) for over twenty years to provide financial assurance before being informed in 2008 by the California Department of Toxic Substances Control that this financial test was unusable by local governments to provide financial assurance. The County changed financial assurance options in April 2012 changing to a Post-Closure letter of credit as allowed under 40 CFR 264.145(d). The Irrevocable Standby Letter of Credit was established for \$1,468 in favor of the Department of Toxic Substances Control.

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Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the County performed calculations of excess investment earnings on various bonds, and at June 30, 2020, does not expect to incur a liability.

NOTE 12 - Pensions

Plan Description - The County of Fresno provides pension benefits to eligible employees through a cost sharing multiple-employer defined benefit pension plan (pension plans) administered by the Fresno County Employees Retirement Association (FCERA). FCERA is governed by the Board of Retirement under the County Employees Retirement Law of 1937 (CERL). Readers should refer to the 1937 CERL Act for more complete information. Members of the pension plans include all permanent employees working full-time or at least 50% part-time for the County and the following entities: Superior Court of California-County of Fresno, Clovis Veterans Memorial District, Fresno Mosquito and Vector Control District, and Fresno/Madera Area Agency on Aging (FMAAA). Employees become eligible for membership commencing with the pay period following the date of employment in a permanent position.

FCERA is a contributory defined pension plan established on January 1, 1945 under the provisions of the 1937 CERL Act and provides service retirement, disability, death, and survivor benefits for employees of the County of Fresno and participating entities. The County of Fresno Board of Supervisors and governing boards of participating entities adopt resolutions, as permitted by State of California Government Code 31450 (County Employees Retirement Law of 1937 (CERL)), which affect the benefits of FCERA members. FCERA is governed by the California Constitution, CERL, and the bylaws, policies and procedures adopted by FCERA Board of Retirement.

FCERA issues a stand-alone financial report that can be reviewed at the FCERA website: <https://fresnocountyretirement.org/financial/> or FCERA's office, located at 7772 North Palm Avenue, Fresno, CA, 93711.

FCERA administers nine (9) pension tiers for General and Safety members. Due to the passage of the Public Employee Pension Reform Act (PEPRA), the County established two (2) new tiers for General and Safety members: General Tier V and Safety Tier V. PEPRA changed the benefits that may be offered to employees hired on or after January 1, 2013 including increasing the minimum retirement age, increasing the percentage for member contributions, and excluding certain types of compensation as pensionable. PEPRA also created limits on pensionable compensation. The cumulative effect of PEPRA changes will reduce the County's long-term retirement costs.

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Summary of Pension Plans and Eligible Participants

General Members

- Tier I General members hired on or before June 30, 2005 and General members of certain bargaining units hired after June 30, 2005.
- Tier II General Members of certain bargaining units hired after June 30, 2005 and General Tier I members hired on or before June 30, 2005 who elect to transfer to Tier II.
- Tier III General Members of certain bargaining units hired after December 17, 2007 and eligible Tier II members hired on or before December 17, 2007 who elect to transfer to Tier III per elective bargaining agreements.
- Tier IV General Members hired on or after June 11, 2012.
- Tier V General Members hired on or after January 1, 2013.

Safety Members

- Tier I Safety members hired on or before June 30, 2005 and Safety members of certain bargaining units hired after June 30, 2005.
- Tier II Safety members of certain bargaining units hired after June 30, 2005 and Safety Tier I members hired on or before June 30, 2005 who elect to transfer to Tier II.
- Tier III Not offered.
- Tier IV Safety members hired on or after June 11, 2012.
- Tier V Safety members hired on or after January 1, 2013.

Benefits Provided

All pension tiers provide benefits in accordance with CERL regulations upon retirement, disability, or death of members. Retirement benefits are based upon years of service, final average compensation, and retirement age. Employees terminating before accruing five (5) years of service credit forfeit the right to receive retirement benefits unless they establish reciprocity with another eligible public agency within the prescribed time period. Non-vested employees who terminate service are entitled to withdraw their accumulated contribution plus accrued interest. Employees who terminate service after earning five (5) years of retirement service credit, may leave their contributions on deposit and elect to take a deferred retirement. The difference between expected and actual experience for vested and non-vested benefits may result in an increase or decrease to pension expense and net pension liability.

Service related disability benefits are based upon final average compensation or retirement benefits (if eligible). Non-service related disability benefits are based upon (1) years of service and final average compensation or (2) retirement benefits (if eligible). Death benefits are based upon a variety of factors including whether the employee was retired or not.

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Annual cost-of-living adjustments (COLA) after retirement are provided to General Member Tiers I, II, and III and Safety Member Tiers I and II. General and Safety Member Tiers IV and V are not eligible for COLA increases. COLAs are granted to eligible retired members effective in April of each year based upon the Bureau of Labor statistics Consumer Price Index, West Region as of the preceding January 1 and is subject to an annual maximum of three percent (3%).

Specific details for retirement, disability, or death benefit calculations and COLA information are available in the FCERA Comprehensive Annual Financial Report (Financial Report). The FCERA Financial Report is available at <https://fresnocountyretirement.org/financial/>.

Contributions

The FCERA Board of Retirement is authorized under Article 16 of the Constitution of the State to establish and amend retirement contributions for active employees and participating employers. Contributions are made by the members and the employers at rates recommended by FCERA's independent actuary and approved by the Board of Retirement and the County of Fresno Board of Supervisors. Employee contribution rates vary according to age and classification (safety or general) and, depending on Tier, are designed to provide funding for approximately one-fourth to one-half of the regular retirement benefits and one-half of all cost of living benefits. Members are required to contribute between 8.11% and 16.22% of their annual covered salary. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of CERL. Employer contribution rates are determined pursuant to Section 31453 of CERL and are designed to provide funding for the remaining regular retirement and cost of living benefits, as well as all regular disability and survivor's benefits.

Employer and employee contributions and active members are as follows:

<u>Retirement Plan</u>	<u>Employer Contribution Rates</u>	<u>Employee Contribution Rates</u>	<u>Active Members</u>
General Tier I	62.85%	9.88%	2,679
General Tier II	59.58%	6.89%	99
General Tier III	59.93%	7.99%	588
General Tier IV	51.85%	7.23%	241
General Tier V	49.28%	7.30%	3,070
Safety Tier I	86.75%	12.53%	435
Safety Tier II	87.91%	11.40%	52
Safety Tier IV	73.62%	10.22%	60
Safety Tier V	69.73%	11.96%	452
All Categories	60.84%	9.18%	7,676

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Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the County reported a pension liability of \$1,054,510 for its proportionate share of the net pension liability (NPL). The NPL was measured as of June 30, 2019, and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of that date. The County's proportion of the NPL was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan (FCERA) participants, actuarially determined.

For the fiscal year ended June 30, 2020, the County recognized a debit to pension expense of \$9,858. Pension expense represents the change in the NPL during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions of methods, and plan benefits. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual	\$ 11,246	\$ 64,631
Experience changes in assumptions	18,204	49,698
Net difference between projected and actual earnings on retirement plan investments	57,022	-
Changes in proportion and differences between County contributions and proportionate share of contributions	4,415	1,100
Contributions by County subsequent to the actuarial measurement date	222,360	-
	<u>\$ 313,247</u>	<u>\$ 115,429</u>

Deferred outflows of resources of \$313,247 and deferred inflows of resources of \$115,429, above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

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\$222,360 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year	
Ending June 30	Amount
2021	\$ 17,537
2022	(44,995)
2023	(5,101)
2024	8,017
Thereafter	-
	<u>\$ (24,542)</u>

Actuarial Assumptions

The total pension liability as of June 30, 2020, based on an actuarial valuation in accordance with Governmental Accounting Standards Board (GASB) 68, was based on the June 30, 2019 measurement date, and determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

Inflation	2.75% per year.
Employee Contribution Crediting Rate	2.75% compounded semi-annually.
Administrative Expenses	1.20% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member.
Salary increases	General Members: 4.35% to 11.75%; and Safety Members: 4.75% to 11.75%, varying by service, including inflation.
COLA increases	Investment rate of return 3.00% maximum for retiree COLA increase applicable to General Member Tiers I, II and III and Safety Member Tiers I and II.
Post-Retirement Mortality: Healthy	For General Members and all Beneficiaries: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with two-dimensional scale MM2015D; set forward one year for females. For Safety Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with two-dimensional scale MM2015D, set back two years.

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Disabled	<p>For General Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with two-dimensional scale MM2015D, set forward eight years.</p> <p>For Safety Members: Headcount-Weighted RP-2014 Mortality projected with 20 years with two-dimensional scale MM2015D set forward seven years.</p> <p>The above mortality tables contain about a 20% margin, based on actual to expected deaths, to reflect future mortality improvement, based on a review of mortality experience as of the measurement date.</p>
Contribution Rates	<p>For General Members and all Beneficiaries: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with two-dimensional scale MM2015D, set forward one year for females, weighted 35% males and 65% females for members and weighted 65% male and 35% female for beneficiaries.</p> <p>For Safety Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with two-dimensional scale MM2015D, set back two years weighted 80% male and 20% female.</p> <p>For Safety Beneficiaries; Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with two-dimensional scale MM2015D; set forward one year for females, weighted 20% male and 80% female.</p>
Actuarial Cost Method	<p>Entry Age Cost Method. Entry Age is age at the member's hire date. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation.</p>
Expected Remaining Service Lives	<p>Average expected service lives of all employees is determined by:</p> <ul style="list-style-type: none">- Calculating each active employee's expected remaining service life as the present value of \$1 per year of future services at zero percent interest.- Setting remaining service life to zero for each nonactive or retired member.- Dividing the sum of the above amounts by the total number of active employees, nonactive and retired members.

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The information and analysis used in selecting each assumption that has a significant effect on the actuarial valuation is shown in the July 1, 2015 through June 30, 2018 Actuarial Experience Study dated April 9, 2019. Unless otherwise noted, all actuarial assumptions and methods shown apply to members for all tiers.

The long-term expected rate of return on pension plan investments (7.00%) was determined using a building block method in which expected future real return (expected return, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return through weighting the expected future real rates of return by the targeted asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin. The target allocation and best estimated of arithmetic real rates of returns for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equity	20.00%	5.44%
Small Cap U.S. Equity	5.00%	6.18%
Developed International Large Cap Equity	15.00%	6.54%
Developed International Small Cap Equity	3.00%	6.64%
Emerging Markets Equity	6.00%	8.73%
Core Bonds	4.00%	1.42%
High Yield Bonds	3.00%	3.64%
Global Sovereign	7.00%	0.16%
Bank Loan	3.00%	3.45%
TIPS	3.00%	1.20%
Local Emerging Market Debt	3.00%	4.72%
Real Estate	3.00%	4.51%
Value Add Real Estate	1.00%	8.80%
Opportunistic Real Estate	1.00%	12.00%
Infrastructure	3.00%	7.90%
Hedge Funds	6.00%	3.20%
Private Equity	6.00%	9.90%
Private Credit	8.00%	5.80%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability (TPL) was 7.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and employer contributions will be made at the rates equal to the actuarially determined contribution rates. Employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based upon these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. The long-

County of Fresno
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term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the TPL as of June 30, 2016.

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the NPL of FCERA, as of June 30, 2020, which is allocated to all employers and is calculated using the discount rate of 7.00%. Additionally, the table reflects the County’s proportionate share of net pension liability should it be calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate.

	6.00%	7.00%	8.00%
County's proportionate share of the NPL	\$ 1,835,553	\$ 1,054,510	\$ 415,943

Pension Fund Fiduciary Net Position

Detailed information about the pension fund’s fiduciary net position is available in the separately issued FCERA GASB 68 Actuarial Valuation Report.

NOTE 13 - Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has established a Risk Management Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss. The Fund is also used to account for the unemployment benefits program and for employee medical coverage provided through contracts with various health maintenance organizations.

The Risk Management Fund provides coverage of the general liability, workers' compensation, medical malpractice, and property-other programs. Property-other consists of fire, bond, and miscellaneous insurance and damaged vehicle loss programs. General liability coverage self-insured up to a maximum of \$750 per claim. Coverage above \$750, up to a maximum amount of \$25,000, is provided through a risk pool agreement with the Public Risk Innovation Solutions and Management (“PRISM”) Program. PRISM was formerly known as the California State Association of Counties Excess Insurance Authority (the “CSAC-EIA”). The risk pool is reinsured through commercial companies from \$5,000 to \$25,000 per claim.

Crime bond coverage is self-insured up to a maximum of \$2.5 per occurrence and excess coverage of \$15,000 per occurrence is provided through a risk pool agreement with PRISM.

Pollution liability coverage is self-insured for \$75 per claim and excess coverage up to a maximum of \$10,000 is provided through a risk pool agreement with PRISM.

Workers' compensation claims are self-insured up to a maximum of \$500 per claim. Excess coverage up to a statutory amount per claim is provided through a risk pool agreement with PRISM.

The County is entirely self-insured for medical malpractice claims.

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Property-other is self-insured up to a deductible of \$25 per claim with a maximum of \$800,000 in All Risk excess coverage per annual occurrence, and \$600,000 in Flood limits per annual occurrence. Earthquake coverage has maximums in excess insurance of \$25,000. Excess insurance is provided through a risk pool agreement with PRISM.

Cyber liability coverage is self-insured up to a maximum of \$100 per claim. Coverage above \$100, up to \$5,000, is provided through a risk pool agreement with PRISM. Policy limits vary based on the type of loss. Aircraft coverage has a maximum limit in excess insurance of \$25,000 provided through a risk pool agreement with PRISM.

County departmental contributions to the workers' compensation, general liability, and medical malpractice programs are based on actuarial recommendations. The reported actuarial liabilities for workers' compensation, general liability, and medical malpractice assume a long-term annual rate of return of 1.5 percent. The undiscounted actuarial liability for these programs is \$86,815. Reserves for self-insurance for these programs include estimated liability amounts for claims filed against the County for their programs, as well as the estimated amount of claims incurred but not reported, as computed by the actuary. Contributions to the property damage, unemployment, and vehicle damage programs are based on actual historical claim loss experience.

The claims liability of \$87,964 reported in the Risk Management Fund at June 30, 2020 is based on the requirement that claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The claims liability includes all allocated loss adjustment expenses. While the ultimate amount of claims is dependent on future developments, management is of the opinion that the claims liability at June 30, 2020 is adequate to cover such claims. Changes in the Risk Management fund's claims liability amount during the last two fiscal years were as follows:

	June 30, 2020	June 30, 2019
Beginning of fiscal year liability	\$ 84,395	\$ 80,615
Current year claims provision and changes in estimates	19,081	38,423
Claim payments	<u>(15,512)</u>	<u>(34,643)</u>
Balance at fiscal year-end	<u>\$ 87,964</u>	<u>\$ 84,395</u>

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NOTE 14 - Fund Balance

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2020, fund balance for governmental funds are made up of the following:

- Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, such as prepaid items and amounts available for loans.
- Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the County’s highest level of decision-making authority, the County’s Board. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally, which is achieved by the County’s Board approving the commitment with a 4/5 majority vote.
- Assigned Fund Balance – comprises amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the County’s Board or (b) a body (for example, a budget or finance committee) or official to which the County’s Board has delegated the authority to assign amounts to be used for specific purposes. The CAO has been delegated this authority for the County of Fresno.
- Unassigned Fund Balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned and unassigned.

County of Fresno
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Fund balances for all the major and nonmajor governmental funds as of June 30, 2020, were distributed as follows:

	General Fund	Disaster Claiming	Debt Service	Behavioral Health - MH	Social Services	Local Health and Welfare	Realignment Fund	Governmental Funds	Total
Nonspendable:									
Postage/imprest cash	\$ 427	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36	\$ 463
SVIA loan	5,000	-	-	-	-	-	-	-	5,000
CSA loans	376	-	-	-	-	-	-	-	376
Subtotal	5,803	-	-	-	-	-	-	36	5,839
Restricted for:									
General government	266	2,395	-	-	-	-	-	33,108	35,769
Public protection	6,886	-	-	-	-	-	68,582	35,627	111,095
Public ways and facilities	6	-	-	-	-	-	-	53,066	53,072
Health, sanitation & public assistance	432	-	-	75,838	44,935	43,402	-	39,420	204,027
Education	-	-	-	-	-	-	-	45,779	45,779
Capital projects	-	-	-	-	-	-	-	53,522	53,522
Debt service	-	-	63,322	-	-	-	-	-	63,322
Subtotal	7,590	2,395	63,322	75,838	44,935	43,402	68,582	260,522	566,586
Committed to:									
General government:									
Reserve	54,000	-	-	-	-	-	-	-	54,000
Third party	23,287	-	-	-	-	-	-	-	23,287
SVIA	3,000	-	-	-	-	-	-	-	3,000
Public protection:									
Sheriff vehicle replacement	600	-	-	-	-	-	-	-	600
Rowell lease payoff	10,000	-	-	-	-	-	-	-	10,000
Eagle 2 replacement	200	-	-	-	-	-	-	-	200
Public ways and facilities:									
CSA revolving fund	330	-	-	-	-	-	-	-	330
Subtotal	91,417	-	-	-	-	-	-	-	91,417
Unassigned									
	92,976	-	-	-	-	-	-	-	92,976
Total	\$ 197,786	\$ 2,395	\$ 63,322	\$ 75,838	\$ 44,935	\$ 43,402	\$ 68,582	\$ 260,558	\$ 756,818

County of Fresno
Notes to the Basic Financial Statements
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NOTE 15 – Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- Net Investment in Capital Assets groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- Restricted Net Position reflects net position that is subject to constraints either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel a government to honor.
- Unrestricted Net Position represents net position of the County that is not restricted for any project or purpose.

NOTE 16 - Contingent Liabilities and Commitments

The County is subject to various lawsuits and claims involving public liability and other actions incidental to the ordinary course of County operations. Taken together, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable financial loss to the County, a liability for litigation of \$24,503, representing the County's best estimate of the ultimate loss, has been accrued in the government-wide Statement of Net Position. Refer to Note 11 for more information on these and other long-term liabilities.

A number of lawsuits and claims are pending against the County for which the financial loss to the County has been determined to be reasonably possible. The County intends to vigorously defend itself against these lawsuits. The County has recorded actuarially determined reserves in the internal service funds to adequately cover estimated potential material adverse losses at June 30, 2020.

The County participates in many state and federal assisted grant programs, which are subject to program compliance audits by the grantors or their representatives. The amounts, if any, of current or previous expenditures, which may be disallowed upon future audits by the grantors, cannot be determined until such an audit occurs. The County expects such amounts, if any, will not be material to its financial statements. Amounts have been accrued for disallowed expenditures resulting from completed audits.

County of Fresno
Notes to the Basic Financial Statements
June 30, 2020
(amounts expressed in thousands)

NOTE 17 – Deficit Fund Equity

The County has an internal service fund with a deficit net position caused by presenting its proportionate share of net pension liability due to the implementation of GASB Statement No. 68.

Internal Service Funds	Deficit Net Position
Security Services	\$5,319

NOTE 18 – Joint Venture

A joint venture is defined by GASB Statement No. 14, *The Financial Reporting Entity*, as “a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain either (a) an ongoing financial interest, or (b) an ongoing financial responsibility.” The County participates in the following joint venture:

San Joaquin Valley Insurance Authority (SJVIA) - On September 29, 2009, the Counties of Tulare and Fresno entered into a Joint Exercise of Powers Agreement by which they created the SJVIA as a separate public agency charged with the responsibility of providing health and medical benefits for over 9,000 Fresno and Tulare County employees. Independently audited financial statements can be obtained from the Fresno County Auditor-Controller’s Office, 2281 Tulare Street #105, Fresno, California 93724.

NOTE 19 – Prior Period Adjustments

A prior period adjustment, increasing net position by \$367, was made in the governmental activities Risk Management Internal Service Fund. This adjustment recognizes an overestimated accrual and reversal in prior fiscal years relating to worker’s compensation expenses. No additional prior-period adjustments were made for other governmental activities funds.

The business-type activities had additional prior period adjustments decreasing net position by \$4,084. These adjustments were due to adjusting beginning balances for various asset related adjustments.

The following table outlines the change in net position affected by prior period adjustments in the government-wide financial statements:

	Governmental Activities	Business-type Activities	Totals
Net position, stated at June 30, 2019	\$ 212,771	\$ 103,285	\$ 316,056
CSA Special Revenue Fund - assets	-	3,426	3,426
Solid Waste - assets	-	658	658
ISF Risk Management - Worker's Comp. adj.	367	-	367
Net position, restated at June 30, 2019	213,138	107,369	320,507
Change in net position	62,503	6,996	69,499
Net position at June 30, 2020	\$ 275,641	\$ 114,365	\$ 390,006

County of Fresno
Notes to the Basic Financial Statements
June 30, 2020
(amounts expressed in thousands)

NOTE 20 - Restatements

The County's previously reported June 30, 2020 Financial Statements with an original audit report date of December 30, 2020 were restated as a result of an understatement of unearned revenue and an overstatement of federal grant revenue for the Disaster Claiming Fund. The information in the following table shows the effect of the restatement on each affected financial statement.

	Governmental Activities		
	As Previously		Effect of
	Reported	As Restated	Change
Statement of Net Position			
Unearned revenue	\$ 32,843	\$ 97,796	\$ 64,953
Total liabilities	2,034,967	2,099,920	64,953
Net position - Unrestricted	(423,379)	(488,332)	(64,953)
Total net position	340,594	275,641	(64,953)
Statement of Activities			
General government - Program Revenue: Operating grants and contributions	119,297	54,344	(64,953)
Total government activities - Program Revenue: Operating grants and contributions	1,025,688	960,735	(64,953)
Total primary government - Program Revenue: Operating grants and contributions	1,026,173	961,220	(64,953)
Change in net position	127,456	62,503	(64,953)
Net position, ending	340,594	275,641	(64,953)
Governmental Funds			
	As Previously		Effect of
	Reported	As Restated	Change
Balance Sheet - Disaster Claiming Fund			
Unearned revenue	-	64,953	64,953
Fund balance - Restricted	67,348	2,395	(64,953)
Total fund balances	67,348	2,395	(64,953)
Balance Sheet - Total Governmental Funds			
Unearned revenue	32,797	97,750	64,953
Fund balance - Restricted	631,539	566,586	(64,953)
Total fund balances	821,771	756,818	(64,953)
Statement of Revenues, Expenses, and			
Changes in Net Position - Disaster Claiming Fund			
Aid from other governmental agencies: Federal	81,580	16,627	(64,953)
Total revenue	83,975	19,022	(64,953)
Excess (deficiency) of revenue over (under) expenditures	83,975	19,022	(64,953)
Net change in fund balances	67,348	2,395	(64,953)
Fund balances - ending	67,348	2,395	(64,953)
Statement of Revenues, Expenses, and			
Changes in Net Position - Total Governmental Funds			
Aid from other governmental agencies: Federal	504,736	439,783	(64,953)
Total revenue	1,781,127	1,716,174	(64,953)
Excess (deficiency) of revenue over (under) expenditures	26,808	(38,145)	(64,953)
Net change in fund balances	19,895	(45,058)	(64,953)
Fund balances - ending	821,771	756,818	(64,953)

County of Fresno
Notes to the Basic Financial Statements
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(amounts expressed in thousands)

NOTE 21 - Subsequent Events

In accordance with accounting standards generally accepted in the United States, subsequent events have been evaluated through December 30, 2020, the date in which the financial statements have been issued.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. In response, the County of Fresno, followed by the Governor of California, issued a Shelter at Home order effective March 19, 2020, requiring non-essential businesses to temporarily close to the public. After a brief period in which the order was removed and several restrictions were lifted, the County issued a new Regional Stay Home Order, effective December 6, 2020, reapplying those restrictions due to increased COVID-19 cases and severely limited ICU availability. At the current time, management is unable to quantify the potential effects of this ongoing pandemic for future financial statements.

On July 1, 2020, the County issued \$100,000 of 5 percent fixed-rate, priced to yield 0.17 percent, tax and revenue anticipation notes. The notes received SP-1+ ratings from Standard and Poor's Ratings Services (S&P). Proceeds from the notes will be used to meet fiscal year 2020-21 expenditures and the discharge of other obligations of the County. The maturity date of the notes is June 30, 2021.

On September 4, 2020, the Creek Fire started. As a result, the Governor of California proclaimed a State of Emergency on September 6, 2020, to exist in multiple counties, including the County of Fresno. On September 10, 2020, the Board of Supervisors of the County of Fresno ratified the proclamation by the Emergency Services Director and adopted a resolution proclaiming the local emergency status. On October 16, 2020, a Presidential Major Disaster Declaration was issued in response to the Creek Fire.

During the week of September 14, 2020, the County's recommended budgets for the fiscal year 2020-21 were submitted to the Board and were approved.

On October 20, 2020, the County authorized the acquisition of property at 5555 E. Olive Ave and 5520 E. Hedges Ave. in Fresno, including two buildings, a parking area, and other improvements. The purchase price of the property is \$9,500 and includes the assumption of a lease of a portion of the property which shall be phased out over an eighteen-month period, assumption of an existing cell tower license, and three easement agreements granting easements to the seller for existing communication equipment.

During the month of October 2020, the County incurred a loss of approximately \$1,534 due to a fraudulent vendor scheme. As of the issuance date, the County remains involved in an ongoing investigation with several law enforcement agencies and is actively pursuing recovery of the funds through its insurance policies. The County expects to incur a total loss of \$25 after insurance recoveries are received for the remaining total.

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Required Supplementary Information
(Other than MD&A)

County of Fresno
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Resources (inflows):				
Taxes	\$ 273,570	\$ 273,570	\$ 284,330	\$ 10,760
Licenses and permits	12,652	12,652	13,316	664
Fines, forfeitures and penalties	5,819	5,819	4,610	(1,209)
Use of money and property	2,956	2,956	5,041	2,085
Aid from other governmental agencies:				
State	108,294	110,156	100,576	(9,580)
Federal	151,414	165,276	104,161	(61,115)
Other	4,138	4,287	360	(3,927)
Charges for services	51,767	54,388	52,113	(2,275)
Other revenues	40,450	40,671	9,775	(30,896)
Total resources	<u>651,060</u>	<u>669,775</u>	<u>574,282</u>	<u>(95,493)</u>
Charges to appropriations (outflows):				
General government	62,181	62,181	45,253	16,928
Public protection	499,648	512,908	468,737	44,171
Public ways and facilities	4,218	4,218	2,493	1,725
Health, sanitation and public assistance	1,219,728	1,276,298	1,052,762	223,536
Education	247	247	252	(5)
Culture and recreation	4,419	4,386	3,250	1,136
Total charges to appropriations	<u>1,790,441</u>	<u>1,860,238</u>	<u>1,572,747</u>	<u>287,491</u>
Excess (deficiency) of resources over (under) appropriations	<u>(1,139,381)</u>	<u>(1,190,463)</u>	<u>(998,465)</u>	<u>(382,984)</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	-	187	199	12
Transfers in	1,137,163	1,223,580	1,061,157	(162,423)
Transfers out	(42,804)	(80,276)	(69,223)	11,053
Total other financing sources (uses)	<u>1,094,359</u>	<u>1,143,491</u>	<u>992,133</u>	<u>(151,358)</u>
Net change in fund balance	(45,022)	(46,972)	(6,332)	40,640
Fund balance - beginning	<u>204,118</u>	<u>204,118</u>	<u>204,118</u>	<u>-</u>
Fund balance - ending	<u>\$ 159,096</u>	<u>\$ 157,146</u>	<u>\$ 197,786</u>	<u>\$ 40,640</u>

See accompanying notes to budgetary comparison schedules

County of Fresno
Budgetary Comparison Schedule
Disaster Claiming Fund
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Use of money and property	\$ -	\$ -	\$ 2,395	\$ 2,395
Intergovernmental revenues	-	-	16,627	16,627
Total revenues	<u>-</u>	<u>-</u>	<u>19,022</u>	<u>19,022</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>19,022</u>	<u>19,022</u>
Other Financing Sources (Uses)				
Transfers out	-	(82,000)	(16,627)	65,373
Total other financing sources (uses)	<u>-</u>	<u>(82,000)</u>	<u>(16,627)</u>	<u>65,373</u>
Net change in fund balance	-	(82,000)	2,395	84,395
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ (82,000)</u>	<u>\$ 2,395</u>	<u>\$ 84,395</u>

See accompanying notes to budgetary comparison schedules

County of Fresno
Budgetary Comparison Schedule
Behavioral Health - MH Fund
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Use of money and property	\$ -	\$ -	\$ 3,595	\$ 3,595
Intergovernmental revenues	48,676	48,676	44,452	(4,224)
Total revenues	<u>48,676</u>	<u>48,676</u>	<u>48,047</u>	<u>(629)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>48,676</u>	<u>48,676</u>	<u>48,047</u>	<u>(629)</u>
Other Financing Sources (Uses)				
Transfers in	9,790	9,790	10,409	619
Transfers out	(135,776)	(135,776)	(85,858)	49,918
Total other financing sources (uses)	<u>(125,986)</u>	<u>(125,986)</u>	<u>(75,449)</u>	<u>50,537</u>
Net change in fund balance	(77,310)	(77,310)	(27,402)	49,908
Fund balance - beginning	<u>103,240</u>	<u>103,240</u>	<u>103,240</u>	<u>-</u>
Fund balance - ending	<u>\$ 25,930</u>	<u>\$ 25,930</u>	<u>\$ 75,838</u>	<u>\$ 49,908</u>

See accompanying notes to budgetary comparison schedules

County of Fresno
Budgetary Comparison Schedule
Social Services Fund
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Use of money and property	\$ 485	\$ 485	\$ 2,272	\$ 1,787
Intergovernmental revenues	402,751	426,732	413,642	(13,090)
Charges for services	487	487	948	461
Other revenues	129	129	2	(127)
Total revenues	<u>403,852</u>	<u>427,833</u>	<u>416,864</u>	<u>(10,969)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>403,852</u>	<u>427,833</u>	<u>416,864</u>	<u>(10,969)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	37	37
Transfers out	<u>(405,806)</u>	<u>(429,787)</u>	<u>(426,508)</u>	<u>3,279</u>
Total other financing sources (uses)	<u>(405,806)</u>	<u>(429,787)</u>	<u>(426,471)</u>	<u>3,316</u>
Net change in fund balance	(1,954)	(1,954)	(9,607)	(7,653)
Fund balance - beginning	<u>54,542</u>	<u>54,542</u>	<u>54,542</u>	<u>-</u>
Fund balance - ending	<u>\$ 52,588</u>	<u>\$ 52,588</u>	<u>\$ 44,935</u>	<u>\$ (7,653)</u>

See accompanying notes to budgetary comparison schedules

County of Fresno
Budgetary Comparison Schedule
Local Health and Welfare Fund
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Use of money and property	\$ 484	\$ 484	\$ 1,862	\$ 1,378
Intergovernmental revenues	258,210	260,659	265,282	4,623
Total revenues	<u>258,694</u>	<u>261,143</u>	<u>267,144</u>	<u>6,001</u>
Excess (deficiency) of revenues over (under) expenditures	<u>258,694</u>	<u>261,143</u>	<u>267,144</u>	<u>6,001</u>
Other Financing Sources (Uses)				
Transfers in	11,199	11,199	14,472	3,273
Transfers out	(316,380)	(318,831)	(288,317)	30,514
Total other financing sources (uses)	<u>(305,181)</u>	<u>(307,632)</u>	<u>(273,845)</u>	<u>33,787</u>
Net change in fund balance	(46,487)	(46,489)	(6,701)	39,788
Fund balance - beginning	50,103	50,103	50,103	-
Fund balance - ending	<u>\$ 3,616</u>	<u>\$ 3,614</u>	<u>\$ 43,402</u>	<u>\$ 39,788</u>

See accompanying notes to budgetary comparison schedules

County of Fresno
Budgetary Comparison Schedule
2011 Realignment Fund
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Use of money and property	\$ -	\$ -	\$ 3,773	\$ 3,773
Intergovernmental revenues	184,986	187,436	156,519	(30,917)
Total revenues	<u>184,986</u>	<u>187,436</u>	<u>160,292</u>	<u>(27,144)</u>
Expenditures				
General government	-	50	44	6
Total expenditures	<u>-</u>	<u>50</u>	<u>44</u>	<u>6</u>
Excess (deficiency) of revenues over (under) expenditures	<u>184,986</u>	<u>187,386</u>	<u>160,248</u>	<u>(27,150)</u>
Other Financing Sources (Uses)				
Transfers (out)	<u>(202,736)</u>	<u>(218,475)</u>	<u>(194,921)</u>	<u>23,554</u>
Total other financing sources (uses)	<u>(202,736)</u>	<u>(218,475)</u>	<u>(194,921)</u>	<u>23,554</u>
Net change in fund balance	(17,750)	(31,089)	(34,673)	(3,596)
Fund balance - beginning	103,255	103,255	103,255	-
Fund balance - ending	<u>\$ 85,505</u>	<u>\$ 72,166</u>	<u>\$ 68,582</u>	<u>\$ (3,596)</u>

See accompanying notes to budgetary comparison schedules

County of Fresno
Notes to the Budgetary Comparison Schedules
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

BUDGETARY BASIS OF ACCOUNTING

In accordance with the provisions of Sections 29000 through 29143 and Section 30200 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County of Fresno (County) is required to prepare a balanced budget for each fiscal year on or before October 2. Budgeted expenditures are enacted into law through the passage of a resolution of adoption. The resolution of adoption specifies the maximum authorized expenditures for each budget unit for that fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County Board of Supervisors (Board).

In June of each year, the County Administrative Officer (CAO) prepares and submits a temporary recommended budget document to the County Board. In September of that year, the CAO submits the recommended budget to the Board, and public hearings are held at that time to provide the general public with an opportunity to speak on any budget items before the Board. The recommended budget, once adopted, is uploaded to the County's financial system in late September so that budget monitoring for the new fiscal year can begin. After fiscal year-end closing activities are completed and the State Budget is approved, the CAO presents quarterly budget updates to the Board for adjustments to the recommended budget, as necessary, as a result of State Budget adjustments or other unforeseen changes.

An operating budget is adopted each fiscal year for governmental funds and proprietary funds. Governmental funds that are budgeted include the general fund, special revenue funds, and the debt service fund but do not include the capital projects fund. Proprietary funds include the enterprise funds. Expenditures are controlled at the object level within each budget unit of the County except for capital assets, which are controlled at the sub-object level. The object level (sub-object level for capital assets) within a budget unit is the legal level of budgetary control at which the County's management may not reallocate resources without special approval. Any amendments or transfers of appropriations between object levels (sub-object level for capital assets) within the same budget unit, or between budget units or funds, must be authorized by the CAO and approved by the Board. Supplemental appropriations, normally financed by unanticipated revenues during the year, require the Board's approval as well. Pursuant to Government Code Section 29092, the CAO is authorized to approve transfers and revision of appropriations within a single budget unit as deemed necessary and appropriate. Budgeted amounts in the budgetary comparison schedules are reported as originally adopted and as amended during the fiscal year.

The budget approved by the Board for the General Fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other governmental funds. In the accompanying budgetary comparison schedules, actual reimbursements for these items have been eliminated from the resources and related expenditures have been eliminated from the charges to appropriations to provide a meaningful comparison of actual and budgeted results of operations.

County of Fresno
Notes to the Budgetary Comparison Schedules
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

The budgets for governmental funds may include an account known as “Intrafund Revenue.” This account is used by the County to show reimbursements between operations within the same fund (an example would be charges by one budget unit to another budget unit within the General Fund).

The amounts reported on the budgetary basis differ from the basis used to present the basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Annual budgets are prepared using the modified accrual basis of accounting; reimbursements for amounts disbursed on behalf of other governmental funds are reported as resources and related expenditures as charges to the appropriation; certain transactions are accounted for in different periods between budgetary and GAAP reporting basis; and securities lending activities and transactions from sub-funds reclassified from County Agency funds are reported in GAAP reporting basis.

County of Fresno
Required Supplementary Information
For the Fiscal Year Ended June 30, 2020
(amounts in thousands)

Fresno County Employees' Retirement Association – Schedule of the County's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
County's portion of the net pension liability (asset)	93.330%	93.145%	92.747%	92.992%	93.078%	92.930%	92.708%
County's proportionate share of the net pension liability (asset)	\$ 1,054,510	\$ 1,100,961	\$ 1,211,572	\$ 1,425,569	\$ 1,010,008	\$ 815,975	\$ 1,252,321
County's covered payroll	\$ 393,997	\$ 373,992	\$ 357,538	\$ 343,435	\$ 325,382	\$ 324,102	\$ 319,905
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	267.64%	294.38%	338.87%	415.09%	310.41%	251.760%	391.470%
Plan fiduciary net position as a percentage of the total pension liability	81.35%	79.87%	77.11%	72.31%	78.77%	82.14%	72.11%

*Amounts presented above were determined as of 6/30.
Additional years will be presented as they become available.

Fresno County Employee's Retirement System – Schedule of County Contributions

Last 10 Fiscal Years*	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Actuarially determined contribution	\$ 210,452	\$ 196,103	\$ 184,077	\$ 178,107	\$ 171,462	\$ 153,622	\$ 147,009
Contributions in relation to actuarially determined contribution	210,712	196,073	184,317	178,220	171,577	153,542	147,091
Contribution deficiency (excess)	\$ (260)	\$ 30	\$ (240)	\$ (113)	\$ (115)	\$ 80	\$ (82)
County's covered payroll	\$ 433,783	\$ 373,992	\$ 357,538	\$ 343,435	\$ 325,382	\$ 324,102	\$ 319,905
Contributions as a percentage of covered payroll	48.58%	52.43%	51.55%	51.89%	52.73%	47.37%	45.98%

*Amounts presented above were determined as of 6/30.
Additional years will be presented as they become available.

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**Combining and Individual
Fund Financial Statements and Schedules**

**County of Fresno
Nonmajor Governmental Funds**

Capital Projects Fund

The Capital Projects Fund is used to account for the acquisition and construction of major facilities other than those financed by Proprietary and certain Trust Funds. Budgets are adopted in the General Fund at the beginning of projects and are periodically modified by the Board of Supervisors during the course of construction as circumstances require. Transfers are made from the General Fund to the Capital Projects Fund to finance capital expenditures. There are no combining statements because the County uses one Capital Projects Fund, which is reported on the nonmajor combining financial statements.

Special Revenue Funds

Special Revenue Funds are established to finance particular governmental activities and are funded by receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory or charter provisions to pay for certain activities of a continuing nature.

Road Fund

The Road fund is used to finance operations to provide maintenance, rehabilitation, and reconstruction of County roads, bridges, and attendant facilities as authorized by California Streets and Highways Code and to provide for traffic safety.

County Administrative Office (CAO) Indian Gaming

The CAO Indian Gaming fund, established pursuant to Government Code Sections 12710-12718, is used to account for funding and administrative costs for Indian Gaming activities.

County Administrative Office

The CAO fund was established and is used to receive and distribute discretionary revenues received by the County through payments made for parking, misdemeanor, and felony fees & fines owed.

Auditor-Controller/Treasurer-Tax Collector

The Auditor-Controller/Treasurer-Tax Collector fund was established to account for the collection and retention of fees used specifically for the preparation of delinquent tax records and giving notice of delinquency.

Assessor/Recorder

California Revenue and Taxation Code Section 95.35 allowed for the establishment of the Assessor/Recorder fund to account for resources that support, maintain, improve, and/or provide for the full operation of modernized computer systems.

Behavioral Health

The Behavioral Health fund accounts for revenues generated by various code section fines and fees, to be used in specified mental health and substance abuse categories.

**County of Fresno
Nonmajor Governmental Funds**

County Clerk Elections

Pursuant to Health and Safety Code Section 103625(i)(f), the County Clerk Elections fund was established to provide enhanced services to the public through improvements of the record systems.

Child Support Services

The Child Support Services fund was established to account for mandated accountability pursuant to FSD Letter 00-03 in order to receive deposits from the State for administering child support programs and related costs.

District Attorney

The District Attorney fund was established to account for revenues and assets seized as authorized by the Health and Safety Code. Funds are later transferred to other divisions to cover costs in District Attorney operations.

Probation

The Probation fund receives its funds from the State Victim Compensation Program and uses it specifically for the purpose of emergency needs of crime victims in Fresno County.

Public Health

The Public Health fund was established to account for revenues received from fees and grants. Monies received provide for such activities as health preparedness, emergency medical system administrative costs, and other various health programs for the County.

Public Works

The Public Works fund was established to account for a variety of specified fines and fees, which are subsequently utilized for an assortment of public way and facility projects.

Public Works-CDBG

The Public Works-CDBG fund was established to house revenues related to the Community Development Block Grant (CDBG) program.

Community Facilities Districts

The Community Facilities Districts fund was created to segregate amounts to be utilized in improvements to the various Community Facilities Districts within the County.

Public Facilities Fees

Traffic mitigation fees are collected by Board action from property owners, developers, and builders to be used for road infrastructure improvements.

**County of Fresno
Nonmajor Governmental Funds**

Sheriff-Coroner

The Sheriff-Coroner Fund was established to account for state-authorized fees as well as asset forfeiture. These funds are subsequently used in the Sheriff's Civil Division for specific projects.

Inmate Welfare

California Penal Code requires the Sheriff's Office to maintain an Inmate Welfare Fund. These funds are solely for the benefit of inmates, and cannot be used to supplant required levels of service by the Sheriff's Office.

County Free Library

The Fresno County Free Library is a Special District, under the governance of the Board of Supervisors, which provides informational, cultural, and recreational services to the public through 35 library outlets.

Fish and Game

This fund was established to receive the County's share of fines levied for violations of fish and game laws within its boundaries. Expenditures are made from time to time for purposes of improving the habitat for wildlife propagation and for incidental administrative matters.

Off-Highway License

The Off-Highway Vehicle Law of 1971 requires users of trail bikes, dune buggies, and similar vehicles designed for off-highway use to purchase an identification certificate. This fund can only be used to account for acquisition and development of off-road recreation areas. Such expenditures include feasibility studies, planning studies, and environmental impact reports.

Emergency Medical Services (EMS)

The EMS fund was established in 1989-90 to receive deposits associated with Senate Bill (SB) 12 and Proposition 99 monies. Disbursements from this fund must be in accordance with Health & Safety Code Section 1797.98a and Assembly Bill (AB) 75. Such expenditures include reimbursing physicians and hospitals for emergency treatment performed on individuals who are unable to pay.

Community Corrections Performance Incentive

This fund was established as a result of California SB 678. These funds are utilized to reduce recidivism of felony probationers by improving probation services.

County Service Areas, Other

These special districts, governed by the Fresno County Board of Supervisors, include County Service Areas, and Lighting and Maintenance Districts. These districts were established to provide services such as road, park, and lighting maintenance to specific areas in the County. They are financed by ad valorem property taxes in the area benefited, or by special assessments levied on specific properties.

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County of Fresno
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Resources (inflows):				
Use of money and property	\$ -	\$ -	\$ 2,371	\$ 2,371
Intergovernmental revenues	-	-	2,086	2,086
Other revenues	-	-	9,161	9,161
Total resources	<u>-</u>	<u>-</u>	<u>13,618</u>	<u>13,618</u>
Charges to appropriations (outflows):				
Principal	31,250	31,250	29,314	1,936
Interest & fiscal charges	6,017	9,827	9,307	520
Total charges to appropriations	<u>37,267</u>	<u>41,077</u>	<u>38,621</u>	<u>2,456</u>
Excess (deficiency) of resources over (under) appropriations	<u>(37,267)</u>	<u>(41,077)</u>	<u>(25,003)</u>	<u>11,162</u>
Other financing sources (uses)				
Transfers in	33,244	33,244	33,244	-
Transfers out	-	(4,500)	(2,288)	2,212
Total other financing sources (uses)	<u>33,244</u>	<u>28,744</u>	<u>30,956</u>	<u>2,212</u>
Net change in fund balance	(4,023)	(12,333)	5,953	18,286
Fund balance - beginning	<u>57,369</u>	<u>57,369</u>	<u>57,369</u>	<u>-</u>
Fund balance - ending	<u>\$ 53,346</u>	<u>\$ 45,036</u>	<u>\$ 63,322</u>	<u>\$ 18,286</u>

County of Fresno
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020
(amounts expressed in thousands)

	Capital Projects Fund	Special Revenue Funds	Total
ASSETS			
Cash and investments	\$ 57,322	\$ 217,240	\$ 274,562
Restricted cash and investments	3,794	-	3,794
Receivables, net:			
Accounts	-	3,955	3,955
Interest	31	994	1,025
Due from other funds	325	691	1,016
Due from other governmental units	-	13,355	13,355
Total assets	<u>61,472</u>	<u>236,235</u>	<u>297,707</u>
Deferred outflows of resources:			
Prepaid expense	-	74	74
Total deferred outflows of resources	<u>-</u>	<u>74</u>	<u>74</u>
Total assets and deferred outflows of resources	<u>\$ 61,472</u>	<u>\$ 236,309</u>	<u>\$ 297,781</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 7,261	\$ 5,103	\$ 12,364
Salaries and benefits payable	-	2,110	2,110
Due to other funds	689	8,963	9,652
Due to other governmental units	-	834	834
Deposits and other liabilities	-	9,146	9,146
Unearned revenue	-	3,117	3,117
Total liabilities	<u>7,950</u>	<u>29,273</u>	<u>37,223</u>
Fund balances:			
Nonspendable	-	36	36
Restricted	53,522	207,000	260,522
Total fund balances	<u>53,522</u>	<u>207,036</u>	<u>260,558</u>
Total liabilities and fund balances	<u>\$ 61,472</u>	<u>\$ 236,309</u>	<u>\$ 297,781</u>

County of Fresno
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Capital Projects Fund	Special Revenue Funds	Total
REVENUES			
Taxes	\$ -	\$ 47,451	\$ 47,451
Licenses and permits	-	5,580	5,580
Fines, forfeitures and penalties	-	3,863	3,863
Use of money and property	1,974	10,228	12,202
Aid from other governmental agencies:			
State	19,761	56,842	76,603
Federal	-	41,746	41,746
Other	-	1,125	1,125
Charges for services	356	15,470	15,826
Other revenues	6,016	6,493	12,509
Total revenues	<u>28,107</u>	<u>188,798</u>	<u>216,905</u>
EXPENDITURES			
General government	7,876	1,386	9,262
Public ways and facilities	-	65,237	65,237
Health, sanitation, and public assistance	-	1,049	1,049
Education	-	28,618	28,618
Capital outlay	38,615	126	38,741
Total expenditures	<u>46,491</u>	<u>96,416</u>	<u>142,907</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(18,384)</u>	<u>92,382</u>	<u>73,998</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	21,514	1,937	23,451
Transfers (out)	(124)	(66,016)	(66,140)
Total other financing sources (uses)	<u>21,390</u>	<u>(64,079)</u>	<u>(42,689)</u>
Net change in fund balances	3,006	28,303	31,309
Fund balances - beginning	50,516	178,733	229,249
Fund balances - ending	<u>\$ 53,522</u>	<u>\$ 207,036</u>	<u>\$ 260,558</u>

County of Fresno
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020
(amounts expressed in thousands)

	Road Fund	CAO Indian Gaming	County Administrative Office	Auditor- Controller/ Treasurer- Tax Collector	Assessor/ Recorder	Behavioral Health
ASSETS						
Cash and investments	\$ 37,132	\$ 144	\$ -	\$ 8,744	\$ 26,801	\$ 23,128
Receivables, net:						
Accounts	1,865	-	111	-	51	16
Interest	158	1	1	42	130	110
Due from other funds	461	-	15	-	107	3
Due from other governmental units	3,391	-	-	-	-	787
Total assets	<u>43,007</u>	<u>145</u>	<u>127</u>	<u>8,786</u>	<u>27,089</u>	<u>24,044</u>
DEFERRED OUTFLOWS OF RESOURCES						
Prepaid expense	-	-	-	-	-	-
Deferred pensions	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 43,007</u>	<u>\$ 145</u>	<u>\$ 127</u>	<u>\$ 8,786</u>	<u>\$ 27,089</u>	<u>\$ 24,044</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 4,128	\$ -	\$ -	\$ -	\$ 29	\$ -
Salaries and benefits payable	1,102	-	-	-	81	-
Due to other funds	858	-	-	-	232	-
Due to other governmental units	-	-	-	-	31	-
Deposits and other liabilities	78	-	-	-	2,666	-
Unearned revenue	27	-	-	-	-	-
Total liabilities	<u>6,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,039</u>	<u>-</u>
Fund balances						
Nonspendable	-	-	-	-	-	-
Restricted	36,814	145	127	8,786	24,050	24,044
Total fund balances	<u>36,814</u>	<u>145</u>	<u>127</u>	<u>8,786</u>	<u>24,050</u>	<u>24,044</u>
Total liabilities and fund balances	<u>\$ 43,007</u>	<u>\$ 145</u>	<u>\$ 127</u>	<u>\$ 8,786</u>	<u>\$ 27,089</u>	<u>\$ 24,044</u>

County of Fresno
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020
(amounts expressed in thousands)

	County Clerk Elections	Child Support Services	District Attorney	Probation	Public Health	Public Works
ASSETS						
Cash and investments	\$ 1,260	\$ 25	\$ 9,105	\$ 4,414	\$ 10,358	\$ 6,389
Receivables, net:						
Accounts	-	-	1,084	2	19	50
Interest	7	8	34	21	51	30
Due from other funds	-	-	-	-	8	-
Due from other governmental units	-	1,215	79	-	2,067	-
Total assets	<u>1,267</u>	<u>1,248</u>	<u>10,302</u>	<u>4,437</u>	<u>12,503</u>	<u>6,469</u>
DEFERRED OUTFLOWS OF RESOURCES						
Prepaid expense	-	-	-	-	-	-
Deferred pensions	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 1,267</u>	<u>\$ 1,248</u>	<u>\$ 10,302</u>	<u>\$ 4,437</u>	<u>\$ 12,503</u>	<u>\$ 6,469</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ 65
Salaries and benefits payable	-	-	-	-	-	-
Due to other funds	-	1,222	3,014	108	1,000	576
Due to other governmental units	-	-	99	-	-	704
Deposits and other liabilities	-	-	5,536	4	-	-
Unearned revenue	-	-	-	-	1,141	-
Total liabilities	<u>-</u>	<u>1,222</u>	<u>8,649</u>	<u>115</u>	<u>2,141</u>	<u>1,345</u>
Fund balances						
Nonspendable	-	-	-	-	-	-
Restricted	1,267	26	1,653	4,322	10,362	5,124
Total fund balances	<u>1,267</u>	<u>26</u>	<u>1,653</u>	<u>4,322</u>	<u>10,362</u>	<u>5,124</u>
Total liabilities and fund balances	<u>\$ 1,267</u>	<u>\$ 1,248</u>	<u>\$ 10,302</u>	<u>\$ 4,437</u>	<u>\$ 12,503</u>	<u>\$ 6,469</u>

County of Fresno
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020
(amounts expressed in thousands)

	Public Works- CDBG	Community Facilities Districts	Public Facilities Fees	Sheriff- Coroner	Inmate Welfare	County Free Library
ASSETS						
Cash and investments	\$ 3,246	\$ 7,824	\$ 5,471	\$ 6,297	\$ 11,377	\$ 42,965
Receivables, net:						
Accounts	-	-	-	-	154	-
Interest	18	31	20	34	54	196
Due from other funds	-	-	2	8	-	87
Due from other governmental units	-	-	-	1,930	-	3,886
Total assets	<u>3,264</u>	<u>7,855</u>	<u>5,493</u>	<u>8,269</u>	<u>11,585</u>	<u>47,134</u>
DEFERRED OUTFLOWS OF RESOURCES						
Prepaid expense	-	-	-	-	-	74
Deferred pensions	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74</u>
Total assets and deferred outflows of resources	<u>\$ 3,264</u>	<u>\$ 7,855</u>	<u>\$ 5,493</u>	<u>\$ 8,269</u>	<u>\$ 11,585</u>	<u>\$ 47,208</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 216
Salaries and benefits payable	-	-	-	-	-	927
Due to other funds	-	-	-	299	430	230
Due to other governmental units	-	-	-	-	-	-
Deposits and other liabilities	-	133	630	-	-	-
Unearned revenue	-	-	-	1,929	-	20
Total liabilities	<u>-</u>	<u>133</u>	<u>630</u>	<u>2,228</u>	<u>430</u>	<u>1,393</u>
Fund balances						
Nonspendable	-	-	-	-	-	36
Restricted	3,264	7,722	4,863	6,041	11,155	45,779
Total fund balances	<u>3,264</u>	<u>7,722</u>	<u>4,863</u>	<u>6,041</u>	<u>11,155</u>	<u>45,815</u>
Total liabilities and fund balances	<u>\$ 3,264</u>	<u>\$ 7,855</u>	<u>\$ 5,493</u>	<u>\$ 8,269</u>	<u>\$ 11,585</u>	<u>\$ 47,208</u>

County of Fresno
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020
(amounts expressed in thousands)

	Fish and Game	Off-Highway License	Emergency Medical Services	Community Corrections Performance Incentive	County Service Areas, Other	Total Special Revenue Funds
ASSETS						
Cash and investments	\$ 6	\$ 130	\$ 802	\$ 932	\$ 10,690	\$ 217,240
Receivables, net:						
Accounts	-	5	-	598	-	3,955
Interest	-	1	4	6	37	994
Due from other funds	-	-	-	-	-	691
Due from other governmental units	-	-	-	-	-	13,355
Total assets	<u>6</u>	<u>136</u>	<u>806</u>	<u>1,536</u>	<u>10,727</u>	<u>236,235</u>
DEFERRED OUTFLOWS OF RESOURCES						
Prepaid expense	-	-	-	-	-	74
Deferred pensions	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74</u>
Total assets and deferred outflows of resources	<u>\$ 6</u>	<u>\$ 136</u>	<u>\$ 806</u>	<u>\$ 1,536</u>	<u>\$ 10,727</u>	<u>\$ 236,309</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ -	\$ 534	\$ -	\$ 128	\$ 5,103
Salaries and benefits payable	-	-	-	-	-	2,110
Due to other funds	-	-	95	845	54	8,963
Due to other governmental units	-	-	-	-	-	834
Deposits and other liabilities	-	-	52	-	47	9,146
Unearned revenue	-	-	-	-	-	3,117
Total liabilities	<u>-</u>	<u>-</u>	<u>681</u>	<u>845</u>	<u>229</u>	<u>29,273</u>
Fund balances						
Nonspendable	-	-	-	-	-	36
Restricted	6	136	125	691	10,498	207,000
Total fund balances	<u>6</u>	<u>136</u>	<u>125</u>	<u>691</u>	<u>10,498</u>	<u>207,036</u>
Total liabilities and fund balances	<u>\$ 6</u>	<u>\$ 136</u>	<u>\$ 806</u>	<u>\$ 1,536</u>	<u>\$ 10,727</u>	<u>\$ 236,309</u>

County of Fresno
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Road Fund	CAO Indian Gaming	County Administrative Office	Auditor- Controller/ Treasurer- Tax Collector	Assessor/ Recorder	Behavioral Health
Revenues						
Taxes	\$ 15,560	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	573	-	-	-	4	-
Fines, forfeitures and penalties	-	-	1,529	38	-	265
Use of money and property	2,106	7	3	393	1,217	1,029
Aid from other governmental agencies:						
State	39,477	-	-	-	-	894
Federal	14,090	-	-	-	-	7,077
Other	183	-	-	-	-	-
Charges for services	2,343	-	-	-	3,616	-
Other revenues	-	-	-	-	17	4,009
Total revenues	<u>74,332</u>	<u>7</u>	<u>1,532</u>	<u>431</u>	<u>4,854</u>	<u>13,274</u>
Expenditures						
General government	-	-	-	-	1,381	-
Public ways and facilities	63,814	-	-	-	-	-
Health, sanitation, and public assistance	-	-	-	-	-	-
Education	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>63,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,381</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,518</u>	<u>7</u>	<u>1,532</u>	<u>431</u>	<u>3,473</u>	<u>13,274</u>
Other financing sources (uses):						
Transfers in	641	-	-	-	106	-
Transfers out	(1,818)	-	(1,527)	(23)	(1,303)	(10,951)
Total other financing sources (uses)	<u>(1,177)</u>	<u>-</u>	<u>(1,527)</u>	<u>(23)</u>	<u>(1,197)</u>	<u>(10,951)</u>
Net change in fund balances	9,341	7	5	408	2,276	2,323
Fund balances - beginning	27,473	138	122	8,378	21,774	21,721
Fund balances - ending	<u>\$ 36,814</u>	<u>\$ 145</u>	<u>\$ 127</u>	<u>\$ 8,786</u>	<u>\$ 24,050</u>	<u>\$ 24,044</u>

County of Fresno
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	County Clerk Elections	Child Support Services	District Attorney	Probation	Public Health	Public Works
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	5,003
Fines, forfeitures and penalties	-	-	-	-	18	2
Use of money and property	60	49	374	202	458	292
Aid from other governmental agencies:						
State	-	9,426	1,978	894	1,155	-
Federal	-	18,298	-	-	2,254	-
Other	-	-	-	-	942	-
Charges for services	-	-	930	-	972	-
Other revenues	-	-	1,200	54	61	525
Total revenues	<u>60</u>	<u>27,773</u>	<u>4,482</u>	<u>1,150</u>	<u>5,860</u>	<u>5,822</u>
Expenditures						
General government	-	-	-	-	-	-
Public ways and facilities	-	-	-	-	-	-
Health, sanitation, and public assistance	-	-	-	-	-	-
Education	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>60</u>	<u>27,773</u>	<u>4,482</u>	<u>1,150</u>	<u>5,860</u>	<u>5,822</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	90	-
Transfers out	(127)	(27,768)	(5,906)	(437)	(3,219)	(698)
Total other financing sources (uses)	<u>(127)</u>	<u>(27,768)</u>	<u>(5,906)</u>	<u>(437)</u>	<u>(3,129)</u>	<u>(698)</u>
Net change in fund balances	(67)	5	(1,424)	713	2,731	5,124
Fund balances - beginning	1,334	21	3,077	3,609	7,631	-
Fund balances - ending	<u>\$ 1,267</u>	<u>\$ 26</u>	<u>\$ 1,653</u>	<u>\$ 4,322</u>	<u>\$ 10,362</u>	<u>\$ 5,124</u>

County of Fresno
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Public Works- CDBG	Community Facilities Districts	Public Facilities Fees	Sheriff- Coroner	Inmate Welfare	County Free Library
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,835
Licenses and permits	-	-	-	-	-	-
Fines, forfeitures and penalties	802	-	-	587	-	-
Use of money and property	165	351	253	294	509	1,882
Aid from other governmental agencies:						
State	-	-	-	391	-	225
Federal	-	-	-	-	-	19
Other	-	-	-	-	-	-
Charges for services	-	-	-	355	3,985	1,648
Other revenues	150	-	-	72	-	314
Total revenues	<u>1,117</u>	<u>351</u>	<u>253</u>	<u>1,699</u>	<u>4,494</u>	<u>35,923</u>
Expenditures						
General government	-	-	-	-	-	-
Public ways and facilities	-	-	-	-	-	-
Health, sanitation, and public assistance	-	-	-	-	-	-
Education	-	-	-	-	-	28,618
Capital outlay	-	-	-	-	-	126
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,744</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,117</u>	<u>351</u>	<u>253</u>	<u>1,699</u>	<u>4,494</u>	<u>7,179</u>
Other financing sources (uses):						
Transfers in	-	-	-	17	-	1,083
Transfers out	(1,673)	-	-	(2,593)	(3,654)	(968)
Total other financing sources (uses)	<u>(1,673)</u>	<u>-</u>	<u>-</u>	<u>(2,576)</u>	<u>(3,654)</u>	<u>115</u>
Net change in fund balances	(556)	351	253	(877)	840	7,294
Fund balances - beginning	3,820	7,371	4,610	6,918	10,315	38,521
Fund balances - ending	<u>\$ 3,264</u>	<u>\$ 7,722</u>	<u>\$ 4,863</u>	<u>\$ 6,041</u>	<u>\$ 11,155</u>	<u>\$ 45,815</u>

County of Fresno
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Fish and Game	Off-Highway License	Emergency Medical Services	Community Corrections Performance Incentive	County Service Areas, Other	Total Special Revenue Funds
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 56	\$ 47,451
Licenses and permits	-	-	-	-	-	5,580
Fines, forfeitures and penalties	3	-	619	-	-	3,863
Use of money and property	-	5	32	50	497	10,228
Aid from other governmental agencies:						
State	-	9	-	2,393	-	56,842
Federal	-	8	-	-	-	41,746
Other	-	-	-	-	-	1,125
Charges for services	-	-	-	-	1,621	15,470
Other revenues	-	-	-	-	91	6,493
Total revenues	<u>3</u>	<u>22</u>	<u>651</u>	<u>2,443</u>	<u>2,265</u>	<u>188,798</u>
Expenditures						
General government	5	-	-	-	-	1,386
Public ways and facilities	-	-	-	-	1,423	65,237
Health, sanitation, and public assistance	-	-	1,049	-	-	1,049
Education	-	-	-	-	-	28,618
Capital outlay	-	-	-	-	-	126
Total expenditures	<u>5</u>	<u>-</u>	<u>1,049</u>	<u>-</u>	<u>1,423</u>	<u>96,416</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2)</u>	<u>22</u>	<u>(398)</u>	<u>2,443</u>	<u>842</u>	<u>92,382</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	1,937
Transfers out	-	-	(101)	(3,250)	-	(66,016)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(101)</u>	<u>(3,250)</u>	<u>-</u>	<u>(64,079)</u>
Net change in fund balances	(2)	22	(499)	(807)	842	28,303
Fund balances - beginning	8	114	624	1,498	9,656	178,733
Fund balances - ending	<u>\$ 6</u>	<u>\$ 136</u>	<u>\$ 125</u>	<u>\$ 691</u>	<u>\$ 10,498</u>	<u>\$ 207,036</u>

County of Fresno
Budgetary Comparison Schedule
Road Fund
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Taxes	\$ 9,517	\$ 9,517	\$ 15,560	\$ 6,043
Licenses and permits	615	615	573	(42)
Use of money and property	300	300	2,106	1,806
Intergovernmental revenues	71,763	71,763	53,750	(18,013)
Charges for services	1,533	1,533	2,343	810
Other revenues	10	10	-	(10)
Total revenues	<u>83,738</u>	<u>83,738</u>	<u>74,332</u>	<u>(9,406)</u>
Expenditures				
Public ways and facilities	97,669	95,197	63,814	31,383
Total expenditures	<u>97,669</u>	<u>95,197</u>	<u>63,814</u>	<u>31,383</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,931)</u>	<u>(11,459)</u>	<u>10,518</u>	<u>(40,789)</u>
Other Financing Sources (Uses)				
Transfers in	1,252	1,352	641	(711)
Transfers out	-	(2,572)	(1,818)	754
Total other financing sources (uses)	<u>1,252</u>	<u>(1,220)</u>	<u>(1,177)</u>	<u>43</u>
Net change in fund balance	(12,679)	(12,679)	9,341	(40,746)
Fund balance - beginning	<u>27,473</u>	<u>27,473</u>	<u>27,473</u>	<u>-</u>
Fund balance - ending	<u>\$ 14,794</u>	<u>\$ 14,794</u>	<u>\$ 36,814</u>	<u>\$ (40,746)</u>

County of Fresno
Budgetary Comparison Schedule
CAO Indian Gaming
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Use of money and property	\$ -	\$ -	\$ 7	\$ 7
Total revenues	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>
Net change in fund balance	-	-	7	7
Fund balance - beginning	138	138	138	-
Fund balance - ending	<u>\$ 138</u>	<u>\$ 138</u>	<u>\$ 145</u>	<u>\$ 7</u>

County of Fresno
Budgetary Comparison Schedule
County Administrative Office
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Fines, forfeitures and penalties	\$ 1,692	\$ 1,692	\$ 1,529	\$ (163)
Use of money and property	9	9	3	(6)
Total revenues	<u>1,701</u>	<u>1,701</u>	<u>1,532</u>	<u>(169)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,701</u>	<u>1,701</u>	<u>1,532</u>	<u>(169)</u>
Other Financing Sources (Uses)				
Transfers out	<u>(1,700)</u>	<u>(1,700)</u>	<u>(1,527)</u>	173
Total other financing sources (uses)	<u>(1,700)</u>	<u>(1,700)</u>	<u>(1,527)</u>	173
Net change in fund balance	1	1	5	4
Fund balance - beginning	<u>122</u>	<u>122</u>	<u>122</u>	-
Fund balance - ending	<u>\$ 123</u>	<u>\$ 123</u>	<u>\$ 127</u>	<u>\$ 4</u>

County of Fresno
Budgetary Comparison Schedule
Auditor-Controller/Treasurer-Tax Collector
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Fines, forfeitures and penalties	\$ -	\$ -	\$ 38	\$ 38
Use of money and property	-	-	393	393
Total revenues	<u>-</u>	<u>-</u>	<u>431</u>	<u>431</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>431</u>	<u>431</u>
Other Financing Sources (Uses)				
Transfers out	<u>(1,319)</u>	<u>(1,319)</u>	<u>(23)</u>	<u>1,296</u>
Total other financing sources (uses)	<u>(1,319)</u>	<u>(1,319)</u>	<u>(23)</u>	<u>1,296</u>
Net change in fund balance	(1,319)	(1,319)	408	1,727
Fund balance - beginning	<u>8,378</u>	<u>8,378</u>	<u>8,378</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 7,059</u></u>	<u><u>\$ 7,059</u></u>	<u><u>\$ 8,786</u></u>	<u><u>\$ 1,727</u></u>

County of Fresno
Budgetary Comparison Schedule
Assessor/Recorder
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Licenses and permits	\$ 5	\$ 5	\$ 4	\$ (1)
Use of money and property	225	225	1,217	992
Charges for services	2,387	2,387	3,616	1,229
Other revenues	-	-	17	17
Total revenues	<u>2,617</u>	<u>2,617</u>	<u>4,854</u>	<u>2,237</u>
Expenditures				
General government	<u>3,572</u>	<u>3,572</u>	<u>1,381</u>	<u>2,191</u>
Total expenditures	<u>3,572</u>	<u>3,572</u>	<u>1,381</u>	<u>2,191</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(955)</u>	<u>(955)</u>	<u>3,473</u>	<u>46</u>
Other Financing Sources (Uses)				
Transfers in	9,387	9,387	106	(9,281)
Transfers out	<u>(17,921)</u>	<u>(17,921)</u>	<u>(1,303)</u>	<u>16,618</u>
Total other financing sources (uses)	<u>(8,534)</u>	<u>(8,534)</u>	<u>(1,197)</u>	<u>7,337</u>
Net change in fund balance	(9,489)	(9,489)	2,276	7,383
Fund balance - beginning	<u>21,774</u>	<u>21,774</u>	<u>21,774</u>	<u>-</u>
Fund balance - ending	<u>\$ 12,285</u>	<u>\$ 12,285</u>	<u>\$ 24,050</u>	<u>\$ 7,383</u>

County of Fresno
Budgetary Comparison Schedule
Behavioral Health
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Fines, forfeitures and penalties	\$ 1,758	\$ 1,758	\$ 265	\$ (1,493)
Use of money and property	-	-	1,029	1,029
Intergovernmental revenues	8,486	8,486	7,971	(515)
Other revenues	-	-	4,009	4,009
Total revenues	<u>10,244</u>	<u>10,244</u>	<u>13,274</u>	<u>3,030</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,244</u>	<u>10,244</u>	<u>13,274</u>	<u>3,030</u>
Other Financing Sources (Uses)				
Transfers out	<u>(15,324)</u>	<u>(15,324)</u>	<u>(10,951)</u>	<u>4,373</u>
Total other financing sources (uses)	<u>(15,324)</u>	<u>(15,324)</u>	<u>(10,951)</u>	<u>4,373</u>
Net change in fund balance	(5,080)	(5,080)	2,323	7,403
Fund balance - beginning	21,721	21,721	21,721	-
Fund balance - ending	<u>\$ 16,641</u>	<u>\$ 16,641</u>	<u>\$ 24,044</u>	<u>\$ 7,403</u>

County of Fresno
Budgetary Comparison Schedule
County Clerk Elections
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Use of money and property	\$ -	\$ -	\$ 60	\$ 60
Charges for services	29	29	-	(29)
Total revenues	<u>29</u>	<u>29</u>	<u>60</u>	<u>31</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29</u>	<u>29</u>	<u>60</u>	<u>31</u>
Other Financing Sources (Uses)				
Transfers out	<u>(25)</u>	<u>(25)</u>	<u>(127)</u>	<u>(102)</u>
Total other financing sources (uses)	<u>(25)</u>	<u>(25)</u>	<u>(127)</u>	<u>(102)</u>
Net change in fund balance	4	4	(67)	(71)
Fund balance - beginning	1,334	1,334	1,334	-
Fund balance - ending	<u>\$ 1,338</u>	<u>\$ 1,338</u>	<u>\$ 1,267</u>	<u>\$ (71)</u>

County of Fresno
Budgetary Comparison Schedule
Child Support Services
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Use of money and property	\$ 20	\$ 20	\$ 49	\$ 29
Intergovernmental revenues	29,521	29,521	27,724	(1,797)
Total revenues	<u>29,541</u>	<u>29,541</u>	<u>27,773</u>	<u>(1,768)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29,541</u>	<u>29,541</u>	<u>27,773</u>	<u>(1,768)</u>
Other Financing Sources (Uses)				
Transfers out	<u>(29,542)</u>	<u>(29,542)</u>	<u>(27,768)</u>	<u>1,774</u>
Total other financing sources (uses)	<u>(29,542)</u>	<u>(29,542)</u>	<u>(27,768)</u>	<u>1,774</u>
Net change in fund balance	(1)	(1)	5	6
Fund balance - beginning	21	21	21	-
Fund balance - ending	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 26</u>	<u>\$ 6</u>

County of Fresno
Budgetary Comparison Schedule
District Attorney
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Use of money and property	\$ -	\$ -	\$ 374	\$ 374
Intergovernmental revenues	1,828	2,699	1,978	(721)
Charges for services	725	725	930	205
Other revenues	2,200	2,200	1,200	(1,000)
Total revenues	<u>4,753</u>	<u>5,624</u>	<u>4,482</u>	<u>(1,142)</u>
Expenditures				
Public protection	50	50	-	50
Total expenditures	<u>50</u>	<u>50</u>	<u>-</u>	<u>50</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,703</u>	<u>5,574</u>	<u>4,482</u>	<u>(1,092)</u>
Other Financing Sources (Uses)				
Transfers out	(5,859)	(7,055)	(5,906)	1,149
Total other financing sources (uses)	<u>(5,859)</u>	<u>(7,055)</u>	<u>(5,906)</u>	<u>1,149</u>
Net change in fund balance	(1,156)	(1,481)	(1,424)	57
Fund balance - beginning	<u>3,077</u>	<u>3,077</u>	<u>3,077</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,921</u>	<u>\$ 1,596</u>	<u>\$ 1,653</u>	<u>\$ 57</u>

County of Fresno
Budgetary Comparison Schedule
Probation
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Use of money and property	\$ -	\$ -	\$ 202	\$ 202
Intergovernmental revenues	763	763	894	131
Other revenues	98	98	54	(44)
Total revenues	<u>861</u>	<u>861</u>	<u>1,150</u>	<u>289</u>
Excess (deficiency) of revenues over (under) expenditures	<u>861</u>	<u>861</u>	<u>1,150</u>	<u>289</u>
Other Financing Sources (Uses)				
Transfers out	<u>(475)</u>	<u>(475)</u>	<u>(437)</u>	<u>38</u>
Total other financing sources (uses)	<u>(475)</u>	<u>(475)</u>	<u>(437)</u>	<u>38</u>
Net change in fund balance	386	386	713	327
Fund balance - beginning	<u>3,609</u>	<u>3,609</u>	<u>3,609</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 3,995</u></u>	<u><u>\$ 3,995</u></u>	<u><u>\$ 4,322</u></u>	<u><u>\$ 327</u></u>

County of Fresno
Budgetary Comparison Schedule
Public Health
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Licenses and permits	\$ 8	\$ 8	\$ -	\$ (8)
Fines, forfeitures and penalties	100	100	18	(82)
Use of money and property	148	148	458	310
Intergovernmental revenues	3,653	4,790	4,351	(439)
Charges for services	1,086	1,116	972	(144)
Other revenues	745	664	61	(603)
Total revenues	<u>5,740</u>	<u>6,826</u>	<u>5,860</u>	<u>(966)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,740</u>	<u>6,826</u>	<u>5,860</u>	<u>(966)</u>
Other Financing Sources (Uses)				
Transfers in	-	81	90	9
Transfers out	<u>(9,119)</u>	<u>(9,975)</u>	<u>(3,219)</u>	<u>6,756</u>
Total other financing sources (uses)	<u>(9,119)</u>	<u>(9,894)</u>	<u>(3,129)</u>	<u>6,765</u>
Net change in fund balance	(3,379)	(3,068)	2,731	5,799
Fund balance - beginning	7,631	7,631	7,631	-
Fund balance - ending	<u>\$ 4,252</u>	<u>\$ 4,563</u>	<u>\$ 10,362</u>	<u>\$ 5,799</u>

County of Fresno
Budgetary Comparison Schedule
Public Works
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Licenses and permits	\$ -	\$ -	\$ 5,003	\$ 5,003
Fines, forfeitures and penalties	-	-	2	2
Use of money and property	-	-	292	292
Other revenues	-	-	525	525
Total revenues	<u>-</u>	<u>-</u>	<u>5,822</u>	<u>5,822</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>5,822</u>	<u>5,822</u>
Other Financing Sources (Uses)				
Transfers out	<u>(1,220)</u>	<u>(1,320)</u>	<u>(698)</u>	<u>622</u>
Total other financing sources (uses)	<u>(1,220)</u>	<u>(1,320)</u>	<u>(698)</u>	<u>622</u>
Net change in fund balance	(1,220)	(1,320)	5,124	6,444
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u><u>\$ (1,220)</u></u>	<u><u>\$ (1,320)</u></u>	<u><u>\$ 5,124</u></u>	<u><u>\$ 6,444</u></u>

County of Fresno
Budgetary Comparison Schedule
Public Works - CDBG
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Fines, forfeitures and penalties	\$ 1,731	\$ 1,731	\$ 802	\$ (929)
Use of money and property	-	-	165	165
Other revenues	-	-	150	150
Total revenues	<u>1,731</u>	<u>1,731</u>	<u>1,117</u>	<u>(614)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,731</u>	<u>1,731</u>	<u>1,117</u>	<u>(614)</u>
Other Financing Sources (Uses)				
Transfers out	<u>(1,744)</u>	<u>(2,194)</u>	<u>(1,673)</u>	<u>521</u>
Total other financing sources (uses)	<u>(1,744)</u>	<u>(2,194)</u>	<u>(1,673)</u>	<u>521</u>
Net change in fund balance	(13)	(463)	(556)	(93)
Fund balance - beginning	3,820	3,820	3,820	-
Fund balance - ending	<u>\$ 3,807</u>	<u>\$ 3,357</u>	<u>\$ 3,264</u>	<u>\$ (93)</u>

County of Fresno
Budgetary Comparison Schedule
Community Facilities Districts
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Use of money and property	\$ -	\$ -	\$ 351	\$ 351
Total revenues	<u>-</u>	<u>-</u>	<u>351</u>	<u>351</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>351</u>	<u>351</u>
Net change in fund balance	-	-	351	351
Fund balance - beginning	7,371	7,371	7,371	-
Fund balance - ending	<u><u>\$ 7,371</u></u>	<u><u>\$ 7,371</u></u>	<u><u>\$ 7,722</u></u>	<u><u>\$ 351</u></u>

County of Fresno
Budgetary Comparison Schedule
Public Facilities Fees
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Use of money and property	\$ -	\$ -	\$ 253	\$ 253
Total revenues	<u>-</u>	<u>-</u>	<u>253</u>	<u>253</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>253</u>	<u>253</u>
Other Financing Sources (Uses)				
Transfers out	<u>(518)</u>	<u>(518)</u>	<u>-</u>	<u>518</u>
Total other financing sources (uses)	<u>(518)</u>	<u>(518)</u>	<u>-</u>	<u>518</u>
Net change in fund balance	(518)	(518)	253	771
Fund balance - beginning	4,610	4,610	4,610	-
Fund balance - ending	<u><u>\$ 4,092</u></u>	<u><u>\$ 4,092</u></u>	<u><u>\$ 4,863</u></u>	<u><u>\$ 771</u></u>

County of Fresno
Budgetary Comparison Schedule
Sheriff-Coroner
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Fines, forfeitures and penalties	\$ -	\$ -	\$ 587	\$ 587
Use of money and property	-	-	294	294
Intergovernmental revenues	250	250	391	141
Charges for services	533	533	355	(178)
Other revenues	152	152	72	(80)
Total revenues	<u>935</u>	<u>935</u>	<u>1,699</u>	<u>764</u>
Excess (deficiency) of revenues over (under) expenditures	<u>935</u>	<u>935</u>	<u>1,699</u>	<u>764</u>
Other Financing Sources (Uses)				
Transfers in	-	-	17	17
Transfers out	<u>(2,727)</u>	<u>(3,763)</u>	<u>(2,593)</u>	<u>1,170</u>
Total other financing sources (uses)	<u>(2,727)</u>	<u>(3,763)</u>	<u>(2,576)</u>	<u>1,187</u>
Net change in fund balance	(1,792)	(2,828)	(877)	1,951
Fund balance - beginning	<u>6,918</u>	<u>6,918</u>	<u>6,918</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 5,126</u></u>	<u><u>\$ 4,090</u></u>	<u><u>\$ 6,041</u></u>	<u><u>\$ 1,951</u></u>

County of Fresno
Budgetary Comparison Schedule
Inmate Welfare
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Use of money and property	\$ -	\$ -	\$ 509	\$ 509
Charges for services	4,097	4,097	3,985	(112)
Total revenues	<u>4,097</u>	<u>4,097</u>	<u>4,494</u>	<u>397</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,097</u>	<u>4,097</u>	<u>4,494</u>	<u>397</u>
Other Financing Sources (Uses)				
Transfers out	(4,374)	(4,393)	(3,654)	739
Total other financing sources (uses)	<u>(4,374)</u>	<u>(4,393)</u>	<u>(3,654)</u>	<u>739</u>
Net change in fund balance	(277)	(296)	840	1,136
Fund balance - beginning	10,315	10,315	10,315	-
Fund balance - ending	<u>\$ 10,038</u>	<u>\$ 10,019</u>	<u>\$ 11,155</u>	<u>\$ 1,136</u>

County of Fresno
Budgetary Comparison Schedule
County Free Library
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Taxes	\$ 31,310	\$ 31,310	\$ 31,835	\$ 525
Use of money and property	211	211	1,882	1,671
Intergovernmental revenues	118	152	244	92
Charges for services	1,671	1,671	1,648	(23)
Other revenues	340	350	314	(36)
Total revenues	<u>33,650</u>	<u>33,694</u>	<u>35,923</u>	<u>2,229</u>
Expenditures				
Education	31,373	31,416	28,744	2,672
Total expenditures	<u>31,373</u>	<u>31,416</u>	<u>28,744</u>	<u>2,672</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,277</u>	<u>2,278</u>	<u>7,179</u>	<u>(443)</u>
Other Financing Sources (Uses)				
Transfers in	133	133	1,083	950
Transfers out	(22,934)	(23,137)	(968)	22,169
Total other financing sources (uses)	<u>(22,801)</u>	<u>(23,004)</u>	<u>115</u>	<u>23,119</u>
Net change in fund balance	(20,524)	(20,726)	7,294	22,676
Fund balance - beginning	38,521	38,521	38,521	-
Fund balance - ending	<u>\$ 17,997</u>	<u>\$ 17,795</u>	<u>\$ 45,815</u>	<u>\$ 22,676</u>

County of Fresno
Budgetary Comparison Schedule
Fish and Game
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Fines, forfeitures and penalties	\$ 7	\$ 7	\$ 3	\$ (4)
Total revenues	<u>7</u>	<u>7</u>	<u>3</u>	<u>(4)</u>
Expenditures				
General Government	7	7	5	2
Total expenditures	<u>7</u>	<u>7</u>	<u>5</u>	<u>2</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(2)	(6)
Net change in fund balance	-	-	(2)	(6)
Fund balance - beginning	8	8	8	-
Fund balance - ending	<u>\$ 8</u>	<u>\$ 8</u>	<u>\$ 6</u>	<u>\$ (6)</u>

County of Fresno
Budgetary Comparison Schedule
Off-Highway License
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Use of money and property	\$ 1	\$ 1	\$ 5	\$ 4
Intergovernmental revenues	11	11	17	6
Total revenues	<u>12</u>	<u>12</u>	<u>22</u>	<u>10</u>
Expenditures				
General Government	11	11	-	11
Total expenditures	<u>11</u>	<u>11</u>	<u>-</u>	<u>11</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1</u>	<u>1</u>	<u>22</u>	<u>(1)</u>
Net change in fund balance	1	1	22	(1)
Fund balance - beginning	114	114	114	-
Fund balance - ending	<u><u>\$ 115</u></u>	<u><u>\$ 115</u></u>	<u><u>\$ 136</u></u>	<u><u>\$ (1)</u></u>

County of Fresno
Budgetary Comparison Schedule
Emergency Medical Services
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Fines, forfeitures and penalties	\$ 846	\$ 846	\$ 619	\$ (227)
Use of money and property	4	4	32	28
Total revenues	<u>850</u>	<u>850</u>	<u>651</u>	<u>(199)</u>
Expenditures				
Health, sanitation, and public assistance	<u>770</u>	<u>1,360</u>	<u>1,049</u>	<u>311</u>
Total expenditures	<u>770</u>	<u>1,360</u>	<u>1,049</u>	<u>311</u>
Excess (deficiency) of revenues over (under) expenditures	<u>80</u>	<u>(510)</u>	<u>(398)</u>	<u>(510)</u>
Other Financing Sources (Uses)				
Transfers out	<u>(129)</u>	<u>(129)</u>	<u>(101)</u>	<u>28</u>
Total other financing sources (uses)	<u>(129)</u>	<u>(129)</u>	<u>(101)</u>	<u>28</u>
Net change in fund balance	(49)	(639)	(499)	(482)
Fund balance - beginning	<u>624</u>	<u>624</u>	<u>624</u>	<u>-</u>
Fund balance - ending	<u>\$ 575</u>	<u>\$ (15)</u>	<u>\$ 125</u>	<u>\$ (482)</u>

County of Fresno
Budgetary Comparison Schedule
Community Corrections Performance Incentive
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Use of money and property	\$ -	\$ -	\$ 50	\$ 50
Intergovernmental revenues	2,867	2,867	2,393	(474)
Total revenues	<u>2,867</u>	<u>2,867</u>	<u>2,443</u>	<u>(424)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,867</u>	<u>2,867</u>	<u>2,443</u>	<u>(424)</u>
Other Financing Sources (Uses)				
Transfers out	(3,943)	(3,943)	(3,250)	693
Total other financing sources (uses)	<u>(3,943)</u>	<u>(3,943)</u>	<u>(3,250)</u>	<u>693</u>
Net change in fund balance	(1,076)	(1,076)	(807)	269
Fund balance - beginning	1,498	1,498	1,498	-
Fund balance - ending	<u>\$ 422</u>	<u>\$ 422</u>	<u>\$ 691</u>	<u>\$ 269</u>

County of Fresno
Budgetary Comparison Schedule
County Service Areas, Other
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Taxes	\$ 44	\$ 44	\$ 56	\$ 12
Use of money and property	77	77	497	420
Charges for services	1,604	1,604	1,621	17
Other revenues	88	88	91	3
Total revenues	<u>1,813</u>	<u>1,813</u>	<u>2,265</u>	<u>452</u>
Expenditures				
Public ways and facilities	-	5,982	1,423	4,559
Total expenditures	<u>-</u>	<u>5,982</u>	<u>1,423</u>	<u>4,559</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,813</u>	<u>(4,169)</u>	<u>842</u>	<u>(4,107)</u>
Net change in fund balance	1,813	(4,169)	842	(4,107)
Fund balance - beginning	9,656	9,656	9,656	-
Fund balance - ending	<u>\$ 11,469</u>	<u>\$ 5,487</u>	<u>\$ 10,498</u>	<u>\$ (4,107)</u>

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**County of Fresno
Internal Service Funds**

Internal Service Funds

Internal Service Funds (ISF) are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County and to other governmental units on a cost reimbursement basis.

Fleet Services

Fleet Services is responsible for management of the County's vehicle and heavy equipment fleet, including fleet planning, acquisition, maintenance, operation, and sale of surplus equipment. Fleet Services also maintains radio communications for law enforcement and other departments with field operations.

Information Technology Services

Information Technology Services (ITS) provides a wide range of data processing services to County departments and other agencies. The scope of department activities includes computer programming, systems and programming support, on-line teleprocessing services via remote terminal devices, and data entry. As of June 30, 2017, the operations of Graphic Communications Services and Communications were absorbed into this ISF. Therefore, ITS provides printing, duplicating, and mailing services along with the administration, design, installation, and maintenance of the County's telephone system.

Facility Services

Facility Services provides mechanical, electrical, structural and janitorial services to County departments. This includes routine and preventive maintenance, remodeling and modifications, computer cabling and furniture moves.

Security Services

Security Services is responsible for the physical security of most County facilities and employees. Security Services also administers the County parking program, which includes enforcement of parking regulations in all County parking areas.

Risk Management

Risk Management provides the mechanism to finance all County insurance and self-insurance programs. Financing for the health and dental plans covering County employees and retirees is also maintained by Risk Management, including the cost of administering these benefits. Other activities include coordination of the County safety program, and the recovery of damages to County employees and property from responsible third parties.

**County of Fresno
Internal Service Funds**

PeopleSoft Operations

PeopleSoft Operations provides services and support for the financial accounting system software used by the County. The components financed through this internal service fund include the financial accounting system and the payroll system. Charges for this internal service fund support both the purchasing of software and the provision of technical support for the software.

County of Fresno
Combining Statement of Net Position
Internal Service Funds
June 30, 2020
(amounts expressed in thousands)

	Fleet Services	Information Technology Services	Facility Services	Security Services
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 12,746	\$ 11,411	\$ 4,699	\$ -
Restricted cash and cash equivalents	-	-	-	-
Accounts receivable (net of allowance)	4	29	197	41
Interest receivable	58	60	21	-
Due from other funds	1,422	7,297	3,800	648
Due from other governmental units	-	-	-	-
Total current assets	<u>14,230</u>	<u>18,797</u>	<u>8,717</u>	<u>689</u>
Noncurrent assets:				
Accounts receivable	-	-	-	-
Nondepreciable:				
Construction in progress	-	1,630	5,547	-
Depreciable:				
Buildings and improvements	569	2,722	7,290	-
Equipment	57,983	15,665	1,803	157
Less accumulated depreciation	(37,389)	(9,358)	(1,208)	(126)
Intangible	110	10,877	-	-
Less accumulated amortization	(110)	(10,877)	-	-
Total noncurrent assets	<u>21,163</u>	<u>10,659</u>	<u>13,432</u>	<u>31</u>
Total assets	<u>35,393</u>	<u>29,456</u>	<u>22,149</u>	<u>720</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pensions	1,130	7,134	3,375	1,864
Total deferred outflows of resources	<u>1,130</u>	<u>7,134</u>	<u>3,375</u>	<u>1,864</u>
LIABILITIES				
Current liabilities:				
Accounts payable	517	3,902	4,785	198
Salaries and benefits payable	129	462	319	240
Due to other funds	461	154	260	77
Due to other governmental units	-	-	-	65
Liability for self-insurance	-	-	-	-
Deposits and other liabilities	-	-	-	-
Unearned revenue	-	-	20	-
Compensated leave and absences	93	676	290	161
Capital lease obligations	-	1,177	-	-
Total current liabilities	<u>1,200</u>	<u>6,371</u>	<u>5,674</u>	<u>741</u>
Noncurrent liabilities:				
Liability for self-insurance	-	-	-	-
Compensated leave and absences	91	939	267	199
Capital lease obligations	-	1,570	-	-
Net pension liability	3,802	24,017	11,360	6,276
Total noncurrent liabilities	<u>3,893</u>	<u>26,526</u>	<u>11,627</u>	<u>6,475</u>
Total liabilities	<u>5,093</u>	<u>32,897</u>	<u>17,301</u>	<u>7,216</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pensions	416	2,629	1,243	687
Total deferred inflows of resources	<u>416</u>	<u>2,629</u>	<u>1,243</u>	<u>687</u>
NET POSITION				
Net investment in capital assets	21,163	7,912	13,432	31
Unrestricted	9,851	(6,848)	(6,452)	(5,350)
Total net position	<u>\$ 31,014</u>	<u>\$ 1,064</u>	<u>\$ 6,980</u>	<u>\$ (5,319)</u>

County of Fresno
Combining Statement of Net Position
Internal Service Funds
June 30, 2020
(amounts expressed in thousands)

	Risk Management	PeopleSoft Operations	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 109,299	\$ 2,913	\$ 141,068
Restricted cash and cash equivalents	4,484	-	4,484
Accounts receivable (net of allowance)	213	2	486
Interest receivable	513	14	666
Due from other funds	243	206	13,616
Due from other governmental units	7,267	-	7,267
Total current assets	<u>122,019</u>	<u>3,135</u>	<u>167,587</u>
Noncurrent assets:			
Accounts receivable	229	-	229
Nondepreciable:			
Construction in progress	-	-	7,177
Depreciable:			
Buildings and improvements	-	-	10,581
Equipment	10	-	75,618
Less accumulated depreciation	(7)	-	(48,088)
Intangible	-	9,576	20,563
Less accumulated amortization	-	(9,576)	(20,563)
Total noncurrent assets	<u>232</u>	<u>-</u>	<u>45,517</u>
Total assets	<u>122,251</u>	<u>3,135</u>	<u>213,104</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pensions	1,254	28	14,785
Total deferred outflows of resources	<u>1,254</u>	<u>28</u>	<u>14,785</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,206	466	13,074
Salaries and benefits payable	116	25	1,291
Due to other funds	2,211	125	3,288
Due to other governmental units	7,363	-	7,428
Liability for self-insurance	23,204	-	23,204
Deposits and other liabilities	877	-	877
Unearned revenue	26	-	46
Compensated leave and absences	116	-	1,336
Capital lease obligations	-	-	1,177
Total current liabilities	<u>37,119</u>	<u>616</u>	<u>51,721</u>
Noncurrent liabilities:			
Liability for self-insurance	64,760	-	64,760
Compensated leave and absences	140	-	1,636
Capital lease obligations	-	-	1,570
Net pension liability	4,221	94	49,770
Total noncurrent liabilities	<u>69,121</u>	<u>94</u>	<u>117,736</u>
Total liabilities	<u>106,240</u>	<u>710</u>	<u>169,457</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pensions	462	10	5,447
Total deferred inflows of resources	<u>462</u>	<u>10</u>	<u>5,447</u>
NET POSITION			
Net investment in capital assets	3	-	42,541
Unrestricted	16,800	2,443	10,444
Total net position	<u>\$ 16,803</u>	<u>\$ 2,443</u>	<u>\$ 52,985</u>

County of Fresno
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Fleet Services	Information Technology Services	Facility Services	Security Services
Operating revenues:				
Charges for services	\$ 14,757	\$ 50,191	\$ 32,212	\$ 6,842
Other revenues	37	7	1,026	110
Total operating revenues	<u>14,794</u>	<u>50,198</u>	<u>33,238</u>	<u>6,952</u>
Operating expenses:				
Salaries and benefits	3,115	18,647	9,898	5,686
Insurance	23	206	365	141
Professional services	154	3,141	10,066	1,195
General and administrative	3,019	19,162	3,915	628
Repairs and maintenance	1,605	-	805	552
Rents and leases	146	7,686	42	362
Parts and supplies	3,794	1,273	238	57
Utilities	75	393	12,857	27
Depreciation	2,563	4,702	350	68
Total operating expenses	<u>14,494</u>	<u>55,210</u>	<u>38,536</u>	<u>8,716</u>
Operating income (loss)	<u>300</u>	<u>(5,012)</u>	<u>(5,298)</u>	<u>(1,764)</u>
Nonoperating revenues (expenses):				
Gain (loss) on sale of capital assets	233	(1,058)	-	-
Insurance recoveries	-	-	-	-
Use of money and property	587	532	193	7
Total nonoperating revenues (expenses)	<u>820</u>	<u>(526)</u>	<u>193</u>	<u>7</u>
Net income (loss) before transfers	<u>1,120</u>	<u>(5,538)</u>	<u>(5,105)</u>	<u>(1,757)</u>
Transfers in (out)				
Transfers in	1,768	2,353	3,930	-
Transfers out	(122)	(764)	(387)	(222)
Total transfers in (out)	<u>1,646</u>	<u>1,589</u>	<u>3,543</u>	<u>(222)</u>
Change in net position	<u>2,766</u>	<u>(3,949)</u>	<u>(1,562)</u>	<u>(1,979)</u>
Net position - beginning	28,248	5,013	8,542	(3,340)
Prior period adjustment	-	-	-	-
Net position - beginning restated	<u>28,248</u>	<u>5,013</u>	<u>8,542</u>	<u>(3,340)</u>
Net position - ending	<u>\$ 31,014</u>	<u>\$ 1,064</u>	<u>\$ 6,980</u>	<u>\$ (5,319)</u>

County of Fresno
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Risk Management	PeopleSoft Operations	Total
Operating revenues:			
Charges for services	\$ 114,800	\$ 2,746	\$ 221,548
Other revenues	109	-	1,289
Total operating revenues	<u>114,909</u>	<u>2,746</u>	<u>222,837</u>
Operating expenses:			
Salaries and benefits	3,325	95	40,766
Insurance	114,379	5	115,119
Professional services	2,797	1,278	18,631
General and administrative	534	1,659	28,917
Repairs and maintenance	64	-	3,026
Rents and leases	3	-	8,239
Parts and supplies	-	-	5,362
Utilities	38	-	13,390
Depreciation	2	-	7,685
Total operating expenses	<u>121,142</u>	<u>3,037</u>	<u>241,135</u>
Operating income (loss)	<u>(6,233)</u>	<u>(291)</u>	<u>(18,298)</u>
Nonoperating revenues (expenses):			
Gain (loss) on sale of capital assets	-	-	(825)
Insurance recoveries	5,491	-	5,491
Use of money and property	4,863	133	6,315
Total nonoperating revenues (expenses)	<u>10,354</u>	<u>133</u>	<u>10,981</u>
Net income (loss) before transfers	<u>4,121</u>	<u>(158)</u>	<u>(7,317)</u>
Transfers in (out)			
Transfers in	366	339	8,756
Transfers out	(130)	(4)	(1,629)
Total transfers in (out)	<u>236</u>	<u>335</u>	<u>7,127</u>
Change in net position	<u>4,357</u>	<u>177</u>	<u>(190)</u>
Net position - beginning	12,079	2,266	52,808
Prior period adjustment	367	-	367
Net position - beginning restated	<u>12,446</u>	<u>2,266</u>	<u>53,175</u>
Net position - ending	<u>\$ 16,803</u>	<u>\$ 2,443</u>	<u>\$ 52,985</u>

County of Fresno
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Fleet Services	Information Technology Services	Facility Services	Security Services
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from users	\$ 14,989	\$ 47,612	\$ 36,325	\$ 7,029
Cash paid to suppliers	(9,000)	(27,444)	(30,874)	(2,784)
Cash paid to employees	(3,045)	(18,243)	(9,644)	(5,557)
Cash paid for claims	-	-	-	-
Net cash provided by (used in) operating activities	<u>2,944</u>	<u>1,925</u>	<u>(4,193)</u>	<u>(1,312)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Residual equity transfers in	-	-	-	-
Residual equity transfers out	-	-	-	-
Transfers from other funds	1,768	2,353	3,930	-
Transfers to other funds	(122)	(764)	(387)	(222)
Net cash provided by (used in) noncapital financing activities	<u>1,646</u>	<u>1,589</u>	<u>3,543</u>	<u>(222)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Sales of capital assets	-	-	-	734
Purchases of capital assets	(4,416)	(7,900)	(1,499)	-
Insurance recoveries	-	-	-	-
Principal paid on capital debt	-	-	-	-
Interest paid on capital debt	-	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>(4,416)</u>	<u>(7,900)</u>	<u>(1,499)</u>	<u>734</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Use of money and property received	591	557	202	12
Net cash provided by (used in) investing activities	<u>591</u>	<u>557</u>	<u>202</u>	<u>12</u>
Net increase (decrease) in cash and cash equivalents	765	(3,829)	(1,947)	(788)
Cash and cash equivalents - beginning	11,981	15,240	6,646	788
Prior period adjustment	-	-	-	-
Cash and cash equivalents - ending	<u>\$ 12,746</u>	<u>\$ 11,411</u>	<u>\$ 4,699</u>	<u>\$ -</u>
Reconciliation of cash and cash equivalents to the statement of net position:				
Cash and cash equivalents	\$ 12,746	\$ 11,411	\$ 4,699	\$ -
Restricted cash and investments	-	-	-	-
Total	<u>\$ 12,746</u>	<u>\$ 11,411</u>	<u>\$ 4,699</u>	<u>\$ -</u>

County of Fresno
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Risk Management	PeopleSoft Operations	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from users	\$ 117,146	\$ 2,795	\$ 225,896
Cash paid to suppliers	(101,193)	(2,467)	(173,762)
Cash paid to employees	(3,252)	(101)	(39,842)
Cash paid for claims	(15,473)	-	(15,473)
Net cash provided by (used in) operating activities	<u>(2,772)</u>	<u>227</u>	<u>(3,181)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Residual equity transfers in	-	-	\$ -
Residual equity transfers out	-	-	-
Transfers from other funds	366	339	8,756
Transfers to other funds	(130)	(4)	(1,629)
Net cash provided by (used in) noncapital financing activities	<u>236</u>	<u>335</u>	<u>7,127</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Sales of capital assets	190	-	924
Purchases of capital assets	-	(164)	(13,979)
Insurance recoveries	5,491	-	5,491
Principal paid on capital debt	-	-	-
Interest paid on capital debt	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>5,681</u>	<u>(164)</u>	<u>(7,564)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Use of money and property received	4,937	132	6,431
Net cash provided by (used in) investing activities	<u>4,937</u>	<u>132</u>	<u>6,431</u>
Net increase (decrease) in cash and cash equivalents	8,082	530	2,813
Cash and cash equivalents - beginning	105,701	2,383	142,739
Prior period adjustment	-	-	-
Cash and cash equivalents - ending	<u>\$ 113,783</u>	<u>\$ 2,913</u>	<u>\$ 145,552</u>
Reconciliation of cash and cash equivalents to the statement of net position:			
Cash and cash equivalents	\$ 109,299	\$ 2,913	\$ 141,068
Restricted cash and investments	4,484	-	4,484
Total	<u>\$ 113,783</u>	<u>\$ 2,913</u>	<u>\$ 145,552</u>

County of Fresno
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Fleet Services	Information Technology Services	Facility Services	Security Services
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 300	\$ (5,012)	\$ (5,298)	\$ (1,764)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Pension expense	36	225	106	59
Depreciation expense	2,563	4,702	350	68
Decrease (increase) in accounts receivable	33	71	(142)	28
Decrease (increase) in due from other funds	162	(2,657)	3,174	43
Decrease (increase) in due from other governmental units	-	-	55	6
Decrease (increase) in construction in progress	-	4,293	(3,459)	-
(Decrease) increase in accounts payable	(183)	70	857	183
(Decrease) increase in salaries and benefits payable	34	179	148	70
(Decrease) increase in unearned revenue	-	-	-	-
(Decrease) increase in deposits held for others	-	-	-	-
(Decrease) increase in due to other funds	(1)	54	16	2
(Decrease) increase in due to other governmental units	-	-	-	(7)
(Decrease) increase in liability for self-insurance	-	-	-	-
Total adjustments	2,644	6,937	1,105	452
Net cash provided by (used in) operating activities	<u>\$ 2,944</u>	<u>\$ 1,925</u>	<u>\$ (4,193)</u>	<u>\$ (1,312)</u>
Noncash investing, capital, and financing activities				
Transfer of capital assets to government	\$ -	\$ -	\$ -	\$ -
Sales (Purchase) of capital assets	(4,416)	(7,900)	(1,499)	734

County of Fresno
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Risk Management	PeopleSoft Operations	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (6,233)	\$ (291)	\$ (18,298)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Pension expense	39	1	466
Depreciation expense	2	-	7,685
Decrease (increase) in accounts receivable	(109)	(2)	(121)
Decrease (increase) in due from other funds	(241)	51	532
Decrease (increase) in due from other governmental units	2,587	-	2,648
Decrease (increase) in construction in progress	-	-	834
(Decrease) increase in accounts payable	(485)	466	908
(Decrease) increase in salaries and benefits payable	34	(7)	458
(Decrease) increase in unearned revenue	-	-	-
(Decrease) increase in deposits held for others	-	-	-
(Decrease) increase in due to other funds	(2,853)	9	(2,773)
(Decrease) increase in due to other governmental units	919	-	912
(Decrease) increase in liability for self-insurance	3,568	-	3,568
Total adjustments	3,461	518	15,117
Net cash provided by (used in) operating activities	\$ (2,772)	\$ 227	\$ (3,181)
Noncash investing, capital, and financing activities			
Transfer of capital assets to government	\$ -	\$ -	\$ -
Sales (Purchase) of capital assets	190	(164)	(13,055)

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**County of Fresno
Agency Funds**

Fiduciary Funds

The County maintains an Investment Trust Fund that is used to account for the investments made by the County. The County, in a fiduciary capacity, also maintains various Agency Funds that are used to account for assets held for others by the County. These funds include County funds which are segregated from other County funds for purposes of control, property taxes collected on behalf of other governmental units and monies held by the Public Administrator-Guardian. It should be noted that the Investment Trust fund is discretely presented in the basic financial statements.

Trust Funds:

Investment: This fund is used to account for the investments made by the County of Fresno on behalf of Non-County entities.

Agency Funds:

Property Tax Collection: This fund is used by the County in its role as Tax Collector to record property tax receipts awaiting apportionment to other governmental units and recipient County funds and their periodic distribution.

Public Administrator-Guardian: This fund is used for the accounting and recording of all Public Administrator-Guardian monies held by the County in a fiduciary capacity.

San Joaquin Valley Insurance Authority: The San Joaquin Valley Insurance Authority was established as a multi-entity authority with the express goal of negotiating, purchasing, or otherwise providing funding for health, vision, dental and life insurance for the employees of the various entities in the authority (including the County of Fresno). This fund is used for the accounting and recording of all San Joaquin Valley Insurance Authority monies held by the County in a fiduciary capacity.

Other Agency Funds: These funds are under the control of various County officials and agencies and are used to accumulate resources for specific purposes.

County of Fresno
Combining Statement of Changes in Assets and Liabilities - Agency Funds
Agency Funds
For the Fiscal Year Ended June 30, 2020
(amounts expressed in thousands)

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Property Tax Collection				
Assets:				
Cash	\$ 43,125	\$ 1,194,939	\$ 1,175,214	\$ 62,850
Taxes receivable	53	-	51	2
Interest receivable	887	-	112	775
Total assets	<u>\$ 44,065</u>	<u>\$ 1,194,939</u>	<u>\$ 1,175,377</u>	<u>\$ 63,627</u>
Liabilities:				
Due to other taxing units	\$ 44,065	\$ 1,194,939	\$ 1,175,377	63,627
Total liabilities	<u>\$ 44,065</u>	<u>\$ 1,194,939</u>	<u>\$ 1,175,377</u>	<u>\$ 63,627</u>
Public Administrator - Guardian				
Assets:				
Cash and investments	\$ 11,774	\$ 14,057	\$ 13,728	\$ 12,103
Property held by public administrator	3,616	1,242	824	4,034
Total assets	<u>\$ 15,390</u>	<u>\$ 15,299</u>	<u>\$ 14,552</u>	<u>\$ 16,137</u>
Liabilities:				
Fiduciary liability	\$ 15,390	\$ 15,299	\$ 14,552	\$ 16,137
Total liabilities	<u>\$ 15,390</u>	<u>\$ 15,299</u>	<u>\$ 14,552</u>	<u>\$ 16,137</u>
San Joaquin Valley Insurance Authority				
Assets:				
Cash and investments	\$ 13,057	\$ 250,406	\$ 241,203	\$ 22,260
Accounts receivable	7,298	599	-	7,897
Total assets	<u>\$ 20,355</u>	<u>\$ 251,005</u>	<u>\$ 241,203</u>	<u>\$ 30,157</u>
Liabilities:				
Due to other governmental units	\$ 20,355	\$ 251,005	\$ 241,203	\$ 30,157
Total liabilities	<u>\$ 20,355</u>	<u>\$ 251,005</u>	<u>\$ 241,203</u>	<u>\$ 30,157</u>
Other Agency Funds				
Assets:				
Cash and investments	\$ 44,823	\$ 2,450,105	\$ 2,461,211	\$ 33,717
Total assets	<u>\$ 44,823</u>	<u>\$ 2,450,105</u>	<u>\$ 2,461,211</u>	<u>\$ 33,717</u>
Liabilities:				
Fiduciary liability	\$ 44,823	\$ 2,450,105	\$ 2,461,211	\$ 33,717
Total liabilities	<u>\$ 44,823</u>	<u>\$ 2,450,105</u>	<u>\$ 2,461,211</u>	<u>\$ 33,717</u>
Total Agency Funds				
Assets:				
Cash and investments	\$ 112,779	\$ 3,909,507	\$ 3,891,356	\$ 130,930
Accounts receivable	7,298	599	-	7,897
Taxes receivable	53	-	51	2
Interest receivable	887	-	112	775
Property held by public administrator	3,616	1,242	824	4,034
Total assets	<u>\$ 124,633</u>	<u>\$ 3,911,348</u>	<u>\$ 3,892,343</u>	<u>\$ 143,638</u>
Liabilities:				
Due to other taxing units	\$ 44,065	\$ 1,194,939	\$ 1,175,377	\$ 63,627
Due to other governmental units	20,355	251,005	241,203	30,157
Fiduciary liability	60,213	2,465,404	2,475,763	49,854
Total liabilities	<u>\$ 124,633</u>	<u>\$ 3,911,348</u>	<u>\$ 3,892,343</u>	<u>\$ 143,638</u>



STATISTICAL SECTION

Statistical Section

Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the County's most significant local revenue source.

Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and help the reader assess the County's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and activities it performs.

Sources:

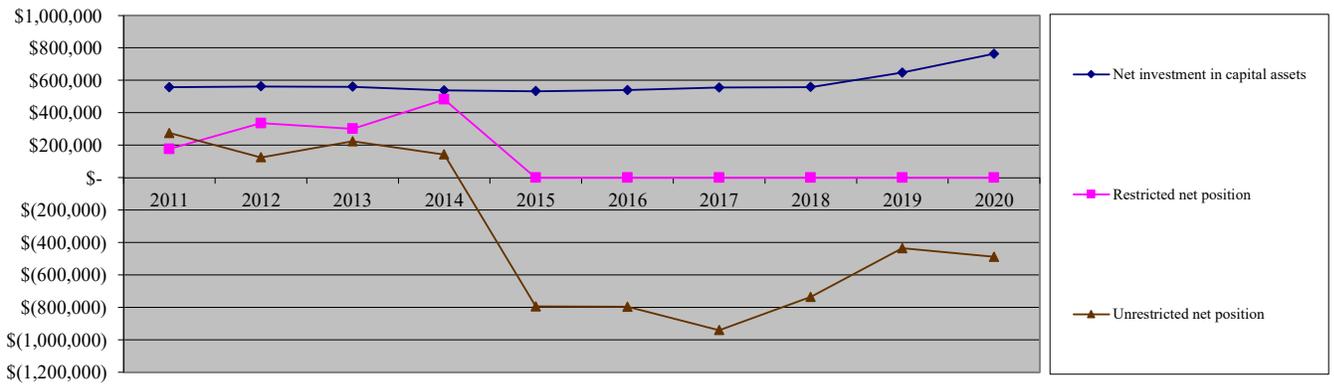
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement No. 34 in 2002; schedules presenting government-wide information include information beginning in that year.

County of Fresno
Net Position by Component
Last Ten Fiscal Years
(amounts expressed in thousands)

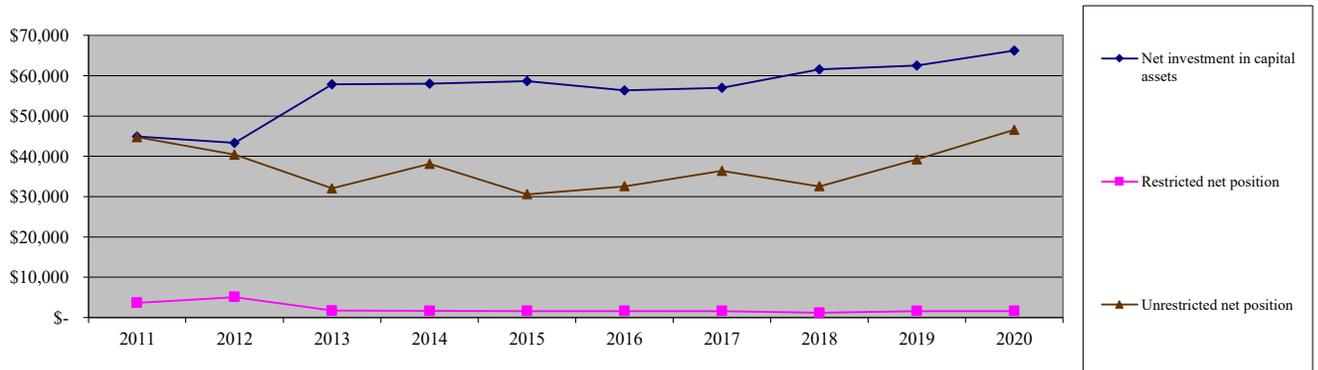
	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 557,748	\$ 562,279	\$ 560,544	\$ 537,359	\$ 533,674	\$ 539,314	\$ 556,268	\$ 558,579	\$ 647,516	\$ 763,973
Restricted net position	177,153	335,573	301,425	482,088	-	-	-	-	-	-
Unrestricted net position	275,332	124,904	223,627	142,637	(793,620)	(795,311)	(939,690)	(735,368)	(434,745)	(488,332)
Total governmental activities net position	1,010,233	1,022,756	1,085,596	1,162,084	(259,946)	(255,997)	(383,422)	(176,789)	212,771	275,641
Business-type activities										
Net investment in capital assets	44,875	43,336	57,836	58,001	58,661	56,353	56,970	61,569	62,473	66,208
Restricted net position	3,654	5,090	1,690	1,646	1,588	1,588	1,589	1,178	1,596	1,590
Unrestricted net position	44,735	40,392	32,032	38,104	30,583	32,533	36,358	32,543	39,216	46,567
Total business-type activities net position	93,264	88,818	91,558	97,751	90,832	90,474	94,917	95,290	103,285	114,365
Primary government										
Net investment in capital assets	602,623	605,615	618,380	595,360	592,335	595,667	613,238	620,148	709,989	830,181
Restricted net position	180,807	340,663	303,115	483,734	1,588	1,588	1,589	1,178	1,596	1,590
Unrestricted net position	320,067	165,296	255,659	180,741	(763,037)	(762,778)	(903,332)	(702,825)	(395,529)	(441,765)
Total primary government net position	\$ 1,103,497	\$ 1,111,574	\$ 1,177,154	\$ 1,259,835	\$ (169,114)	\$ (165,523)	\$ (288,505)	\$ (81,499)	\$ 316,056	\$ 390,006

Note 1: Accrual basis of accounting

Governmental Activities



Business-type Activities



County of Fresno
Changes in Net Position
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program Revenues										
Governmental activities:										
Charges for services										
General government	21,579	22,628	18,258	15,712	22,475	31,721	33,698	36,083	35,067	38,620
Public protection	65,412	40,711	38,244	31,486	26,476	23,462	19,745	27,462	27,279	26,556
Public ways and facilities	14,216	12,822	10,782	8,121	2,227	6,903	15,345	9,569	6,074	7,334
Health, sanitation and public assistance	28,350	33,090	16,032	22,045	20,771	16,329	18,669	29,412	16,716	24,994
Education	3,318	3,388	3,378	2,574	1,808	1,879	1,761	6,606	3,034	1,962
Culture and recreation	1,421	1,496	1,353	899	1,023	771	957	1,014	855	867
Operating grants and contributions	786,733	715,246	690,028	770,108	812,333	622,116	652,321	910,527	919,835	960,735
Capital grants and contributions	10,353	3,069	187	-	-	-	-	-	-	-
Subtotal Governmental activities program revenues	931,382	832,450	778,262	850,945	887,113	703,181	742,496	1,020,673	1,008,860	1,061,068
Business-type activities:										
Charges for services										
Water and sewer	3,033	2,695	3,456	3,478	4,001	3,980	5,897	5,032	6,761	5,885
Landfill	10,097	9,054	9,861	13,814	16,379	15,337	13,615	14,037	18,278	15,997
Operating grants and contributions	-	-	-	625	494	304	-	452	367	485
Capital grants and contributions	-	-	-	-	-	509	336	-	-	-
Subtotal Business-type activities program revenues	13,130	11,749	13,317	17,917	20,874	20,130	19,848	19,521	25,406	22,367
Total primary government program revenues	944,512	844,199	791,579	868,862	907,987	723,311	762,344	1,040,194	1,034,266	1,083,435
General Revenues										
Governmental activities:										
Taxes										
Property taxes	203,317	196,145	209,419	216,038	232,374	233,408	254,804	260,350	262,330	271,007
Sales taxes	103,174	140,232	154,998	161,119	186,747	216,434	195,316	51,043	58,264	62,561
Franchise taxes	4,735	4,849	4,784	14,070	22,736	17,946	17,558	10,756	16,192	17,110
Motor vehicle in-lieu taxes	36,063	35,491	34,077	37,713	58,964	230,264	223,883	215,224	258,594	265,955
Road use tax	-	-	-	-	-	-	-	-	-	-
Tobacco settlement proceeds	12,089	8,352	13,213	6,657	-	-	-	-	-	-
Other	4,816	4,708	4,832	18,110	13,970	23,531	7,066	(11,695)	2,934	8,474
Gain/(loss) on bond refunding and sale of capital assets	-	-	338	-	-	-	-	-	-	-
Unrestricted investment earnings	5,450	5,945	14,159	14,776	9,344	14,407	2,804	561	32,538	33,511
Miscellaneous	1,072	-	-	-	-	-	-	-	-	-
Subtotal governmental activities general revenues	370,716	395,722	435,820	468,483	524,135	735,990	701,431	526,239	630,852	658,618
Business-type activities:										
Property tax	-	-	-	671	711	744	773	765	796	819
Other	2,421	2,355	2,326	1,446	1,870	1,891	1,918	3,803	3,202	9,745
Gain/(loss) on sale of capital assets	-	-	(19)	-	-	-	145	(402)	(2,529)	-
Unrestricted investment earnings	1,507	1,257	974	1,732	638	1,837	316	172	4,007	4,614
Subtotal business-type activities general revenues	3,928	3,612	3,281	3,849	3,219	4,472	3,152	4,338	5,476	15,178
Total primary government revenues	\$ 1,319,156	\$ 1,243,533	\$ 1,230,680	\$ 1,341,194	\$ 1,435,341	\$ 1,463,773	\$ 1,466,927	\$ 1,570,771	\$ 1,670,594	\$ 1,757,231

Note 1: Accrual basis of accounting

County of Fresno
Changes in Net Position
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 41,685	\$ 51,348	\$ 52,919	\$ 45,280	\$ 34,673	\$ 72,302	\$ 72,551	\$ 247,100	\$ 235,530	\$ 266,452
Public protection	298,354	293,106	304,365	319,197	291,148	343,711	362,779	253,532	266,178	403,010
Public ways and facilities	54,711	48,529	41,895	43,145	45,635	78,926	127,525	51,304	36,765	69,231
Health, sanitation, and public assistance	770,169	751,998	686,767	787,234	760,840	869,387	940,554	710,821	659,419	853,749
Education	26,013	24,897	24,191	25,073	23,918	26,510	27,342	27,565	18,288	26,118
Culture and recreation	2,419	2,331	2,712	2,933	2,380	2,868	3,370	3,450	2,122	2,818
Interest on long-term debt	44,243	44,232	42,519	40,030	40,219	41,782	36,571	36,402	35,302	35,820
Subtotal governmental activities expenses	1,237,594	1,216,441	1,155,368	1,262,892	1,198,813	1,435,486	1,570,692	1,330,174	1,253,604	1,657,198
Business-type activities:										
Solid waste enterprise	14,068	14,024	14,063	6,162	5,652	6,572	7,453	9,350	8,265	12,274
County service areas, other	5,554	5,607	6,139	17,783	21,451	17,402	16,722	17,219	14,726	18,260
Subtotal business-type activities expenses	19,622	19,631	20,202	23,945	27,103	23,974	24,175	26,569	22,991	30,534
Total primary government expenses	1,257,216	1,236,072	1,175,570	1,286,837	1,225,916	1,459,460	1,594,867	1,356,743	1,276,595	1,687,732
Extraordinary item - RDA dissolution transaction	-	-	(274)	-	-	-	-	-	-	-
Excess (deficiency) before transfers										
- governmental activities	(9,422)	(2,359)	164,060	58,714	240,358	8,377	(126,765)	216,738	386,108	62,488
Transfers	96	32	271	302	(2,724)	297	(645)	240	252	15
Excess (deficiency) before transfers										
- business-type activities	(4,261)	(3,033)	1,564	(2,969)	(2,501)	1,437	(1,175)	(2,710)	7,891	7,011
Transfers	(96)	(32)	(271)	(302)	2,724	(297)	645	(240)	(252)	(15)
Special Items	-	-	-	-	-	-	-	-	-	-
Change in net position										
Governmental activities	(9,326)	(2,327)	164,057	59,016	237,634	8,674	(127,410)	216,978	386,360	62,503
Business-type activities	(4,357)	(3,065)	1,293	(3,271)	223	331	(530)	(2,950)	7,639	6,996
Total primary government	\$ (13,683)	\$ (5,392)	\$ 165,350	\$ 55,745	\$ 237,857	\$ 9,005	\$ (127,940)	\$ 214,028	\$ 393,999	\$ 69,499

Note 1: Accrual basis of accounting

County of Fresno
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year				
	2011*	2012	2013	2014	2015
General Fund					
Nonspendable	\$ 3,200	\$ 3,585	\$ 3,939	\$ 4,110	\$ 43,092
Restricted	83,356	195,072	199,306	49,932	4,985
Committed	-	-	-	-	18,724
Assigned	39,138	33,896	57,176	23,035	77,493
Unassigned	133,154	66,022	47,117	72,338	46,239
Total General Fund	<u>\$ 258,848</u>	<u>\$ 298,575</u>	<u>\$ 307,538</u>	<u>\$ 149,415</u>	<u>\$ 190,533</u>

Other Governmental Funds					
Nonspendable	\$ 1,889	\$ 854	\$ 683	\$ 775	\$ 736
Restricted	93,797	97,561	123,153	391,338	443,609
Committed	-	-	-	-	-
Assigned	24,407	29,357	33,597	37,391	37,009
Unassigned	-	-	-	-	-
Total other governmental funds	<u>\$ 120,093</u>	<u>\$ 127,772</u>	<u>\$ 157,433</u>	<u>\$ 429,504</u>	<u>\$ 481,354</u>

	Fiscal Year				
	2016	2017	2018	2019	2020
General Fund					
Nonspendable	\$ 47,208	\$ 49,736	\$ 8,971	\$ 5,840	\$ 5,803
Restricted	9,398	4,255	-	6,205	7,590
Committed	21,024	63,602	68,410	91,380	91,417
Assigned	83,021	8,654	-	-	-
Unassigned	39,520	85,193	128,236	100,693	92,976
Total General Fund	<u>\$ 200,171</u>	<u>\$ 211,440</u>	<u>\$ 205,617</u>	<u>\$ 204,118</u>	<u>\$ 197,786</u>

All Other Governmental Funds					
Nonspendable	\$ 816	\$ 702	\$ 816	\$ 36	\$ 36
Restricted	529,190	586,978	570,404	597,722	558,996
Committed	-	-	-	-	-
Assigned	36,560	-	-	-	-
Unassigned	-	-	-	-	-
Total other governmental funds	<u>\$ 566,566</u>	<u>\$ 587,680</u>	<u>\$ 571,220</u>	<u>\$ 597,758</u>	<u>\$ 559,032</u>

Note 1: Modified accrual basis of accounting

* *Note 2: The County implemented GASB Statement No. 54 in 2011, under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved and unreserved.*

County of Fresno
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(amounts expressed in thousands)

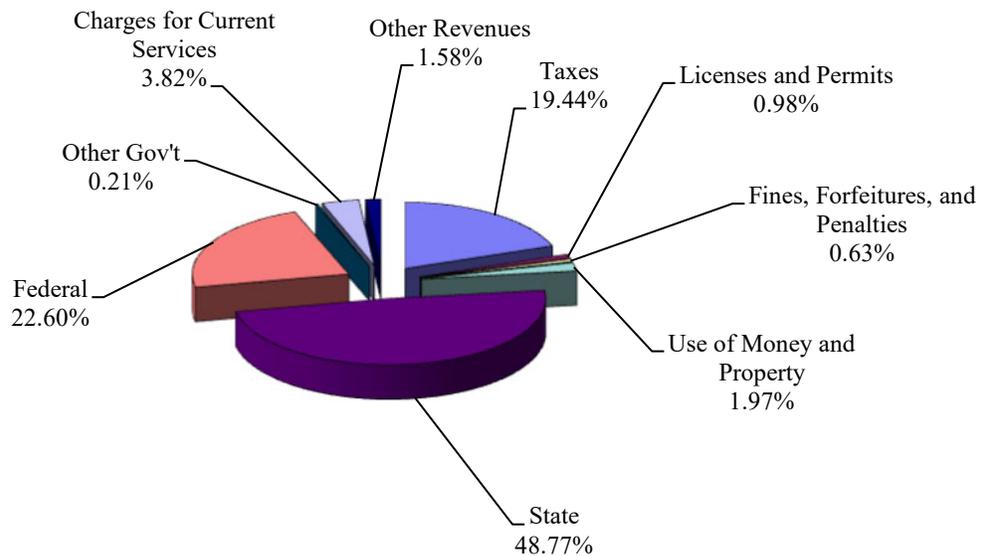
	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 230,422	\$ 334,763	\$ 380,541	\$ 394,370	\$ 422,029	\$ 449,842	\$ 450,120	\$ 311,393	\$ 320,594	\$ 331,781
Licenses and permits	7,987	8,600	8,872	14,070	17,272	17,946	17,558	10,756	16,192	18,896
Fines, forfeitures and penalties	10,268	9,577	9,529	14,657	13,866	13,015	11,944	10,049	10,408	8,473
Use of money and property	5,745	6,278	14,315	12,562	8,022	12,087	2,804	561	32,538	33,511
Aid from other governmental agencies	880,190	788,758	714,785	811,917	850,931	846,114	885,091	1,092,732	1,180,254	1,223,179
Charges for current services	98,139	83,947	66,491	68,274	55,541	56,305	63,611	64,043	62,995	68,887
Other revenues	39,383	25,724	24,358	29,554	26,690	25,386	26,932	46,541	26,030	31,447
Total revenues	1,272,134	1,257,647	1,218,891	1,345,404	1,394,351	1,420,695	1,458,060	1,536,075	1,649,011	1,716,174
Expenditures										
General government	40,359	35,648	32,976	38,715	37,014	40,860	59,083	42,903	46,135	54,559
Public ways and facilities	63,448	55,691	32,807	31,106	36,880	33,901	34,876	383,305	431,489	467,157
Public protection	293,043	289,991	298,179	312,604	324,104	340,802	359,422	46,448	40,017	67,730
Health, sanitation, and public assistance	769,639	750,154	682,001	779,890	798,019	832,667	854,187	931,587	903,032	969,670
Education	26,275	23,898	23,891	23,708	25,152	25,350	26,205	25,881	27,818	28,870
Culture and recreation	2,191	2,342	2,684	2,900	2,596	2,688	2,898	4,453	2,998	3,250
Capital outlay	7,577	2,783	16,594	18,378	21,714	30,097	31,362	35,849	106,715	124,462
Debt service:										
Principal	25,042	24,080	30,785	30,295	32,655	36,585	40,035	44,505	47,690	29,314
Interest	24,515	27,465	25,509	22,677	20,960	19,221	15,318	13,584	11,132	9,307
Total expenditures	1,252,089	1,212,052	1,145,426	1,260,273	1,299,094	1,362,171	1,423,386	1,528,515	1,617,026	1,754,319
Excess (deficiency) of revenues over (under) expenditures	20,045	45,595	73,465	85,131	95,257	58,524	34,674	7,560	31,985	(38,145)
Other financing sources (uses):										
Bond proceeds	-	-	23,587	-	-	64,525	-	-	-	-
Bond premiums	-	-	-	-	-	6,360	-	-	-	-
Payment to escrow agent	-	-	-	-	-	(43,630)	-	-	-	-
Proceeds from sale of capital assets	1,072	-	-	-	-	16	248	227	121	199
Transfers in	230,110	316,612	353,820	848,216	917,133	852,206	888,482	1,008,110	1,012,413	1,142,770
Transfers out	(227,070)	(314,520)	(350,907)	(849,296)	(920,117)	(855,814)	(891,006)	(1,010,824)	(1,013,551)	(1,149,882)
Refunded bond principal	-	-	(26,160)	-	-	(26,765)	-	-	-	-
Refunding bond issue proceeds	-	-	(820)	-	-	-	-	-	-	-
Total other financing sources (uses)	4,112	2,092	(480)	(1,080)	(2,984)	(3,102)	(2,276)	(2,487)	(1,017)	(6,913)
Net change in fund balances before extraordinary items	24,157	47,687	72,985	84,051	92,273	55,422	32,398	5,073	30,968	(45,058)
Extraordinary item										
Redevelopment Agency dissolution transaction	-	(274)	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 24,157	\$ 47,413	\$ 72,985	\$ 84,051	\$ 92,273	\$ 55,422	\$ 32,398	\$ 5,073	\$ 30,968	\$ (45,058)
Debt service as a percentage of non capital expenditures	3.98%	4.26%	4.99%	4.27%	4.20%	4.19%	3.98%	3.89%	3.89%	2.37%

Note 1: Modified accrual basis of accounting

**County of Fresno
Governmental Funds Revenues By Source
Last Ten Fiscal Years
(amount expressed in thousands)**

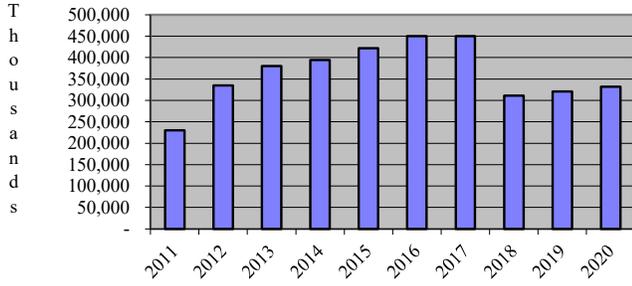
Fiscal Year	Total Revenues	Taxes	Licenses and Permits	Fines, Forfeitures, and Penalties	Use of Money and Property	Aid From Other Governmental Agencies			Charges for Current Services	Other Revenues
						State	Federal	Other Gov't		
2011	\$ 1,272,134	\$ 230,422	\$ 7,987	\$ 10,268	\$ 5,745	\$ 544,195	\$ 333,427	\$ 2,568	\$ 98,139	\$ 39,383
2012	1,257,647	334,763	8,600	9,577	6,278	465,232	322,815	711	83,947	25,724
2013	1,218,891	380,541	8,872	9,529	14,315	388,767	322,745	3,273	66,491	24,358
2014	1,345,404	394,370	14,070	14,657	12,562	489,408	320,457	2,052	68,274	29,554
2015	1,394,351	422,029	17,272	13,866	8,022	505,053	342,554	3,324	55,541	26,690
2016	1,420,695	449,842	17,946	13,015	12,087	520,137	322,977	3,000	56,305	25,386
2017	1,458,060	450,120	17,558	11,944	2,804	525,324	355,934	3,833	63,611	26,932
2018	1,536,075	311,393	10,756	10,049	561	681,841	407,703	3,188	64,043	46,541
2019	1,649,011	320,594	16,192	10,408	32,538	804,151	372,680	3,423	62,995	26,030
2020	1,716,174	331,781	18,896	8,473	33,511	778,589	439,783	4,807	68,887	31,447

For Fiscal Year 2020

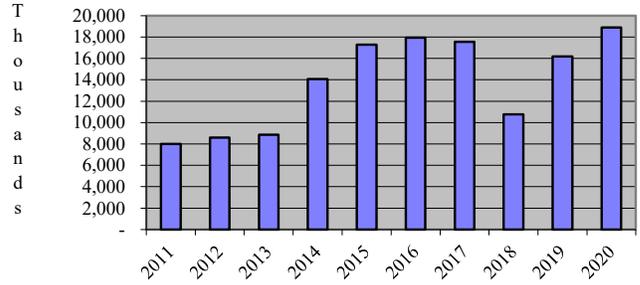


**County of Fresno
Governmental Funds Revenues By Source
Last Ten Fiscal Years
(amount expressed in thousands)**

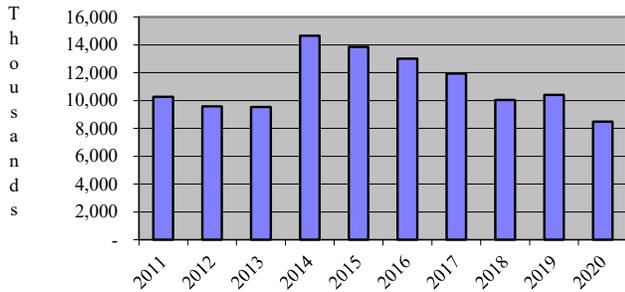
Taxes



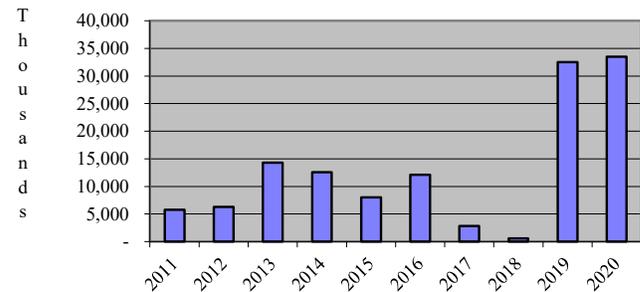
Licenses and Permits



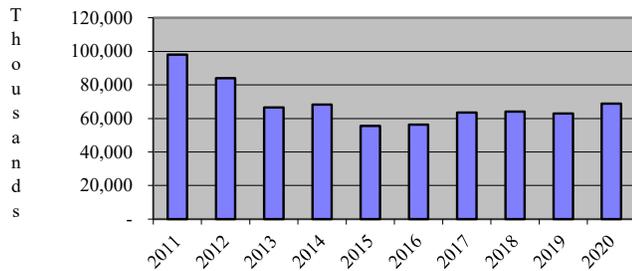
Fines, Forfeitures, and Penalties



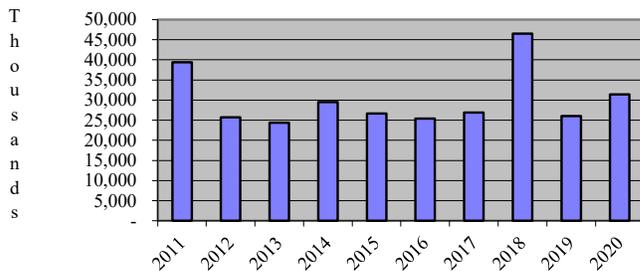
Use of Money and Property



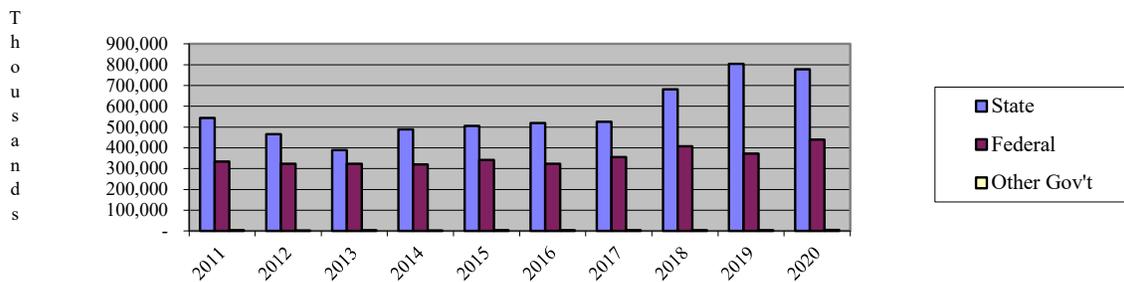
Charges for Current Services



Other Revenues



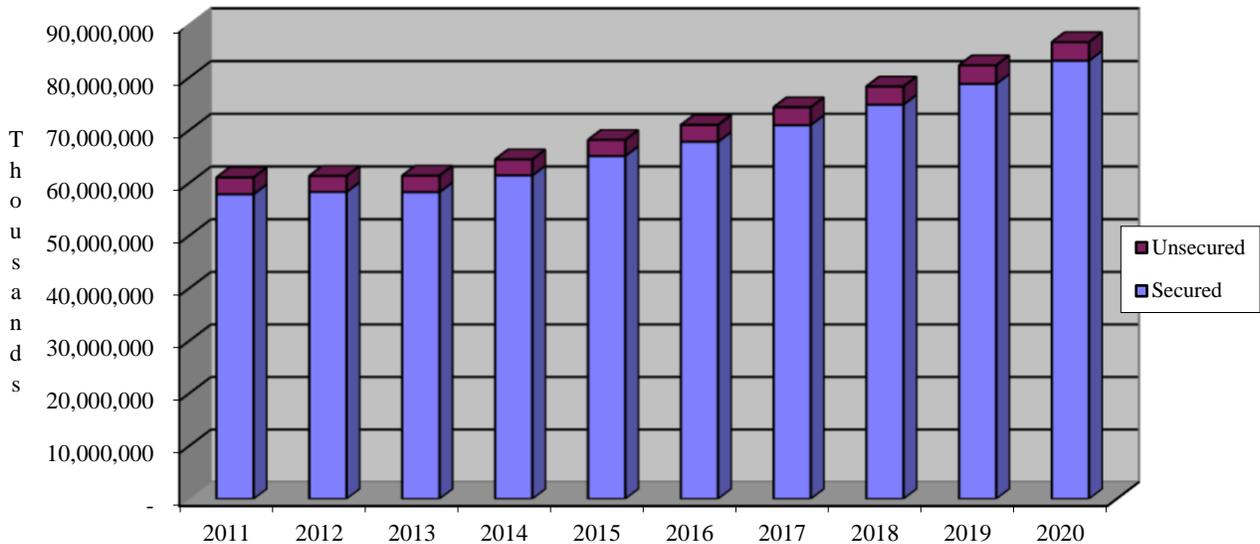
Aid From Other Governmental Agencies



County of Fresno
Gross Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Secured	Unsecured	Total	Ratio of Assessed to Estimated Actual	Total Direct Tax Rate
	Estimated Actual	Estimated Actual	Estimated Actual		
2011	\$ 57,958,443	\$ 3,171,629	\$ 61,130,072	100	1.00%
2012	58,378,659	3,040,714	61,419,373	100	1.00%
2013	58,343,171	3,124,705	61,467,876	100	1.00%
2014	61,518,986	3,032,881	64,551,867	100	1.00%
2015	65,196,174	3,054,484	68,250,658	100	1.00%
2016	67,898,181	3,190,135	71,088,316	100	1.00%
2017	71,057,076	3,376,707	74,433,783	100	1.00%
2018	74,950,077	3,432,862	78,382,939	100	1.00%
2019	78,876,831	3,519,686	82,396,517	100	1.00%
2020	83,267,031	3,520,780	86,787,811	100	1.00%

Estimated Value of Taxable Property



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

Note: The estimated actual value of taxable property is the same as the gross assessed value.

County of Fresno
Property Tax Rates - Direct and Overlapping Governments
(% Per \$100 of Assessed Value)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>County Direct Rates</u>	<u>Overlapping Rates</u>		<u>Total Rates</u>
	<u>Fresno County General</u>	<u>City of Fresno</u>	<u>School Districts</u>	
2010 - 2011	1.00000	0.032438	0.198914	1.231352
2011 - 2012	1.00000	0.032438	0.195870	1.228308
2012 - 2013	1.00000	0.032438	0.198218	1.230656
2013 - 2014	1.00000	0.032438	0.198436	1.230874
2014 - 2015	1.00000	0.032438	0.198168	1.230606
2015 - 2016	1.00000	0.032438	0.196924	1.229362
2016 - 2017	1.00000	0.032438	0.197344	1.229782
2017 - 2018	1.00000	0.032438	0.214798	1.247236
2018 - 2019	1.00000	0.032438	0.211830	1.244268
2019 - 2020	1.00000	0.032438	0.214650	1.247088

Notes:

(1) The above tax rates are for Tax Rate Area 005-001, which applies to most property within the City of Fresno.

(2) California voters, on June 6, 1978, approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, which limits the taxing power of California public agencies. Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy any property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each County will levy the maximum tax permitted by Article XIII A of \$1 per \$100 of full cash value. Assessed value is equal to full cash value, pursuant to Senate Bill 1656, Statutes of 1978.

Source:

Auditor-Controller/Treasurer-Tax Collector, County of Fresno

**County of Fresno
Principal Taxpayers
June 30, 2020
and June 30, 2011
(amounts expressed in thousands)**

Taxpayer	2020			2011		
	Assessed Value	Rank	% of Total County Assessed Value	Assessed Value	Rank	% of Total County Assessed Value
Pacific Gas & Electric Co.	\$ 2,626,541	1	3.026	\$ 1,673,608	1	2.738
Southern California Edison Co.	556,968	2	0.642	389,489	3	0.637
Panoche Energy Center, LLC	254,400	3	0.293	589,250	2	0.964
Chevron USA, Inc.	248,391	4	0.286	328,000	4	0.537
AERA Energy, LLC	188,242	5	0.217	109,693	9	0.179
Gap, Inc.	154,145	6	0.178	201,213	5	0.329
Gallo E & J Winery	152,857	7	0.176	116,678	7	0.191
Macerich Fresno Limited Partnership	140,815	8	0.162	129,169	8	0.211
Pacific Bell Telephone Co.	118,530	9	0.137	169,328	6	0.277
RPI Fig Garden, LP	111,187	10	0.128	-	-	0.000
Atlantic Path 15 LLC	-	-	-	89,981	10	0.147
Total	\$ 4,552,076		5.245	\$ 3,796,409		6.210

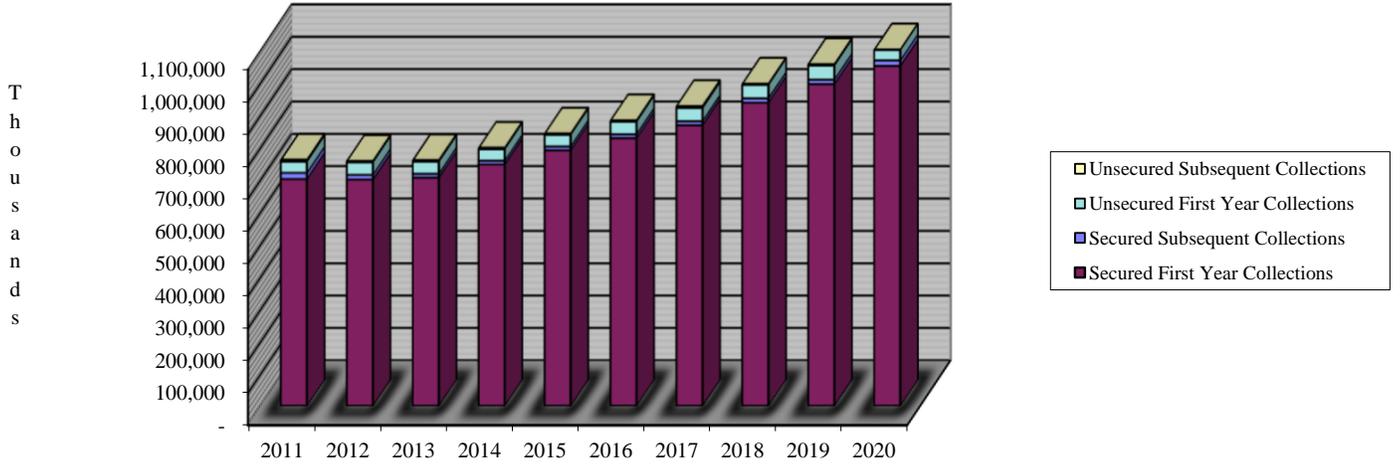
Source: Auditor-Controller/Treasurer-Tax Collector, County of Fresno

Note: Percentages based on estimated property values of \$86,787,811 in 2020 and \$61,130,072 in 2011.

**County of Fresno
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)**

Fiscal Year	Secured									Unsecured								
	Collections in Fiscal Year of Levy			Delinquency		Collection in Subsequent Years			Total Collection to Date	Collections in Fiscal Year of Levy			Delinquency		Collection in Subsequent Years		Total Collection to Date	
	Tax Levies	Amount	Percent	Amount	Percent	Amount	Amount	Percent		Tax Levies	Amount	Percent	Amount	Percent	Amount	Amount	Percent	
2011	720,195	701,038	97.340	\$ 19,157	2.660	\$ 19,157	\$ 720,195	100.00%	\$ 39,345	\$ 34,355	87.317	\$ 4,990	12.683	\$ 4,990	\$ 39,345	100.00%		
2012	714,008	699,603	97.983	14,405	2.017	14,405	714,008	100.00%	41,579	39,028	93.865	2,551	6.135	2,551	41,579	100.00%		
2013	717,057	705,356	98.368	11,701	1.632	11,701	717,057	100.00%	41,027	37,482	91.359	3,545	8.641	3,545	41,027	100.00%		
2014	757,605	746,292	98.507	11,314	1.493	11,314	757,606	100.00%	38,947	35,944	92.290	3,003	7.710	3,003	38,947	100.00%		
2015	801,553	789,983	98.557	11,550	1.441	11,550	801,533	100.00%	38,950	36,263	93.101	2,687	6.899	2,687	38,950	100.00%		
2016	839,524	827,836	98.608	11,688	1.392	11,665	839,501	99.80%	41,729	38,931	93.295	2,799	6.708	2,793	41,724	99.80%		
2017	879,820	867,520	98.602	12,299	1.398	12,250	879,770	99.60%	45,719	40,764	89.162	4,955	10.838	4,935	45,699	99.60%		
2018	950,394	937,062	98.597	13,332	1.403	13,252	950,314	99.40%	44,286	41,949	94.723	2,337	5.277	2,323	44,272	99.40%		
2019	1,008,351	994,415	98.618	13,937	1.382	13,826	1,008,241	99.20%	46,957	43,515	92.670	3,342	7.117	3,315	46,830	99.20%		
2020	1,068,014	1,050,543	98.364	17,471	1.636	17,121	1,067,664	98.00%	50,925	48,611	95.456	2,314	4.544	2,268	50,879	98.00%		

Property Tax Levies



*Note: The above represents total collections made by the County of Fresno for all appropriate taxing units.
Source: County of Fresno Tax Rate Book*

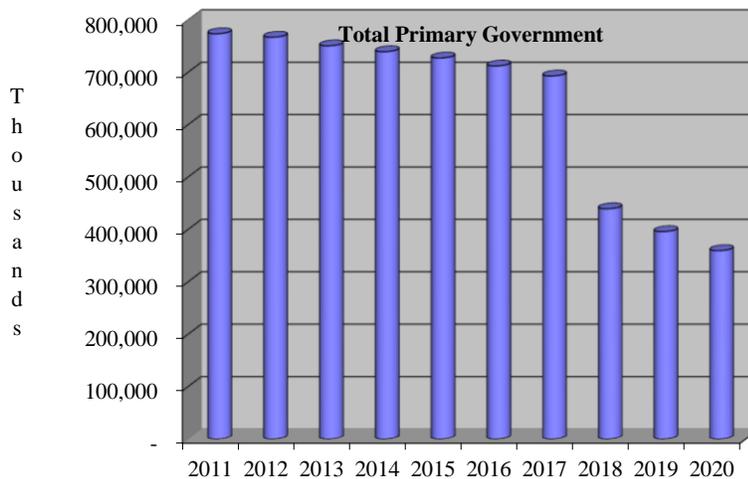
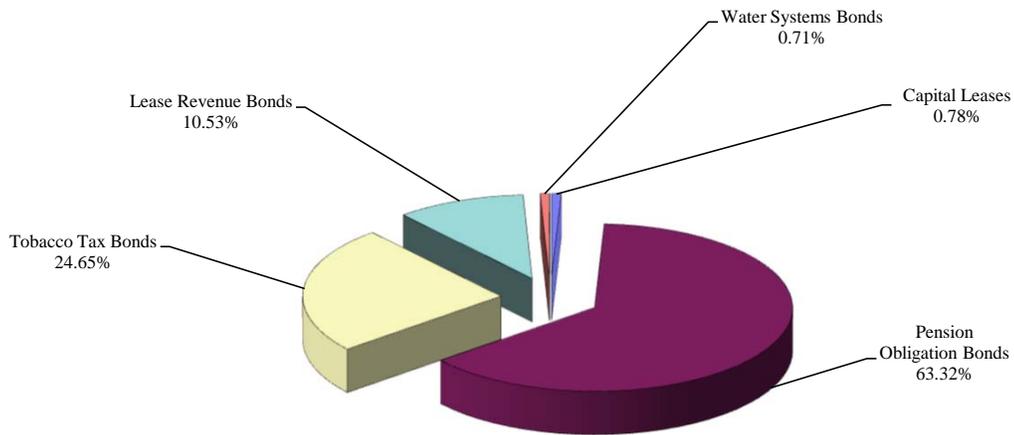
County of Fresno
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	Capital Lease	Pension Obligation Bonds	Tobacco Tax Bonds	Lease Revenue Bonds	Water Systems Bonds	Outstanding Loan	Capital Leases			
2011	\$ 3,817	\$ 548,951	\$ 133,789	\$ 82,667	\$ 4,200	\$ -	\$ -	\$ 773,424	2.60%	820
2012	4,601	543,387	136,041	78,704	4,060	-	-	766,793	2.34%	809
2013	4,066	536,085	134,397	71,924	3,910	-	-	750,382	2.20%	786
2014	4,521	527,007	136,575	67,214	3,750	80	-	739,147	2.14%	765
2015	5,461	516,073	139,591	62,304	3,580	75	-	727,084	NA	NA
2016	3,926	503,666	142,114	58,704	3,400	73	-	711,883	2.06%	737
2017	2,934	488,331	145,048	52,916	3,205	370	-	692,804	1.85%	711
2018	3,258	294,069	96,584	42,435	3,000	67	-	439,413	1.18%	451
2019	3,154	254,825	92,573	42,435	2,780	62	-	395,829	1.01%	404
2020	2,805	227,602	88,596	37,857	2,545	62	-	359,467	0.89%	364

Note 1: Accrual basis of accounting

^a See Demographic and Economic Statistics schedule for personal income and population data. These ratios are calculated using personal income for the prior year.

Outstanding Debt by Type for Fiscal Year 2020



County of Fresno
Estimated Direct and Overlapping Bonded Debt
June 30, 2020
(amounts expressed in thousands)

2019-20 Assessed Valuation:	\$ 86,787,811		(includes unitary utility valuation)
Overlapping Tax and Assessment Debt:			
	Total Debt 6/30/20	% Applicable (1)	Debt 6/30/20
Merced Community College District School Facilities Improvement District No. 2	\$ 6,605	2.684%	\$ 177
State Center Community College District	155,670	83.256%	129,605
West Hills Community College District and School Facilities Improvement Districts	66,551	26.61-99.586%	36,979
Central Unified School District	151,668	100%	151,668
Clovis Unified School District	345,203	100%	345,203
Fresno Unified School District	541,355	100%	541,355
Kings Canyon Joint Unified School District	78,640	91.146%	71,677
Sanger Unified School District	174,284	100%	174,284
Other Unified School Districts	318,654	Various	280,515
High School and School Districts	54,077	Various	45,343
City of Selma	3,840	100%	3,840
Hospital Districts	22,290	100%	22,290
Coalinga-Huron Recreation and Park District	14,535	100%	14,535
California Statewide Community Development Authority			
Community Facilities District No. 2012-01	4,125	100%	4,125
City Community Facilities Districts	3,075	100%	3,075
1915 Act Bonds (Estimated)	5,371	100%	5,371
Total Overlapping Tax and Assessment Debt			1,830,042
Overlapping Tax Increment Debt:			
Successor Agencies	\$ 53,540	100%	\$ 53,540
Direct and Overlapping General Fund Debt			
Community College District General Fund Obligations	17,201	Various	7,819
Central Unified School District Certificates of Participation	30,948	100%	30,948
Clovis Unified School District General Fund Obligations	19,725	100%	19,725
Fresno Unified School District General Fund Obligations	13,385	100%	13,385
Sanger Unified School District Certificates of Participation	39,275	100%	39,275
Other School District General Fund Obligations	58,608	Various	37,819
City of Clovis General Fund Obligations	7,992	100%	7,992
City of Fresno General Fund Obligations	155,155	100%	155,155
City of Fresno Pension Obligation Bonds	107,555	100%	107,555
Other City General Fund Obligations	11,048	100%	11,048
Coalinga Regional Medical Center General Fund Obligations	3,990	100%	3,990
Clovis Memorial Water District General Fund Obligations	3,470	100%	3,470
Total Gross Overlapping General Fund Obligation Debt			438,181
Total Overlapping Tax and Assessment and General Fund Obligation Debt			2,321,763
Direct General Fund Obligation Debt:			
Fresno County General Fund Obligations	33,150	100%	33,150
Fresno County Pension Obligation Bonds	228,023	100%	228,023
Total Direct General Fund Obligation Debt			261,173
Total Gross Combined Overlapping and Direct Debt			\$ 2,582,936 ⁽²⁾
Ratios to 2019-20 Assessed Valuation:			
Total Overlapping Tax and Assessment Debt		2.11%	
Total Direct Debt (\$261,173)		0.30%	
Combined Total Debt		2.98%	
Ratios to Redevelopment Incremental Valuation (\$6,041,749):			
Total Overlapping Tax Increment Debt		0.89%	

(1) The percentage of overlapping debt applicable to the County is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the County divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on the principal amount due at maturity. Excludes tobacco bonds.

Note: Amounts from this report published on the 2018 & 2019 Financial Reports were unrounded.

Source: California Municipal Statistics, Inc.

County of Fresno
Computation of Legal Debt Margin
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Assessed Value	Debt Limit Percentage	Debt Limit	Amount of Debt Applicable to Limit			Legal Debt Margin
				Bonds Payable	Less Resources Restricted to Paying Principal	Total Net Debt Applicable to Limit	
2011	\$ 61,130,072	1.25%	\$ 764,126	\$ -	\$ -	\$ -	\$ 764,126
2012	61,419,373	1.25%	767,742	-	-	-	767,742
2013	61,467,876	1.25%	768,348	-	-	-	768,348
2014	64,551,867	1.25%	806,898	-	-	-	806,898
2015	68,250,658	1.25%	853,133	-	-	-	853,133
2016	71,088,316	1.25%	888,604	-	-	-	888,604
2017	74,433,783	1.25%	930,422	-	-	-	930,422
2018	78,382,939	1.25%	979,787	-	-	-	979,787
2019	82,396,517	1.25%	1,029,956	389,833	47,690	342,143	687,813
2020	86,787,811	1.25%	1,084,848	354,055	35,335	318,720	766,128

Note: California Government Code Section 29909 read in conjunction with Revenue and Taxation Code Section 135 imposes a legal debt limitation for General Obligation Bond indebtedness to 1.25 percent of total assessed value.

County of Fresno
General Bonded Debt Ratios
Last Ten Fiscal Years

Fiscal Year	Net General Bonded Debt per Capita*	Net General Bonded Debt to Assessed Value	General Debt Service to General Expenditures
2011	\$ 674.74	1.03%	3.31%
2012	657.80	1.01%	3.53%
2013	638.55	0.99%	4.15%
2014	624.12	0.92%	3.61%
2015	594.86	0.85%	3.61%
2016	543.52	0.75%	3.55%
2017	543.43	0.73%	3.51%
2018	514.02	0.66%	3.18%
2019	347.71	0.43%	3.38%
2020	345.97	0.41%	3.38%

* Updated amounts based on the revised population estimates for 2020 from Department of Finance as released on July 1, 2020.

**County of Fresno
Pledged Revenue Coverage
For the Last Ten Fiscal Years**

CSA 47 Water/Sewer Revenue Bonds

Fiscal Year	Charges	Less: Operating	Net Available	Debt Service		Coverage
		Expenses	Revenue	Principal	Interest	
2011	\$ 1,160,367	\$ 678,852	\$ 481,515	\$ 135,000	\$ 284,989	115%
2012	1,211,528	796,012	415,516	140,000	276,395	100%
2013	1,235,362	816,663	418,699	150,000	266,995	100%
2014	1,285,578	866,263	419,315	160,000	256,610	101%
2015	1,326,035	823,055	502,980	170,000	245,555	121%
2016	1,321,276	821,220	500,056	180,000	233,830	121%
2017	1,379,703	834,824	544,879	195,000	221,268	131%
2018	1,315,000	899,000	416,000	205,000	207,868	101%
2019	1,697,000	882,000	815,000	220,000	193,630	197%
2020	1,697,142	1,034,570	662,572	235,000	178,388	160%

**County of Fresno
Demographic and Economic Statistics
For the Last Ten Calendar Years**

Year	Population	Personal Income*	Per Capita Personal Income	Median Family Income	Unemployment Rate
2011	936,089	\$ 29,741	\$ 31,542	\$ 54,700	16.77%
2012	943,493	32,729	34,539	55,500	15.27%
2013	952,166	34,041	35,635	54,600	14.87%
2014	964,040	34,567	35,785	57,900	10.40%
2015	972,297	N/A	N/A	N/A	9.30%
2016	984,541	34,567	35,785	58,900	9.40%
2017	995,975	37,360	38,323	59,900	8.30%
2018	1,007,229	39,295	40,101	59,900	7.60%
2019	1,018,241	40,583	41,137	64,800	7.40%
2020	1,023,358	42,843	43,084	70,700	14.50%

Sources: Population data provided by the California State Controller. Personal and Per Capita Personal Income data provided by the Bureau of Economic Analysis. Unemployment data provided by the California Employment Development Department. Median Family Income data provided by California Department of Housing and Community Development.

* Personal Income amounts in thousands

**County of Fresno
Principal Employers
Comparison of 2020 and 2011**

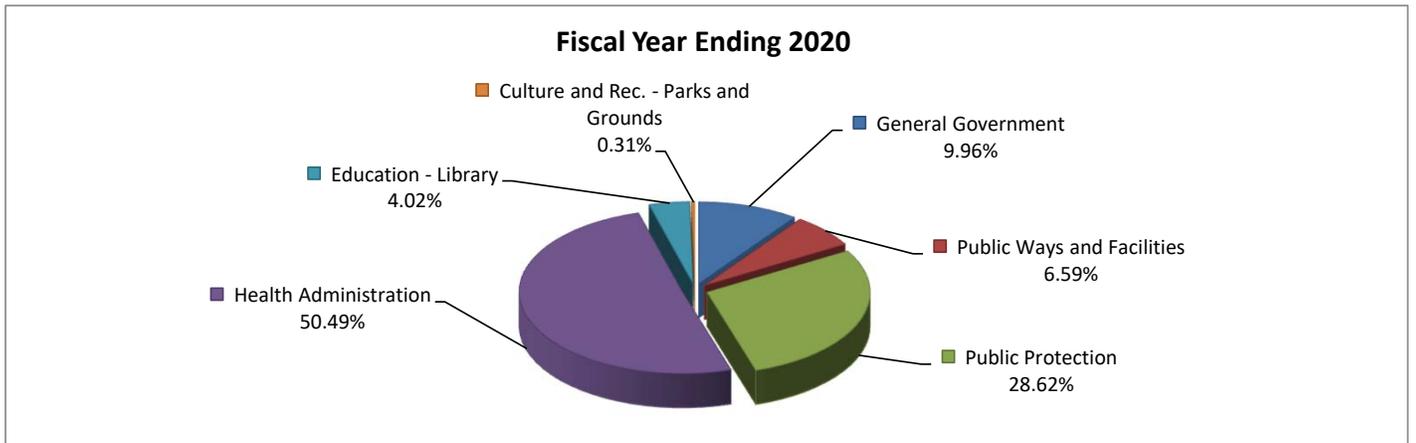
<u>Employer</u>	<u>2020</u>			<u>2011</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Fresno Unified School District	16,348	1	3.63%	11,500	1	2.65%
Community Medical Centers	8,600	2	1.91%	6,000	3	1.38%
County of Fresno	8,422	3	1.87%	6,500	2	1.50%
Clovis Unified School District	8,216	4	1.83%	3,370	5	0.78%
California State University Fresno	5,630	5	1.25%	1,671	9	0.38%
State Center Community College District	5,255	6	1.17%	-	-	0.00%
City of Fresno	4,609	7	1.02%	3,780	4	0.87%
Children's Hospital of Central CA	4,140	8	0.92%	-	-	0.00%
Saint Agnes Medical	2,800	9	0.62%	2,031	8	0.47%
Kaiser Permanente Medical	2,300	10	0.51%	2,603	6	0.60%
Total	<u><u>66,320</u></u>		<u><u>14.74%</u></u>	<u><u>40,783</u></u>		<u><u>9.39%</u></u>

Source: The 2020 employee counts are obtained from various entity websites. The 2011 employee count was obtained from the 2011 County of Fresno Comprehensive Annual Financial Report.

Note: Percentages based on labor force of 450,000 in 2020 and 434,200 in 2011.

County of Fresno
Employees by Function/Program
Last Ten Fiscal Years
Employees as of June 30

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Administration	54	52	53	56	57	62	62	62	61	61
County Counsel	26	25	28	31	32	32	32	33	34	36
Finance	227	235	212	218	225	237	238	233	231	231
Internal Service	381	344	346	340	374	383	383	408	418	447
Other	23	23	24	25	27	28	30	32	32	32
Total	711	679	663	670	715	742	745	768	776	807
Public Ways and Facilities										
Planning	106	105	105	110	120	137	144	159	161	166
Roads	222	198	198	196	196	203	206	223	246	247
Community Development	19	14	14	13	11	11	10	10	10	9
Solid Waste	22	21	21	21	21	15	15	16	16	17
Other	81	83	82	83	88	93	93	93	95	95
Total	450	421	420	423	436	459	468	501	528	534
Public Protection										
Sheriff - Coroner	996	1,011	1,038	1,067	1,071	1,139	1,182	1,231	1,254	1,247
Probation	514	544	546	572	585	639	641	650	659	660
District Attorney	228	222	238	256	254	260	255	247	252	249
Public Defender	82	79	84	88	105	111	112	120	144	162
Total	1,820	1,856	1,906	1,983	2,015	2,149	2,190	2,248	2,309	2,318
Health Administration										
Child and Family Services	232	232	231	239	239	239	239	224	224	278
Adult Services	484	514	514	542	542	584	584	616	641	742
Social Services	2,160	2,182	2,320	2,452	2,457	2,559	2,600	2,643	2,639	2,642
Community Health	438	467	481	368	368	394	394	404	405	409
In-Home Supportive Services	7	7	7	7	7	12	12	12	12	12
Veterans Services	5	5	5	5	6	6	7	7	7	7
Total	3,329	3,410	3,560	3,613	3,619	3,794	3,836	3,906	3,928	4,090
Education - Library										
	291	293	292	314	316	326	329	326	326	326
Culture and Rec. - Parks and Grounds										
	26	20	16	17	19	24	24	24	24	25
Grand Total	6,627	6,679	6,857	7,020	7,120	7,494	7,592	7,773	7,891	8,100



Source: 2020-2021 Recommended Budget

County of Fresno
Operating Indicators by Function/Program
For the Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public protection										
<i>Child Support Services</i>										
Number of child support cases opened	62,175	60,115	58,444	56,755	57,388	58,556	59,934	60,152	59,943	58,992
Child support collected (in thousands)	\$ 82,918	\$ 83,681	\$ 82,529	\$ 82,525	\$ 85,345	\$ 86,430	\$ 88,016	\$ 90,658	\$ 92,071	\$ 108,960
<hr/>										
<i>Sheriff</i>										
Zone offices	4	4	4	4	4	4	4	4	4	4
Patrol units	186	249	240	242	237	281	280	263	294	304
Dispatched calls	204,542	199,408	215,403	188,672	115,649	109,997	101,022	96,365	92,945	107,276
Physical arrests	7,789	9,299	7,954	7,171	4,658	4,985	6,338	4,978	4,888	3,979
Traffic citations	1,315	1,077	737	917	959	995	834	760	700	521
Stolen vehicles	1,020	899	997	770	644	809	711	695	779	799
Jail bookings	40,794	40,025	41,696	44,321	34,245	29,693	29,350	30,358	30,256	25,422
Avg. daily jail population	1,661	1,810	2,867	2,978	2,725	2,748	2,849	3,030	3,046	2,837
<hr/>										
Public ways and facilities										
Street miles maintained	3,524	3,519	3,517	3,516	3,508	3,507	3,505	3,496	3,488	3,485
<hr/>										
Health, sanitation, and public assistance										
<i>Emergency Medical Services (EMS)</i>										
Number of 9-1-1 medical calls	96,030	107,235	107,039	101,982	111,501	122,868	130,451	135,237	136,445	144,040
<hr/>										
<i>Department of Social Services</i>										
Number of client months served	6,854,629	6,966,161	7,032,774	7,336,435	8,147,153	8,688,471	8,571,695	8,305,266	8,695,715	8,903,966
<hr/>										
Education										
<i>Library</i>										
Number of branches	35	35	35	35	39	39	39	39	37	37
Number of volumes	3,104,381	3,698,458	3,656,593	2,188,608	2,357,614	982,245	982,245	750,420	734,929	671,985
Volumes borrowed	3,874,259	3,989,774	3,844,412	4,216,039	4,175,236	3,882,699	3,508,508	3,295,783	2,547,469	1,893,902
<hr/>										
Culture and recreation										
<i>Parks and Grounds</i>										
Acreage	2,120	2,120	2,120	2,000	1,089	1,089	1,409	1,290	1,578	1,578
Park passes issued	112	166	193	106	18	20	20	91	265	232

Sources: Various county departments

Note 1: The County's Resource Division had revised the total acreage data during 2011 based on re-mapping of the parks for all periods presented above.

Note 2: The County's Department of Social Services had corrected their service description to client months served during 2013 for all periods presented above.

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Glossary

County of Fresno

Glossary for the Comprehensive Annual Financial Report

ACCOUNTS PAYABLE. A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government (but not including amounts due to other funds or other governments).

ACCOUNTS RECEIVABLE. An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).

ACCRUAL BASIS OF ACCOUNTING. The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events, and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

ACCUMULATED DEPRECIATION. A contra-asset account used to report the accumulation of periodic credits to reflect the expiration of the estimated service life of capital assets.

ACTIVE EMPLOYEES. Individuals employed at the end of the reporting or measurement period, as applicable.

ACTUARIAL VALUATION. The determination, as of a point in time (the actuarial valuation date), of the service cost, total pension liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.

ACTUARIAL VALUATION DATE. The date as of which an actuarial valuation is performed.

ACTUARIALLY DETERMINED CONTRIBUTION. A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

ADVANCE FROM OTHER FUNDS. A liability account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity. See DUE TO OTHER FUNDS and INTERFUND RECEIVABLE/PAYABLE.

ADVANCE TO OTHER FUNDS. An asset account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity. See DUE FROM OTHER FUNDS and INTERFUND RECEIVABLE/PAYABLE.

AGENCY FUND. A fund normally used to account for assets held by a government as an agent for individuals, private organizations, or other governments and/or other funds.

AGENT MULTIPLE-EMPLOYER PLAN. Group of single-employer plans with pooled administrative and investment functions but separate actuarial valuations and contribution rates.

AMORTIZATION. The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

ANNUAL OPEB COST. An accrual-basis measure of the periodic cost of an employer's participation in a defined other postemployment benefit (OPEB) plan.

ANNUAL REQUIRED CONTRIBUTIONS (ARC). Term used in connection with other postemployment benefit plans to describe the amount an employer must contribute in a given year.

County of Fresno

Glossary for the Comprehensive Annual Financial Report

APPROPRIATION. A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

ASSESSED VALUATION. A valuation set upon real estate or other property by a government as a basis for levying taxes.

ASSIGNED FUND BALANCE. Amounts that are constrained by the County's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose. This is also the classification for residual funds in the County's special revenue funds.

AUDITOR'S REPORT. In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with GAAP or some other comprehensive basis of accounting.

BALANCE SHEET. The financial statement disclosing the assets, liabilities and equity of an entity at a specified date in conformity with Generally Accepted Accounting Principles (GAAP).

BASIC FINANCIAL STATEMENTS (BFS). The minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP. Basic financial statements have three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

BASIS OF ACCOUNTING. A term used to refer to *when* revenues, expenditures, expenses, and transfers - and the related assets and liabilities - are recognized in the accounts and reported in the financial statements. Specifically, it relates to the *timing* of the measurements made, regardless of the nature of the measurement, on either the cash or the accrual basis.

BUDGET. A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term "budget" is used in two senses in practice. Sometimes it designates the financial plan presented to the appropriating governing body for adoption, and sometimes, the plan finally approved by that body.

BUDGETARY CONTROL. The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

BUSINESS-TYPE ACTIVITIES. One of two classes of activities reported in the government-wide financial statements. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. These activities are usually reported in enterprise funds.

CAPITAL ASSETS. Long-lived tangible assets obtained or controlled as a result of past transactions, events or circumstances. Capital assets include buildings, equipment, and improvements other than buildings, land, intangible assets, and infrastructure. In the private sector, these assets are referred to most often as property, plant and equipment, and intangible assets.

CAPITAL EXPENDITURES. Expenditures resulting in the acquisition of or addition to the government's general capital assets.

CAPITALIZATION POLICY. The criteria used by a government to determine which outlays should be reported as capital assets.

CAPITAL LEASE. An agreement that conveys the right to use property, plant, or equipment, usually for a stated period of time. See LEASE-PURCHASE AGREEMENTS.

County of Fresno

Glossary for the Comprehensive Annual Financial Report

CAPITAL PROJECTS FUND. A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

CASH BASIS OF ACCOUNTING. A basis of accounting under which transactions are recognized only when cash is received or disbursed.

CASH WITH FISCAL AGENT. An asset account reflecting deposits with fiscal agents, such as commercial banks, for the payment of bond principal and interest.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM. A voluntary program administered by the Government Finance Officers Association (GFOA) to encourage governments to publish efficiently organized and easily readable Financial Reports and to provide technical assistance and peer recognition to the finance officers preparing them.

CHANGE IN THE FAIR VALUE OF INVESTMENTS. The difference between the fair value of investments at the beginning of the year and at the end of the year, taking into consideration investment purchases, sales, and redemptions.

CLAIM. A demand for payment of damages or a policy benefit because of the occurrence of an event, such as the destruction or damage of property and related deaths or injuries.

CLOSED AMORTIZATION PERIOD. Term used in connection with the unfunded actuarial accrued liability associated with defined benefit pension and other postemployment benefit plans. A specific number of years that is counted from one date and, therefore, declines to zero with the passage of time. For example, if the amortization period is initially 30 years on a closed basis, 29 years remain after the first year, 28 years after the second year, and so forth.

COLLECTIVE DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS. Deferred outflows of resources and deferred inflows of resources related to pensions arising from certain changes in the collective net pension liability.

COLLECTIVE NET PENSION LIABILITY. The net pension liability for benefits provided through (1) a cost-sharing pension plan or (2) a single-employer or agent pension plan in circumstances in which there is a special funding situation.

COLLECTIVE PENSION EXPENSE. Pension expense arising from certain changes in the collective net pension liability.

COMMITTED FUND BALANCE. Amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

COMPENSATED ABSENCES. Absences, such as vacations, illness and holidays, for which it is expected employees will be paid. The term does not encompass severance or termination pay, postretirement benefits, deferred compensation or other long-term fringe benefits, such as group insurance, and long-term disability pay.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (Financial Report). A financial report that encompasses all funds and component units of the government. The Financial Report should contain (a) the basic financial statements and required supplementary information, (b) combining statements to support columns in the basic financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. The Financial Report is the governmental unit's official annual report and also should contain introductory information, schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, and statistical data.

CONTINGENT LIABILITY. Items that may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders and uncompleted contracts. Contingent liabilities should be disclosed within the financial statements (including the notes) when there is a reasonable possibility a loss may have been incurred. Guarantees, however, should be disclosed even though the possibility of loss may be remote.

County of Fresno

Glossary for the Comprehensive Annual Financial Report

CONTRIBUTION DEFICIENCIES. The difference between the annual required contributions (ARC) of the employer(s), and the employer's actual contributions in relation to the ARC.

CONTRIBUTIONS. Additions to a pension plan's fiduciary net position for amounts from employers, non-employer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources.

COST-OF-LIVING ADJUSTMENTS. Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.

COST-SHARING MULTIPLE-EMPLOYER PLAN. A single plan with pooling (cost-sharing) arrangements for the participating employers. All risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to the employers. A single actuarial valuation covers all plan members and the same contribution rate(s) applies for each employer.

COVERED PAYROLL. Term used in connection with defined benefit pension and other postemployment benefit plans to describe all elements of annual compensation paid to active employees on which contributions to a plan are based.

CREDIT RISK. The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS. Measurement focus according to which the aim of a set of financial statements is to report the near-term (current) inflows of resources, outflows of resources, and balances of expendable (spendable) financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operations of governmental funds.

DEBT. An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants, and notes.

DEBT SERVICE FUND. A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

DEFERRED CHARGES. Expenditures that are not chargeable to the fiscal period in which they were made that are carried as an asset on the balance sheet, pending amortization or other disposition (e.g., bond issuance costs). Deferred charges differ from prepaid items in that they usually extend over a long period of time (more than five years) and are not regularly recurring costs of operation.

DEFERRED INFLOWS OF RESOURCES. An acquisition of net position by the government that is applicable to a future reporting period.

DEFERRED OUTFLOWS OF RESOURCES. A consumption of net position by the government that is applicable to a future reporting period.

DEFICIT. (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period.

DEFINED BENEFIT OPEB PLAN. Plan having terms that specify the amount of benefits to be provided at or after separation from employment. The benefits may be specified in dollars (for example, a flat dollar payment or an amount based on one or more factors such as age, years of service, and compensation), or as a type or level of coverage (for example, prescription drugs or a percentage of healthcare insurance premiums).

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DEFINED BENEFIT PENSION PLAN. A pension plan having terms that specify the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation.

DEPRECIATION. (1) Expiration in the service life of capital assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy and obsolescence. (2) The portion of the cost of a capital asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

DISCOUNT RATE. The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

DUE FROM OTHER FUNDS. An asset account used to indicate amounts owed to a particular fund by another fund for goods sold or services rendered. This account includes only short-term obligations on open account, not interfund loans.

DUE TO OTHER FUNDS. A liability account reflecting amounts owed by a particular fund to another fund for goods sold or services rendered. These amounts include only short-term obligations on open account, not interfund loans.

ECONOMIC RESOURCES MEASUREMENT FOCUS. Measurement focus under which the aim of a set of financial statements is to report all inflows of resources, outflows of resources, and balances affecting or reflecting an entity's net position. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting. It is also used by business enterprises in the private sector.

EMPLOYER'S CONTRIBUTIONS. Term used in the context of pension and other postemployment benefits to describe contributions actually made by the employer in relation to the annual required contribution (ARC) of the employer. (Only amounts paid to trustees and outside parties qualify.)

ENCUMBRANCES. Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not generally accepted accounting principles (GAAP) expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

ENTERPRISE FUND. Proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

ENTRY AGE ACTUARIAL COST METHOD. A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.

EXCHANGE-LIKE TRANSACTION. Transaction in which there is an identifiable exchange between the reporting government and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange.

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EXPENDITURES. Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of current net position, debt service and capital outlays, and intergovernmental grants, entitlements and shared revenues.

EXPENDITURE-DRIVEN GRANTS. Government-mandated or voluntary non-exchange transactions in which expenditure is the prime factor for determining eligibility. Also referred to as reimbursement grants.

EXPENSES. Outflows of resources or other using up of assets or incurrence of liabilities (or a combination of both) from delivering or producing goods, rendering services or carrying out other activities that constitute the entity's ongoing major or central operations.

EXTERNAL AUDITORS. Independent auditors typically engaged to conduct an audit of a government's financial statements.

EXTERNAL INVESTMENT POOL. An arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio; one or more of the participants is not part of the sponsors reporting entity. An external investment pool can be sponsored by an individual government, jointly by more than one government, or by a nongovernmental entity. An investment pool that is sponsored by an individual state or local government is an external investment pool if it includes participation by a legally separate entity that is not part of the same reporting entity as the sponsoring government. If a government-sponsored pool includes only the primary government and its component units, it is an internal investment pool and not an external investment pool.

FAIR VALUE. The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FIDUCIARY FUNDS. The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units and/or other funds.

FINANCIAL RESOURCES. Resources that are or will become available for spending. Financial resources include cash and resources ordinarily expected to be converted to cash (e.g., receivables, investments). Financial resources may also include inventories and pre-paids (because they obviate the need to expend current available resources).

FISCAL AGENT. A fiduciary agent, usually a bank or county treasurer, who performs the function of paying debt principal and interest when due.

FUND. A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

FUND BALANCE. Net position of a governmental fund (difference between assets, liabilities, deferred outflows of resources, and deferred inflows of resources).

FUND FINANCIAL STATEMENTS. Basic financial statements presented on the basis of funds. Term used in contrast with *government-wide financial statements*.

FUND TYPE. Any one of seven categories into which all funds are classified in governmental accounting. The seven fund types are: general, special revenue, debt service, capital projects, enterprise, internal service, and trust and agency.

GENERAL FUND. The general fund is one of five governmental fund types and typically serves as the chief operating fund of the government. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

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GENERAL REVENUES. All revenues that are not required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported by type of tax - for example, property tax, sales tax, transient occupancy tax. All other nontax revenues (including interest, grants and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP). The convention, rules, and procedures that serve as the norm for the fair presentation of financial statements. The various sources of GAAP for the state and local governments are set forth by SAS No. 69, *The Meaning of "Present Fairly in Conformity with Generally Accepted Accounting Principles"* in the Independent Auditor's Report.

GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA). An association of public finance professionals founded in 1906 as the Municipal Finance Officers Association. The GFOA has played a major role in the development and promotion of GAAP for state and local governments since its inception and has sponsored the Certificate of Achievement for Excellence in Financial Reporting Program since 1946.

GOVERNMENTAL ACCOUNTING. The composite activity of analyzing, recording, summarizing, reporting and interpreting the financial transactions of governments.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB). The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. The GASB was established in June 1984 to replace the National Council on Governmental Accounting (NCGA).

GOVERNMENTAL ACTIVITIES. Activities generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. These activities are usually reported in governmental funds and internal service funds.

GOVERNMENTAL FUNDS. Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS. Financial statements that incorporate all of a government's governmental and business-type activities, as well as its non-fiduciary component units. There are two basic government-wide financial statements: the statement of net position and the statement of activities. Both basic governmental financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

IMPROVEMENT. An addition made to, or change made in, a capital asset, other than maintenance, to prolong its life or to increase its efficiency or capacity. The cost of the addition or change is added to the book value of the asset.

INACTIVE EMPLOYEES. Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.

INDIRECT EXPENSES. Expenses that cannot be specifically associated with a given service, program, or department and thus, cannot be clearly associated with a particular functional category.

INFRASTRUCTURE. Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

INTERFUND RECEIVABLE/PAYABLE. Short-term loans made by one fund to another fund or the current portion of an advance to or from another fund.

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INTERFUND TRANSFERS. Flow of assets (such as cash or goods) between funds and blended component units of the primary government without equivalent flows of assets in return and without a requirement for payment.

INTERNAL SERVICE FUND. A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

JOINT VENTURE. A legal entity or other contractual arrangement in which a government participates as a separate and specific activity for the benefit of the public or service recipients and in which the government retains an ongoing financial interest.

LAPSE. As applied to appropriations, the automatic termination of an appropriation. Except for indeterminate appropriations and continuing appropriations, an appropriation is made for a certain period of time. At the end of this period, any unexpended or unencumbered balance thereof lapses, unless otherwise provided by law.

LEASE-PURCHASE AGREEMENTS. Contractual agreements that are termed leases, but that in substance are purchase contracts.

LEGAL LEVEL OF BUDGETARY CONTROL. The level at which spending in excess of budgeted amounts would be a violation of law.

LEVEL OF BUDGETARY CONTROL. The level at which a government's management may not reallocate resources without special approval from the legislative body.

LEVEL PERCENTAGE OF PROJECTED PAYROLL AMORTIZATION METHOD. Amortization payments are calculated so that they are a constant percentage of the projected payroll of active plan members over a given number of years. The dollar amount of the payments generally will increase over time as payroll increases due to inflation; in dollars adjusted for inflation, the payments can be expected to remain level.

LIABILITIES. Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

LOANS RECEIVABLE. An asset account reflecting amounts loaned to individuals or organizations external to a government, including notes taken as security for such loans. Loans to other funds and governments should be recorded and reported separately.

MAJOR FUND. A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The general fund is always a major fund. Otherwise, major funds are those whose revenues/expenditures, assets or liabilities, are at least 10 percent of corresponding totals for all government or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same items. Any other government or enterprise fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A). A component of required supplementary information used to introduce the basic financial statements and to provide an analytical overview of the government's financial activities.

MEASUREMENT FOCUS. A way of presenting an entity's financial performance and position by considering which *resources* are measured (financial or economic) and *when* the effects of transactions or events involving those resources are recognized (the basis of accounting). The measurement focus of government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements is economic resources. The measurement focus of governmental fund financial statements is current financial resources.

MEASUREMENT PERIOD. The period between the prior and the current measurement dates.

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MODIFIED ACCRUAL BASIS OF ACCOUNTING. The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments (e.g., bond issue proceeds) are recognized when they become susceptible to accrual; that is, when they become both "measurable" and "available to finance expenditures of the current period." "Available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Generally, expenditures are recognized when the fund liability is incurred. All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting.

NET INVESTMENT IN CAPITAL ASSETS. One of three components of net position that must be reported in both government-wide and proprietary fund financial statements. It consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings attributable to the acquisition, construction, or improvements of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt should also be included. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included.

NET OPEB OBLIGATION. In the context of defined benefit pension and Other Postemployment Benefit (OPEB) plans, the cumulative difference between annual pension cost and the employer's contributions to the plan, including the pension/OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to pension-related/OPEB-related debt.

NET PENSION LIABILITY. The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit pension plan.

NET POSITION. The residual of all other elements presented in a statement of financial position. It is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources.

NONSPENDABLE FUND BALANCE. The portion of fund balance of a governmental fund that cannot be spent either because the underlying resources are not in spendable form or because the government is legally or contractually required to maintain the resources intact.

OPERATING LEASE. A lease does not transfer ownership rights, risks, and rewards from the lessor to the lessee; the lease is called an operational lease and is similar to a rental.

OTHER FINANCING SOURCES. An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the other financing sources category is limited to items classified by GAAP.

OTHER FINANCING USES. A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of the other financing uses category is limited to items so classified by GAAP.

OTHER POSTEMPLOYMENT BENEFITS (OPEB). Medical, dental, vision, and other health-related benefits provided to terminated employees, retired employees, dependents, and beneficiaries.

OVERLAPPING DEBT. The proportionate share property within which each government must bear of the debts of all local governments located wholly or in part within the geographic boundaries of the reporting government. Except for special assessment debt, the amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessment receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, to total assessments, which will be used wholly or in part for this purpose.

PAY-AS-YOU-GO. A method of financing a pension plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

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PAYROLL GROWTH RATE. An actuarial assumption with respect to future increases in total covered payroll attributable to inflation; used in applying the level percentage of projected payroll amortization method.

PENSION BENEFITS. Retirement income and all other benefits, including disability benefits, death benefits, life insurance, and other ancillary benefits, except healthcare benefits, that are provided through a defined benefit pension plan to plan members and beneficiaries after termination of employment or after retirement. Postemployment healthcare benefits are considered other postemployment benefits, whether they are provided through a defined benefit pension plan or another type of plan.

PENSION PLANS. Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed, and benefits are paid as they come due.

PLAN MEMBERS. Individuals that are covered under the terms of a pension plan. Plan members generally include (a) employees in active service (active plan members) and (b) terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).

POSTEMPLOYMENT. Period following termination of employment, including the time between termination and retirement postemployment healthcare benefits.

PROGRAM REVENUES. Term used in connection with the government-wide statement of activities. Revenues that derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues.

PROJECTED BENEFIT PAYMENTS. All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.

PROPRIETARY FUNDS. Funds that focus on the determination of operating income, changes in net position (or cost recovery), financial positions, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

REAL RATE OF RETURN. The rate of return on an investment after adjustment to eliminate inflation.

REBATABLE ARBITRAGE. A term used in connection with the reinvestment of the proceeds of tax-exempt debt. A requirement to remit to the federal government interest revenue in excess of interest costs when the proceeds from the sale of tax-exempt securities are reinvested in a taxable money market instrument with a materially higher yield.

REPORTING ENTITY. The oversight unit and all of its component units, if any, that are combined in the Financial Report/BFS.

REQUIRED SUPPLEMENTARY INFORMATION. Consists of statements, schedules, statistical data, or other information which, according to the GASB, is necessary to supplement, although not required to be a part of the basic financial statements.

RESTRICTED ASSETS. Assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

RESTRICTED FUND BALANCE. Amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

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RESTRICTED NET POSITION. One of three components of net position that must be reported in both government-wide and proprietary fund financial statements. It consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability or deferred inflow of resources relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability/deferred inflow of resources or if the liability will be liquidated with the restricted assets reported.

RETAINED EARNINGS. An equity account reflecting the accumulated earnings of an enterprise fund or internal service fund.

REVENUE BONDS. Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

RISK MANAGEMENT. All the ways and means used to avoid accidental loss or to reduce its consequences if it does occur.

SELF-INSURANCE. A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or from some other cause, instead of transferring the risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses. Because no insurance is involved, the term self-insurance is a misnomer.

SERVICE LIFE. The average remaining years of service of all members of the plan (both current employees and retirees).

SINGLE AUDIT. An audit performed in accordance with the Single Audit Act of 1997 and the United States' Office of Management and Budget's (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. The Single Audit Act allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal agencies.

SPECIAL DISTRICT. An independent unit of local government organized to perform a single government function or a restricted number of related functions. Special districts usually have the power to incur debt and levy taxes; however, certain types of special districts are entirely dependent upon enterprise earnings and cannot impose taxes. Examples of special districts are water districts, drainage districts, flood control districts, hospital districts, fire protection districts, transit authorities, port authorities, and electric power authorities.

SPECIAL REVENUE FUND. A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

STATEMENT OF NET POSITION. A financial statement reporting all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. This statement reports the residual amount of all assets, deferred outflows of resources, liabilities, deferred inflows of resources as net position.

SUBSTANTIVE PLAN. Terms of a other postemployment benefits (OPEB) plan as understood by the employer(s) and plan members.

TAX AND REVENUE ANTICIPATION NOTES (TRANS). Notes issued in anticipation of the collection of taxes and revenues, usually retired only from tax collections, and frequently only from the proceeds of the tax and revenues levy whose collection they anticipate.

TERMINATION BENEFITS. Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.

TOTAL PENSION LIABILITY. The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service.

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TRUST FUNDS. Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments and/or other funds.

UNASSIGNED FUND BALANCE. The residual classification for the County's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

UNEARNED REVENUES. Resource inflows that do not yet meet the criteria for revenue recognition. In governmental funds, earned amounts also are reported as unearned revenue until they are available to liquidate liabilities of the current period.

UNMODIFIED OPINION. An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.

UNRESTRICTED NET POSITION. One of three components of net position that must be reported in both government-wide and proprietary fund financial statements. It is the difference between net position and its two other components (net investment in capital assets and restricted net position).

VARIABLE-RATE INVESTMENT. An investment with terms that provide for the adjustment of its interest rate (such as the last day of the month or a calendar quarter) and that, upon each adjustment until the final maturity of the instrument or the period remaining until the principal amount can be recovered through demand, can reasonably be expected to have a fair value that will be unaffected by interest rate charges.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Certificate”) is dated and made as of July 1, 2021 by the County of Fresno (the “County”) in connection with the issuance of the County’s \$[Principal Amount] principal amount of County of Fresno 2021-22 Tax and Revenue Anticipation Notes (Federally Taxable) (the “Notes”). Capitalized terms used in this Certificate which are not otherwise defined in the Resolution approving the issuance of the Notes adopted by the County (the “Resolution”) shall have the respective meanings specified above or in Article IV hereof. Pursuant to Section 203 of the Resolution, the County agrees as follows:

ARTICLE I **THE CERTIFICATE**

Section 1.1. Purpose. This Certificate shall constitute a written undertaking for the benefit of the holders of the Notes, and is being executed and delivered to assist the Underwriter in complying with subsection (b)(5) of the Rule.

Section 1.2. Listed Event Notices. (a) If a Listed Event occurs, the County shall provide or cause to be provided, in a timely manner not in excess of ten (10) Business Days after the occurrence of such Listed Event, notice of such Listed Event to the MSRB.

Section 1.3. Additional Disclosure Obligations. The County acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the County, and that under some circumstances compliance with this Certificate, without additional disclosures or other action as may be additionally required under such other state or federal securities laws, may not fully discharge all duties and obligations of the County under such laws.

Section 1.4. Additional Information. Nothing in this Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Listed Event Notice, in addition to that which is required by this Certificate. If the County chooses to include any information in any Listed Event Notice in addition to that which is specifically required by this Certificate, the County shall have no obligation under this Certificate to update such information or include it in any future Listed Event Notice.

ARTICLE II **OPERATING RULES**

Section 2.1. Listed Event Notices. Each Listed Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Notes.

Section 2.2. Transmission of Information and Notices. Unless otherwise required by law and, in the County’s sole determination, subject to technical and economic feasibility, the County shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of the County’s information and notices.

Section 2.3. Filing with Certain Dissemination Agents. The County may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the County under this Certificate, and revoke or modify any such designation.

Section 2.4. Transmission of Information. (a) Unless otherwise required by the MSRB or the SEC, all notices, documents and information provided to the MSRB shall be provided to the MSRB's EMMA system, the current internet address of which is emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

ARTICLE III **TERMINATION, AMENDMENT AND ENFORCEMENT**

Section 3.1. Effective Date; Termination (a) This Certificate and the provisions hereof shall be effective upon the execution and delivery of the Notes.

(b) The County's obligations under this Certificate shall terminate upon payment in full of all of the Notes. The County shall have no obligation to file a Listed Event Notice upon payment in full of all of the Notes.

(c) This Certificate, or any provision hereof, shall be null and void in the event that the County (1) receives an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the County, to the effect that those portions of the Rule which require this Certificate, or any of the provisions hereof, do not or no longer apply to the Notes, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

Section 3.2. Amendment. (a) This Certificate may be amended by the County without the consent of the holders of the Notes (except to the extent required under clause 3.2(a)(4)(ii) below), if all of the following conditions are satisfied:

(1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the County or the type of business conducted thereby;

(2) this Certificate as so amended would have complied with the requirements of the Rule as of the date of this Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(3) the County shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the County, to the same effect as set forth in clause 3.2(a)(2) above;

(4) either (i) the County shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the County, to the effect that the amendment does not materially impair the interests of the holders of the Notes or (ii) the holders of the Notes consent to the amendment to this Certificate pursuant to the same procedures as are required for amendments to the Resolution with consent of holders of the Notes pursuant to the terms of the Resolution as in effect on the date of this Certificate; and

(5) the County shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

(b) In addition to subsection 3.2(a) above, this Certificate may be amended and any provision of this Certificate may be waived, by written certificate of the County, without the consent of the holders of the Notes, if all of the following conditions are satisfied:

(1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Certificate which is applicable to this Certificate;

(2) the County shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the County, to the effect that performance by the County under this Certificate as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule; and

(3) the County shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Certificate shall constitute a contract with and inure solely to the benefit of the holders of the Notes, except that beneficial owners of Notes shall be third-party beneficiaries of this Certificate.

(b) Except as expressly provided in this subsection (b), the provisions of this Certificate shall create no rights in any person or entity. The obligations of the County to comply with the provisions of this Certificate shall be enforceable, in the case of enforcement of obligations to provide notices, by any holder of Notes. Such holders' rights to enforce the provisions of this Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the County's obligations under this Certificate. In consideration of the third-party beneficiary status of beneficial owners of Notes pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Notes for purposes of this subsection (b).

(c) Any failure by the County to perform in accordance with this Certificate shall not constitute a default under the Notes.

(d) This Certificate shall be construed and interpreted in accordance with the laws of the State; provided, however, that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof. If any party initiates any legal or equitable action to enforce the terms of this Certificate, to declare the rights of any party under this Certificate or which relates to this Certificate in any manner, each such party agrees that the place of making and for performance of this Certificate shall be Fresno, California, State of California, and the proper venue for any such action is the Superior Court of the State of California, in and for the County of Fresno.

ARTICLE IV
DEFINITIONS

Section 4.1. Definitions. The following terms used in this Certificate shall have the following respective meanings:

(a) “Business Day” means any day other than (a) a Saturday or Sunday, or (b) a day on which the County is required by law to close.

(b) “EMMA” means the MSRB’s Electronic Municipal Market Access system or any other repository so designated by the MSRB or the SEC.

(c) “Listed Event” means any of the following events with respect to the Notes:

- i. principal and interest payment delinquencies;
- ii. non-payment related defaults, if material;
- iii. modifications to rights of holders, if material;
- iv. Bond calls, if material and tender offers;
- v. defeasances;
- vi. rating changes;
- vii. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (Internal Revenue Service Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- viii. unscheduled draws on the debt service reserves reflecting financial difficulties;
- ix. unscheduled draws on the credit enhancements reflecting financial difficulties;
- x. release, substitution or sale of property securing repayment of the Notes, if material;
- xi. bankruptcy, insolvency, receivership or similar event of the County (such event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;
- xii. substitution of credit or liquidity providers, or their failure to perform;
- xiii. the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course

of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

xiv. appointment of a successor or additional trustee or the change of name of a trustee, if material;

xv. incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; and

xvi. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

There are currently no debt service reserves, credit enhancements or liquidity providers with respect to the payment of principal of and interest on the Notes, and the Notes are not subject to redemption prior to maturity in accordance with their terms.

(d) “Financial Obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB pursuant to the Rule.

(e) “Listed Event Notice” means written or electronic notice of a Listed Event.

(f) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

(g) “Official Statement” means the “final official statement,” as defined in paragraph (f)(3) of the Rule, relating to the Notes.

(h) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Certificate, including any official interpretations thereof.

(i) “SEC” means the Securities and Exchange Commission of the United States of America.

(j) “State” means the State of California.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Certificate as of the date first written above.

COUNTY OF FRESNO

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

APPENDIX E

FORM OF BOND COUNSEL OPINION

Upon delivery of the Notes, Hawkins Delafield & Wood LLP, Bond Counsel to the County, proposes to issue an approving opinion in substantially the following form:

Board of Supervisors of the
County of Fresno
Fresno, California

Ladies and Gentlemen:

We have acted as Bond Counsel to the County of Fresno, California (the “County”) in connection with the issuance of its \$ _____ aggregate principal amount of 2021-22 Tax and Revenue Anticipation Notes (Federally Taxable) (the “Notes”) issued pursuant to and by authority of a resolution of the Board of Supervisors of the County duly passed and adopted on May 25, 2021 (the “Resolution”), and under and by the authority of Article 7.6 Chapter 4, Part 1, Division 2, Title 5 of the California Government Code (the “Act”).

In such connection, we have examined the Resolution, certain estimates, expectations and assumptions made by or on behalf of the County, originals, or copies identified to our satisfaction as being true copies, of such records and proceedings of the County and such other documents, including a certificate of the County relating to certain federal income tax matters (the “Tax Certificate”), and other matters deemed necessary to render the opinions set forth herein.

Based on the foregoing, we are of the opinion that:

- (1) The Notes constitute the valid and binding obligations of the County.
- (2) As provided in the Act, the Notes and the interest thereon are general obligations of the County and are secured by a pledge of certain taxes, income, revenue, cash receipts, and other moneys of the County, all as specified in the Resolution. Pursuant to the Act and the Resolution, the County has pledged from the Unrestricted Revenues (as defined in the Resolution) lawfully available for the payment of principal of and interest on the Notes as security for the Notes. To the extent not paid from certain Unrestricted Revenues pledged for the payment thereof, the Notes shall be paid with the interest thereon from any other Unrestricted Revenues lawfully available therefor, as specified in the Resolution.
- (3) Interest on the Notes is included in gross income for Federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the “Code”).
- (4) Interest on the Notes under existing statutes is exempt from State of California personal income tax.

The foregoing opinions are qualified to the extent that the enforceability of the Notes and the Resolution may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor’s rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is

considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California.

Except as stated in paragraphs (3) and (4) above, we express no opinion regarding any other Federal, state or local tax consequences with respect to the Notes or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion herein as the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Notes or under state and local tax law.

Very truly yours,