

2015 CAFR
 Comprehensive Annual Financial Report
 City of Fresno, California
 For the fiscal year ended June 30, 2015

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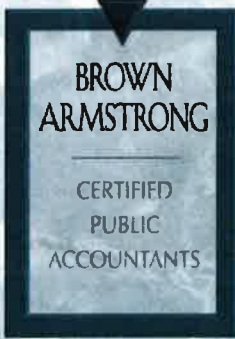
Total Government-wide Assets Per Person / Peer Cities Comparison

City	Total Assets (including deferred outflows of resources)	Population US Census Bureau	Assets per Person	Population Ranking	Per Capita Asset Rank	Net Pension Asset/(Liability)
Los Angeles	\$53,606,578,000 2015 CAFR	3,928,864	\$13,664	1	3	(\$8,660,389,000)
San Diego	\$13,969,905,000 2015 CAFR	1,381,069	\$10,115	2	10	(\$1,269,623,000)
San Jose	\$10,542,057,000 2015 CAFR	1,015,785	\$10,378	3	9	(\$1,730,337,000)
San Francisco	\$28,827,110,000 2015 CAFR	852,469	\$33,816	4	1	(\$2,785,751,000)
Fresno (Restated)	\$3,484,501,392 2015 CAFR	515,986	\$6,753	5	16	\$128,023,820**
Sacramento	\$4,014,493,000 2015 CAFR	485,199	\$8,274	6	12	(\$731,116,000)
Long Beach	\$9,086,237,000 2014 CAFR	473,577	\$19,186	7	2	Not Available
Oakland	\$2,848,022,000 2015 CAFR	413,775	\$6,883	8	15	(\$1,226,357,000)
Bakersfield	\$2,678,744,908 2015 CAFR	368,759	\$7,264	9	13	(\$315,606,375)
Anaheim	\$4,679,912,000 2015 CAFR	346,997	\$13,487	10	4	(\$602,369,000)
Santa Ana	\$1,564,314,474 2015 CAFR	334,909	\$4,671	11	23	(\$481,349,315)
Riverside	\$4,276,870,000 2015 CAFR	319,504	\$13,386	12	5	(\$452,029,000)
Stockton	\$2,105,128,705 2015 CAFR	302,389	\$6,962	13	14	(\$414,667,200)
Chula Vista	\$1,206,277,694 2015 CAFR	260,988	\$4,622	14	24	(\$240,839,927)
Irvine	\$2,609,469,000 2015 CAFR*	248,531	\$10,500	15	8	(\$107,028,000)
Fremont	\$1,212,965,468 2015 CAFR*	228,758	\$5,302	16	22	(\$291,811,391)
San Bernardino	\$932,826,694 2013 CAFR	215,213	\$4,334	17	25	Not Available
Modesto	\$1,830,416,018 2015 CAFR	209,286	\$8,746	18	11	(\$233,032,454)
Oxnard	\$2,320,001,983 2014 CAFR	205,437	\$11,293	19	7	Not Available
Fontana	\$1,222,922,899 2015 CAFR	204,950	\$5,966	20	19	(\$106,072,962)
Moreno Valley	\$1,205,727,301 2015 CAFR	202,976	\$5,940	21	20	(\$56,678,478)
Huntington Beach	\$1,070,234,000 2015 CAFR	200,809	\$5,330	22	21	(\$347,814,000)
Glendale	\$2,285,794,000 2015 CAFR	200,167	\$11,419	23	6	(\$453,139,000)
Santa Clarita	\$1,195,325,025 2015 CAFR	181,557	\$6,584	24	17	(\$30,551,107)
Garden Grove	\$1,073,233,476 2015 CAFR	175,078	\$6,130	25	18	(\$212,225,404)

*These cities have governmental activities only.

**This figure represents the Prefunded Pension Asset/over funding applicable to future years. For other cities this figure represents the underfunding of pension liabilities. Only figures for Primary Governments were used. In cases where Component Units were reflected in separate Columns, Component Unit numbers were excluded.

City of Fresno as compared to Peer Cities as of June 30, 2015 CAFRs (2013 or 2014 when 2015 not available)



BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable City Council
 City of Fresno, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fresno, California (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Fresno Cultural Arts Properties (COFCAP), and the Successor Agency to the Fresno Redevelopment Agency Private-Purpose Trust Fund (the Successor Agency), which represent the following percentages, respectively, of the assets, net position/fund balances and additions/revenues of the following opinion units:

<u>Opinion Unit</u>	<u>Asset</u>	<u>Net Position/Fund Balances</u>	<u>Additions/Revenues</u>
Discretely Presented Component Unit	100%	100%	100%
Aggregate remaining fund information	0%	0%	5%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for COFCAP and the Successor Agency are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of COFCAP were not audited in accordance with *Government Auditing Standards*.

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

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fresno, as of June 30, 2015, 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.

As more fully described in Note 17, the City has revised and reissued the financial statements previously issued on March 11, 2016, due to the restatement of certain Water Fund equipment previously expensed that should have been capitalized. The previously issued auditor's report dated March 11, 2016, is not to be relied upon due to the restatement of capital assets previously expensed and is replaced by this report.

Emphasis of Matter

As discussed in Note 1(e) to the financial statements, during the year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment to GASB Statement No. 68*. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the General Fund and the Grants Special Revenue Fund, schedule of funding progress, schedule of investment returns, schedule of changes in net pension liability and related ratios and schedule of employer contributions for both the Employees Retirement System and the Fire and Police Retirement System, and the schedule of funding progress for the Other Postemployment Benefits Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

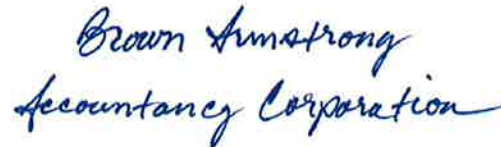
The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

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

Bakersfield, California
May 16, 2016



MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

For the Fiscal Year Ended June 30, 2015

CITY OF FRESNO, CALIFORNIA

This section of the City of Fresno's (the City) Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this section, and the additional information that is furnished in our letter of transmittal at the front of this report. This discussion and analysis provides comparisons primarily for the previous two years, but in some instances may include more extensive comparisons.

FINANCIAL HIGHLIGHTS

- ✓ The assets of the City of Fresno totaled over **\$3.5** billion for the first time in the City's history.
- ✓ Fiscal year 2015 revenue for the entire City increased by \$30.2 million (4.3%) over fiscal year 2014's revenues to a total of \$739.8 million.
- ✓ Net Position for the entire City improved to **\$1,973.0** million: a **\$203.8** million (11.5%) increase over fiscal year 2014's Net Position.
- ✓ Fund Balance for the General Fund increased from \$24.2 million in fiscal year 2014 to \$44.5 million in fiscal year 2015. Most importantly, the Unrestricted Fund Balance increased from \$8.2 million in fiscal year 2014 to \$24.6 million in fiscal year 2015.
- ✓ The fiscal year 2015 total Assessed Property Value of \$30.1 million was just under fiscal year 2009's record level of \$30.3 million, reflecting the fact that property values have recovered from the impact the recession took on them.
- ✓ Under new requirements from the Governmental Accounting Standards Board (GASB), government units are now recording their net pension asset or liability on the Statement

City of Fresno, California
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

Net Position - Government-Wide / Primary Government
June 30, 2015

	Governmental Activities	Business-Type Activities (Restated)	Total
Assets:			
Current and Other Assets	\$ 351,045,546	\$ 517,211,219	\$ 868,256,765
Net Pension Asset	268,796,141	57,912,651	326,708,792
Capital Assets:			
Land, Intangibles and Construction in Progress Not Being Depreciated	303,742,736	172,918,814	476,661,550
Facilities, Infrastructure and Equipment, Net of Depreciation	627,442,653	1,153,004,833	1,780,447,486
Total Capital Assets	931,185,389	1,325,923,647	2,257,109,036
Total Assets	1,551,027,076	1,901,047,517	3,452,074,593
Deferred Outflows of Resources:			
Charge on Refunding	377,599	2,499,143	2,876,742
Pension Contributions	24,593,258	4,956,799	29,550,057
Total Deferred Outflows of Resources	24,970,857	7,455,942	32,426,799
Liabilities:			
Long-term Liabilities Outstanding	535,542,095	602,576,483	1,138,118,578
Other Liabilities	29,608,775	115,522,041	145,130,816
Total Liabilities	565,150,870	718,098,524	1,283,249,394
Deferred Inflows of Resources:			
Pension Revenue Applicable to Future Years	179,898,973	48,336,056	228,235,029
Net Position:			
Net Investment in Capital Assets	771,197,917	841,773,290	1,612,971,207
Restricted	146,173,727	-	146,173,727
Unrestricted	(86,423,554)	300,295,589	213,872,035
Total Net Position	\$ 830,948,090	\$ 1,142,068,879	\$ 1,973,016,969

Net Position - Government-Wide / Primary Government
June 30, 2014

	Governmental Activities	Business-Type Activities	Total
Assets:			
Current and Other Assets	\$ 321,426,925	\$ 515,769,280	\$ 837,196,205
Capital Assets:			
Land, Intangibles and Construction in Progress Not Being Depreciated	283,131,023	183,289,249	466,420,272
Facilities, Infrastructure and Equipment, Net of Depreciation	628,608,234	1,128,369,825	1,756,978,059
Total Capital Assets	911,739,257	1,311,659,074	2,223,398,331
Total Assets	1,233,166,182	1,827,428,354	3,060,594,536
Deferred Outflows of Resources:			
Charge on Refunding	496,128	2,926,224	3,422,352
Liabilities:			
Long-term Liabilities Outstanding	537,230,994	622,058,279	1,159,289,273
Other Liabilities	26,650,010	108,916,357	135,566,367
Total Liabilities	563,881,004	730,974,636	1,294,855,640
Net Position:			
Net Investment in Capital Assets	744,074,246	835,290,155	1,579,364,401
Restricted	141,122,726	-	141,122,726
Unrestricted	(215,415,666)	264,089,787	48,674,121
Total Net Position	\$ 669,781,306	\$ 1,099,379,942	\$ 1,769,161,248

City of Fresno, California
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

Changes in Net Position - Government-Wide / Primary Government
For the Year Ended June 30, 2015

	Governmental Activities	Business-Type Activities (Restated)	Total
Revenues			
Program Revenues:			
Charges for Services	\$ 98,199,618	\$ 240,489,840	\$ 338,689,458
Operating Grants and Contributions	39,549,928	40,215,486	79,765,414
Capital Grants and Contributions	62,471,619	14,790,778	77,262,397
General Revenues:			
Property Taxes	113,654,686	-	113,654,686
Sales Taxes - Shared Revenues	61,571,128	-	61,571,128
In-Lieu Sales Tax	19,907,297	-	19,907,297
Business Tax	17,780,323	-	17,780,323
Other Local Taxes	26,881,676	-	26,881,676
Investment Earnings	878,887	2,998,530	3,877,417
Gain on Sale of Capital Assets	402,148	37,976	440,124
Total Revenues	441,297,310	298,532,610	739,829,920
Expenses			
General Government	28,589,530	-	28,589,530
Public Protection	177,829,166	-	177,829,166
Public Ways and Facilities	64,429,947	-	64,429,947
Culture and Recreation	20,035,960	-	20,035,960
Community Development	29,257,453	-	29,257,453
Interest on Long-term Debt	19,518,949	-	19,518,949
Sewer, Water and Solid Waste	-	161,328,974	161,328,974
Transit	-	45,435,322	45,435,322
Airports	-	28,163,924	28,163,924
Fresno Convention Center	-	10,147,042	10,147,042
Community Sanitation	-	8,235,137	8,235,137
Parks and Recreation	-	339,727	339,727
Stadium	-	3,265,934	3,265,934
Total Expenses	339,661,005	256,916,060	596,577,065
Increase in Net Position Before Transfers	101,636,305	41,616,550	143,252,855
Transfers	(6,289,689)	6,289,689	-
Increase in Net Position	95,346,616	47,906,239	143,252,855
Net Position Beginning of Year	669,781,306	1,099,379,942	1,769,161,248
Change in Accounting Estimate	(2,628,697)	(7,421,192)	(10,049,889)
Cumulative Effect of Accounting Change	68,448,865	2,203,890	70,652,755
Net Position - Beginning Restated	735,601,474	1,094,162,640	1,829,764,114
Net Position - Ending	\$ 830,948,090	\$ 1,142,068,879	\$ 1,973,016,969

City of Fresno, California
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

Business-Type Activities

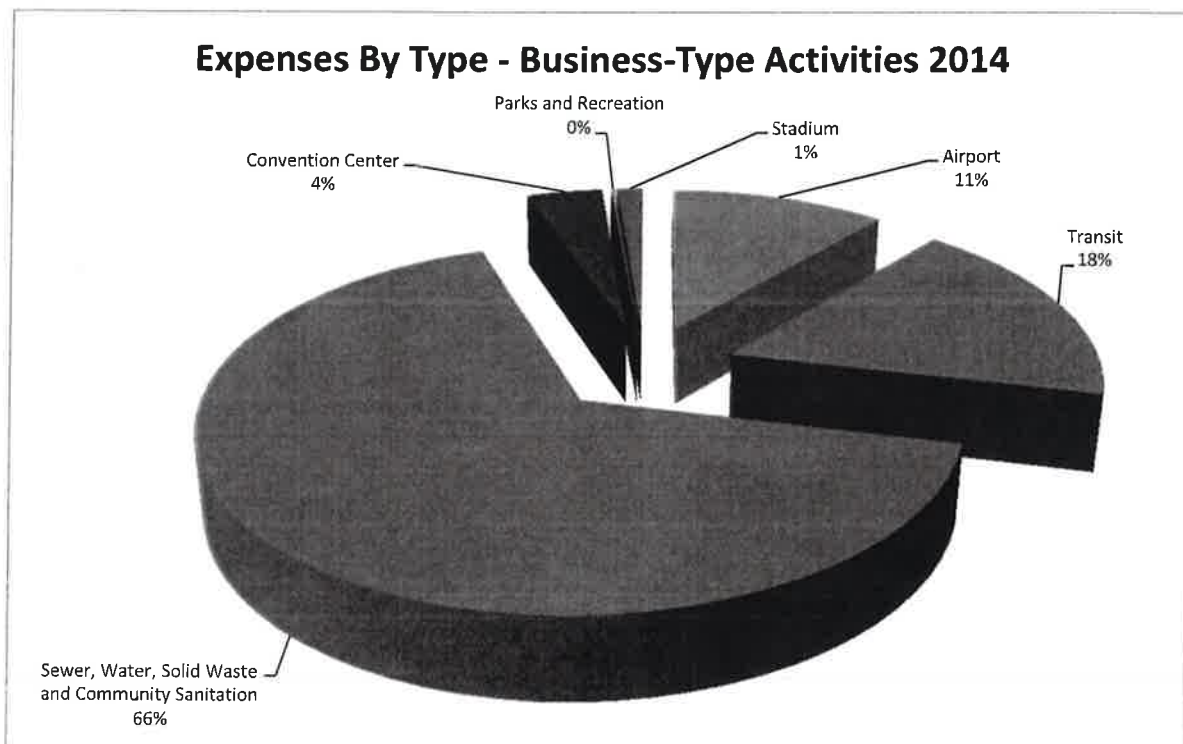
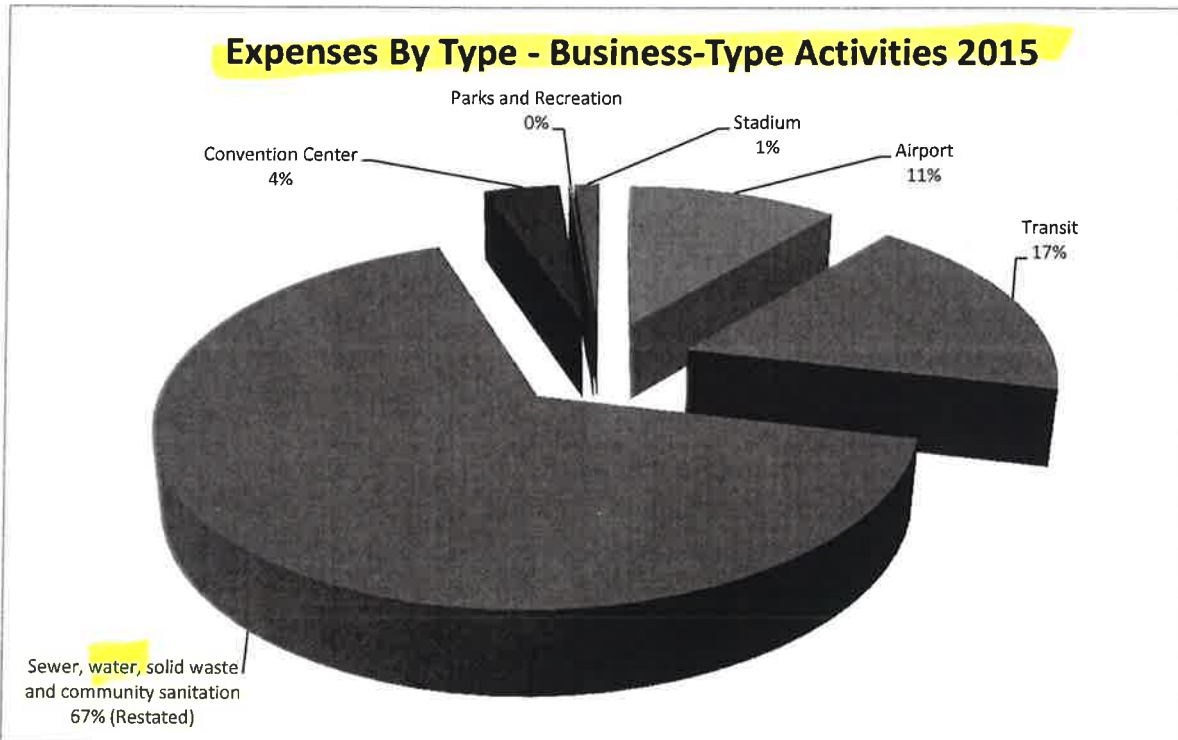
Business-type Activities for fiscal year 2015 increased their Net Position by \$42.7 million (3.9%) over fiscal year 2014's Business-type Activities Net Position of \$1,099.4 million. Key factors affecting the Net Position were:

- Total Assets increased by \$73.6 million (4.0%) over fiscal year 2014's Total Asset balance of \$1,827.4 million. The increase was primarily due to the inclusion of a Net Pension Asset totaling \$57.9 million, as required under GASB Statement No. 68. Other assets that showed improvement from fiscal year 2014 to fiscal year 2015 were Cash (a \$12.9 million, or 5.9%, improvement) and Capital Assets (a \$14.3 million, or 1.1%, increase). Offsetting those increases were decreases in Restricted Cash (an \$11.7 million, or 5.2%, decline) and Construction in Progress (a \$12.2 million or 10.2% decline).
- Total Liabilities decreased by 1.8%, or \$12.9 million, from fiscal year 2014's Total Liabilities of \$731.0 million. The main driver in the decrease was a reduction in the Long-Term Liabilities. Long-Term Liabilities decreased by \$19.5 million (3.1%): from \$622.1 million in fiscal year 2014 to \$602.6 million in fiscal year 2015. The decrease in Long-Term Liabilities was partially offset by a \$3.0 million (11.5%) increase in Accrued Liabilities: from \$26.3 million in fiscal year 2014 to \$29.3 million in fiscal year 2015.
- Program Revenues went from \$305.6 million in fiscal year 2014 to \$298.5 million in fiscal year 2015: a \$7.1 million (2.3%) decrease. Most of the decrease can be attributed to Charges for Services received by the Water Fund. Those charges declined by \$15.8 million (17.5%): from \$90.1 million in fiscal year 2014 to \$74.2 million in fiscal year 2015. The decline in Water revenues was offset by a \$5.8 million (7.6%) increase in Sewer Charges for Services revenues.
- Expenses slightly decreased from \$257.3 million in fiscal year 2014 to \$256.9 million in fiscal year 2015. A \$1.2 million, or 1.8%, decrease in the Water Fund's expenses was partially offset by a \$1.0 million, or 1.5%, increase in the Sewer Fund's expenses. Please see Note 17 for details regarding how these figures were impacted by an \$8.8 million reclassification of expenses.

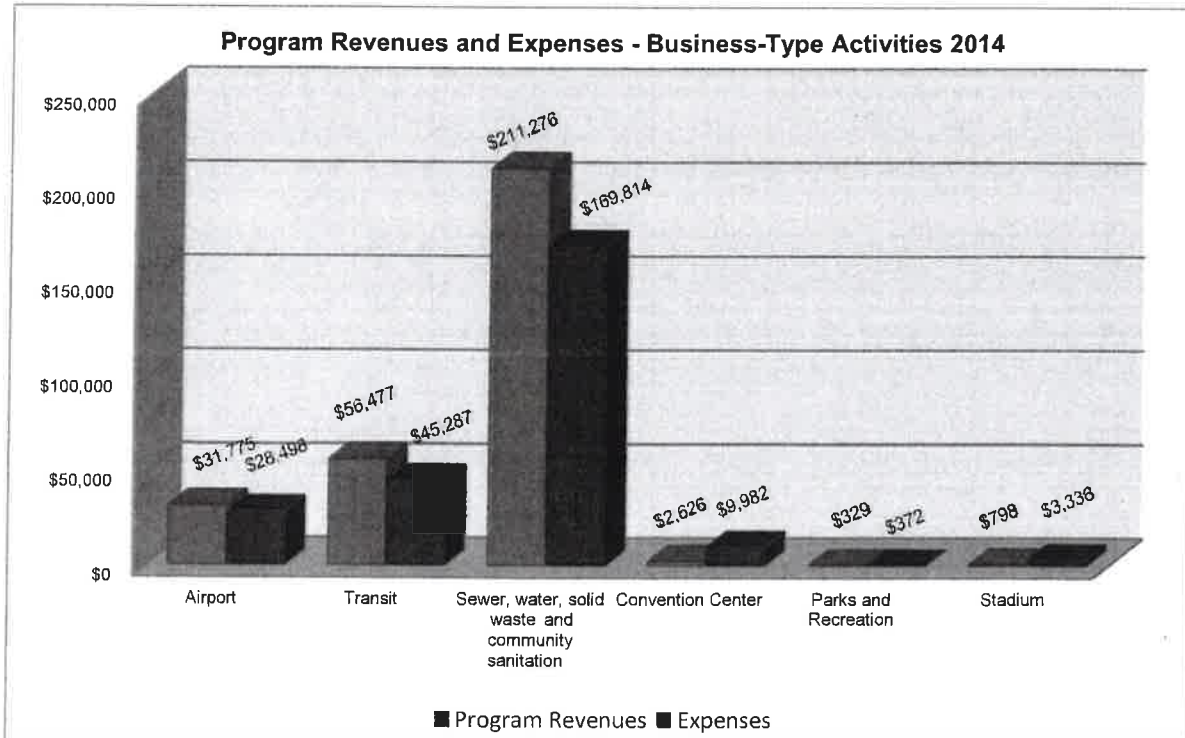
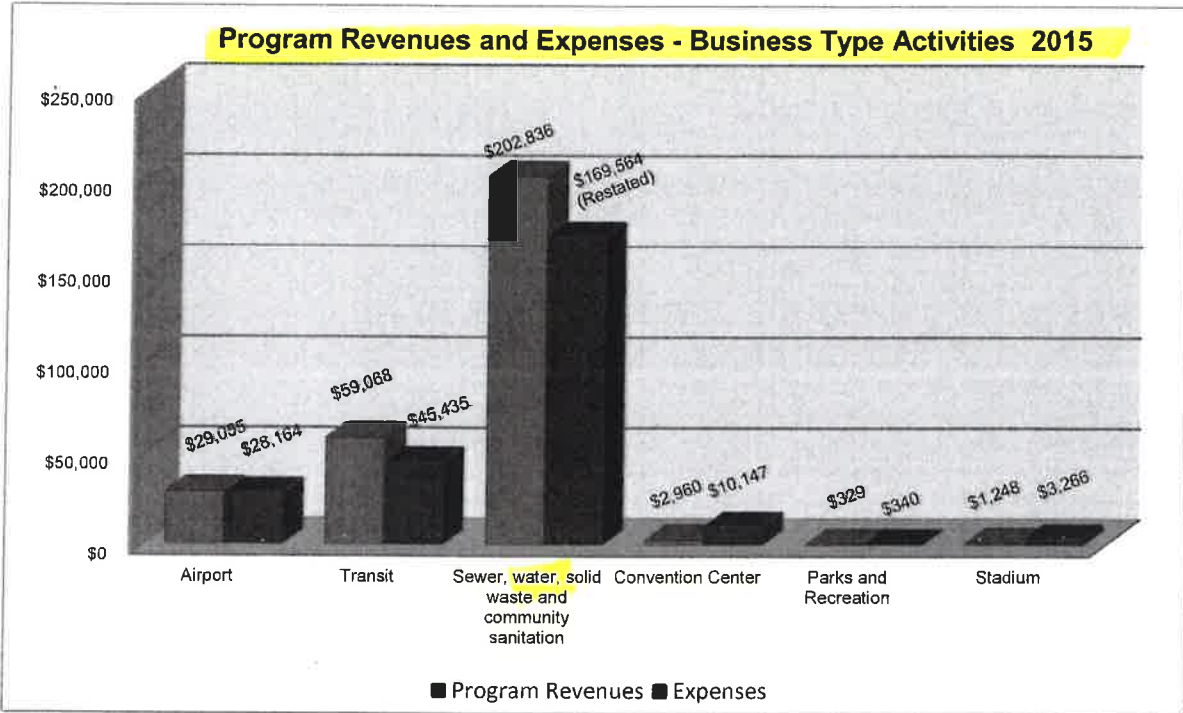
Business-Type Activities – Charts and Graphs

The charts and graphs which follow on the next few pages illustrate the City's Business – type/enterprise revenues by source, and its expenses and revenues by function. As can be seen on the following pages, Sewer, Water, Solid Waste and Community Sanitation (which is also reflected in the following charts and graphs as part of Sewer, Water and Solid Waste) is by far the largest Business-type Activity (function) reflecting the City's greatest overall expenses.

City of Fresno, California
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015



City of Fresno, California
Management's Discussion and Analysis (Unaudited)
 For the Fiscal Year Ended June 30, 2015



City of Fresno, California
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

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

Water

While a decline in Water revenues from the levels seen in fiscal year 2014 was anticipated, the level of the drop was larger than expected. Revenues went from \$90.1 million in fiscal year 2014 to \$74.3 million in fiscal year 2015: a \$15.8 million, or 17.5%, decrease. The decrease was due to two factors. First, rates that were in place in fiscal year 2014 were rescinded on July 31, 2014 to allow for a new Proposition 218 rate process to begin. The product of that Proposition 218 process was approved on February 26, 2015. The five year rate plan approved in February 2015 is shown below:

Rate Plan Revisions	Old Rate	Year 1	Year 2	Year 3	Year 4	Year 5
Original Rate Plan (approved 2013)	\$24.49	\$33.28	\$41.42	\$44.70	\$48.34	\$52.26
Revised Rate Plan (approved 2015)	\$24.49	\$27.76	\$31.92	\$36.84	\$42.80	\$49.22

The rates that were approved in 2015 were lower than those approved in 2013 because the original rates assumed interest and debt service costs from new debt that was planned to be issued. That anticipated debt was replaced with low-interest loans from the State, which resulted in a much lower cost for the capital projects that were to be funded with the new rates. A further discussion of the low-interest loans from the State can be found in Note 16 of the Notes to the Financial Statements. The new rates went into effect in April 2015.

The other factor that contributed to the decline in Water revenues was the imposition by the State of mandatory water restrictions in response to a fourth year of drought. The State set a target 28% reduction of water consumption for Fresno. The imposition of water restrictions led to a sharp decline in the average daily gallons per capita consumption (consumption). Consumption declined 10.0%, from 231 gallons to 208 gallons. The consumption in fiscal year 2015 was the lowest level in over 10 years, continuing a decline that began in fiscal year 2009.

Operating expenses in the Water Fund decreased by \$0.6 million (1.0%) from fiscal year 2014's expenses total of \$57.7 million to \$57.1 million in fiscal year 2015. The decrease was primarily due to a reduction in Depreciation Expense, which declined \$0.8 million from \$15.0 million in fiscal year 2014 to \$14.2 million in fiscal year 2015: a 5.2% decrease. The figures were impacted by the reclassification of \$8.8 million that was previously expensed. Please see Note 17 for further details regarding this adjustment.

City of Fresno, California
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

While expenses and revenues showed some volatility from previous fiscal year levels, Total Assets remained comparatively unchanged. Total Assets increased from \$562.4 million in fiscal year 2014 to \$573.7 million in fiscal year 2015. Much of the increase was due to the establishment of a Net Pension Asset totaling \$11.8 million, as required by GASB Statement No. 68. Other categories influencing the change in Total Assets include:

- A decrease in Restricted Assets of \$22.1 million (30.5%), as proceeds from the 2010 bond issue were used.
- An increase of \$7.6 million (12.0%) in Unrestricted Cash, mostly in the Water Enterprise Fund. The increase was due to cash payments for expenses being lower than cash receipts.
- An increase of \$23.6 million (6.1%) in Capital Assets, driven primarily by a \$41.2 million (10.5%) increase in Infrastructure Assets.

While assets grew modestly, liabilities had a significant decrease. Total Liabilities decreased by \$9.1 million: from \$247.7 million in fiscal year 2014 to \$238.6 million in fiscal year 2015. A \$2.6 million (1,036.1%) increase in Current Liabilities, specifically Notes Payable, was completely offset by a \$5.5 million (3.7%) decrease in Long-Term Bonds Payable and a \$5.4 million (9.9%) decrease in Long-Term Notes Payable.

Water's Net Position showed an increase over fiscal year 2014's levels. Net Position increased from \$316.1 million in fiscal year 2014 to \$327.2 million in fiscal year 2015: an \$11.1 million (3.5%) increase. The majority of this increase affected the Unrestricted Net Position, which increased \$7.0 million (7.2%).

Sewer

Fiscal year 2015 revenues of \$82.0 million for the Sewer Fund were up \$5.8 million (7.6%) when compared to the fiscal year 2014's revenues of \$76.2 million. The increase was caused by \$4.1 million of growth in Customer User Charge revenues, along with \$1.5 million of growth in Wastewater Facilities Sewer Charges.

While revenues showed strong growth, operating expenses displayed a lower level of growth. Operating expenses increased by \$1.9 million (3.2%): from \$57.9 million in fiscal year 2014 to \$59.8 million in fiscal year 2015. The increase was due to growth of \$0.9 million (8.3%) in Administration Expenses (specifically, a \$0.3 million increase in Fleet Acquisition charges and a \$0.3 million increase in Consulting expenditures), as well as a \$0.8 million (3.6%) increase in Depreciation Expense.

City of Fresno, California
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

While Additions saw a dramatic decrease, Deductions from the Pension Trust Funds continued to increase. Deductions increased from \$103.5 million in fiscal year 2014 to \$107.3 million in fiscal year 2015: a \$3.8 million (3.7%) increase. A \$2.8 million increase in Benefit Payments was the primary driver behind the overall increase in Deductions.

Total Assets for both funds combined increased \$74.1 million (2.6%) to \$2,927.2 million at the end of fiscal year 2015. Most of that increase can be attributed to an increase in the Receivables for Investments Sold, which grew \$40.9 million (278.4%) to \$55.6 million. Also contributing to the overall increase was a rise in Other Receivables of \$11.3 million (30.2%).

The growth in assets was exceeded by growth in liabilities. Total Liabilities increased by \$61.5 million (19.3%) to \$380.6 million at the end of fiscal year 2015. A sharp rise in Accrued Liabilities of \$44.0 million is the primary cause of the increase in Total Liabilities.

The small increase in Total Assets over Total Liabilities resulted in the Net Position for the two Pension Trust Funds increasing \$12.5 million (0.5%) to \$2,546.6 million at the end of fiscal year 2015.

For further information on the Retirement Systems, please see Notes 10 of the Notes to the Basic Financial Statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its Governmental and Business-type Activities, before Component Units, as of June 30, 2015 amount to \$2,257,109,036 (net of accumulated depreciation). Capital assets include land, buildings and improvements, machinery and equipment, park facilities, roads, streets, traffic signals, streetlights, and bridges. The net increase in the City's capital assets for the current fiscal year was approximately 1.5% (a 2.0% increase for governmental activities, a 1.1% increase for Business-type Activities) as shown in the table below. Capital assets for June 30, 2014 amounted to \$2,223,398,331 (net of accumulated depreciation). The net increase, for 2014, was approximately 1.5% (a 0.3% increase for governmental activities and a 2.4% increase for Business-type Activities).

City of Fresno, California
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

Changes in Capital Assets, Net of Depreciation

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities (Restated)</u>		<u>Total</u> <u>Government-Wide</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$251,843,970	\$238,881,767	\$48,209,864	\$47,688,276	\$300,053,834	\$286,570,043
Intangibles Indefinite Life	0	0	16,983,947	15,663,060	16,983,947	15,663,060
Buildings & Improvements	148,772,715	153,888,850	628,873,429	638,965,550	777,646,144	792,854,400
Machinery and equipment	24,878,298	19,419,250	26,044,730	26,291,363	50,923,028	45,710,613
Infrastructure	453,791,640	455,300,134	498,086,674	463,112,912	951,878,314	918,413,046
Construction in progress	51,898,766	44,249,256	107,725,003	119,937,913	159,623,769	164,187,169
Total	<u>\$931,185,389</u>	<u>\$911,739,257</u>	<u>\$1,325,923,647</u>	<u>\$1,311,659,074</u>	<u>\$2,257,109,036</u>	<u>\$2,223,398,331</u>

Major capital asset events during the fiscal year ended June 30, 2015 some of which were in progress during the fiscal year ended June 30, 2014, included the following:

- **Water – 3 Million Gallon Tank/2 MGD Surface Water Treatment Facility**

The Water Division of the Department of Public Utilities obtained a 3 million gallon water storage tank and an initial 2MGD surface water treatment facility (with possible future expansion to 8MGD) to serve the growing Southeast Fresno region. Capitalization costs included engineering and design, construction of the tank, booster pumps, operations and treatment building, and associated site improvements. It was constructed by a developer and turned over to the City. The tank will be filled in off-peak periods and then discharged during periods of peak flow to ensure an adequate supply and maintain pressures. The capitalized value of the tank/facility was \$23.4 million.

- **Water Transmission Pipelines**

The Water Division of the Public Utilities Department funded the design and installation of approximately 17,800 linear feet of regional transmission main. The project was divided in two segments along Chestnut Avenue: Teague Avenue to Sample Avenue and Shaw Avenue to Ashlan Avenue. The purpose of the Chestnut Avenue Region Transmission Main was to deliver water from the Northeast Surface Water Treatment Plant to the central portion of the City's service area. The project was funded with a combination of Water Fund resources and 2010 Water Bond monies. The capitalized value of the pipeline was \$9.4 million.

- **Peach Avenue Widening**

The Public Works Department completed a widening of Peach Avenue between Kings Canyon Road and Belmont Avenue. The widening converted Peach Avenue from two lanes to a divided four-lane arterial with median landscaping, protected-left-turn-lanes, bike lanes, curb and gutter, sidewalk, landscaping, and streetlights. The project also funded the modification of existing traffic signal facilities and installation of a new

CITY OF FRESNO, CALIFORNIA

STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	City of Fresno Cultural Arts Properties
Assets				
Cash and Investments	\$ 148,163,182	\$ 230,049,786	\$ 378,212,968	\$ 904,691
Receivables, Net	71,832,013	49,288,937	121,120,950	508,619
Internal Balances	24,312,066	(24,312,066)	-	-
Inventories	755,997	5,458,024	6,214,021	-
Prepays	25,545	435,253	460,798	-
Other Assets	1,342,348	2,536,167	3,878,515	-
Property Held for Resale	10,758,051	-	10,758,051	-
Restricted Cash	15,419,765	213,136,814	228,556,579	-
Restricted Interest Receivable	-	350,945	350,945	-
Loans, Notes, Leases and Other Receivables, Net	78,436,579	40,267,359	118,703,938	-
Net Pension Asset	268,796,141	57,912,651	326,708,792	-
Capital Assets:				
Land, Intangibles and Construction in Progress Not Being Depreciated - Restated Note 17	303,742,736	172,918,814	476,661,550	424,766
Facilities Infrastructure and Equipment Net of Accumulated Depreciation	627,442,653	1,153,004,833	1,780,447,486	11,630,185
Total Assets	1,551,027,076	1,901,047,517	3,452,074,593	13,468,261
Deferred Outflows of Resources				
Charge on Refunding	377,599	2,499,143	2,876,742	-
Pension Contributions	24,593,258	4,956,799	29,550,057	-
Total Deferred Outflows of Resources	24,970,857	7,455,942	32,426,799	-
Liabilities				
Accrued Liabilities	24,659,509	29,282,387	53,941,896	-
Unearned Revenue	4,629,921	61,183,179	65,813,100	231,251
Deposits from Others	319,345	16,556,078	16,875,423	-
Other Liabilities	-	8,500,397	8,500,397	-
Long-term Liabilities:				
Due Within One Year	55,590,313	25,224,836	80,815,149	-
Due in More than One Year	479,951,782	577,351,647	1,057,303,429	16,660,000
Total Liabilities	565,150,870	718,098,524	1,283,249,394	16,891,251
Deferred Inflows of Resources				
Pension Revenue Applicable to Future Years	179,898,973	48,336,056	228,235,029	-
Total Deferred Inflows of Resources	179,898,973	48,336,056	228,235,029	-
Net Position				
Net Investment in Capital Assets - Restated Note 17	771,197,917	841,773,290	1,612,971,207	(4,605,049)
Restricted for:				
General Government	82,636	-	82,636	-
Public Protection	4,211,025	-	4,211,025	-
Public Ways and Facilities	45,441,698	-	45,441,698	-
Culture and Recreation	2,911,212	-	2,911,212	-
Community Development	93,527,156	-	93,527,156	-
Unrestricted (Deficit)	(86,423,554)	300,295,589	213,872,035	1,182,059
Total Net Position (Deficit)	\$ 830,948,090	\$ 1,142,068,879	\$ 1,973,016,969	\$ (3,422,990)

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

CITY OF FRESNO, CALIFORNIA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	\$ 28,589,530	\$ 23,193,645	\$ 4,491,408	\$ -
Public Protection	177,829,166	31,872,008	7,858,328	1,440,223
Public Ways and Facilities	64,429,947	17,426,539	18,435,198	51,218,620
Culture and Recreation	20,035,960	4,577,157	496,592	9,812,776
Community Development	29,257,453	21,130,269	8,268,402	-
Interest on Long-term Debt	19,518,949	-	-	-
Total Governmental Activities	339,661,005	98,199,618	39,549,928	62,471,619
Business-type Activities				
Water System - Restated Note 17	62,204,982	74,284,899	81,909	1,482,699
Sewer System	66,147,527	81,954,830	-	3,798,277
Solid Waste Management	32,976,465	31,208,301	278,883	-
Transit	45,435,322	13,089,327	39,196,103	6,782,926
Airports	28,163,924	25,670,162	658,591	2,726,876
Fresno Convention Center	10,147,042	2,959,703	-	-
Community Sanitation	8,235,137	9,745,723	-	-
Parks and Recreation	339,727	329,088	-	-
Stadium	3,265,934	1,247,807	-	-
Total Business-type Activities	256,916,060	240,489,840	40,215,486	14,790,778
Total Primary Government	\$ 596,577,065	\$ 338,689,458	\$ 79,765,414	\$ 77,262,397
Component Unit				
City of Fresno Cultural Arts Properties	\$ 528,853	\$ 375,000	\$ -	\$ -

General Revenues:
 Taxes and Licenses:
 Property Taxes
 Sales Taxes - Shared Revenues
 In-Lieu Sales Tax
 Franchise Taxes
 Business Tax
 Room Tax
 Other Taxes
 Investment Earnings
 Gain on Sale of Assets
 Transfers:
 Total General Revenues and Transfers
 Change in Net Position
 Net Position (Deficit) - Beginning
 Change in Accounting Estimate
 Cumulative Effect of Accounting Change
 Net Position (Deficit) - Beginning Restated
 Net Position (Deficit) - Ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	City of Fresno Cultural Arts Properties
\$ (904,477)	\$ -	\$ (904,477)	\$ -
(136,658,607)	-	(136,658,607)	-
22,650,410	-	22,650,410	-
(5,149,435)	-	(5,149,435)	-
141,218	-	141,218	-
<u>(19,518,949)</u>	<u>-</u>	<u>(19,518,949)</u>	<u>-</u>
<u>(139,439,840)</u>	<u>-</u>	<u>(139,439,840)</u>	<u>-</u>
-	13,644,525	13,644,525	-
-	19,605,580	19,605,580	-
-	(1,489,281)	(1,489,281)	-
-	13,633,034	13,633,034	-
-	891,705	891,705	-
-	(7,187,339)	(7,187,339)	-
-	1,510,586	1,510,586	-
-	(10,639)	(10,639)	-
-	<u>(2,018,127)</u>	<u>(2,018,127)</u>	<u>-</u>
-	<u>38,580,044</u>	<u>38,580,044</u>	<u>-</u>
<u>(139,439,840)</u>	<u>38,580,044</u>	<u>(100,859,796)</u>	<u>-</u>
			<u>(153,853)</u>
113,654,686	-	113,654,686	-
61,571,128	-	61,571,128	-
19,907,297	-	19,907,297	-
13,468,783	-	13,468,783	-
17,780,323	-	17,780,323	-
11,006,209	-	11,006,209	-
2,406,684	-	2,406,684	-
878,887	2,998,530	3,877,417	107,290
402,148	37,976	440,124	-
<u>(6,289,689)</u>	<u>6,289,689</u>	<u>-</u>	<u>-</u>
<u>234,786,456</u>	<u>9,326,195</u>	<u>244,112,651</u>	<u>107,290</u>
<u>95,346,616</u>	<u>47,906,239</u>	<u>143,252,855</u>	<u>(46,563)</u>
669,781,306	1,099,379,942	1,769,161,248	(3,376,427)
(2,628,697)	(7,421,192)	(10,049,889)	-
<u>68,448,865</u>	<u>2,203,890</u>	<u>70,652,755</u>	<u>-</u>
<u>735,601,474</u>	<u>1,094,162,640</u>	<u>1,829,764,114</u>	<u>(3,376,427)</u>
\$ <u>830,948,090</u>	\$ <u>1,142,068,879</u>	\$ <u>1,973,016,969</u>	\$ <u>(3,422,990)</u>

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

CITY OF FRESNO, CALIFORNIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			
	Restated - Note 17 Water System	Sewer System	Solid Waste Management	Transit
Assets				
Current Assets:				
Cash and Investments	\$ 70,854,913	\$ 112,978,987	\$ 20,623,911	\$ 3,663,470
Interest Receivable	403,616	470,477	115,994	145,043
Accounts Receivables, Net	10,188,680	10,160,354	3,599,679	128,492
Grants Receivable	186,767	-	-	8,234,971
Inventories	1,621,371	3,011,299	-	751,695
Prepays	-	-	-	-
Intergovernmental Receivables	-	1,609,150	-	9,193,433
Due from Other Funds	115,707	-	45,600	-
Restricted Cash	-	-	-	-
Total Current Assets	83,371,054	128,230,267	24,385,184	22,117,104
Noncurrent Assets:				
Restricted:				
Cash and Investments	50,142,152	91,455,028	1,073,954	35,596,345
Interest Receivable	60,340	290,605	-	-
Total Restricted Assets	50,202,492	91,745,633	1,073,954	35,596,345
Other Assets:				
Other Receivables	1,210,748	9,741,422	-	-
Other Assets	29,728	1,436,282	-	-
Net Pension Asset	11,776,916	10,907,164	7,616,209	17,348,032
Unamortized CVP Water Settlement	12,632,539	-	-	-
Accounts Receivable from Solid Waste Rate Payers	-	-	16,682,650	-
Advances to Other Funds, Net	-	347,380	-	-
Total Other Assets	25,649,931	22,432,248	24,298,859	17,348,032
Capital Assets:				
Land and Intangibles	30,207,265	17,208,320	849,137	1,477,908
Buildings, Systems and Improvements	47,789,041	521,228,329	1,983,099	22,632,831
Machinery and Equipment	2,644,404	11,733,390	11,299,781	54,904,966
Infrastructure	433,836,755	265,820,319	-	-
Construction in Progress	72,011,367	24,515,443	-	10,137,879
Less Accumulated Depreciation	(172,034,313)	(218,824,139)	(10,911,278)	(52,231,678)
Total Capital Assets, Net	414,454,519	621,681,662	3,220,739	36,921,906
Total Noncurrent Assets	490,306,942	735,859,543	28,593,552	89,866,283
Total Assets	573,677,996	864,089,810	52,978,736	111,983,387
Deferred Outflows of Resources				
Charge on Refunding	1,060,165	1,135,709	-	-
Pension Contributions	908,309	887,957	556,982	1,653,807
Total Deferred Outflows of Resources	1,968,474	2,023,666	556,982	1,653,807

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

Business-Type Activities - Enterprise Funds

<u>Airports</u>	<u>Fresno Convention Center</u>	<u>Stadium</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 11,467,621	\$ 945,850	\$ 54,333	\$ 6,561,502	\$ 227,150,587	\$ 65,133,694
84,249	-	3,805	27,808	1,250,992	340,898
1,480,123	122,894	1,201,801	1,335,409	28,217,432	59,327
319,840	-	-	-	8,741,578	-
20,000	53,659	-	-	5,458,024	755,997
389,672	45,581	-	-	435,253	25,545
218,558	-	-	-	11,021,141	-
804,900	-	-	-	966,207	2,023,326
2,822,181	2,755,647	-	-	5,577,828	-
<u>17,607,144</u>	<u>3,923,631</u>	<u>1,259,939</u>	<u>7,924,719</u>	<u>288,819,042</u>	<u>68,338,787</u>
17,848,136	3,658,223	3,227,462	-	203,001,300	4,964,534
-	-	-	-	350,945	-
<u>17,848,136</u>	<u>3,658,223</u>	<u>3,227,462</u>	<u>-</u>	<u>203,352,245</u>	<u>4,964,534</u>
-	-	-	-	10,952,170	-
337,553	279,923	423,685	28,996	2,536,167	-
4,575,681	-	-	2,280,161	54,504,163	12,411,600
-	-	-	-	12,632,539	-
-	-	-	-	16,682,650	-
736,811	-	-	-	1,084,191	-
<u>5,650,045</u>	<u>279,923</u>	<u>423,685</u>	<u>2,309,157</u>	<u>98,391,880</u>	<u>12,411,600</u>
9,963,727	4,765,946	710,000	11,508	65,193,811	-
193,065,564	85,355,146	39,151,537	4,520,576	915,726,123	7,688,733
5,159,965	816,201	1,599,193	204,205	88,362,105	104,319,533
66,799,644	-	-	-	766,456,718	-
868,506	86,698	-	105,110	107,725,003	1,312,437
(92,761,805)	(55,713,456)	(13,037,100)	(2,068,474)	(617,582,243)	(89,694,797)
<u>183,095,601</u>	<u>35,310,535</u>	<u>28,423,630</u>	<u>2,772,925</u>	<u>1,325,881,517</u>	<u>23,625,906</u>
206,593,782	39,248,681	32,074,777	5,082,082	1,627,625,642	41,002,040
<u>224,200,926</u>	<u>43,172,312</u>	<u>33,334,716</u>	<u>13,006,801</u>	<u>1,916,444,684</u>	<u>109,340,827</u>
26,244	277,025	-	-	2,499,143	-
401,331	-	-	190,659	4,599,045	1,155,737
<u>427,575</u>	<u>277,025</u>	<u>-</u>	<u>190,659</u>	<u>7,098,188</u>	<u>1,155,737</u>

(continued)

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

CITY OF FRESNO, CALIFORNIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

JUNE 30, 2015 (continued)

	Business-Type Activities - Enterprise Funds			
	Restated - Note 17 Water System	Sewer System	Solid Waste Management	Transit
Liabilities				
Current Liabilities:				
Accrued Liabilities	\$ 10,124,815	\$ 9,105,801	\$ 1,161,776	\$ 3,167,033
Accrued Compensated Absences and HRA	289,092	260,156	160,913	398,011
Liability for Self-Insurance	-	-	-	-
Unearned Revenue	10,854,856	22,750,391	278,874	26,618,260
Due to Other Funds	183,423	148,742	492,318	98,725
Bonds Payable	5,010,000	8,655,000	-	-
Capital Lease Obligations	-	-	-	-
Notes Payable	2,825,618	-	-	-
Total Current Liabilities	29,287,804	40,920,090	2,093,881	30,282,029
Noncurrent Liabilities:				
Accrued Compensated Absences and HRA	1,843,736	1,645,546	1,010,670	2,247,767
Capital Lease Obligations	-	-	-	-
Liability for Self-Insurance	-	-	-	-
Bonds Payable	142,559,100	198,624,627	-	-
Accreted Interest Payable on Capital Appreciation Bonds	-	-	-	-
Notes Payable	48,861,800	-	-	-
CVP Litigation Settlement	11,937,646	-	-	-
Pollution Remediation Obligation	-	-	-	-
Other Liabilities	-	8,500,397	-	-
Accrued Closure Costs	-	-	17,403,749	-
Net OPEB Obligation	3,015,905	2,887,470	2,984,947	7,737,735
Deposits Held for Others	1,064,500	7,728,696	-	-
Total Noncurrent Liabilities	209,282,687	219,386,736	21,399,366	9,985,502
Total Liabilities	238,570,491	260,306,826	23,493,247	40,267,531
Deferred Inflows of Resources				
Unamortized Pension Expense	9,850,709	9,123,213	6,370,520	14,510,627
Total Deferred Inflows of Resources	9,850,709	9,123,213	6,370,520	14,510,627
Net Position				
Net Investment in Capital Assets Unrestricted (Deficit)	223,612,788	445,922,384	3,220,739	36,921,906
	103,612,482	150,761,053	20,451,212	21,937,130
Total Net Position (Deficit)	\$ 327,225,270	\$ 596,683,437	\$ 23,671,951	\$ 58,859,036

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

Business-Type Activities - Enterprise Funds						
Airports	Fresno Convention Center	Stadium	Other Enterprise Funds	Totals	Internal Service Funds	
\$ 2,777,695	\$ 1,371,780	\$ 173,251	\$ 448,667	\$ 28,330,818	\$ 4,515,990	
199,121	9,405	-	48,695	1,365,393	487,926	
-	-	-	-	-	29,000,268	
-	53,622	-	-	60,556,003	627,176	
31,333	102,950	-	180,733	1,238,224	708,043	
1,440,000	3,030,260	1,335,000	55,000	19,525,260	-	
-	-	-	-	-	1,571,850	
-	43,454	-	-	2,869,072	-	
<u>4,448,149</u>	<u>4,611,471</u>	<u>1,508,251</u>	<u>733,095</u>	<u>113,884,770</u>	<u>36,911,253</u>	
1,086,266	53,293	-	364,601	8,251,879	2,905,666	
-	-	-	-	-	4,177,307	
-	-	-	-	-	80,501,814	
53,149,524	36,043,261	33,139,777	2,069,457	465,585,746	-	
-	4,235,156	-	-	4,235,156	-	
-	349,162	-	-	49,210,962	-	
-	-	-	-	11,937,646	-	
763,476	-	-	-	763,476	-	
-	-	-	-	8,500,397	-	
-	-	-	-	17,403,749	-	
1,400,947	10,374	-	783,163	18,820,541	5,008,267	
388,971	2,816,225	-	-	11,998,392	4,557,686	
<u>56,789,184</u>	<u>43,507,471</u>	<u>33,139,777</u>	<u>3,217,221</u>	<u>596,707,944</u>	<u>97,150,740</u>	
<u>61,237,333</u>	<u>48,118,942</u>	<u>34,648,028</u>	<u>3,950,316</u>	<u>710,592,714</u>	<u>134,061,993</u>	
<u>3,722,760</u>	<u>-</u>	<u>-</u>	<u>1,907,223</u>	<u>45,485,052</u>	<u>10,381,587</u>	
<u>3,722,760</u>	<u>-</u>	<u>-</u>	<u>1,907,223</u>	<u>45,485,052</u>	<u>10,381,587</u>	
135,782,385	25,670	(4,403,180)	648,468	841,731,160	17,876,749	
23,886,023	(4,695,275)	3,089,868	6,691,453	325,733,946	(51,823,765)	
<u>\$ 159,668,408</u>	<u>\$ (4,669,605)</u>	<u>\$ (1,313,312)</u>	<u>\$ 7,339,921</u>	<u>\$ 1,167,465,106</u>	<u>\$ (33,947,016)</u>	

Some amounts reported for business-type activities in the statement of net position are different due to certain internal service fund assets and liabilities being included with business-type activities.

(25,396,227)

Net position of business-type activities

\$ 1,142,068,879

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

CITY OF FRESNO, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			
	Restated - Note 17 Water System	Sewer System	Solid Waste Management	Transit
Operating Revenues:				
Charges for Services	\$ 74,284,899	\$ 81,954,830	\$ 31,208,301	\$ 13,089,327
Operating Expenses:				
Cost of Services	31,664,293	25,517,869	18,528,833	29,456,791
Administration	11,300,846	11,872,660	13,913,031	11,810,603
Depreciation	14,185,005	22,369,632	415,384	3,899,886
Total Operating Expenses	57,150,144	59,760,161	32,857,248	45,167,280
Operating Income (Loss)	17,134,755	22,194,669	(1,648,947)	(32,077,953)
Non-operating Revenue (Expenses):				
Operating Grants	81,909	-	278,883	39,196,103
Interest Income	573,475	1,786,614	142,703	91,350
Interest Expense	(5,379,643)	(6,737,067)	-	-
Passenger Facility Charges	-	-	-	-
Customer Facility Charges	-	-	-	-
Gain (Loss) on Disposal of Capital Assets	12,976	-	(1,201)	(156,041)
Total Non-operating Revenue (Expenses)	(4,711,283)	(4,950,453)	420,385	39,131,412
Income (Loss) Before Contributions and Transfers	12,423,472	17,244,216	(1,228,562)	7,053,459
Capital Contributions	1,482,699	3,798,277	-	6,782,926
Transfers In	82,067	15,309	557,200	-
Transfers Out	(500,222)	(502,782)	(1,140,418)	(1,417,778)
Change in Net Position	13,488,016	20,555,020	(1,811,780)	12,418,607
Total Net Position (Deficit) - Beginning	316,069,502	579,859,121	25,399,069	45,933,265
Change in Accounting Estimate	(2,752,580)	(4,119,993)	(187,169)	(112,007)
Cumulative Effect of Accounting Change	420,332	389,289	271,831	619,171
Total Net Position (Deficit) - Beginning Restated	313,737,254	576,128,417	25,483,731	46,440,429
Total Net Position (Deficit) - Ending	\$ 327,225,270	\$ 596,683,437	\$ 23,671,951	\$ 58,859,036

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

Business-Type Activities - Enterprise Funds					
Airports	Fresno Convention Center	Stadium	Other Enterprise Funds	Total	Internal Service Funds
\$ 20,859,804	\$ 2,959,703	\$ 1,247,807	\$ 10,074,811	\$ 235,679,482	\$ 123,268,044
10,539,443	2,998,515	-	4,722,742	123,428,486	100,281,512
4,594,650	845,296	30,662	3,578,202	57,945,950	19,437,469
10,308,490	3,490,633	1,057,911	184,267	55,911,208	3,282,095
25,442,583	7,334,444	1,088,573	8,485,211	237,285,644	123,001,076
(4,582,779)	(4,374,741)	159,234	1,589,600	(1,606,162)	266,968
658,591	-	-	-	40,215,486	-
246,974	32,756	20,765	35,389	2,930,026	413,423
(2,696,165)	(2,540,726)	(2,177,361)	(103,261)	(19,634,223)	(168,147)
2,923,643	-	-	-	2,923,643	-
1,886,715	-	-	-	1,886,715	-
-	(271,872)	25,000	-	(391,138)	180,693
3,019,758	(2,779,842)	(2,131,596)	(67,872)	27,930,509	425,969
(1,563,021)	(7,154,583)	(1,972,362)	1,521,728	26,324,347	692,937
2,726,876	-	-	-	14,790,778	78,763
-	7,432,254	3,458,316	8,312	11,553,458	600,023
(249,795)	(281,943)	-	(699,681)	(4,792,619)	(1,483,399)
914,060	(4,272)	1,485,954	830,359	47,875,964	(111,676)
158,581,042	(4,603,968)	(2,799,266)	6,489,332		(33,270,329)
(126,926)	(61,365)	-	(61,152)		(1,007,995)
300,232	-	-	81,382		442,984
158,754,348	(4,665,333)	(2,799,266)	6,509,562		(33,835,340)
\$ 159,668,408	\$ (4,669,605)	\$ (1,313,312)	\$ 7,339,921		\$ (33,947,016)

Some amounts reported for business-type activities in the statement of activities are different due to the net revenue (expenses) of certain internal service funds being reported with business-type activities.

Change in net position of business-type activities

30,275
\$ 47,906,239

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

CITY OF FRESNO, CALIFORNIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			
	Water System	Sewer System	Solid Waste Management	Transit
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 74,181,575	\$ 79,595,186	\$ 29,872,793	\$ 13,441,705
Cash Received from Interfund Services Provided	-	-	-	-
Cash Payments to Suppliers for Services	(21,450,550)	(15,740,063)	(5,873,646)	(10,493,711)
Cash Paid for Interfund Services Used	(8,903,994)	(7,670,112)	(15,116,624)	(6,409,186)
Cash Payments to Employees for Services	(13,470,485)	(13,902,850)	(11,729,018)	(26,326,513)
Cash Payments for Claims and Refunds	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	30,356,546	42,282,161	(2,846,495)	(29,787,705)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital Contributions	3,388,619	3,790,446	-	6,168,286
Passenger and Customer Facility Charges	-	-	-	-
Interest Payments on Capital Debt	(9,211,476)	(10,498,800)	-	-
Proceeds from Capital Leases	-	-	-	-
Principal Payments on Capital Debt-Bonds	(4,770,000)	(8,145,000)	-	-
Principal payments on Capital Debt-Notes	(2,818,979)	-	-	-
Principal Payments on Capital Lease Obligations	-	-	-	-
Proceeds from Sale of Capital Assets	16,150	-	-	31,016
Acquisition and Construction of Capital Assets	(38,685,792)	(22,947,431)	-	(8,619,550)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(52,081,478)	(37,800,785)	-	(2,420,248)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Operating Grants	81,909	-	274,942	31,725,066
Borrowing Receipt from Other Funds	7,136,070	-	1,027,086	-
Borrowing (Payment to) Other Funds	-	-	-	-
Transfers In	82,067	15,309	557,200	-
Transfers Out	(500,222)	(502,782)	(1,140,418)	(1,417,778)
Net Cash Provided by (Used for) Non-Capital Financing Activities	6,799,824	(487,473)	718,810	30,307,288
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	466,504	1,701,854	154,340	42,046
Net Cash Provided by Investing Activities	466,504	1,701,854	154,340	42,046
Net Increase (Decrease) in Cash and Cash Equivalents	(14,458,604)	5,695,757	(1,973,345)	(1,858,619)
Cash and Cash Equivalents, Beginning of Year	135,455,669	184,990,914	23,671,210	41,118,434
Cash and Cash Equivalents, End of Year	\$ 120,997,065	\$ 190,686,671	\$ 21,697,865	\$ 39,259,815

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

Business-Type Activities - Enterprise Funds					
Airports	Fresno Convention Center	Stadium	Other Enterprise Funds	Total	Internal Service Funds
\$ 20,632,128	\$ 4,504,443	\$ 1,530,000	\$ 9,866,424	\$ 233,624,254	\$ 19,558,324
-	-	-	-	-	104,085,411
(5,628,198)	(2,496,050)	(4,182)	(1,330,223)	(63,016,623)	(31,916,029)
(2,693,742)	-	-	(3,466,642)	(44,260,300)	(5,186,528)
(6,709,122)	(1,504,040)	-	(3,750,952)	(77,392,980)	(20,551,507)
-	-	-	-	-	(54,686,631)
<u>5,601,066</u>	<u>504,353</u>	<u>1,525,818</u>	<u>1,318,607</u>	<u>48,954,351</u>	<u>11,323,040</u>
3,135,156	-	-	-	16,482,507	-
4,968,929	-	-	-	4,968,929	-
(2,788,063)	(2,479,363)	(2,188,781)	(102,300)	(27,268,783)	(143,856)
-	-	-	-	-	1,608,410
(1,495,000)	(2,904,392)	(1,255,000)	(55,000)	(18,624,392)	-
-	(29,995)	-	-	(2,848,974)	-
-	-	-	-	-	(1,213,971)
-	281,943	25,000	-	354,109	193,909
(2,562,116)	(1,263,999)	-	(221,163)	(74,300,051)	(9,017,189)
<u>1,258,906</u>	<u>(6,395,806)</u>	<u>(3,418,781)</u>	<u>(378,463)</u>	<u>(101,236,655)</u>	<u>(8,572,697)</u>
1,268,059	-	-	-	33,349,976	-
736,700	98,920	-	-	8,998,776	698,716
-	-	-	-	-	(468,314)
-	7,432,254	3,458,316	8,312	11,553,458	600,023
(249,795)	(281,943)	-	(699,681)	(4,792,619)	(1,483,399)
<u>1,754,964</u>	<u>7,249,231</u>	<u>3,458,316</u>	<u>(691,369)</u>	<u>49,109,591</u>	<u>(652,974)</u>
<u>227,525</u>	<u>32,756</u>	<u>18,539</u>	<u>29,469</u>	<u>2,673,033</u>	<u>381,203</u>
<u>227,525</u>	<u>32,756</u>	<u>18,539</u>	<u>29,469</u>	<u>2,673,033</u>	<u>381,203</u>
8,842,461	1,390,534	1,583,892	278,244	(499,680)	2,478,572
<u>23,295,477</u>	<u>5,969,186</u>	<u>1,697,903</u>	<u>6,283,258</u>	<u>422,482,051</u>	<u>67,619,656</u>
<u>\$ 32,137,938</u>	<u>\$ 7,359,720</u>	<u>\$ 3,281,795</u>	<u>\$ 6,561,502</u>	<u>\$ 421,982,371</u>	<u>\$ 70,098,228</u>

(Continued)

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

CITY OF FRESNO, CALIFORNIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2015 (Continued)

	Business-Type Activities - Enterprise Funds			
	Water System	Sewer System	Solid Waste Management	Transit
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating income (loss)	\$ 17,134,755	\$ 22,194,669	\$ (1,648,947)	\$ (32,077,953)
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	14,185,005	22,369,632	415,384	3,899,886
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	1,452,254	(2,193,111)	97,337	215,113
Decrease (increase) in other receivables	(1,005,761)	406,568	(1,147,319)	-
Decrease (increase) in due from other funds	(115,707)	-	(21,992)	-
Decrease (increase) in due from other governments	-	(477,858)	-	(2,695,374)
Decrease (increase) in material and supplies inventory	(66,127)	(302,711)	-	152,062
Decrease (increase) in prepaid items	-	-	-	-
Decrease (increase) in net pension asset and deferred outflows pensions	(12,264,893)	(11,405,832)	(8,173,191)	(18,382,668)
Decrease (increase) in advances to other funds	-	15,103	-	-
Decrease (increase) in prepaid insurance	5,946	33,561	-	-
(Decrease) increase in accounts payable	1,047,544	2,452,517	(240,264)	996,278
(Decrease) increase in salaries payable	(161,524)	10,587	(79,566)	(145,087)
(Decrease) increase in due to other funds	(5,616)	(4,056)	(181,010)	(13,458)
(Decrease) increase in other liabilities	-	(772,554)	-	-
(Decrease) increase in retention payable	(195,753)	504,706	-	13,505
(Decrease) increase in accrued closure costs	-	-	1,192,425	-
(Decrease) increase in unearned revenue	(10,173)	(106,291)	(82,524)	2,846,096
(Decrease) increase in liability for self-insurance	-	-	-	-
(Decrease) increase in deposits	22,706	-	-	-
(Decrease) increase in pollution remediation liability	-	-	-	-
(Decrease) increase in OPEB obligation	483,181	434,018	652,652	893,268
(Decrease) increase in deferred inflows of resources pensions	9,850,709	9,123,213	6,370,520	14,510,627
Net Cash Provided by (Used For) Operating Activities	\$ 30,356,546	\$ 42,282,161	\$ (2,846,495)	\$ (29,787,705)
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:				
Cash and Investments:				
Unrestricted	\$ 70,854,913	\$ 112,978,987	\$ 20,623,911	\$ 3,663,470
Restricted - Current and Noncurrent	50,142,152	91,455,028	1,073,954	35,596,345
Total cash and investments	120,997,065	204,434,015	21,697,865	39,259,815
Less: Non-cash equivalents	-	13,747,344	-	-
Cash and Cash Equivalents at End of Year on Statement of Cash Flows	\$ 120,997,065	\$ 190,686,671	\$ 21,697,865	\$ 39,259,815
Noncash Investing, Capital, and Financing Activities:				
Acquisition and construction of capital assets on accounts payable	\$ 668,778	\$ 782,901	\$ -	\$ 87,617
Amortization of bond premium, discount and loss on refunding	(445,520)	(186,763)	-	-
Borrowing under capital lease	-	-	-	-
Decrease (increase) in fair value of investments	(52,313)	210,140	(3,878)	(5,611)
Developer and other capital contributions	-	-	-	-
Decrease in unamortized CVP water settlement receivable and decrease in CVP litigation settlement payable	504,818	-	-	-
Capital asset disposal under \$15,000 threshold	(2,752,580)	(4,119,993)	(187,169)	(112,007)

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

Business-Type Activities - Enterprise Funds						
Airports	Fresno Convention Center	Stadium	Other Enterprise Funds	Total	Internal Service Funds	
\$ (4,582,779)	\$ (4,374,741)	\$ 159,234	\$ 1,589,600	\$ (1,606,162)	\$ 266,968	
10,308,490	3,490,633	1,057,911	184,267	55,911,208	3,282,095	
(245,991)	(13,402)	282,193	(224,795)	(630,402)	1,933	
-	-	-	-	(1,746,512)	-	
-	-	-	-	(137,699)	284,453	
-	-	-	-	(3,173,232)	-	
-	1,549	-	-	(215,227)	41,107	
12,979	34,163	-	-	47,142	-	
(4,676,780)	-	-	(2,389,438)	(57,292,802)	(13,124,353)	
-	-	-	-	15,103	-	
17,994	27,097	26,480	1,261	112,339	-	
931,678	(190,528)	-	161,411	5,158,636	418,830	
(146,241)	(11,123)	-	(49,532)	(582,486)	(4,132)	
(10,020)	(16,656)	-	38,670	(192,146)	9,327	
-	-	-	-	(772,554)	-	
56,256	-	-	-	378,714	-	
-	-	-	-	1,192,425	-	
-	38,444	-	(22,260)	2,663,292	627,176	
-	-	-	-	-	8,006,872	
74,273	1,518,149	-	-	1,615,128	572,816	
(45,935)	-	-	-	(45,935)	-	
184,382	768	-	121,695	2,769,964	558,361	
3,722,760	-	-	1,907,728	45,485,557	10,381,587	
<u>\$ 5,601,066</u>	<u>\$ 504,353</u>	<u>\$ 1,525,818</u>	<u>\$ 1,318,607</u>	<u>\$ 48,954,351</u>	<u>\$ 11,323,040</u>	
\$ 11,467,621	\$ 945,850	\$ 54,333	\$ 6,561,502	\$ 227,150,587	\$ 65,133,694	
<u>20,670,317</u>	<u>6,413,870</u>	<u>3,227,462</u>	<u>-</u>	<u>208,579,128</u>	<u>4,964,534</u>	
<u>32,137,938</u>	<u>7,359,720</u>	<u>3,281,795</u>	<u>6,561,502</u>	<u>435,729,715</u>	<u>70,098,228</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,747,344</u>	<u>-</u>	
<u>\$ 32,137,938</u>	<u>\$ 7,359,720</u>	<u>\$ 3,281,795</u>	<u>\$ 6,561,502</u>	<u>\$ 421,982,371</u>	<u>\$ 70,098,228</u>	
\$ -	\$ -	\$ -	\$ 78,828	\$ 1,618,124	\$ 18,450	
(53,492)	37,005	(5,263)	1,439	(652,594)	-	
-	-	-	-	-	2,500,506	
(4,042)	(17,520)	(7,926)	(351)	118,499	(3,093)	
-	-	-	-	-	78,763	
-	-	-	-	504,818	-	
(126,926)	(61,365)	-	(61,152)	(7,421,192)	(1,007,995)	

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

2015 CAFR
 Comprehensive Annual Financial Report
 City of Fresno, California
 For the fiscal year ended June 30, 2015

NOTES TO FINANCIAL STATEMENTS

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City of Fresno, California
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

(e) Implementation of New Accounting Pronouncements

(i) *Governmental Accounting Standards Board Statement No. 68 - Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*

GASB Statement No. 68 covers the accounting requirements for the pension plan sponsor (the City). It focuses on:

- Separating how the accounting and financial reporting is determined from how pensions are funded.
- Employers with defined benefit plans will recognize a net pension liability (or asset in the case of the City of Fresno) as defined by the standard, in their government-wide, proprietary and fiduciary fund financial statements.

The intent of GASB Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves financial information provided about financial support for pensions.

The provisions of Statement No. 68 (as well as Statement No. 71 – see below) are effective for fiscal years beginning after June 15, 2014 (fiscal year 2015 for the City). Restatement for all prior periods was not practical because the actuarial information was not available; the cumulative effect of applying these statements is reported as a restatement of beginning net position as of July 1, 2014. As of July 1, 2014, the City restated its net position to record the beginning net pension and beginning deferred outflows and inflows of resources related to pensions as follows:

	<u>Net Position, at Beginning of Year</u>			
	<u>As Previously Reported</u>	<u>Cumulative Effect of Accounting Change (See Note 15)</u>	<u>Change in Accounting Estimate (See Note 15)</u>	<u>As Restated for GASB 68</u>
Primary Government:				
Governmental Activities	\$ 669,781,306	\$ 68,448,865	\$ (2,628,697)	\$ 735,601,474
Business-type Activities	1,099,379,942	2,203,890	(7,421,192)	1,094,162,640
Enterprise Funds:				
Water System	316,069,502	420,332	(2,752,580)	313,737,254
Sewer System	579,859,121	389,289	(4,119,993)	576,128,417
Solid Waste Management	25,399,069	271,831	(187,169)	25,483,731
Transit	45,933,265	619,171	(112,007)	46,440,429
Airports	158,581,042	300,232	(126,926)	158,754,348
Convention Center	(4,603,968)	-	(61,365)	(4,665,333)
Other Enterprise Funds	6,489,332	81,382	(61,152)	6,509,562
Business-type Internal Service	(1,145,320)	121,653	-	(1,023,667)

City of Fresno, California
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 5. PROPERTY, PLANT AND EQUIPMENT—CAPITAL ASSETS

The following is a summary of capital assets as of June 30, 2015:

	Primary Government			Total	Component Unit
	Governmental Activities	Business-Type Activities (Restated)	Fiduciary Funds		City of Fresno Cultural Arts Properties
Capital Assets Not Being Depreciated:					
Land	\$ 251,843,970	\$ 48,209,864	\$ -	\$ 300,053,834	\$ 424,766
Intangibles Indefinite Life	-	16,983,947	-	16,983,947	-
Construction in Progress	51,898,766	107,725,003	1,709,182	161,332,951	-
Total Capital Assets Not Being Depreciated	303,742,736	172,918,814	1,709,182	478,370,732	424,766
Capital Assets Being Depreciated:					
Buildings and Improvements	276,869,159	915,776,123	-	1,192,645,282	13,360,594
Machinery and Equipment	139,687,009	88,509,670	239,609	228,436,288	-
Infrastructure	1,303,400,797	766,456,718	-	2,069,857,515	-
Total Capital Assets Being Depreciated	1,719,956,965	1,770,742,511	239,609	3,490,939,085	13,360,594
Less: Accumulated Depreciation for:					
Buildings and Improvements	(128,096,444)	(286,902,694)	-	(414,999,138)	(1,730,409)
Machinery and Equipment	(114,808,711)	(62,464,940)	(176,739)	(177,450,390)	-
Infrastructure	(849,609,157)	(268,370,044)	-	(1,117,979,201)	-
Total Accumulated Depreciation	(1,092,514,312)	(617,737,678)	(176,739)	(1,710,428,729)	(1,730,409)
Total Capital Assets Being Depreciated, Net	627,442,653	1,153,004,833	62,870	1,780,510,356	11,630,185
Total Capital Assets, Net	\$ 931,185,389	\$ 1,325,923,647	\$ 1,772,052	\$ 2,258,881,088	\$ 12,054,951

City of Fresno, California
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Business-Type Activities (Restated)

Capital asset activity related to business-type activities for the year ended June 30, 2015, was as follows:

<u>Business-Type Activities (Restated)</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases *</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 47,688,276	\$ 1,078,577	\$ (556,989)	\$ 48,209,864
Intangibles Indefinite Life	15,663,060	1,320,887	-	16,983,947
Construction in Progress	119,937,913	76,556,847	(88,769,757)	107,725,003
Total Capital Assets Not Being Depreciated	183,289,249	78,956,311	(89,326,746)	172,918,814
Capital Assets Being Depreciated:				
Buildings and Improvements	897,484,007	19,647,494	(1,355,378)	915,776,123
Machinery and Equipment	95,188,469	5,741,358	(12,420,157)	88,509,670
Infrastructure	722,813,725	62,810,679	(19,167,686)	766,456,718
Total Capital Assets Being Depreciated	1,715,486,201	88,199,531	(32,943,221)	1,770,742,511
Less: Accumulated Depreciation For:				
Buildings and Improvements	(258,518,457)	(29,498,419)	1,114,182	(286,902,694)
Machinery and Equipment	(68,897,106)	(4,927,208)	11,359,374	(62,464,940)
Infrastructure	(259,700,813)	(21,512,222)	12,842,991	(268,370,044)
Total Accumulated Depreciation	(587,116,376)	(55,937,849)	25,316,547	(617,737,678)
Total Capital Assets Being Depreciated, Net	1,128,369,825	32,261,682	(7,626,674)	1,153,004,833
Total Capital Assets, Net	\$ 1,311,659,074	\$ 111,217,993	\$ (96,953,420)	\$ 1,325,923,647
Depreciation Was Charged To Functions As Follows:				
Water System		\$ 14,185,005		
Sewer System		22,369,632		
Solid Waste Management		415,384		
Transit		3,899,886		
Airports		10,308,490		
Fresno Convention Center		3,490,633		
Stadium		1,057,911		
Other Enterprise Funds		184,267		
Business-type - Internal Service		26,641		
Total Business - Type Activities Depreciation Expense		\$ 55,937,849		

* During fiscal year 2015, capital assets below the threshold of \$15,000 were removed.

The removal of assets with a cost of \$27,401,092 and accumulated depreciation of \$19,979,900 resulted in a net decrease of \$7,421,192. (Please see note 15a Change in Accounting Estimate and Cumulative Effect of Accounting Change on pages 175-176 for a detailed description of this change.)

City of Fresno, California
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

At June 30, 2015 Construction in Progress consisted of the following:

Project Title	Construction Costs To Date
Governmental:	
General Street Projects	\$ 41,914,668
Regional Park Improvements	8,940,187
Other Miscellaneous Projects	<u>1,043,911</u>
Total Governmental	\$ <u>51,898,766</u>

Project Title	Construction Costs To Date
Business-Type (Restated):	
Water Capital Projects	\$ 72,011,367
Sewer/Wastewater Capital Projects	24,515,443
Airports Capital Projects	868,506
Transit Capital Projects	10,137,879
Other Miscellaneous Projects	<u>191,808</u>
Total Business-Type	\$ <u>107,725,003</u>

Project Title	Construction Costs To Date
Fiduciary:	
Retirement System Software Project	\$ <u>1,709,182</u>
Total Construction in Progress	\$ <u><u>161,332,951</u></u>

City of Fresno, California
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

understated because the City charged "ineligible debt service payments of \$10,783,977 and \$27,542 in negative interest" to the Gas Tax Fund.

The City agreed with the need to reverse the \$27,542 in negative interest and did so during the audit. However, it did not agree with the State's conclusion that the City needed to reimburse its Gas Tax Fund in the amount of \$10,783,977.

The City submitted a letter to the State Controller's Office, Division of Audits in January 2015 challenging the audit finding and provided compelling supporting documentation of its position. In January 2016, the City received the final audit report in which the State reiterated its finding without any adjustment. The City continues to strongly believe that the debt payments were an appropriate use under the Special Gas Tax Street Improvement Fund and plans to move to the next level of appeals at the State level.

The date to which subsequent events occurring after June 30, 2015, have been evaluated for possible adjustments to the financial statements or disclosures is March 11, 2016, which is the original issuance date of the financial statements as well as through May 16, 2016, which is the date the restated financial statements were issued.

Note 17. RESTATED FINANCIAL RESULTS DUE TO A CORRECTION OF AN ERROR

Subsequent to the issuance of our report dated March 11, 2016, the City discovered certain expenditures in the Water Fund that should have been capitalized (included in Construction in Progress - CIP), but were instead expensed. Various commercial water meter installations were erroneously identified as repairs or retrofits to existing meters rather than as replacement of old mechanisms. This expansive commercial project was not completed until Fiscal Year 2016 when the new equipment will be moved from CIP into the depreciable equipment category and the replaced equipment will be removed from capitalized assets and expensed. The net effect of the adjustments made to correct the error in Fiscal Year 2015 to the Net Position of the Water Fund and ultimately to the Net Position of the Government-Wide Financial Statements, Business-Type Activities is as follows:

City of Fresno, California
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Restated June 30, 2015 Financial Results Due to a Correction of an Error

	<u>As Previously Reported</u>	<u>Correction</u>	<u>As Restated</u>
Water Fund - Statement of Net Position			
Construction in Progress	\$63,160,811	\$8,850,556	\$72,011,367
Total Assets	\$564,827,440	\$8,850,556	\$573,677,996
Net Investment in Capital Assets	\$214,762,232	\$8,850,556	\$223,612,788
Water Fund - Statement of Revenues, Expenses and Changes in Net Position:			
Operating expenses - cost of services	\$40,514,849	(\$8,850,556)	\$31,664,293
Change in Net Position	\$4,637,460	\$8,850,556	\$13,488,016
Total Net Position - Ending	\$318,374,714	\$8,850,556	\$327,225,270
Government-wide Statement of Net Position, Business-type Activities, Water System:			
Land, Intangibles, and Construction in Progress Not Being Depreciated	\$164,068,258	\$8,850,556	\$172,918,814
Total Assets	\$1,892,196,961	\$8,850,556	\$1,901,047,517
Net Investment in Capital Assets	\$832,922,734	\$8,850,556	\$841,773,290
Total Net Position	\$1,133,218,323	\$8,850,556	\$1,142,068,879
Government-wide Statement of Activities, Business-type Activities, Water System:			
Expenses	\$71,055,538	(\$8,850,556)	\$62,204,982
Change in Net Position	\$39,055,683	\$8,850,556	\$47,906,239
Net Position - Ending	\$1,133,218,323	\$8,850,556	\$1,142,068,879

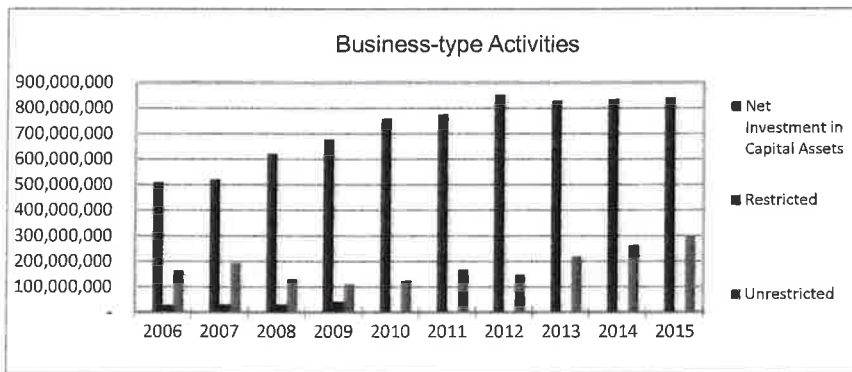
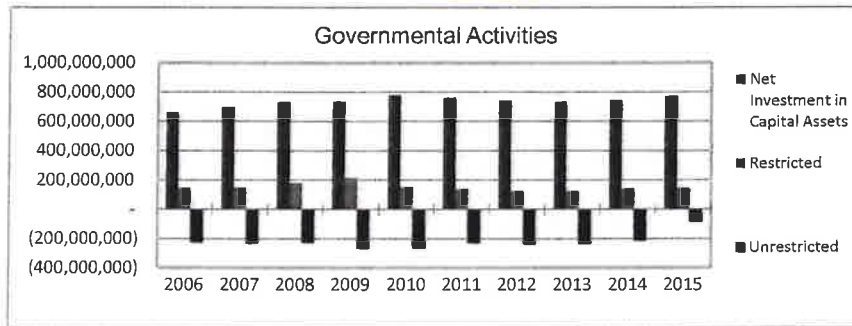
CITY OF FRESNO, CALIFORNIA

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**
(dollars in thousands)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 ⁽¹⁾
Governmental activities										
Net Investment in Capital Assets	\$ 662,073	\$ 697,544	\$ 732,835	\$ 736,410	\$ 781,253	\$ 760,927	\$ 742,533	\$ 733,961	\$ 744,074	\$ 771,198
Restricted	145,581	148,392	181,207	219,892	152,271	138,021	123,401	125,617	141,123	146,174
Unrestricted (Deficit)	(225,716)	(231,900)	(227,490)	(267,498)	(266,011)	(230,447)	(240,718)	(235,759)	(215,416)	(86,424)
Total governmental activities	\$ 581,937	\$ 614,036	\$ 686,552	\$ 688,804	\$ 667,513	\$ 668,501	\$ 625,216	\$ 623,819	\$ 669,781	\$ 830,948
Business-type activities										
Net Investment in Capital Assets	\$ 509,975	\$ 537,897	\$ 622,600	\$ 679,116	\$ 760,272	\$ 776,377	\$ 853,405	\$ 829,456	\$ 835,290	\$ 841,773
Restricted	28,752	31,705	31,222	42,922	-	-	-	-	-	-
Unrestricted (Deficit)	165,691	165,646	131,167	112,405	125,129	168,025	148,775	219,983	264,090	300,295
Total business-type activities	\$ 704,418	\$ 735,248	\$ 784,989	\$ 834,443	\$ 885,401	\$ 944,402	\$ 1,002,180	\$ 1,049,439	\$ 1,099,380	\$ 1,142,069
Primary government										
Net Investment in Capital Assets	\$ 1,172,048	\$ 1,235,441	\$ 1,355,434	\$ 1,415,526	\$ 1,541,524	\$ 1,537,304	\$ 1,595,938	\$ 1,563,417	\$ 1,579,364	\$ 1,612,971
Restricted	174,333	180,097	212,429	262,815	152,271	138,021	123,401	125,617	141,123	146,174
Unrestricted (Deficit)	(60,026)	(66,253)	(96,323)	(155,093)	(140,882)	(82,422)	(91,942)	(15,776)	48,674	213,872
Total primary government	\$ 1,286,355	\$ 1,349,285	\$ 1,471,540	\$ 1,523,247	\$ 1,552,914	\$ 1,612,903	\$ 1,627,396	\$ 1,673,258	\$ 1,769,161	\$ 1,973,017

Source: City of Fresno, Finance Department

(1) Data for FY2015 has been restated due to the reissuance of the FY2015 CAFR to correct expenditures in the Water Fund that should have been capitalized and included in Construction in Progress rather than being expensed. See Note 17 of the Footnotes for more information.



CITY OF FRESNO, CALIFORNIA

**CHANGE IN NET POSITION
LAST TEN FISCAL YEARS**
(dollars in thousands)

Fiscal Year

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 ⁽¹⁾
Expenses										
Governmental activities:										
General Government	\$ 23,637	\$ 23,842	\$ 30,023	\$ 30,592	\$ 50,381	\$ 26,642	\$ 23,820	\$ 34,308	\$ 26,997	\$ 28,590
Public Protection	163,607	183,974	205,714	204,013	211,586	192,993	208,649	190,050	192,124	177,829
Public Ways and Facilities	52,824	56,236	56,961	66,053	73,653	68,471	75,281	69,771	68,914	64,430
Culture and Recreation	24,714	25,119	28,689	27,497	22,806	21,797	16,294	16,704	17,895	20,036
Community Development	11,385	15,849	18,767	20,331	14,823	14,981	15,986	26,280	23,757	29,257
Redevelopment	8,876	6,300	6,036	12,079	7,084	4,821	8,308	-	-	-
Interest on Long-term Debt	24,361	23,970	24,445	24,811	25,357	25,722	22,426	21,037	20,275	19,519
Total governmental activities	309,405	335,289	370,635	385,376	405,690	355,428	370,764	358,150	349,962	339,661
Business-type activities:										
Water System	42,523	47,147	50,476	52,370	58,013	64,134	67,577	60,749	63,375	62,205
Sewer System	45,853	54,145	46,475	49,867	47,476	47,568	60,003	63,736	65,145	66,148
Solid Waste Management	36,523	45,061	45,358	43,671	44,845	45,424	43,286	30,257	33,345	32,976
Transit	39,749	43,012	47,737	47,529	47,627	47,250	49,670	48,398	45,287	45,435
Airports	23,319	21,311	24,861	26,728	29,348	29,020	27,154	32,413	28,498	28,164
Fresno Convention Center	9,756	10,593	11,376	11,676	12,489	11,637	10,919	14,928	9,982	10,147
Community Sanitation	8,116	10,595	10,114	9,683	10,099	10,024	6,493	7,848	7,949	8,235
Parking	5,707	7,568	6,518	6,909	7,957	5,956	5,059	-	-	-
Parks and Recreation	1,688	1,454	1,142	2,043	1,992	782	1,036	812	372	340
Development Services	14,344	17,434	18,227	13,543	10,886	11,408	9,741	-	-	-
Stadium	3,816	3,769	3,729	3,977	3,627	3,607	3,544	3,463	3,336	3,266
Total business-type activities	231,392	262,090	266,013	267,996	274,359	276,810	284,482	262,604	257,289	256,916
Total primary government expenses	\$ 540,797	\$ 597,379	\$ 636,648	\$ 653,372	\$ 680,049	\$ 632,238	\$ 655,246	\$ 620,754	\$ 607,251	\$ 596,577
Program Revenues										
Governmental activities:										
Charges for Services:										
General Government	\$ 11,451	\$ 5,555	\$ 18,798	\$ 17,432	\$ 17,286	\$ 16,454	\$ 16,545	\$ 18,634	\$ 17,038	\$ 23,194
Public Protection	14,355	16,684	22,889	19,628	19,014	18,321	19,720	20,924	18,898	31,872
Public Ways and Facilities	10,891	7,926	4,150	3,583	12,515	13,440	13,470	16,669	14,898	17,426
Culture and Recreation	854	1,933	1,763	1,837	2,389	2,432	809	3,021	4,680	4,577
Community Development	572	543	125	138	269	653	2,568	19,529	19,432	21,130
Operating Grants and Contributions	41,498	51,657	60,552	40,480	45,265	43,011	54,974	36,639	48,503	39,550
Capital Grants and Contributions	22,734	39,976	62,661	57,261	64,464	40,295	29,730	35,623	49,651	62,472
Total governmental activities program revenues	102,356	124,274	170,938	140,359	161,202	134,606	137,816	151,039	173,100	200,221
Business-type activities:										
Charges for Services:										
Water System	39,255	45,137	56,360	65,597	67,722	67,922	69,269	71,667	90,096	74,285
Sewer System	48,404	50,363	60,799	62,521	74,158	76,628	76,726	76,324	76,201	81,955
Solid Waste Management	38,820	43,251	47,719	49,849	51,364	51,753	38,271	29,797	29,404	31,208
Transit	7,704	8,286	9,711	10,280	9,588	9,486	10,770	11,054	10,914	13,089
Airports	14,669	15,163	16,137	19,768	19,367	21,701	21,563	23,329	24,991	25,670
Fresno Convention Center	3,267	3,043	3,353	3,130	3,038	2,929	2,667	2,594	2,626	2,960
Community Sanitation	9,456	9,692	9,702	10,075	10,182	10,209	8,918	9,108	8,956	9,746
Parking	5,719	7,765	6,346	7,129	6,756	5,997	5,270	-	-	-
Parks and Recreation	885	542	560	490	635	742	781	736	329	329
Development Services	16,319	15,678	12,732	9,952	9,251	10,669	8,395	-	-	-
Stadium	1,500	1,500	1,508	1,500	1,675	340	1,251	1,089	798	1,248
Operating Grants and Contributions	21,921	31,256	38,059	35,959	40,964	49,401	42,361	40,850	44,211	40,215
Capital Grants and Contributions	59,862	40,126	36,306	33,762	20,859	17,744	43,505	22,224	14,754	14,791
Total business-type activities program revenues	267,780	271,801	299,292	310,012	315,559	325,521	329,747	288,772	303,280	295,496
Total primary government program revenues	\$ 370,136	\$ 396,076	\$ 470,230	\$ 450,371	\$ 476,761	\$ 460,127	\$ 467,563	\$ 439,811	\$ 476,380	\$ 495,717

CITY OF FRESNO, CALIFORNIA

**CHANGE IN NET POSITION
LAST TEN FISCAL YEARS (Continued)**
(dollars in thousands)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 ⁽¹⁾
Net (Expense)/Revenue										
Governmental activities	\$ (207,049)	\$ (211,014)	\$ (199,696)	\$ (245,017)	\$ (244,488)	\$ (220,822)	\$ (232,948)	\$ (207,111)	\$ (176,862)	\$ (139,440)
Business-type activities	36,388	9,712	33,279	42,016	41,200	48,711	45,265	26,168	45,991	38,580
Total primary government net expense	\$ (170,661)	\$ (201,303)	\$ (166,417)	\$ (203,001)	\$ (203,288)	\$ (172,111)	\$ (187,683)	\$ (180,943)	\$ (130,871)	\$ (100,860)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property Taxes	\$ 69,250	\$ 119,320	\$ 134,266	\$ 135,353	\$ 126,345	\$ 125,687	\$ 100,961	\$ 103,745	\$ 107,635	\$ 113,655
Sales Taxes - Shared Revenues	60,525	59,881	57,238	50,332	46,999	49,251	53,354	56,474	59,328	61,571
In-Lieu Sales Tax	19,546	19,279	18,524	16,274	15,208	15,947	17,272	18,216	19,190	19,907
Franchise Taxes	7,482	6,166	6,552	7,376	7,059	7,916	11,720	12,503	12,751	13,469
Business Tax	18,015	16,510	17,614	14,611	14,893	14,249	16,267	16,470	18,868	17,780
Room Tax	10,065	10,815	10,791	9,927	8,548	8,450	9,088	9,560	10,019	11,006
Other Taxes	4,118	3,894	3,472	3,717	2,134	1,948	2,479	2,104	2,324	2,407
Revenues Restricted for										
Infrastructure Maintenance	1,461	1,627	395	295	-	-	-	-	-	-
In-Lieu Vehicle License Fee (VLF)	29,926	-	-	-	-	-	-	-	-	-
Unrestricted Grants and Contributions	3,837	-	-	-	-	-	-	-	-	-
Investment Earnings	8,984	12,314	11,445	8,476	6,000	4,435	2,053	1,889	795	879
Gain on Sale of Assets	983	82	981	485	146	536	1,022	416	42	402
Extraordinary (Loss):										
Redevelopment Agency Net Position	-	-	-	-	-	-	(18,561)	-	-	-
Distributed to Successor Agency	-	-	-	-	-	-	-	-	-	-
Transfers:	(6,577)	1,146	(520)	(1,718)	(4,135)	(6,608)	(5,991)	(15,662)	(5,699)	(6,290)
Total governmental activities	227,614	251,034	260,758	245,128	223,197	221,811	189,664	205,715	225,253	234,786
Business-type Activities:										
Investment earnings	4,749	11,809	12,186	7,809	5,614	3,528	6,139	1,596	2,316	2,999
Passenger and Customer Facility										
Charges	4,003	3,686	3,706	-	-	-	-	-	-	-
FAA Audit Compliance Settlement	-	6,479	-	-	-	-	-	-	-	-
Debt Forgiveness	-	-	-	-	-	-	1,744	-	-	-
Gain on sale of assets	-	291	50	52	9	153	2,719	3,832	1	38
Transfers:	6,577	(1,146)	520	1,718	4,135	6,608	5,991	15,662	5,699	6,290
Total business-type activities	15,329	21,119	16,462	9,579	9,758	10,289	16,593	21,090	8,015	9,327
Total primary government	\$ 242,943	\$ 272,153	\$ 277,220	\$ 254,707	\$ 232,955	\$ 232,100	\$ 206,257	\$ 226,805	\$ 233,268	\$ 244,113
Change in Net Position										
Governmental activities	\$ 20,565	\$ 40,019	\$ 61,062	\$ 111	\$ (21,291)	\$ 989	\$ (43,285)	\$ (1,396)	\$ 48,391	\$ 95,347
Business-type activities	51,718	30,831	49,740	51,595	50,958	59,000	61,858	47,258	54,006	47,906
Total primary government	\$ 72,282	\$ 70,850	\$ 110,802	\$ 51,706	\$ 29,667	\$ 59,989	\$ 18,573	\$ 45,862	\$ 102,397	\$ 143,253

Source: Department of Finance, City of Fresno

(1) Data for FY2015 has been restated due to the reissuance of the FY2015 CAFR to correct expenditures in the Water Fund that should have been capitalized and included in Construction in Progress rather than being expensed. See Note 17 of the Footnotes for more information.

CITY OF FRESNO, CALIFORNIA

**DEBT COVERAGE RATIO - WATER SYSTEM
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Charges for Services	\$ 39,254,582	\$ 45,136,898	\$ 56,359,824	\$ 65,596,663	\$ 67,721,598	\$ 67,921,933	\$ 69,268,830	\$ 71,667,204	\$ 90,095,940	\$ 74,284,899
Less: Connection Fee Charges for Services	(3,247,442)	(3,120,060)	(3,403,075)	(2,230,192)	(1,662,536)	(1,218,217)	(1,083,555)	(1,330,539)	(1,666,977)	(1,495,691)
Net Charges for Services ⁽¹⁾	36,007,140	42,016,838	52,956,749	63,366,471	66,059,062	66,703,716	68,185,275	70,336,665	88,428,963	72,789,208
Other Operating Revenues and Interest Income	910,877	2,202,335	2,210,155	1,409,468	773,820	1,450,861	1,533,394	720,443	328,907	573,475
Total Revenues	36,918,017	44,219,173	55,166,904	64,775,939	66,832,882	68,154,577	69,718,669	71,057,108	88,757,870	73,362,683
Expenses										
Labor and Benefits				9,707,563	11,234,598	12,432,877	12,517,445	12,678,961	13,524,886	11,377,958
Pumping Power				9,114,867	8,890,968	8,849,543	8,986,181	9,112,975	9,292,005	8,500,975
Source of Supply				6,129,477	8,044,508	7,144,620	7,748,205	6,317,505	1,779,813	5,612,816
All Other Operating and Maintenance ⁽²⁾	33,254,469	36,786,028	39,754,832	16,776,763	15,613,196	17,999,120	18,385,535	16,820,809	18,151,285	17,473,391
Total Operating Expenses ⁽²⁾	33,254,469	36,786,028	39,754,832	41,728,670	43,783,270	46,426,160	47,637,366	44,930,251	42,747,989	42,965,140
Net Current Revenues	\$ 3,663,548	\$ 7,433,145	\$ 15,412,072	\$ 23,047,269	\$ 23,049,612	\$ 21,728,417	\$ 22,081,303	\$ 26,126,857	\$ 46,009,881	\$ 30,397,543
2003A Senior Bond Debt Service	3,738,826	3,738,540	3,734,142	3,736,222	2,934,114	1,374,750	1,374,350	1,375,750	1,378,350	1,356,105
State Loans Debt Service	265,103	265,103	265,103	265,103	272,971	291,220	265,031	259,483	119,963	119,963
Total Senior Debt	4,003,929	4,003,643	3,999,245	4,001,325	3,207,085	1,665,970	1,639,381	1,635,233	1,498,313	1,476,068
Senior Coverage Ratio	0.91	1.86	3.85	5.76	7.19	13.04	13.47	15.98	30.71	20.59
Net Revenue Available for Parity Debt Service	\$ -	\$ -	\$ -	\$ -	\$ 19,842,527	\$ 20,062,447	\$ 20,441,922	\$ 24,491,624	\$ 44,511,568	\$ 28,921,475
2010 Series A Bond Debt Service	\$ -	\$ -	\$ -	\$ -	\$ 3,235,943	\$ 12,509,988	\$ 12,515,238	\$ 12,507,038	\$ 12,508,838	\$ 12,509,238
State Loans Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,235	\$ 265,998	\$ 337,893	\$ 2,770,285
Total Parity Debt Service	\$ -	\$ -	\$ -	\$ -	\$ 3,235,943	\$ 12,509,988	\$ 12,590,473	\$ 12,773,036	\$ 12,846,731	\$ 15,279,523
Parity Coverage Ratio	-	-	-	-	6.13	1.60	1.62	1.92	3.46	1.89

Notes:

⁽¹⁾ 1993 Indenture defines "Current Revenues" as all revenue from the operation of the Water System except for connection fees and charges.
⁽²⁾ 1993 Indenture defines "Maintenance and Operation Costs" as all expenses incurred for maintaining and operating the Water System except for Debt Service, Depreciation, and Amortization.
⁽³⁾ Data for FY2015 has been restated due to the reissuance of the FY2015 CAFR to correct expenditures in the Water Fund that should have been capitalized and included in Construction Progress rather than being expensed. See Note 17 of the Footnotes for more information.

CADR Water Enterprise

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Charges for Services	\$39,254,582	\$45,136,898	\$56,359,824	\$65,596,663	\$67,721,598	\$67,921,933	\$69,268,830	\$71,667,204	\$90,095,940	\$74,284,899
Less: Connection Fee	(3,247,442)	(3,120,060)	(3,403,075)	(2,230,192)	(1,662,536)	(1,218,217)	(1,083,555)	(1,330,539)	(1,666,977)	(1,495,691)
Charges for Services Net	36,007,140	42,016,838	52,956,749	63,366,471	66,059,062	66,703,716	68,185,275	70,336,665	88,428,963	72,789,208
Charges for Services ⁽¹⁾	910,877	2,202,335	2,210,155	1,409,468	773,820	1,450,861	1,533,394	720,443	328,907	573,475
Other Operating Revenues and Interest Income	36,918,017	44,219,173	55,166,904	64,775,939	66,832,882	68,154,577	69,718,669	71,057,108	88,757,870	73,362,683
Total Revenues										
Expenses										
Labor and Benefits				9,707,563	11,234,598	12,432,877	12,517,445	12,678,961	13,524,886	11,377,958
Pumping Power				9,114,867	8,890,968	8,849,543	8,986,181	9,112,975	9,292,005	8,500,975
Source of Supply				6,129,477	8,044,508	7,144,620	7,748,205	6,317,505	1,779,813	5,612,816
All Other Operating and Maintenance				16,776,763	15,613,196	17,999,120	18,385,535	16,820,809	18,151,285	17,473,391
Total Operating Expenses ⁽²⁾	33,254,469	36,786,028	39,754,832	41,728,670	43,783,270	46,426,160	47,637,366	44,930,251	42,747,989	42,965,140
Net Current Revenues	\$ 3,663,548	\$ 7,433,145	\$ 15,412,072	\$ 23,047,269	\$ 23,049,612	\$ 21,728,417	\$ 22,081,303	\$ 26,126,857	\$ 46,009,881	\$ 30,397,543
2003A Senior Bond Debt Service	3,738,826	3,738,540	3,734,142	3,736,222	2,934,114	1,374,750	1,374,350	1,375,750	1,378,350	1,356,105
State Loans Debt Service	265,103	265,103	265,103	265,103	272,971	291,220	265,031	259,483	119,963	119,963
Total Senior Debt	4,003,929	4,003,643	3,999,245	4,001,325	3,207,085	1,665,970	1,639,381	1,635,233	1,498,313	1,476,068
Senior Coverage Ratio	0.91	1.86	3.85	5.76	7.19	13.04	13.47	15.98	30.71	20.59
Net Revenue Available for Parity Debt Service	\$ -	\$ -	\$ -	\$ -	\$ 19,842,527	\$ 20,062,447	\$ 20,441,922	\$ 24,491,624	\$ 44,511,568	\$ 28,921,475
2010 Series A Bond Debt Service	\$ -	\$ -	\$ -	\$ -	\$ 3,235,943	\$ 12,509,988	\$ 12,515,238	\$ 12,507,038	\$ 12,508,838	\$ 12,509,238
State Loans Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,235	\$ 265,998	\$ 337,893	\$ 2,770,285
Total Parity Debt Service	\$ -	\$ -	\$ -	\$ -	\$ 3,235,943	\$ 12,509,988	\$ 12,590,473	\$ 12,773,036	\$ 12,846,731	\$ 15,279,523
Parity Coverage Ratio	-	-	-	-	6.13	1.60	1.62	1.92	3.46	1.89

⁽¹⁾ 1993 Indenture defines "Current Revenues" as all revenue from the operation of the Water System except for connection fees and charges.

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