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Agenda Item: ID16-174 (2:00 P.M.)

Date: 2/4/16

CITY CLERK, FRESNO, CA

## FRESNO CITY COUNCIL



### Supplemental Information Packet

Agenda Related Item(s) – ID16-174 (2:00 P.M.)

### **Contents of Supplement: Comprehensive Annual Financial Report (CAFR)**

#### Item(s)

Attached please find a Supplement to File ID16-241 (2-A). The title of the item is as follows:

Submission and Acceptance of City of Fresno Comprehensive Annual Financial Report (CAFR) and the Comprehensive Annual Debt Report (CADR) for Fiscal Year 2015 – Finance Department

#### **Supplemental Information:**

Any agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed. The Supplemental Packet is available for public inspection in the City Clerk's Office, 2600 Fresno Street, during normal business hours (main location pursuant to the Brown Act, G.C. 54957.5(2)). In addition, Supplemental Packets are available for public review at the City Council meeting in the City Council Chambers, 2600 Fresno Street. Supplemental Packets are also available on-line on the City Clerk's website.

#### **Americans with Disabilities Act (ADA):**

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# 2015 CAFR


CITY OF FRESNO, CALIFORNIA



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015





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

**Prepared by**  
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CAFR, Single Audit and Capital Asset Leads in all  
City Departments throughout the City

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

# INTRODUCTORY SECTION








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

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# CONTROLLER'S TRANSMITTAL LETTER



Mayor Ashley Swearengin



City Manager Bruce Rudd

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

March 11, 2016

The Honorable Mayor Ashley Swearengin  
The Honorable Members of the City Council  
Distinguished Citizens of the City of Fresno

Fresno, California

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF FRESNO**

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Fresno, California (City) for the fiscal year ended June 30, 2015 (Fiscal Year 2014-2015), with the Independent Auditor's Report, submitted in compliance with City Charter Section 804(c) and Section 1216. The CAFR has been prepared by the Controller's Office in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe that the data (as presented) is accurate in all material respects; that its presentation fairly shows the financial position and the results of the City's operations as measured by the financial activity of its various funds; and that the included disclosures will provide the reader with an understanding of the City's financial affairs.

## **FINANCIAL REPORTING AND FORMATS**

The City has prepared its CAFR in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB). The existing comprehensive structure of internal accounting controls in the City provides reasonable assurance that the financial statements are free of any material misstatements. Since the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe that the reported data is accurate in all material respects and that its presentation fairly depicts the City's financial position and changes in its financial position as measured by the financial activity of its various funds. We are confident that the included disclosures provide the reader with an understanding of the City's financial affairs.



**City of Fresno, California**  
**Controller's Transmittal Letter**  
For the Fiscal Year Ended June 30, 2015

Accounting principles generally accepted in the United States of America (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

KEY FINANCIAL REPORT SECTIONS

Our CAFR is divided into the following sections:

**The Introductory Section** includes information about the organizational structure of the City, the City's economy, major initiatives, status of City services, and cash management.

**The Financial Section** is prepared in accordance with GASB Statement No. 34 requirements by including the MD&A, the Basic Financial Statements including notes, and the Required Supplementary Information. The Basic Financial Statements include the government-wide financial statements that report on all City financial operations, and also include fund financial statements that present information for all City funds. Also included in this section is the Independent Auditor's Report on the Basic Financial Statements and schedules.

The financial statements of several enterprise activities and all component units of the City, (the Fresno Joint Powers Financing Authority, the City of Fresno Fire and Police Retirement System, the City of Fresno Employees Retirement System, the City of Fresno Health and Welfare Trusts, and the Fresno Revitalization Corporation and FRC Canyon Crest, LLC) are included in this CAFR. The reason for reporting the component unit information is that they either have substantially the same governing boards as the City or because they provide services exclusively or almost exclusively for the benefit of the City.

A fiduciary component unit, the Successor Agency to the Redevelopment Agency of the City of Fresno (Successor Agency) is also presented. It was created to serve as custodian for assets and to wind down the affairs of the former Redevelopment Agency. The Board of the Successor Agency consists of the Fresno City Council. The Successor Agency is a separate legal entity and is reported as a private purpose trust in the City's financial statements.

The discretely presented component unit (City of Fresno Cultural Arts Properties) is a legally separate entity for which the City is financially accountable through the appointment of the corporation's board and the ability to approve the corporation's budget. However, it does not provide services exclusively or almost exclusively to the

**City of Fresno, California**  
**Controller's Transmittal Letter**  
For the Fiscal Year Ended June 30, 2015

City of Fresno. Through its charitable purpose of owning and managing properties, it provides ongoing services to the citizens of the community.

**The Statistical Section** includes up to ten years of historical financial data, debt statistics, and miscellaneous social and economic data of the City that is of interest to potential bond investors and other readers. Its presentation conforms to GASB Statement No. 44.

## **FRESNO'S GOVERNMENT, ECONOMY AND OUTLOOK**

Fresno is the county seat of Fresno County, and is the economic and cultural hub of the fertile Central San Joaquin Valley: a metropolitan region with more than 520,159 residents in the City proper and just under 1 million in Fresno County. As of the most recent data in 2015, the population estimate continues to reflect Fresno as the fifth largest city in California, the largest inland city in California and the 34<sup>th</sup> largest in the nation. Fresno is located in the center of the wide San Joaquin Valley of Central California, approximately 200 miles north of Los Angeles and 170 miles south of the state capitol, Sacramento. The City is part of the Fresno-Clovis metropolitan area, which is the second largest metropolitan area in the Central Valley after Sacramento.

The economic base of Fresno County is predominantly agriculturally oriented. Fresno County is the number one agriculture-producing county in the United States. Grapes, cotton, cattle and calves, milk, tomatoes, plums, turkeys, oranges, peaches and nectarines, and alfalfa hay are among the largest income-producers and helped produce a gross farm income of about \$7.0 billion in 2014. Industries related to agriculture, wholesale distribution, recreation, and tourism are the other components of the Fresno economy. Industries related to agriculture include processing of fresh fruit, nuts and citrus; manufacturing of farm machinery products, implements, and irrigation pumps; along with the production of wine, fertilizers, insecticides, and sheet and bottle glass.

The City of Fresno currently has a land area of 114.2 square miles. The population of the City has grown by approximately 10.3% in the past ten years. More than 90 different nationalities that speak over 75 different languages call Fresno home. Over half of all county residents live in the City of Fresno, making it the largest city in the county. Fresno and its closest neighboring City of Clovis account for 64% of the County population. The 2010 Federal census showed that racial and ethnic diversity continues to be robust in the City, with nearly a majority of the City's population represented by all minority groups combined.

Fresno's position as the hub for education, healthcare, government and professional services makes it unique among the economy of Fresno County. Construction employment rapidly expanded for many years until the downturn in the housing market and the economy. Food processing has led the manufacturing sector with such notable

**City of Fresno, California**  
**Controller's Transmittal Letter**  
 For the Fiscal Year Ended June 30, 2015

companies as Conagra Foods, Lyons-Magnus, Del Monte, Wawona Foods, E & J Gallo Winery, Kraft Foods, Foster Farms, Harris Ranch and others. Distribution has many centers in the City, led by the 80 acre site of the Gap Pacific Distribution Center. Companies specializing in machinery manufacturing, medical devices and water technology are also present. Public sector employment is also a major contribution to the City's economy.

*Fiscal Year 2015 Economic Conditions & Financial Impact*

As was the case throughout the country, Fresno showed improvement in its economy during fiscal year 2015. This improvement was reflected in most key economic indicators, such as:

<b>Economic Indicator</b>	<b>2014</b>	<b>2015</b>	<b>Increase</b>
Assessed Value	\$28,203,427,306	\$30,083,475,506	6.6%
Taxable Sales	\$10,469,047,200	\$10,863,790,000	8.4%
Unemployment Rate	11.4%	11.6%	0.2%
Building Permits	9,766	10,962	12.2%

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

- Unrestricted Cash was up \$15.6 million (4.3%) over the fiscal year 2014 year-end Cash balance of \$362.6 million.
- Total Liabilities were down \$11.6 million (0.9%) from the fiscal year 2014 year-end Total Liabilities balance of \$1,294.9 million.
- Revenues were up \$30.2 million (4.3%) over Revenues for fiscal year 2014 which totaled \$710.0 million.

However, the largest impact on the City's finances was the inclusion of a \$326.7 million Net Pension Asset on the City's Statement of Net Position. Under the provisions of Governmental Accounting Standards Board Statement # 68 (GASB 68), governmental entities are now required to show their organization's Net Pension Liability or Asset on the Statement of Net Position. On the following table showing our assets compared to 25 largest California cities by population, every other city that has disclosed their pension status as of the date of our CAFR's publication has recorded a Net Pension Liability: some large enough to materially offset their assets. We are the only city among the 25 largest California cities by population (and one of the few cities in the United States) to have a Net Pension Asset: a position that is a testament to the outstanding work done by the Retirement Boards and the Retirement Office. In addition, it reflects the City's discipline to not increase benefits when its sustainability was uncertain.

**City of Fresno, California**  
**Controller's Transmittal Letter**  
For the Fiscal Year Ended June 30, 2015

The improvement seen by the overall organization was especially seen in the General Fund. The General Fund's improvement was leveraged by actions that the City's policy makers and management took from fiscal year 2009 through fiscal year 2013 to alleviate budget shortfalls brought on by the Great Recession. Key metrics reflecting that improvement include:

- Total Assets were up \$13.7 million (23.1%) over the fiscal year 2014 Total Assets year-end balance of \$73.3 million.
- Total Liabilities were down \$6.8 million (30.7%) from the fiscal year 2014 year-end Total Liabilities of \$22.1 million.
- Revenues were up \$14.9 million (5.6%) over Revenues for fiscal year 2014. Improved Property Tax, Sales Tax, and Business License revenues were primary drivers in the revenue increase.

Even with the improved finances, Fresno still lags behind the other large cities in California when it comes to assets available for use to support the City's population. As the following table shows, the difference between our population figure and our assets per capita figure is one of the biggest among the 25 largest California cities by population. And, it is important to note that our assets are increased because of the GASB 68 Net Pension Asset that was included in the fiscal year 2015's numbers. This condition puts us at a disadvantage when it comes to providing services to our citizens, because we have an inadequate asset base to efficiently address the needs. Thus, it is imperative that we maintain fiscal prudence and continue implementing the plan to build all our assets, especially cash and capital assets.

These metrics and others are discussed in greater detail in the Management's Discussion & Analysis.

## Total Government-wide Assets Per Person / Peer Cities Comparison

City	Total Assets <small>(including deferred outflows of resources)</small>	Population <small>US Census Bureau</small>	Assets per Person	Population Ranking	Per Capita Asset Rank	Net Pension Asset/(Liability)
Los Angeles	\$53,606,578,000 2014 CAFR	3,928,864	\$13,664	1	3	Not Available
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	(\$1,974,474,000)
San Francisco	\$28,827,110,000 2015 CAFR	852,469	\$33,816	4	1	(\$2,785,781,000)
<b>Fresno</b>	<b>\$3,475,650,826 2015 CAFR</b>	<b>515,986</b>	<b>\$6,736</b>	<b>5</b>	<b>16</b>	<b>\$128,023,820**</b>
Sacramento	\$4,014,493,000 2014 CAFR	485,199	\$8,274	6	12	Not Available
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	(\$179,978,000)
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	(\$65,136,000)
Santa Ana	\$1,564,314,474 2015 CAFR	334,909	\$4,671	11	23	(\$481,349,317)
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	(\$330,350,700)
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 2014 CAFR	200,809	\$5,330	22	21	Not Available
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)

# Regional Perspective

Economic Overview

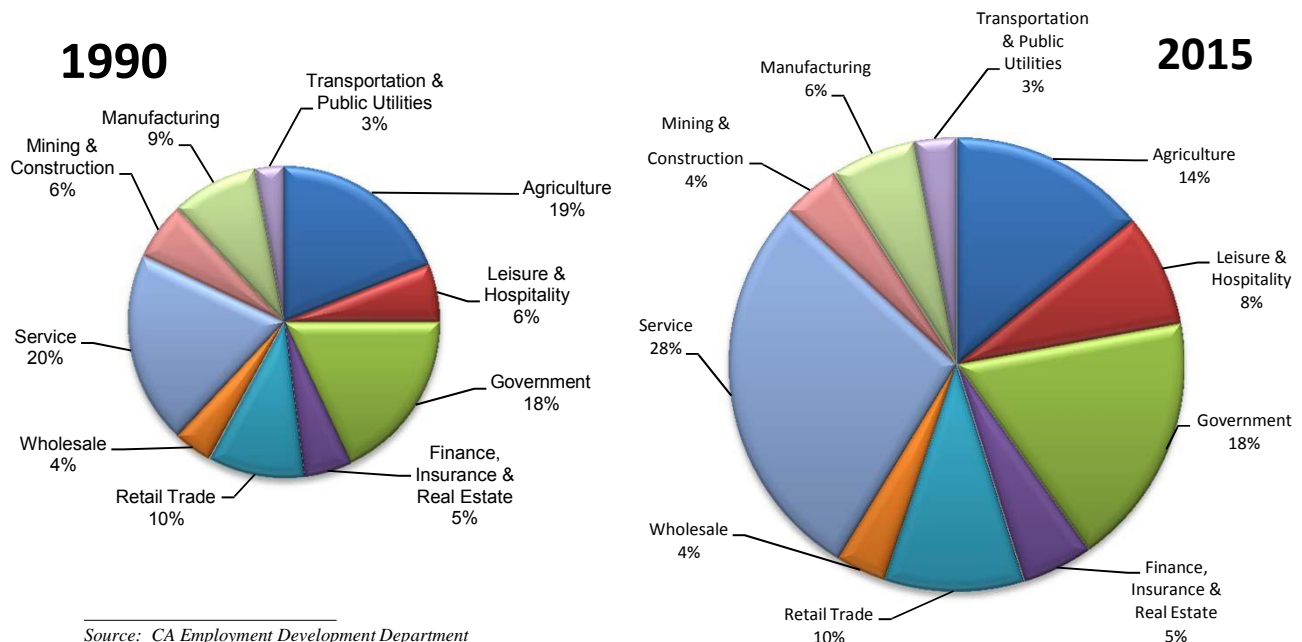
The City serves as the economic and cultural center for the San Joaquin Valley.

- The City of Fresno is strategically located in the center of California with nearly half a million residents (520,159) as of January 1, 2015.
- While agriculture remains the primary industry (13.56% of jobs), Fresno's economy continues to diversify, reflecting its advantageous location and attractive cost of living.
- The City has land area of 114.2 square miles.
- Fresno is the 5<sup>th</sup> largest city in California by population and 34<sup>th</sup> largest in the nation.
- Fresno is approximately 200 miles north of Los Angeles and 170 miles south of the state capital, Sacramento, and is the second largest metropolitan area in the Central Valley after Sacramento.
- Approximately 60 miles south of Yosemite National Park, Fresno also serves as gateway to Sequoia National Park (75 miles), Sierra National Forest (40 miles) and Kings Canyon National Park (75 miles).

## Fresno is at the Center of California



## 1990 vs. 2015 Estimated Number of Workers by Industry





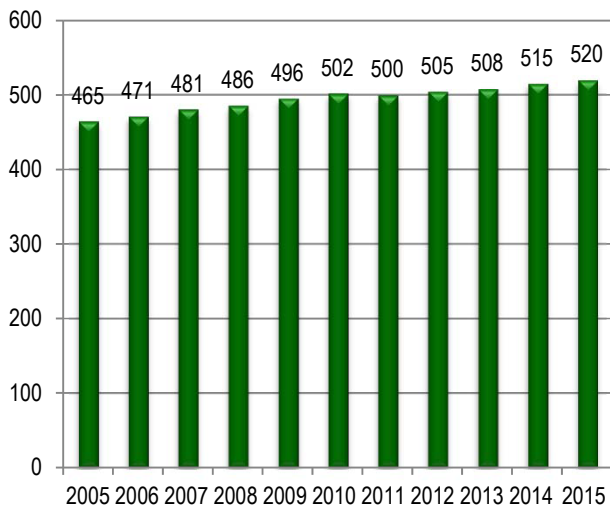
# City Economic Overview

Economic Overview

The City is poised for steady, manageable long-term growth.

## Population Growth

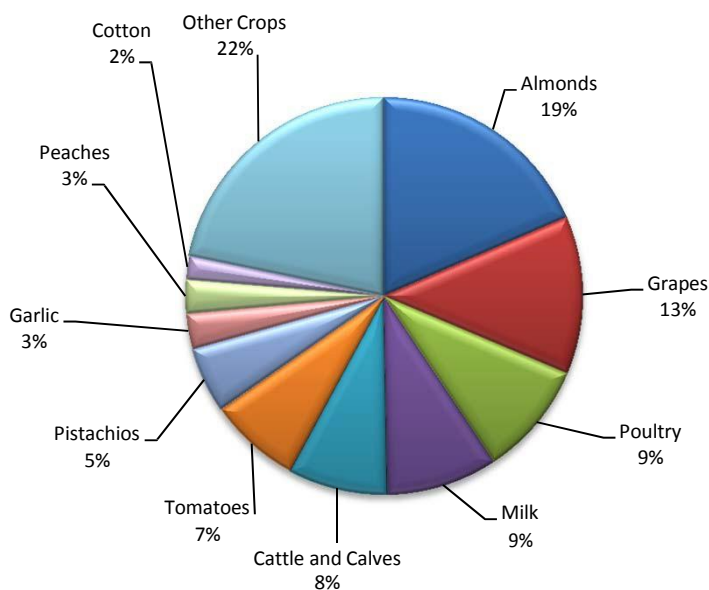
Population in Thousands



## Principal Employers (Public/Private Sector)

Employer	Industry	Full-time Employees
Community Reg Med Centers	Hospital/Health Care	4,789
City of Fresno	Government	2,938
Saint Agnes Med Center	Hospital/Health Care	2,400
Kaiser Permanente	Hospital/Health Care	2,000
Calif. State University, Fresno	Education	1,562
State Center Comm College	Education	1,178
Fresno Econ Oppt Comm	Non-profit	973
AmeriGuard Security Services	Armed Security	567
Guarantee Real Estate	Real Estate Sales	544
Geil Enterprises, Inc.	Security & Janitorial	500

## Diversified Agricultural Base



Source: 2014 Fresno County Department of Agriculture

## Summary

- Agriculture remains one of the backbones of the Fresno area and continues to be robust; Fresno County's agricultural strength rests with its diversity with more than 350 commercial crops providing gross production of just over \$7.03 billion in 2014, an increase of 9.26% from 2013. For the second time, almonds surpassed the billion dollar mark and beat out grapes for the number one spot on Fresno County's Top Ten ranking. Grapes once again ranked number two on the list. California produces most of the grapes grown in the United States with 99% of raisins coming from Fresno County. Many specialty crops are almost solely produced in California – almonds, kiwi fruit, nectarines, olives as well as pistachios. For the first time ever, the gross value of Fresno County agriculture exceed seven billion dollars. This is a testament to the resiliency and determination of the Fresno County agricultural industry. Growers continue to expand into more lucrative products. In 2014, Fresno County exported crops and livestock to 101 countries or to over 50% of all countries in the world.
- Fresno is marketing itself as an ideal location for manufacturing and distribution due to strategic location, low business costs and affordable housing.
  - Within one day's drive of nearly 39 million people there is the expectation of continued commercial and industrial development over the long-term.
- Government, services and trade industries, as well as, leisure and hospitality are also important economic sectors in the Fresno area.

**City of Fresno, California**  
**Controller's Transmittal Letter**  
For the Fiscal Year Ended June 30, 2015

*Subsequent Events*

The City's improving finances were noted as a primary factor in Moody's decision to increase the City's issuer rating from Baa1 to A3 in September 2015. They also increased the rating on the City's lease backed obligations from Ba2 to Ba1, and raised the rating on Convention Center, Pension Obligation Bond and Judgment Obligation Bond debt from Ba3 to Ba2. Significantly, Moody's kept the outlook on all the issues at "Positive." Moody's action was the first upgrade of the City's debt ratings since the recession.

The General Fund's Emergency Reserve has also grown significantly since ending fiscal year 2015 with a balance of \$8.9 million. The City received about \$2.8 million from the State as repayment for loans that were made to the City's former Redevelopment Agency. In addition to that amount, the City plans to contribute \$4.0 million to the Emergency Reserve at the end of fiscal year 2016, leaving the fund with a cash balance of approximately \$15.7 million.

The City has also awarded contracts on several major projects, including a new surface water treatment plant, a Bus Rapid Transit system, and a reconstruction of Fulton Street through downtown Fresno. These three projects, along with others, are expected to grow the City's asset base, thereby continuing the improvement of the City's finances.

**CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2014. This was the 22nd consecutive year that the City has achieved this prestigious national award. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. The CAFR must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

**City of Fresno, California**  
**Controller's Transmittal Letter**  
For the Fiscal Year Ended June 30, 2015

**ACKNOWLEDGMENTS**

It is clear that the 2015 CAFR reflects the improvement that Fresno has made to its finances. But, numbers cannot portray the level of commitment that has been and continues to be displayed by City employees in order to bring the finances to the point that is displayed in this report. Simply put, the organization would not have survived its budgetary challenges and display the progress shown in this CAFR without the creativity and perseverance of its staff. The citizens of Fresno should be proud to have such dedicated public servants protecting their homes, maintaining their streets, delivering clean water to their residences, and providing many other services that make life manageable.

We would like to express our appreciation to the entire staff of the Finance Department, but especially the core Finance CAFR team and their families, for their months of concerted group effort. Their professionalism shone throughout the preparation of this report.

We would be remiss if we did not also thank the CAFR contacts in each department throughout the City for working with the Finance Department. Their invaluable contributions made the preparation of this report possible. We wish to also extend our sincere thanks to the staff in all City departments for their cooperative efforts in responding to the many questions and requests for detailed information that accompanies each annual audit.

In addition, we would like to acknowledge the role of Brown Armstrong for their professional support in the preparation of the CAFR. Finally, we want to thank the Mayor, the City Council members, and the members of the City Manager's Office for their continued leadership and support in planning and conducting the City's financial operations.

Respectfully submitted,

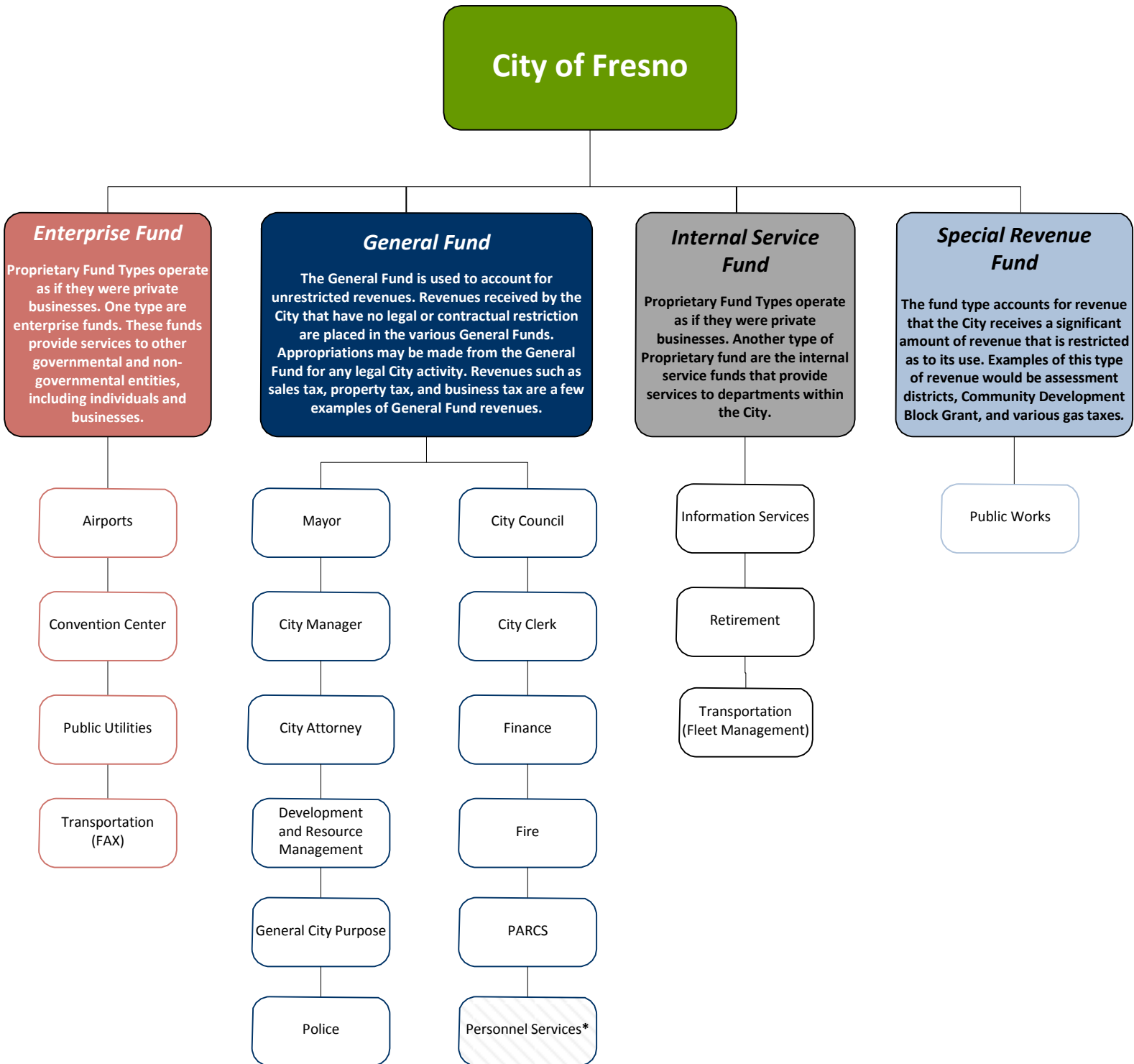


Bruce Rudd  
City Manager



Michael Lima  
Finance Director/Controller

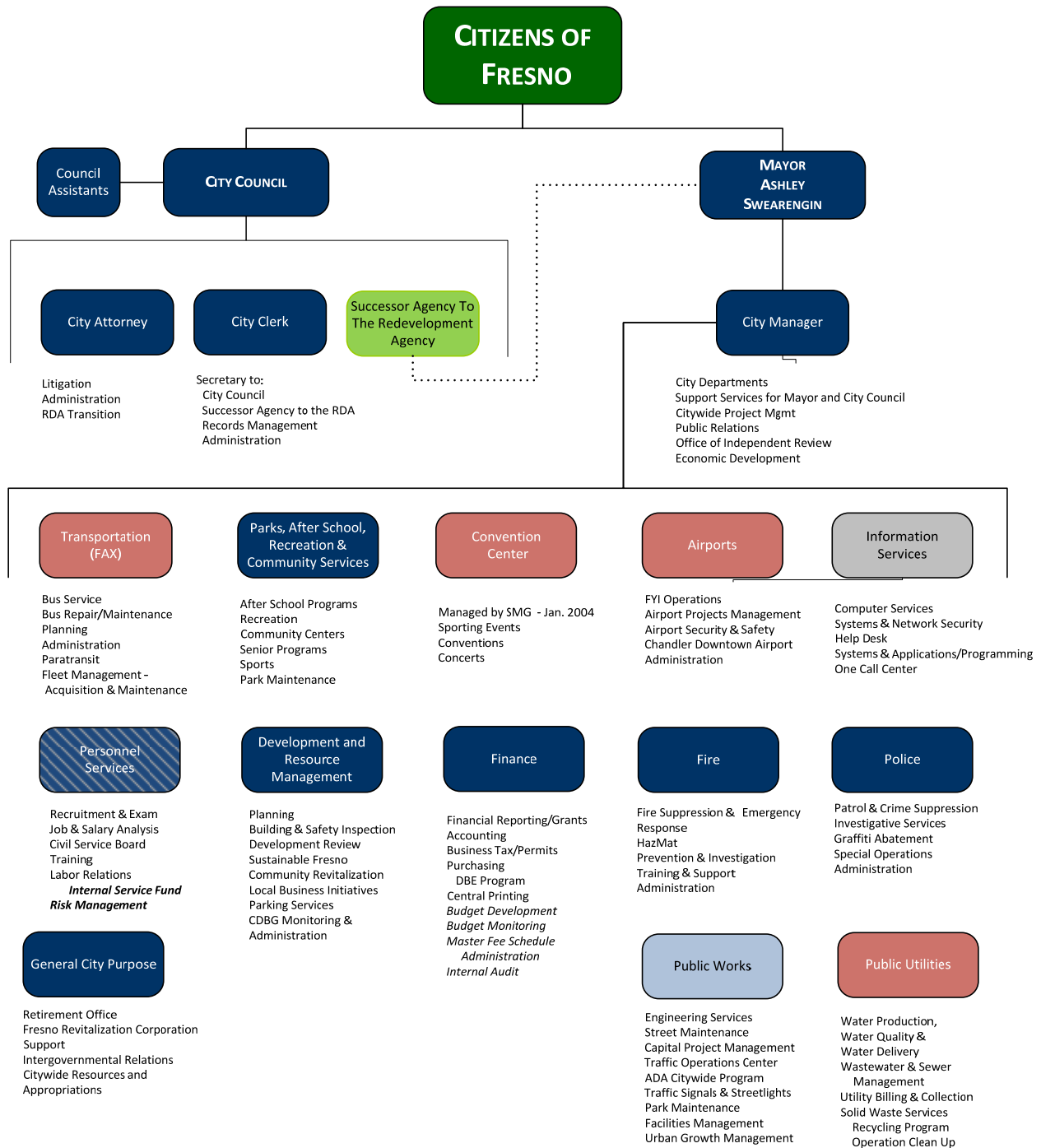
## City Operating Fund Structure



\*Risk Management within the Personnel Services Department remains an Internal Service Fund.

**City of Fresno, California**  
**Controller's Transmittal Letter**  
 For the Fiscal Year Ended June 30, 2015

**City Organizational Chart**



General Fund / Enterprise Funds / Internal Service Funds / Special Revenue Fund / Successor Redevelopment Agency

## CITY OF FRESNO DIRECTORY OF CITY OFFICIALS

<b>Member</b>	<b>Term Expires</b>
<b>MAYOR</b>	
Ashley Swearengin	January 2017

### **COUNCIL MEMBERS**

Esmeralda Z. Soria, District 1	January 2019
Steve Brandau, District 2	January 2017
Oliver L. Baines III, District 3	January 2019
Paul Caprioglio, District 4	January 2017
Sal Quintero, District 5	January 2019
Lee Brand, District 6	January 2017
Clint Oliver, District 7	January 2019

### **CITY OFFICIALS**

Bruce Rudd, City Manager

Renena Smith, Assistant City Manager

Douglas Sloan, City Attorney

Yvonne Spence, City Clerk

Michael Lima, Finance Director/City Controller

City officials as of June 30, 2015



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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to


**City of Fresno  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

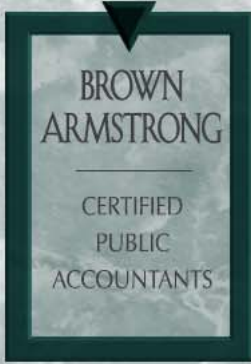
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2015 CAFR  
Comprehensive Annual Financial Report  
City of Fresno, California  
For the fiscal year ended June 30, 2015

# FINANCIAL SECTION





**BROWN ARMSTRONG**  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable City Council  
 City of Fresno, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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:

Opinion Unit	Asset	Net Position/Fund Balances	Additions/Revenues
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*.

**BAKERSFIELD OFFICE  
 (MAIN OFFICE)**

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 SUITE 300  
 BAKERSFIELD, CA 93309  
 TEL 661.324.4971  
 FAX 661.324.4997  
 EMAIL info@bacpas.com

**FRESNO OFFICE**

7673 N. INGRAM AVENUE  
 SUITE 101  
 FRESNO, CA 93711  
 TEL 559.476.3592  
 FAX 559.476.3593

**PASADENA OFFICE**

260 S. LOS ROBLES AVENUE  
 SUITE 310  
 PASADENA, CA 91101  
 TEL 626.204.6542  
 FAX 626.204.6547

**STOCKTON OFFICE**

5250 CLAREMONT AVENUE  
 SUITE 237  
 STOCKTON, CA 95207  
 TEL 209.451.4833



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.

## **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

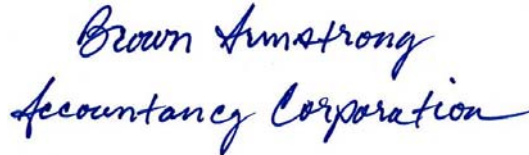
used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other 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 and is positioned below the printed name of the firm.

Bakersfield, California  
March 11, 2016

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2015 CAFR  
Comprehensive Annual Financial Report  
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For the fiscal year ended June 30, 2015

# MANAGEMENT DISCUSSION & ANALYSIS





# 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 \$3.4 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 \$1,964.2 million: a \$195.0 million (11.0%) 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

of Net Position. The City recorded a net pension asset of \$326.7 million, making it one of the few government units in the country to have a net pension asset.

## OVERVIEW OF FISCAL YEAR 2015 FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements, which consist of three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements and (3) **Notes** to the financial statements. This report also contains other **Supplementary Information** in addition to the basic financial statements.

**Government-wide financial statements** are designed to provide both long-term and short-term information about the City's overall financial status in a manner similar to a private-sector business.

- The **Statement of Net Position** presents information on all assets, deferred outflows of resources, liabilities and deferred inflows of resources and reports the difference between them as net position. Over time, increases or decreases in *net position* may serve as a useful indicator of whether the City's financial position is improving or deteriorating.
- The **Statement of Activities** presents information showing how the net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing or related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods. Examples include revenues pertaining to uncollected taxes and fees and expenses pertaining to earned but unused vacation and sick leave.

Both of the Government-Wide Financial Statements distinguish functions of the City that are principally supported by taxes and inter-governmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (Business-type Activities). The governmental activities of the City include general government, public protection, public ways and facilities, culture and recreation, and community development. The Business-type Activities of the City include two airports, public transportation system, water, sewer, solid waste, community sanitation, convention center, stadium, and numerous parks.

The Government-Wide Statements report information about the City, as a whole, using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all City assets and liabilities. The Statement of Activities reports all of the current year's revenues and expenses regardless of when the cash is received or paid. These Financial Statements report information about the City, as a

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

whole, and about its activities that should help to answer the question, "Is the City, as a whole, better or worse off as a result of this year's activities?"

The Government-Wide Financial Statements include not only the City (known as the primary government), but also legally separate component units including the Fresno Joint Powers Financing Authority, the City of Fresno Fire and Police Retirement System, the City of Fresno Employees Retirement System, the City of Fresno Employees Health Care Plan, the Fresno Revitalization Corporation, and FRC Canyon Crest, LLC. The component units have been "blended" into the City's financial statements because the governing board (although legally separate from the City) is substantially the same as the City's, or they provide services entirely or almost exclusively for the benefit of the City even though they do not provide services directly to the City.

As of February 1, 2012, a Successor Agency was created to replace the Redevelopment Agency of the City of Fresno (RDA). Dissolution law provided that the Successor Agency would pay all "enforceable obligations" of the former RDA. The Successor Agency is considered a separate legal entity under Assembly Bill (AB) 1484 for financial presentation purposes. Effective June 30, 2012, the Successor Agency was reported as a Private Purpose Trust Fund. This means that the Agency's assets are considered to be held in a trustee or agency capacity for others and therefore cannot be used to support the City's own programs.

Also presented in the Government-Wide Financial Statements is a discretely presented component unit, the City of Fresno Cultural Arts Properties (COFCAP). COFCAP is a component unit because it is a legally separate entity for which the City is financially accountable through the appointment of the corporation's board and the ability to approve the corporation's budget. The tax-exempt entity is, however, discretely presented because it does not provide services exclusively or almost exclusively to the City of Fresno. Through its charitable purpose of owning and managing properties, it provides ongoing services to the citizens of the community. Financial information for this component unit is reported separately from the financial information presented for the primary government in a separate column on the Government-Wide Financial Statements, as well as throughout the Notes to the Financial Statements.

The Government-Wide Financial Statements can be found on pages 49-51 of this report.

**Fund financial statements** focus on individual parts of the City government, reporting the City's operations in more detail than the Government-Wide Financial Statements. They are used to maintain control over resources that have been segregated for specific activities or objectives and to ensure and demonstrate compliance with finance-related legal requirements. They can be divided into three categories:

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**Management's Discussion and Analysis (Unaudited)**  
For the Fiscal Year Ended June 30, 2015

- **Governmental Funds Statements** are used to account for essentially the same functions reported as governmental activities in the Government-Wide Financial Statements (i.e., most of the City's basic services are reported in Governmental Funds). These statements, however, focus on (1) how cash and other financial assets can be readily converted to available resources, and (2) the balances left at the year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of Governmental Funds is narrower than that of the Government-Wide Financial Statements, it is helpful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Funds Balance Sheet and Governmental Funds Statement of Revenues, Expenditures, and Changes in the Funds Balance provide a reconciliation to facilitate this comparison between Governmental Funds and governmental activities. These reconciliations may be found on pages 55 and 57.

The City maintains several individual Governmental Funds organized according to their type: general fund, special revenue, debt service, and capital projects. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Grants Special Revenue Fund (which are considered to be major funds). Data from the remaining Governmental Funds are combined into a single, aggregated presentation. Individual fund data for each of the Nonmajor Governmental Funds is provided in the form of combining statements elsewhere in this report. These Funds are reported using *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash.

The City adopts an annual appropriated budget. The City's budget reflects its priorities and tells the taxpayers and ratepayers what is being done with their money.

Budgetary comparison schedules for the General Fund and the Grants Special Revenue Fund for fiscal year 2015, leading into fiscal year 2016, have been provided in the required supplementary information and can be found on pages 182-185. These demonstrate compliance with the budget, and also reflect in what areas actual results deviated from expected budgetary estimates. Budgetary comparison schedules for the other Nonmajor Governmental Funds are provided after the combining statements.

**City of Fresno, California**  
**Management's Discussion and Analysis (Unaudited)**  
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- **Proprietary Funds:** Proprietary Funds are generally used to account for services for which the City charges customers (either outside customers, or internal units or departments of the City). Proprietary Funds provide the same type of information as shown in the Government-Wide Financial Statements, only in more detail. Proprietary Funds (Enterprise and Internal Service) utilize the same method used by the private sector businesses, or the accrual basis of accounting. The City maintains the following two types of Proprietary Funds:
  - Enterprise Funds are used to report the same functions as Business-type Activities in the Government-Wide Financial Statements. The City uses Enterprise Funds to account for the operations of the Public Utilities [**Water System, Sewer System, Solid Waste Management**], Fresno Area Express [**Transit**], Fresno International Airport (FYI) and the Fresno Chandler Downtown Airport (FCH) [**Airports**], **Fresno Convention Center**, and Chukchansi Park Stadium [**Stadium**], all of which are considered to be major Funds of the City. **Community Sanitation** and **Parks and Recreation** are considered to be Nonmajor Enterprise Funds of the City.
  - Internal Service Funds are used to report activities that provide supplies and services for certain city programs and activities. The City uses Internal Service Funds to account for its fleet of vehicles, management information systems, property maintenance and electronics and communication support (**General Services**), self-insurance (**Risk Management**) and billing, collecting, and servicing activities for the Water, Sewer, Solid Waste and Community Sanitation Funds (**Billing and Collection**) and healthcare plans (**Employees Healthcare Plan, Retirees Healthcare Plan, Blue Collar Employees Healthcare Plan**). Because Risk Management, General Services and the healthcare plans predominantly benefit governmental rather than Business-type functions, they have been included within governmental activities in the Government-Wide Financial Statements, whereas Billing and Collection is included in the Business-type Activities in the Government-Wide Financial Statements. The Internal Service Funds are combined into a single, aggregated presentation in the Proprietary Fund Financial Statements. Individual Fund data for the Internal Service Funds is provided in the form of combining statements elsewhere in this report.
- **Fiduciary Funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the City.
  - Pension Trust Funds consist of funds for Fire and Police and other Employees. The *Fire and Police Retirement System Pension Trust Funds* account for the accumulation of resources for pension benefit payments to qualified Fire and Police retirees. The *Employee Retirement System Pension*

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*Trust Fund* accounts for the accumulation of resources for pension benefit payments to qualified General Service retirees.

- *Private Purpose Trust Fund* is used to account for the assets and liabilities held in trust for the Successor Agency to the former Redevelopment Agency (Successor Agency).
- The *Agency Funds* consist of *City Departmental* and *Special Purpose Funds* and account for City-related trust activity, such as payroll withholding and bid deposits. In addition, Agency Funds include *Special Assessment Funds* that account for receipts and disbursements for the debt service activity of the special assessment districts within the City.

Since the resources of Fiduciary Funds are not available to support the City’s own programs, they are not reflected in the Government-Wide Financial Statements. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds. The basic financial statements can be found on pages 49-179 of this report.

The following table summarizes the major features of the financial statements.

	Government-Wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
<i>Scope</i>	Entire entity (except fiduciary funds)	The day-to-day operating activities of the City for basic governmental services	The day-to-day operating activities of the City for Business-type enterprises	Instances in which the City administers resources on behalf of others, such as employee benefits
<i>Accounting basis and measurement focus</i>	Accrual basis of accounting and economic resources focus	Modified accrual basis of accounting and current financial resources measurement focus	Accrual basis of accounting and economic resources focus	Accrual basis of accounting and economic resources focus; except agency funds which do not have a measurement focus
<i>Type of asset and liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter	All assets and liabilities, both financial and capital, short-term and long-term	All assets held in a trustee or agency capacity for others and all liabilities
<i>Type of inflow and outflow information</i>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

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

**Governmental Fund Balance Classifications**

The City follows Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The fund balance classifications are comprised of a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in Governmental Funds.

The initial distinction that is made is **nonspendable**, such as fund balance associated with inventories. The remaining classifications are **restricted**, **committed**, **assigned**, and **unassigned** and are based on the relative strength of the constraints that control how specific amounts can be spent. The **restricted** fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The **committed** fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the **assigned** fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

**Unassigned** balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**Notes to the Financial Statements**

The Notes to the Financial Statements provide additional information that is essential to the full understanding of the data provided in all of the financial statements. The Notes to the Financial Statements can be found on pages 71-179 of this report.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information including budgetary comparison statements for major governmental funds and schedules of funding progress for the pension and other postemployment benefits (OPEB) plans. Required Supplementary Information and accompanying notes can be found on pages 182-193 of this report.



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

**Combining Statements**

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds, fiduciary funds and the Discretely Presented Component Unit are presented immediately following the appropriately labeled tabs. Combining and individual fund statements and schedules can be found on pages 196-235 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The City presents its Financial Statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments*. The current year's analysis compares this year's data primarily to the prior year; however, in other instances additional year's information is provided.

**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	Total
<b>Assets:</b>			
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	164,068,258	467,810,994
Facilities, Infrastructure and Equipment, Net of			
Depreciation	627,442,653	1,153,004,833	1,780,447,486
Total Capital Assets	931,185,389	1,317,073,091	2,248,258,480
Total Assets	1,551,027,076	1,892,196,961	3,443,224,037
<b>Deferred Outflows of Resources:</b>			
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
<b>Liabilities:</b>			
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
<b>Deferred Inflows of Resources:</b>			
Pension Revenue Applicable to Future Years	179,898,973	48,336,056	228,235,029
<b>Net Position:</b>			
Net Investment in Capital Assets	771,197,917	832,922,734	1,604,120,651
Restricted	146,173,727	-	146,173,727
Unrestricted	(86,423,554)	300,295,589	213,872,035
Total Net Position	\$ 830,948,090	\$ 1,133,218,323	\$ 1,964,166,413

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

	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
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
<b>Deferred Outflows of Resources:</b>			
Charge on Refunding	496,128	2,926,224	3,422,352
<b>Liabilities:</b>			
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
<b>Net Position:</b>			
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

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

	Governmental Activities	Business-Type Activities	Total
<b>Revenues</b>			
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	<u>441,297,310</u>	<u>298,532,610</u>	<u>739,829,920</u>
<b>Expenses</b>			
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	-	170,179,530	170,179,530
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	<u>339,661,005</u>	<u>265,766,616</u>	<u>605,427,621</u>
Increase in Net Position Before Transfers	101,636,305	32,765,994	134,402,299
Transfers	<u>(6,289,689)</u>	<u>6,289,689</u>	<u>-</u>
Increase in Net Position	<u>95,346,616</u>	<u>39,055,683</u>	<u>134,402,299</u>
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	<u>68,448,865</u>	<u>2,203,890</u>	<u>70,652,755</u>
Net Position - Beginning Restated	<u>735,601,474</u>	<u>1,094,162,640</u>	<u>1,829,764,114</u>
<b>Net Position - Ending</b>	<u>\$ 830,948,090</u>	<u>\$ 1,133,218,323</u>	<u>\$ 1,964,166,413</u>

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**Changes in Net Position - Government-Wide / Primary Government**  
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	Governmental Activities	Business-Type Activities	Total
<b>Revenues</b>			
Program Revenues:			
Charges for Services	\$ 74,945,911	\$ 244,314,508	\$ 319,260,419
Operating Grants and Contributions	48,503,024	44,211,370	92,714,394
Capital Grants and Contributions	49,651,154	14,754,519	64,405,673
General Revenues:			
Property Taxes	107,635,031	-	107,635,031
Business Tax	18,868,431	-	18,868,431
Sales Taxes - Shared Revenues	59,328,277	-	59,328,277
In-Lieu Sales Tax	19,189,577	-	19,189,577
Other Local Taxes	25,093,741	-	25,093,741
Investment Earnings	794,865	2,315,771	3,110,636
Gain on Sale of Capital Assets	42,033	528	42,561
Total Revenues	<u>404,052,044</u>	<u>305,596,696</u>	<u>709,648,740</u>
<b>Expenses</b>			
General Government	26,996,760	-	26,996,760
Public Protection	192,123,894	-	192,123,894
Public Ways and Facilities	68,913,632	-	68,913,632
Culture and Recreation	17,895,491	-	17,895,491
Community Development	23,756,839	-	23,756,839
Interest on Long-term Debt	20,275,568	-	20,275,568
Sewer, Water and Solid Waste	-	161,865,544	161,865,544
Transit	-	45,286,720	45,286,720
Airports	-	28,497,999	28,497,999
Fresno Convention Center	-	9,981,775	9,981,775
Community Sanitation	-	7,948,780	7,948,780
Parks and Recreation	-	372,173	372,173
Stadium	-	3,336,154	3,336,154
Total Expenses	<u>349,962,184</u>	<u>257,289,145</u>	<u>607,251,329</u>
Increase in Net Position Before Transfers	54,089,860	48,307,551	102,397,411
Transfers	(5,698,503)	5,698,503	-
Increase in Net Position	<u>48,391,357</u>	<u>54,006,054</u>	<u>102,397,411</u>
Net Position Beginning of Year	623,819,673	1,049,438,516	1,673,258,189
Prior Period Adjustment	-	(236,053)	(236,053)
Change in Application of Accounting Principle	(2,429,724)	(3,828,575)	(6,258,299)
Net Position - Beginning Restated	<u>621,389,949</u>	<u>1,045,373,888</u>	<u>1,666,763,837</u>
<b>Net Position - Ending</b>	<u><u>\$ 669,781,306</u></u>	<u><u>\$ 1,099,379,942</u></u>	<u><u>\$ 1,769,161,248</u></u>

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**Analysis of Changes in Government-Wide Net Position**

The Government-Wide Statement of Net Position reflects the continued improvement in the City of Fresno’s financial position. No single measure highlights the improvement better than the growth in the City’s overall Net Position. Net Position improved to \$1,964.2 million: a \$195.0 million (11.0%) increase over fiscal year 2014’s Net Position of \$1,769.2 million. Most of this improvement was due to changes in the financial statements resulting from the implementation of GASB Statement No. 68 (GASB 68). In previous years’ CAFRs, government units were required to disclose their Net Pension Asset or Liability in the Notes to the Financial Statements. GASB 68 changed that reporting methodology, requiring government units to report their Net Pension Asset or liability on their Statement of Net Position. Due to a fully funded pension system, the City of Fresno is reporting a Net Pension Asset on its Statement of Net Position of \$326.7 million. It is worth noting that the City of Fresno is one of the few government agencies in the country that has a Net Pension Asset. This asset was augmented by a Deferred Outflow of Resources - Pension Contributions of \$29.6 million and partially offset by a Deferred Inflow of Resources - Pension Revenue Applicable to Future Years of \$228.2 million. The net effect of these pension related entries on Net Position was \$128.1 million.

The Net Position was also improved by a decrease in Liabilities owed by the City. Total Liabilities at the end of fiscal year 2015 were \$1,283.2 million, a decrease of \$11.7 million (0.9%) from fiscal year 2014’s year-end Total Liabilities of \$1,294.9 million. The biggest decrease was seen in the Long-Term Liabilities Due in More than One Year. That category decreased \$28.8 million (2.7%) from fiscal year 2014’s figure of \$1,086.2 million. The decrease is notable, as it represents resources that will be available to the City in the future to cover other costs.

As mentioned previously, revenue growth was a key factor in the growth of Net Position. Fiscal year 2015 Governmental Activities and Business-type Activities revenue increased by \$30.2 million (4.3%) over fiscal year 2014’s revenues (\$739.8 million vs. \$710.0 million, respectively). Growth was seen in all but one of the major revenue categories. The following table reflects those and their results:

<b>Category</b>	<b>Fiscal Year 2014 Revenues</b>	<b>Fiscal Year 2015 Revenues</b>	<b>Difference</b>	<b>Percent Change</b>
Charges for Svcs.	\$319,260,419	\$338,689,458	\$19,429,039	6.1%
Oper. Grants	\$ 92,714,394	\$ 79,765,414	(\$12,948,980)	-14.0%
Capital Grants	\$ 64,405,673	\$ 77,262,397	\$12,856,724	20.0%
Gen. Revenues	\$233,268,254	\$244,112,651	\$10,844,397	4.6%

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Within General Revenues, growth was seen within many key revenue item areas. Of note were:

- Property Tax: From \$107.6 million in fiscal year 2014 to \$113.7 million in fiscal year 2015 (5.6% increase).
- Sales Tax: From \$78.5 million in fiscal year 2014 to \$81.5 million in fiscal year 2015 (3.8% increase).
- Room Tax: From \$10.0 million in fiscal year 2014 to \$11.0 million in fiscal year 2014 (9.9% increase).

The effect that revenue growth had on Net Position was enhanced by a decrease in expenses. Expenses declined by \$1.8 million (-0.3%) between fiscal year 2014 and fiscal year 2015 (\$607.3 million vs. \$605.4 million, respectively). A decrease in Governmental Activities expenses of \$10.3 million (-3%) mostly offset an increase in Proprietary Activities expenses of \$8.5 million (3.2%).

### **Governmental Activities**

Governmental Activities for fiscal year 2015 increased their Net Position by \$161.2 million (24.1%) over fiscal year 2014's Governmental Activities Net Position of \$669.8 million. Key factors affecting the Net Position were:

- Total Assets increased by \$317.8 million dollars (25.8%) over fiscal year 2014's Total Assets balance of \$1,233.2 million. The increase was almost entirely due to the recognition of the Net Pension Asset totaling \$268.8 million. Also contributing to the growth of Total Assets was a \$20.6 million (7.3%) rise in Land/Intangible/Construction in Progress Capital Assets to a balance of \$303.7 million.
- Total Liabilities increased by 0.2%, or \$1.3 million, from fiscal year 2014's Total Liabilities of \$563.9 million. The main driver was an increase in the Accrued Liabilities. Accrued Liabilities increased by \$2.2 million (9.7%): from \$22.5 million in fiscal year 2014 to \$24.7 million in fiscal year 2015. This increase was partially offset by a \$1.7 million (-0.3%) net reduction in Long-Term Liabilities.
- As part of the changes required under GASB Statement No. 68, an entry for Deferred Inflows of Resources was added to the Statement of Net Position, to reflect potential future resources available to meet pension obligations. The value of this Deferred Inflow of Resources was \$179.9 million, which detracted from Net Position.
- Revenues went from \$404.1 million in fiscal year 2014 to \$441.2 million in fiscal year 2015: a \$37.2 million (9.2%) increase. Substantial growth was seen in the Charges for Services (\$23.3 million increase, or 31.0%), with General



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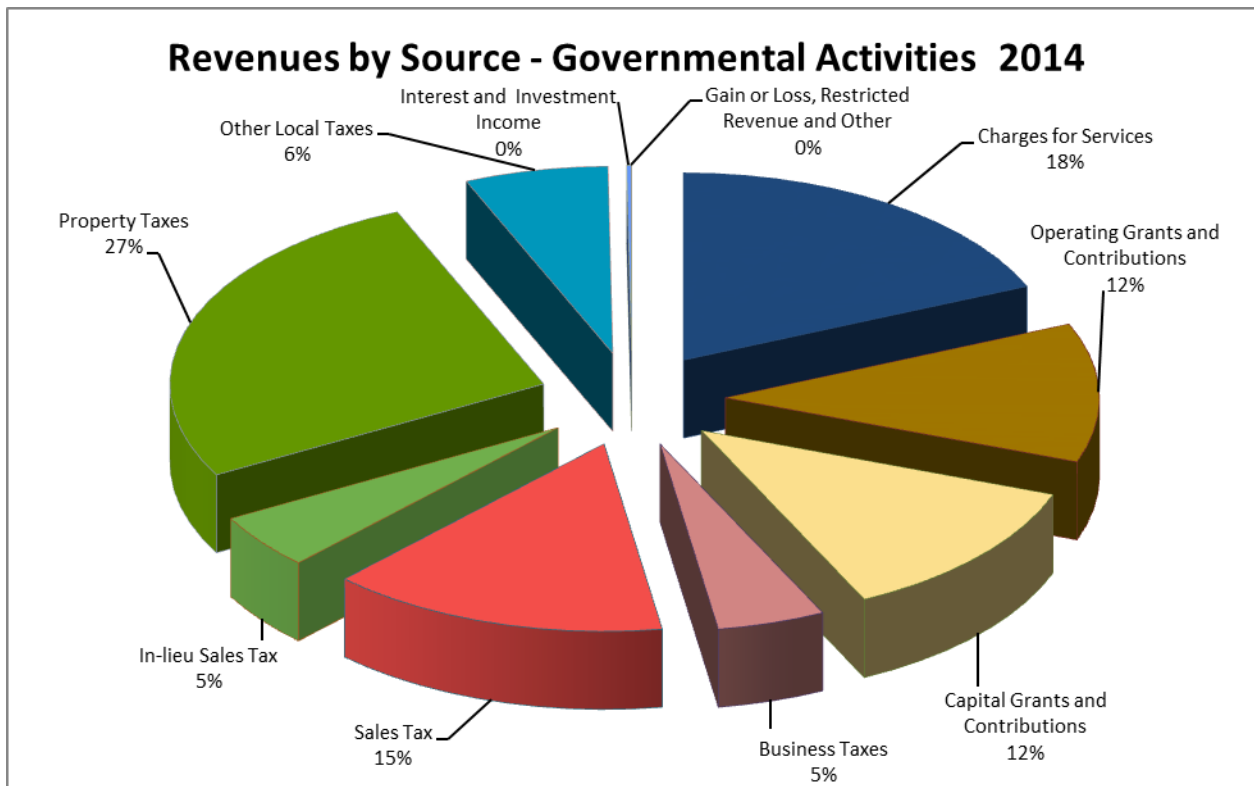
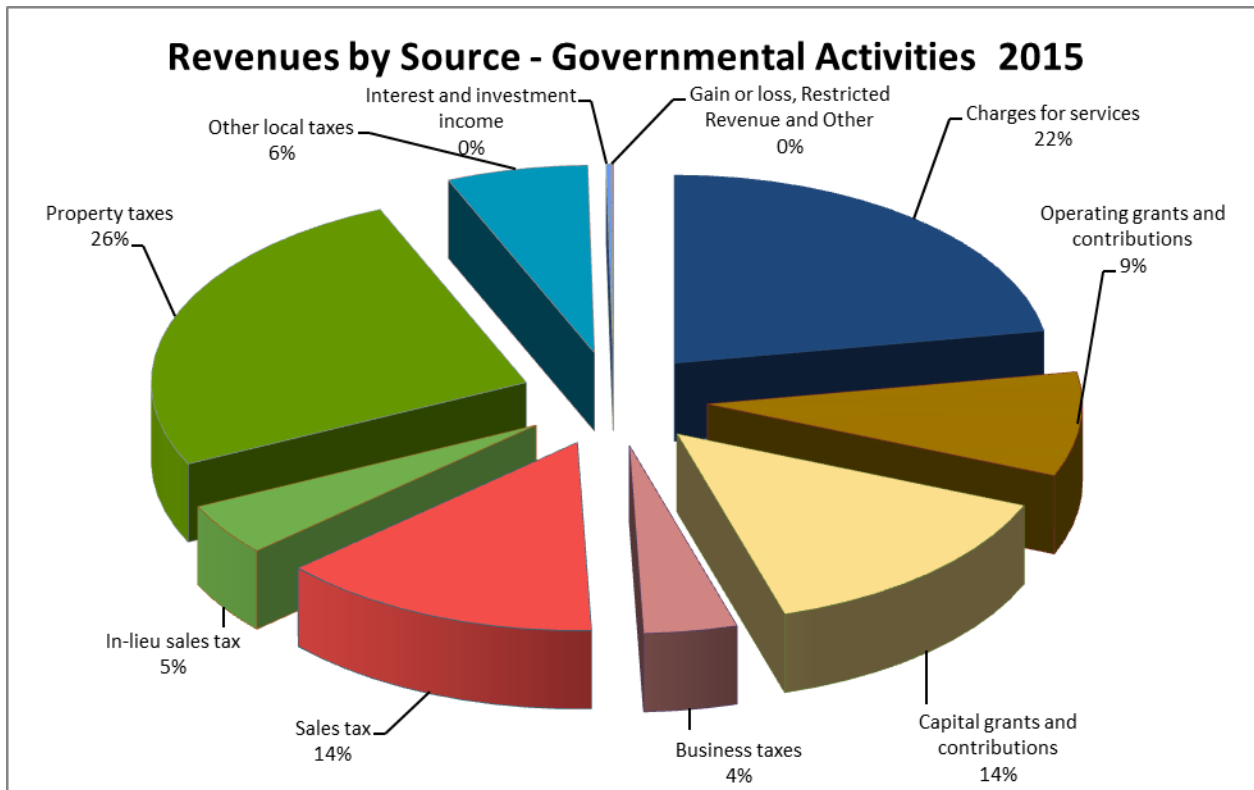
Government (\$6.1 million, or 36.1%) and Public Protection (\$13.0 million, or 68.7%) spearheading the overall Charges for Services growth. Also contributing to the overall revenue growth was a \$6.8 million (228.8%) increase in the Capital Grants and Contributions for Culture and Recreation activities, as well as a \$6.1 million (13.5%) increase in Capital Grants and Contributions for Public Works and Facilities activities.

- Expenses decreased from \$350.0 million in fiscal year 2014 to \$339.8 million in fiscal year 2015, led by a 7.4% decrease in Public Protection expenses (from \$192.1 million in fiscal year 2014 to \$177.8 million in fiscal year 2015).

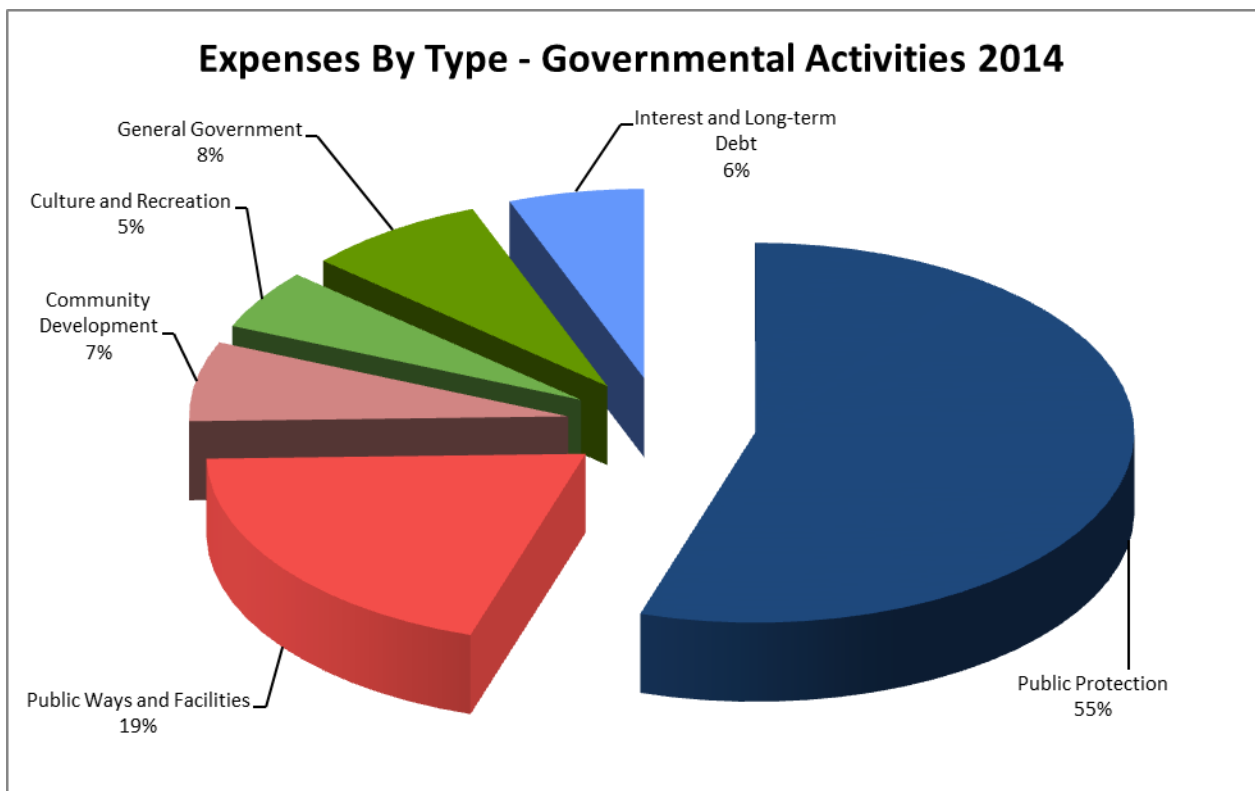
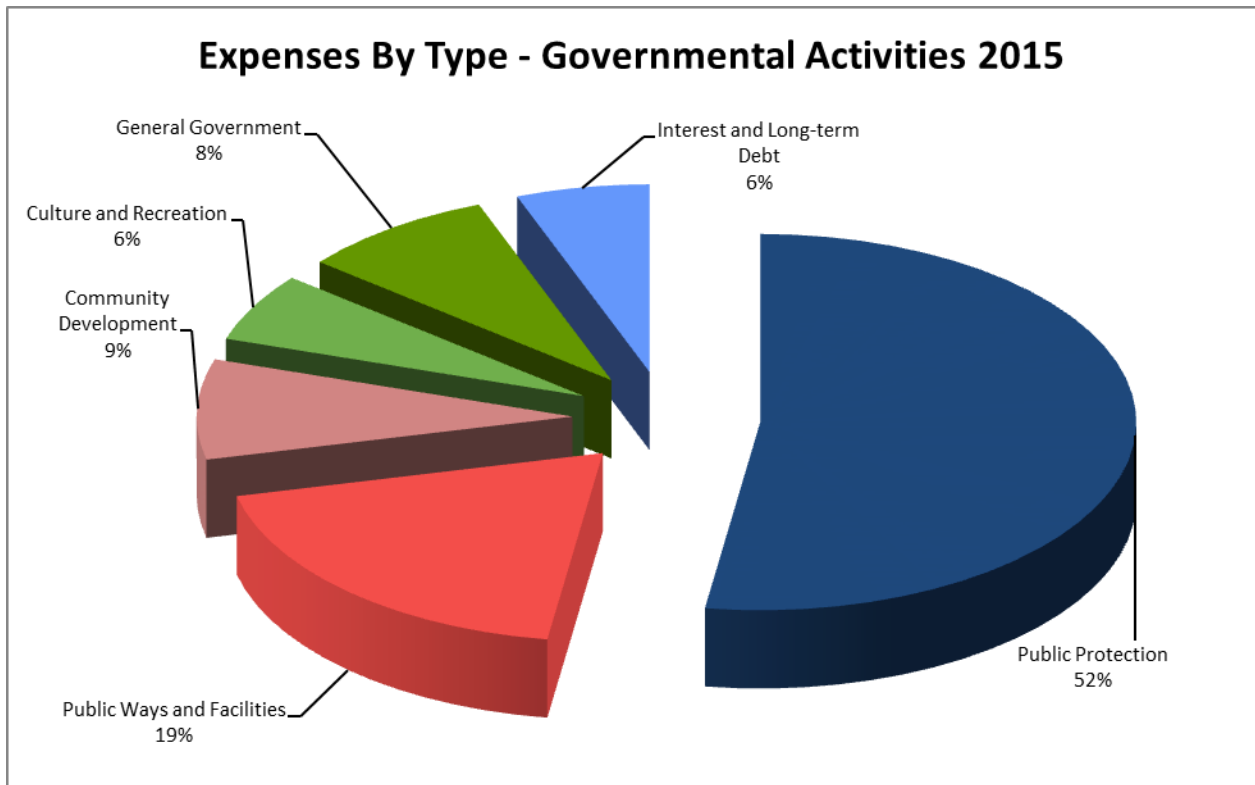
**Governmental Activities – Charts and Graphs**

The charts and graphs, which follow, on the next few pages illustrate the City's governmental revenues by source, and its expenses and revenues by function. As can be seen, Public Protection is by far the largest function reflecting the City's greatest overall expenses.

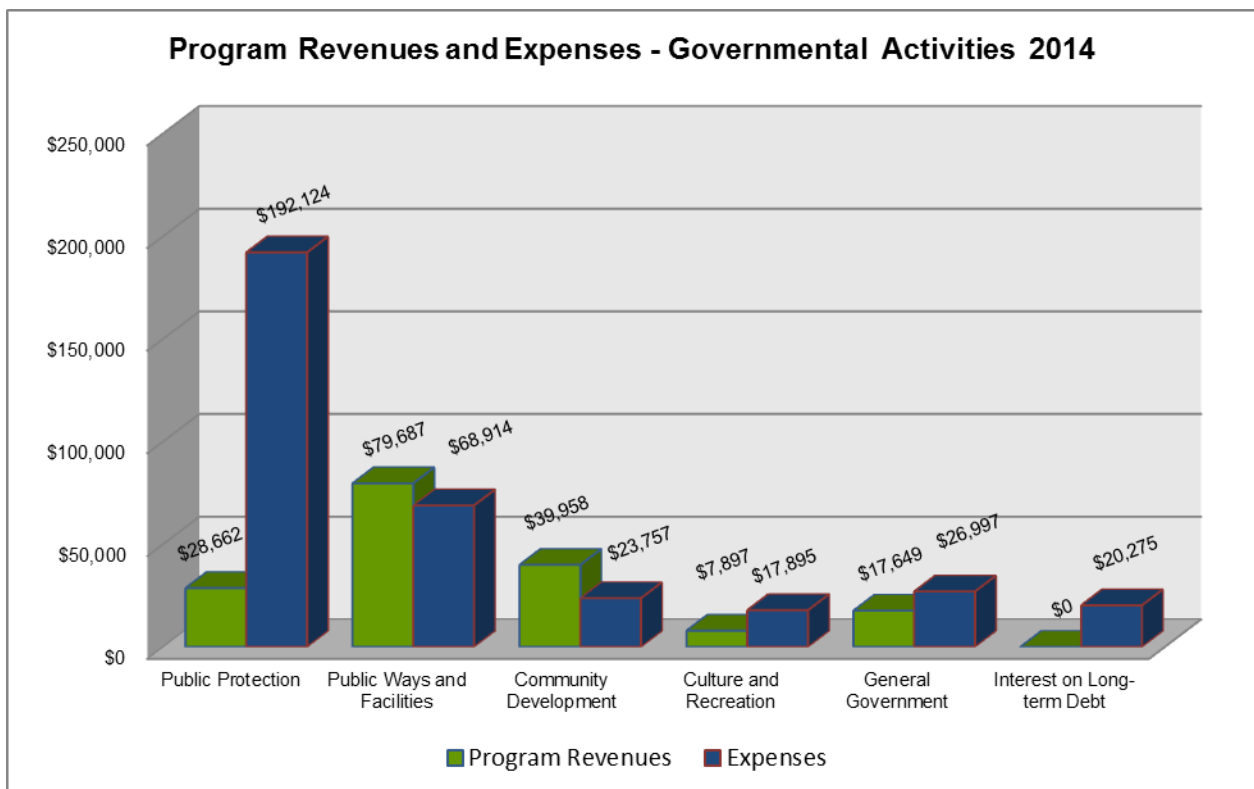
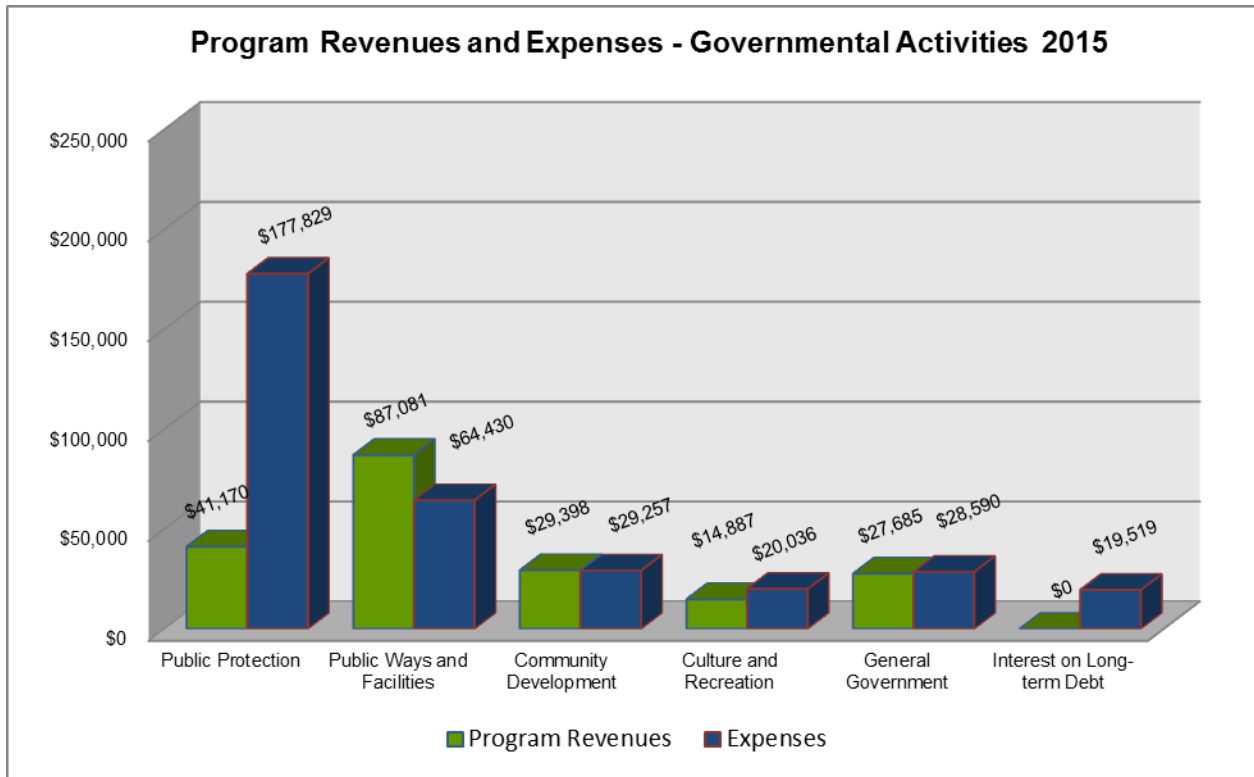
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The following is an analysis of some of the funds within the Governmental Activities category:

General Fund

In a continuation of Fresno's overall economic rebound, the General Fund displayed continued financial improvement in fiscal year 2015. Revenues were a key indicator of this improvement, increasing by \$14.9 million (5.6%) over fiscal year 2014's total of \$268.2 million. The increase was driven by dramatic growth in the Miscellaneous Revenues, which increased \$3.2 million (265.8%) over fiscal year 2014's total of \$1.2 million. The increase in that category was due to \$3.3 million in repayments on advances to the former RDA. Another category that saw similar growth was Tax Revenue, which increased \$8.8 million (3.8%) over fiscal year 2014's total of \$229.2 million. As mentioned previously, Sales Tax and Property Tax increases were the primary drivers behind growth in the Tax Revenue category.

The final contributor to the General Fund's overall revenue growth was Intergovernmental Revenues, which increased from \$3.6 million in fiscal year 2014 to \$7.5 million in fiscal year 2015: a \$3.9 million (108.6%) increase. The increase in this category was almost entirely due to a \$3.8 million "catch-up" payment on outstanding Senate Bill (SB)-90 claims filed with the State of California. While there are still several millions of dollars of SB-90 claims that the City has filed with the State of California, there is no assurance that those claims will be paid in the next few fiscal years.

The rapid growth rate in the General Fund's revenues was almost matched by the growth rate in the General Fund's expenditures. General Fund expenditures grew by \$9.8 million, or 4.5%, between fiscal years. The fiscal year 2015 expenditures were \$226.8 million, while fiscal year 2014 expenditures were \$217.0 million. The majority of the growth was attributable to the Public Protection activity, which increased from \$172.5 million in fiscal year 2014 to \$177.4 million in fiscal year 2015: a \$4.9 million, or 2.8%, increase. The increase in this activity was due to \$2.0 million of additional employee services costs and an additional \$1.0 million of Information Technology costs. Also impacting the overall growth in General Fund expenditures were a \$1.9 million (19.1%) increase in General Government activity expenses (primarily due to the establishment of a \$0.5 million Allowance for Doubtful Accounts on Business Tax receivables) and a \$2.0 million (12.7%) increase in Culture and Recreation activity expenses (primarily due to a \$0.9 million increase in Specialized Services/Technical costs).

With revenue growth exceeding expenditure growth, it is no surprise that General Fund Total Assets increased. Total Assets grew by \$13.8 million to \$87.0 million in fiscal year 2015 (18.8%). The main driver behind the increase was a \$7.5 million (53.5%) increase in Due from Other Funds (from \$14.0 million in fiscal year 2014 to \$21.6 million in fiscal year 2015). The increase was caused by a larger amount of year-end bridge loans

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made by the General Fund to various funds, such as the Grants Fund (\$16.8 million) and the Measure C Fund (\$3.5 million), which had negative cash balances at the end of fiscal year 2015. Also contributing to the overall increase in Total Assets was a \$2.8 million (121.4%) increase in Restricted Cash, which was directly associated with the growth in the General Fund’s Emergency Reserve.

While General Fund assets increased, liabilities decreased. Total Liabilities decreased from \$22.1 million in fiscal year 2014 to \$15.3 million in fiscal year 2015. The decrease was due to an \$8.9 million (89.2%) decline in Advances from Other Funds, which reflects the final repayment of amounts that were borrowed from the DBCP Recovery and Solid Waste Funds in previous fiscal years.

With the increase in assets and the decrease in liabilities, the General Fund’s Fund Balance increased substantially. Fund Balance increased from \$24.2 million in fiscal year 2014 to \$44.5 million in fiscal year 2015. Most importantly, the Unassigned Fund Balance increased from \$8.2 million in fiscal year 2014 to \$24.6 million in fiscal year 2015.

General Fund Budget to Actual Comparison

The fiscal year 2015 Adopted Budget was made up of \$290.3 million of budgeted revenues and \$290.1 million of appropriations. After various amendments were made throughout the fiscal year, the General Fund ended the fiscal year with \$290.6 million of budgeted revenues and \$290.7 million of appropriations. Actual results on a budgetary (cash) basis of accounting were \$301.9 million of revenues and \$292.0 million of expenditures. Thus, the actual revenues were \$11.2 million (3.9%) over the fiscal year-end budgeted revenues, while the actual expenditures were \$1.4 million (0.5%) over fiscal year-end appropriations. The major differences between the budget and the actual results are noted below:

<b>Comparison of Revenues and Expenditures – Budget to Actual / General Fund</b>					
<b>Revenues</b>	<b><u>Budgeted Original</u></b>	<b><u>Budgeted Final</u></b>	<b><u>Actual Budgetary Basis</u></b>	<b><u>Over (Under) Final Budget</u></b>	<b><u>Explanation</u></b>
Property Taxes	\$108,028,800	\$108,028,800	\$111,776,065	\$3,747,265	A stronger local economy led to an increase in assessed values, which resulted in actual Property Tax revenues above estimated levels.
Sales Taxes	78,992,900	78,992,900	80,823,019	1,830,119	A stronger local economy led to an increase in taxable sales, which resulted in actual Sales Tax revenues above estimated levels.
Other State Revenue	723,000	799,000	5,880,964	5,081,964	The City received \$3.8 million to cover SB-90 claims filed before 2004. The funds were unanticipated when the budget was adopted, and were not added to Estimated Revenues during the fiscal year.

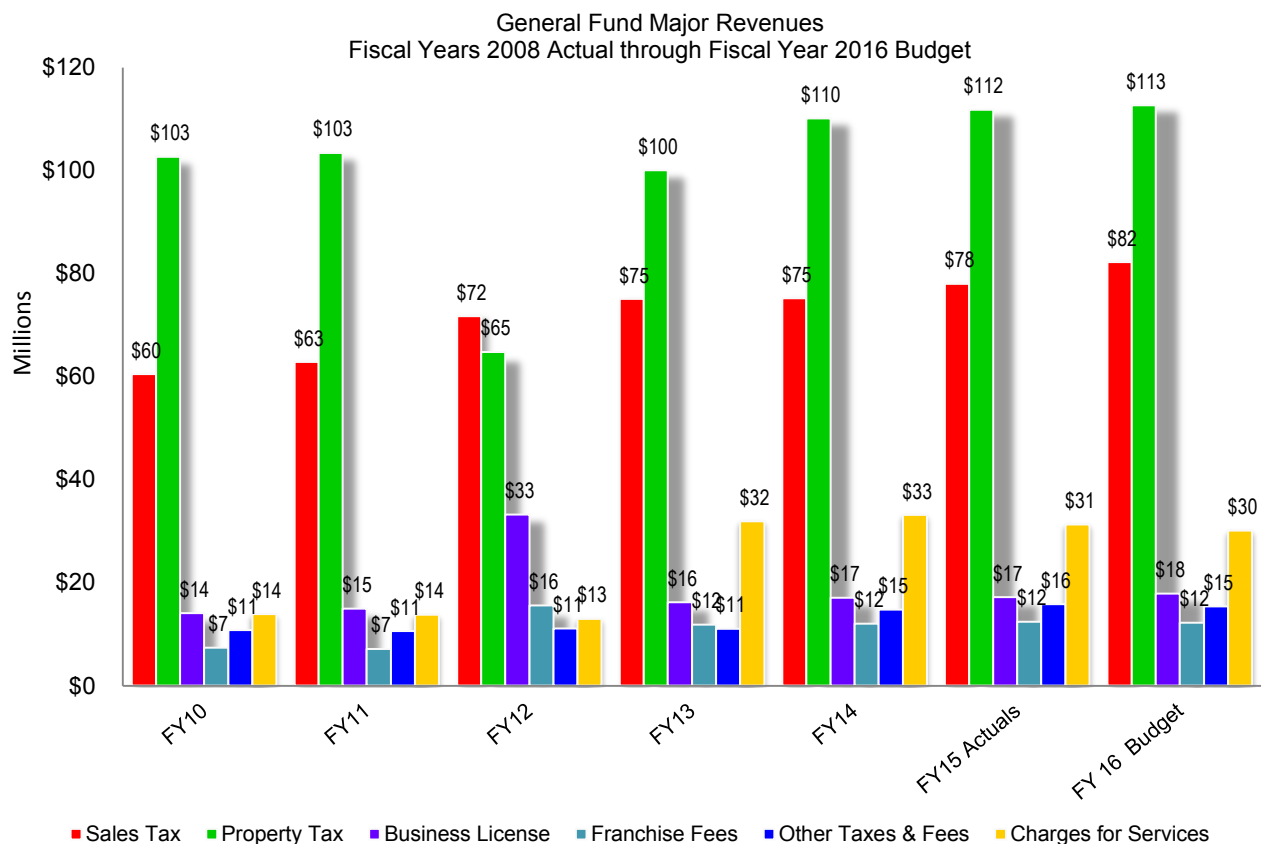
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<b>Comparison of Revenues and Expenditures – Budget to Actual / General Fund</b>					
<b>Expenditure</b>	<b>Budgeted Original</b>	<b>Budgeted Final</b>	<b>Actual Budgetary Basis</b>	<b>Over (Under) Final Budget</b>	<b>Explanation</b>
Other General Government	\$19,908,100	\$19,816,000	\$17,756,977	\$(2,059,023)	Payroll costs were down as departments held positions vacant for a period of time to reduce expenditures.
Police Department	144,148,700	143,843,700	137,935,747	(5,907,953)	Payroll costs were down as departments held positions vacant for a period of time to reduce expenditures.
Transfer to Other Funds	25,808,400	25,845,900	36,669,832	12,823,932	\$8.2 million was transferred to the DBCP Recovery and Solid Waste Funds to fully repay loans from those funds that were incurred in previous fiscal years.

A more detailed look at the budget versus actual comparison for the General Fund can be found on page 182 in the Required Supplementary Information section.

**GRAPHIC DEPICTION OF MAJOR REVENUE SOURCES**

The chart below is a graphic depiction of the major General Fund revenue sources and the trends in those revenues on an actual basis as well as the estimated figures used for the fiscal year 2016 budget build.



It should be noted that the large increase in Charges for Services beginning in fiscal year 2013 was the result of six former Internal Service Funds being merged into the General Fund.

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Grants Special Revenue Fund

Revenues in the Grants Special Revenue Fund declined from \$46.6 million in fiscal year 2014 to \$35.2 million in fiscal year 2015: an \$11.3 million (24.4%) decrease. Almost all of the decline can be attributed to decreases in Intergovernmental Revenues: specifically, a \$9.2 million decrease in HOME receipts from fiscal year 2014's total of \$11.9 million.

While revenues showed a decline, expenditures increased between fiscal years 2014 and 2015. Expenditures increased by \$2.6 million (7.7%) from fiscal year 2014's level of \$33.9 million to fiscal year 2015's total of \$36.5 million. The increase was entirely due to growth in the Community Development activity, which increased \$2.9 million (41.2%) from fiscal year 2014's total of \$6.9 million. The advance in the Community Development activity's expenses was primarily caused by a \$1.5 million increase in Notes Receivable adjustments.

In spite of expenditures increasing, Total Assets also increased. Total Assets rose from \$65.4 million in fiscal year 2014 to \$77.3 million in fiscal year 2015: an \$11.9 million (18.2%) increase. The main driver behind the growth was a \$10.6 million increase in Grants Receivable: primarily, State and Federal Streets grants.

The growth shown by assets was almost matched by a growth in liabilities. Total Liabilities increased \$9.0 million (70.1%) from \$13.0 million in fiscal year 2014 to \$22.0 million in fiscal year 2015. The increase was entirely due to an \$8.6 million (103.5%) addition to Due to Other Funds, as more grant funds needed short-term "bridge" loans to reach a "cash-neutral" position at fiscal year-end.

The increased assets, increased liabilities, and a \$4.9 million increase in Deferred Inflows of Resources stemming from the increase in Grants Receivable resulted in a modest Fund Balance decline. Fund Balance decreased from \$45.9 million in fiscal year 2014 to \$43.8 million in fiscal year 2015. The entire decline in Fund Balance was in the Unassigned category, which went from \$(7.0) million in fiscal year 2014 to \$(8.7) million in fiscal year 2015: a \$1.7 million (24.5%) decrease.

Other Governmental Funds

The improved local economy resulted in additional revenues for the Other Governmental Funds. Revenues for the Other Governmental Funds were up \$4.4 million (7.1%) from fiscal year 2014's revenues of \$61.2 million. Strong growth was seen in the Measure C Sales Tax Fund (\$6.1 million, or 34.2%), which was partially offset by a decrease in Special Gas Tax Fund revenues of \$1.6 million, or 10.2%.



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Expenditures in the Other Governmental Funds increased from \$90.4 million in fiscal year 2014 to \$97.7 million in fiscal year 2015: an increase of \$7.3 million, or 8.1%. All of the increase can be attributed to additional expenditures for land acquisition in the Measure C Sales Tax Fund, which increased by \$7.2 million (141.0%) over the fiscal year 2014 figure of \$5.1 million.

Total Assets for the Other Governmental Funds modestly increased from \$130.5 million in fiscal year 2014 to \$132.0 million in fiscal year 2015: a \$1.5 million, or 1.1%, increase. A \$2.1 million increase in unrestricted Cash from funds like the Special Gas Tax Fund (up \$1.9 million, or 23.9%, from fiscal year 2014's cash of \$8.0 million) was partially offset by a decrease in Restricted Cash of \$0.9 million (-8.5%) to a fiscal year 2015 total of \$9.8 million. The decrease in Restricted Cash was tied to less cash being held by debt service funds for Financing Authorities and Corporations.

Complementing the increase in Total Assets was a decrease in Total Liabilities. Total Liabilities decreased from \$22.3 million in fiscal year 2014 to \$20.9 million in fiscal year 2015: a \$1.4 million (6.5%) decrease. The decrease was almost entirely due to a \$1.2 million (20.8%) drop in the Due to Other Funds account, reflecting a reduced amount of short-term "bridge" loans that were needed to reach a "cash-neutral" position at fiscal year-end.

Between the changes in Total Assets and Total Liabilities, it is no surprise that Fund Balance for the Other Governmental Funds showed a \$0.6 million improvement between fiscal year 2014 and fiscal year 2015 (\$107.9 million versus \$108.5 million, respectively). Most of the growth in this category occurred in the Restricted Fund Balance, which increased by \$0.6 million (0.6%) to fiscal year 2014's figure of \$93.6 million.

It should be noted that results for the High Speed Rail Fund are included in the Other Governmental Funds section. While the financial impact of this fund on fiscal year 2015 is small (\$0.8 million of revenue and \$0.6 million of assets), it is anticipated that it will have a more material effect on future fiscal years' financial statements as construction begins.

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For the Fiscal Year Ended June 30, 2015

**Business-Type Activities**

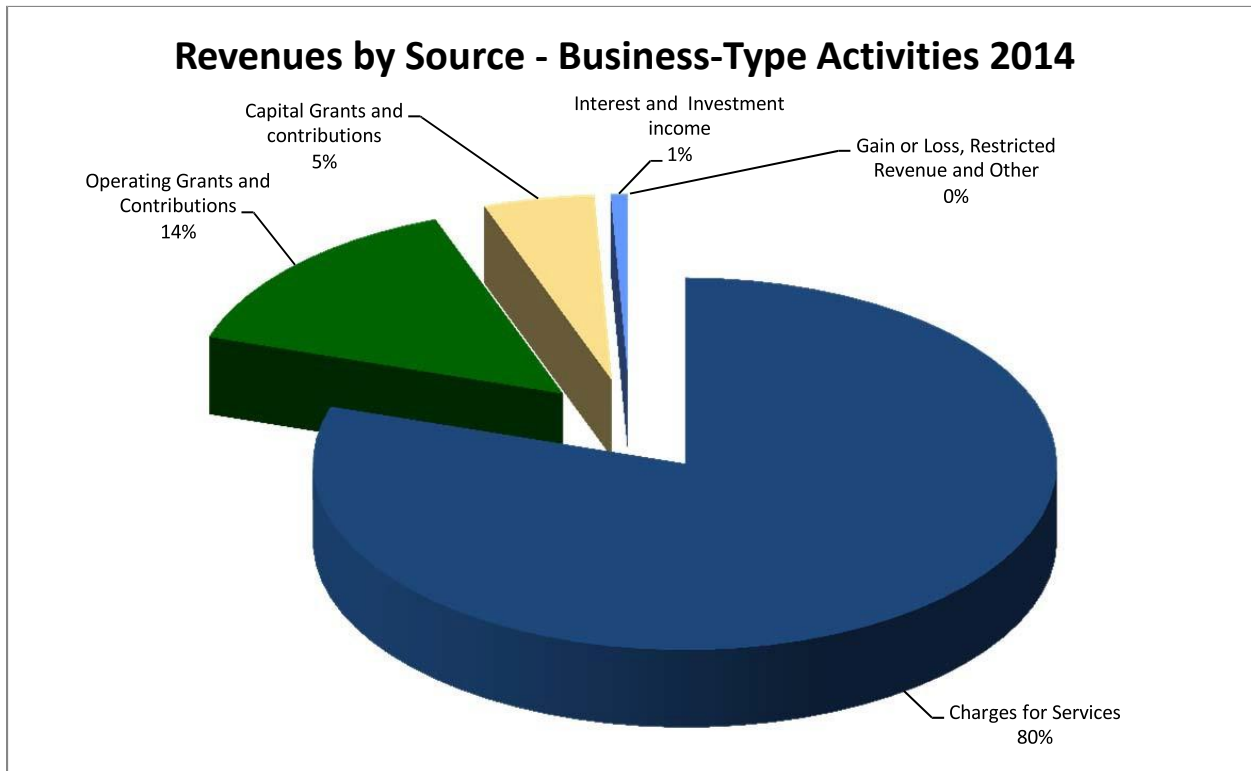
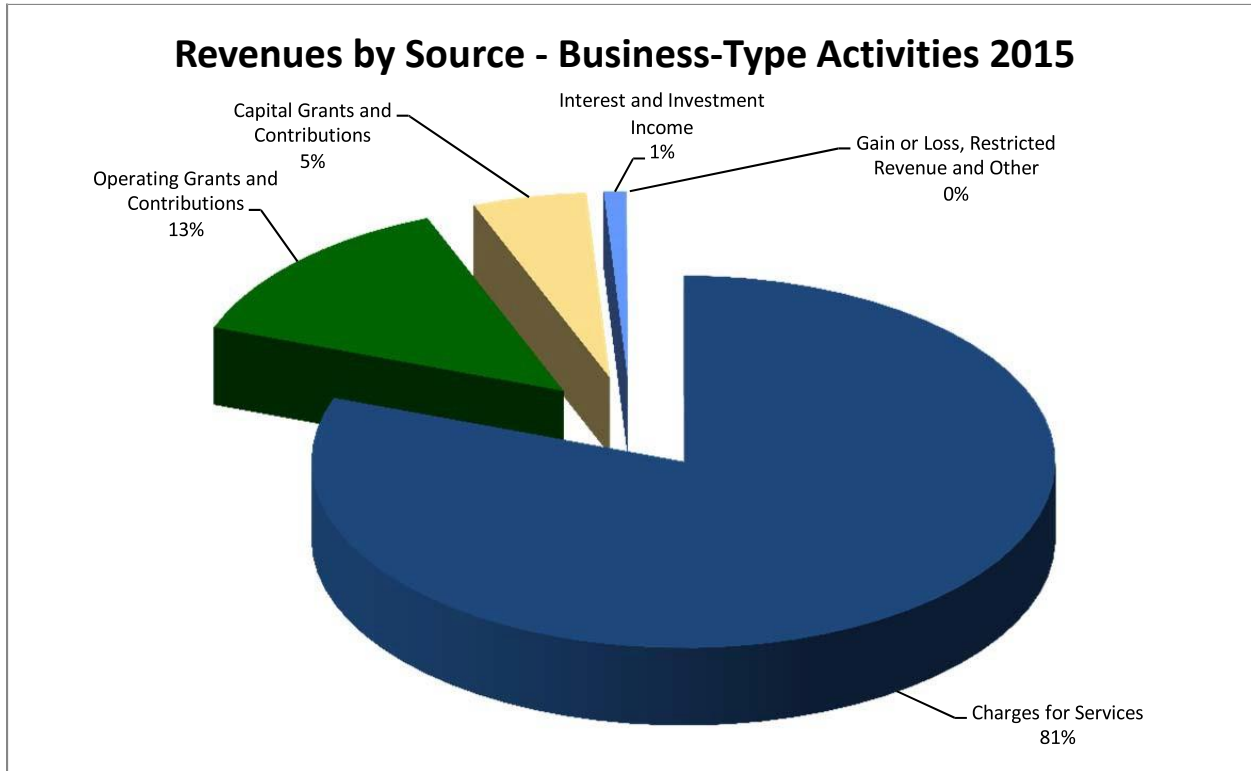
Business-type Activities for fiscal year 2015 increased their Net Position by \$33.8 million (3.1%) over fiscal year 2014's Business-type Activities Net Position of \$1,099.4 million. Key factors affecting the Net Position were:

- Total Assets increased by \$64.8 million (3.5%) 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 \$24.6 million, or 2.2%, increase). Offsetting those increases were decreases in Restricted Cash (an \$11.7 million, or 5.2%, decline) and Construction in Progress (a \$19.2 million, or 10.5%, 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 made 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 an \$5.8 million (7.6%) increase in Sewer Charges for Services revenues.
- Expenses increased from \$257.3 million in fiscal year 2014 to \$265.8 million in fiscal year 2015, primarily in the Water Fund (from \$63.4 million in fiscal year 2014 to \$71.1 million in fiscal year 2015: a \$7.7 million, or 12.1%, increase).

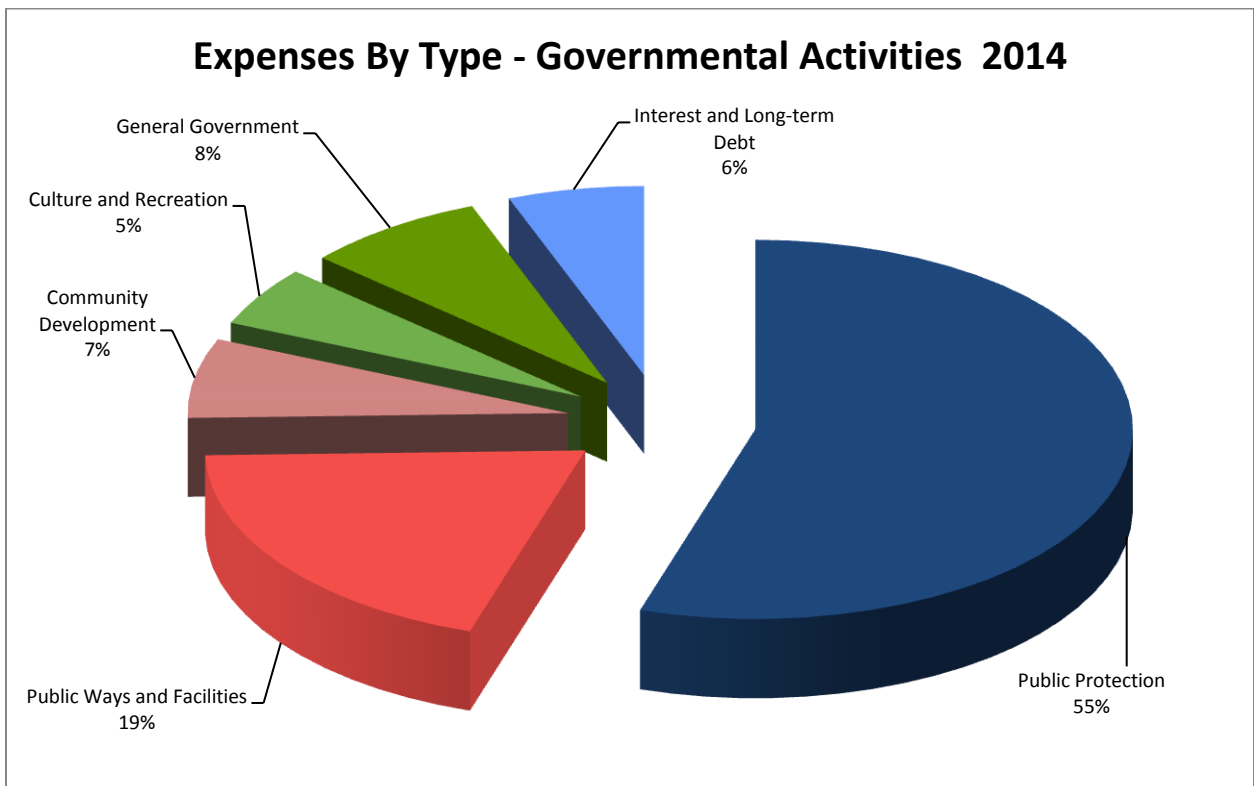
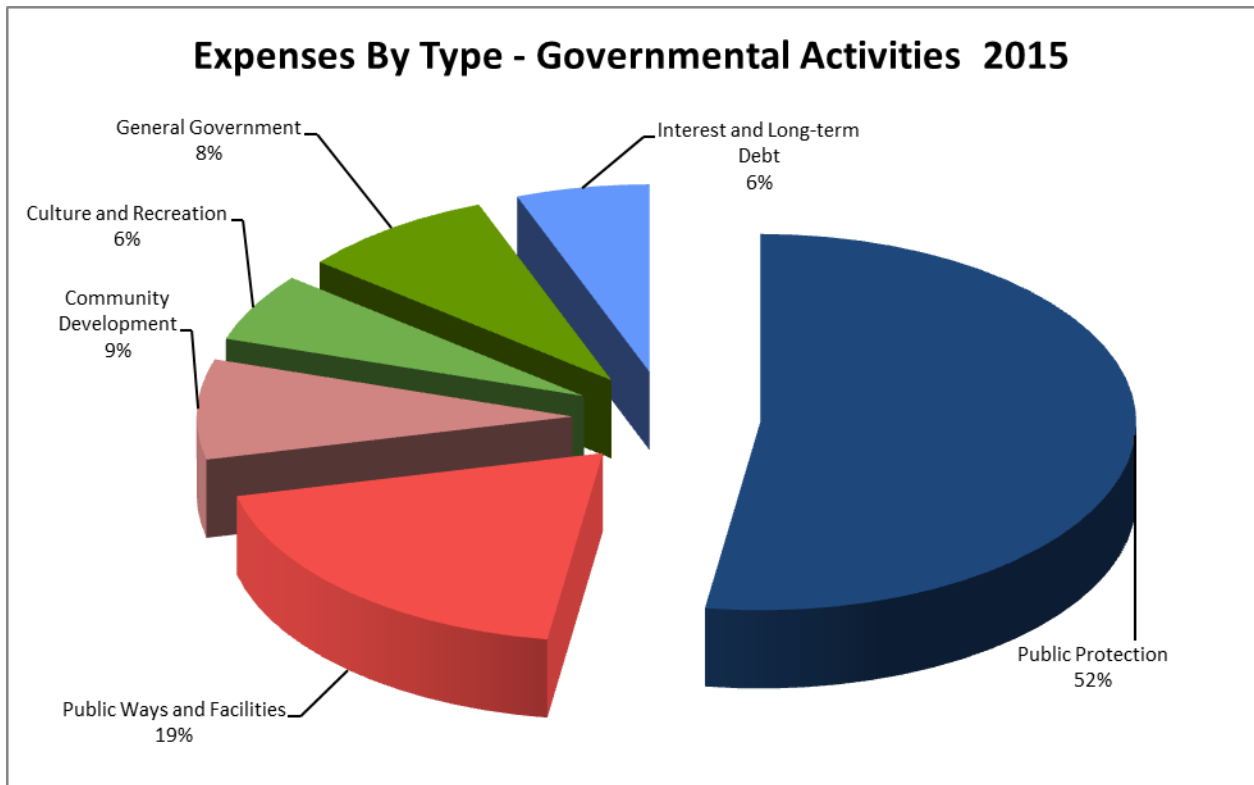
**Business-Type Activities – Charts and Graphs**

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.

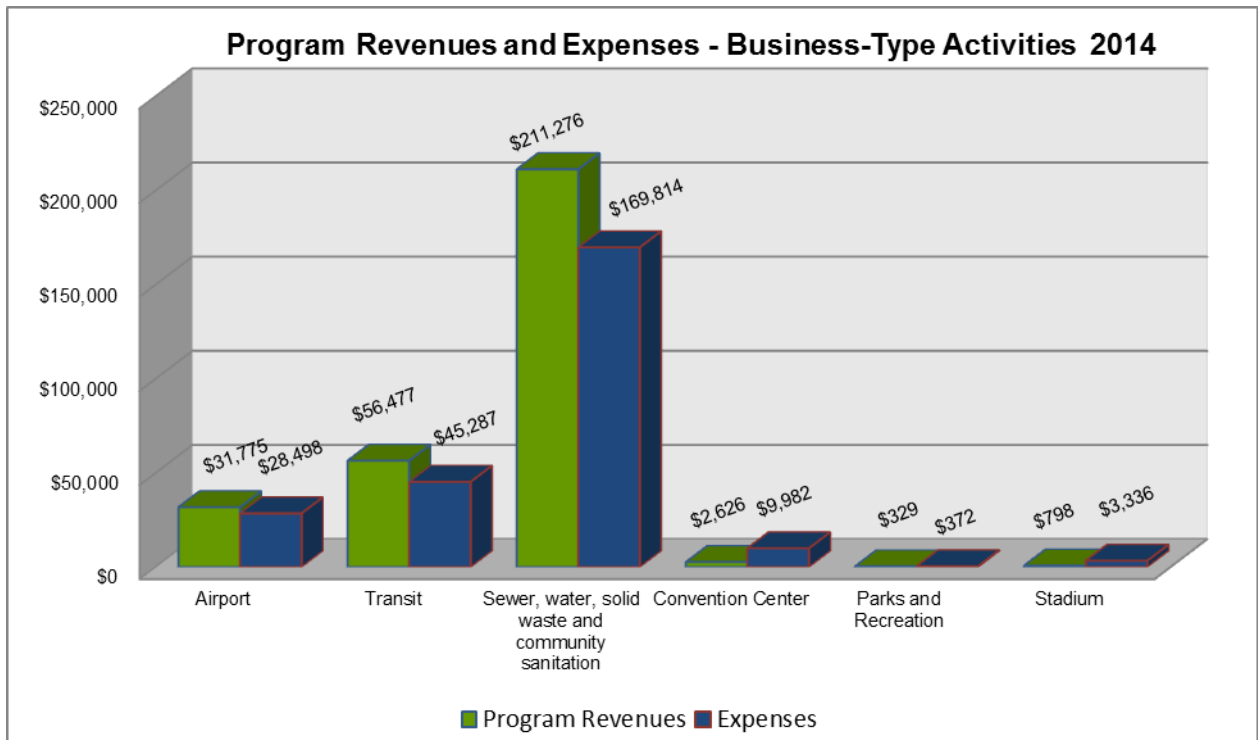
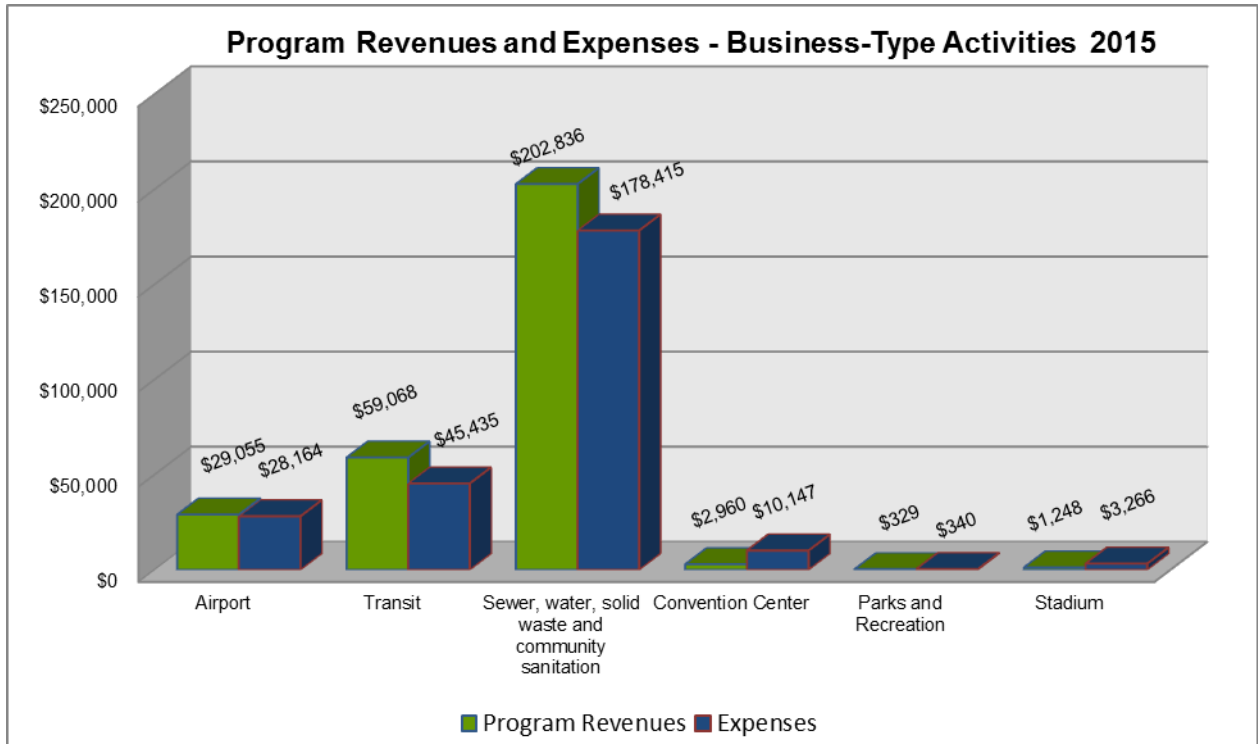
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The following is an analysis of some of the funds within the Business-type Activities category:

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)	<b>\$24.49</b>	<b>\$27.76</b>	<b>\$31.92</b>	<b>\$36.84</b>	<b>\$42.80</b>	<b>\$49.22</b>

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 increased by \$8.3 million (14.4%) from fiscal year 2014’s expenses total of \$57.7 million to \$66.0 million in fiscal year 2015. The increase was entirely due to growing Cost of Services expenses, which increased from \$32.1 million to \$40.5 million: an \$8.4 million (26.2%) increase. The increase in Cost of Services was due to the expensing of \$10.1 million of costs previously recorded in Construction in Progress.

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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 \$564.8 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 \$14.8 million (3.8%) 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 a small increase over fiscal year 2014's levels. Net Position increased from \$316.1 million in fiscal year 2014 to \$318.4 million in fiscal year 2015: a \$2.3 million (0.7%) 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.

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Total Assets were up slightly from fiscal year 2014's figure of \$845.6 million. Fiscal year 2015's Total Assets were \$864.1 million: an increase of \$18.5 million (2.2%). Contributing to the overall increase were the following:

- Current Assets increased by \$10.5 million (9.0%) over fiscal year 2014's total of \$117.7 million. The increase was primarily fueled by an increase in Unrestricted Cash of \$7.5 million (7.1%) above fiscal year 2014's Unrestricted Cash of \$105.5 million.
- Restricted Assets decreased by \$1.8 million (1.9%) from fiscal year 2014's total of \$93.5 million to \$91.7 million in fiscal year 2015. The decrease is entirely due to a reduction in the amount of restricted cash held by the trustee for the Series 2008 bonds.
- Other Assets went from \$12.0 million in fiscal year 2014 to \$22.4 million in fiscal year 2015: a \$10.5 million (87.2%) increase. The increase was entirely due to the establishment of a \$10.9 million Net Pension Asset, as required by GASB Statement No. 68.

Total Liabilities saw a decrease from levels seen in the previous fiscal year. While liabilities were \$267.0 million in fiscal year 2014, they finished at \$260.3 million in fiscal year 2015: a \$6.7 million (2.5%) decrease. An increase in Current Accrued Liabilities (primarily Vouchers Payable) of \$2.1 million was completely offset by a decrease of \$8.8 million in the Long-Term Bonds Payable liability.

Net Position increased by \$16.8 million (2.9%), from \$579.9 million in fiscal year 2014 to \$596.7 million in fiscal year 2015. Both Net Investment in Capital Assets (\$5.3 million increase) and Unrestricted Net Position (\$11.5 million increase) contributed to the overall growth in Net Position.

*Solid Waste Management*

Revenues for the Solid Waste Management Fund rebounded from a decline noted in fiscal year 2014. Revenues for fiscal year 2015 were \$31.2 million versus fiscal year 2014 revenues of \$29.4 million: a \$1.8 million (6.1%) increase. The growth was led by a \$0.8 million increase in customer user charges.

Solid Waste Management Fund's Operating Expenses decreased significantly in fiscal year 2015. Expenses went from \$34.3 million in fiscal year 2014 to \$32.8 million in fiscal year 2015: a \$1.5 million (4.3%) decrease. The decrease was primarily the product of two changes: a \$2.7 million decrease in Cost of Services (mainly caused by the absence of \$1.1 million in settlement payments included in the fiscal year 2014 expenses), and a \$1.2 million increase in Administration expenses (mainly caused by \$2.2 million in fleet purchases).



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Given the increase in revenues and the decrease in expenses, it is no surprise that Total Assets increased from \$47.9 million in fiscal year 2014 to \$53.0 million in fiscal year 2015: a \$5.1 million (10.6%) increase. The increase was due to the establishment of a \$7.6 million Net Pension Asset as required under GASB Statement No. 68. The positive effect of the net pension asset was partially offset by a \$2.0 million decrease in Unrestricted Cash.

Total Liabilities also grew between fiscal years. Fiscal year 2015's Total Liabilities of \$23.5 million were up \$1.0 million (4.4%) from fiscal year 2014's Total Liabilities of \$22.5 million. A \$1.2 million increase in Accrued Landfill Closure Liabilities drove the overall Liabilities increase.

With assets increasing at a greater rate than liabilities, one might assume that Net Position would increase. However, a \$6.4 million Deferred Inflow of Resources – Unamortized Pension Expense created under GASB Statement No. 68's requirements caused an overall decrease in Net Position from fiscal year 2014's figure of \$25.4 million to fiscal year 2015's figure of \$23.7 million. The \$1.7 million (6.8%) decrease in overall Net Position primarily impacted the Unrestricted Net Position, which declined \$1.1 million (5.2%).

Transit

Fiscal year 2015 saw Transit (known as Fresno Area Express, or FAX) experienced its lowest level of ridership in ten years. FAX transported 11.4 million passengers in fiscal year 2015, a 5.8% decrease from fiscal year 2014's ridership of 12.1 million passengers. The decrease continued a trend seen since fiscal year 2009, when passenger traffic was a record 18.0 million passengers.

Despite the decline in ridership, the Transit Fund's revenues increased in fiscal year 2015. Revenues grew \$2.2 million (19.9%): from \$10.9 million in fiscal year 2014 to \$13.1 million in fiscal year 2015. While impressive on the surface, the growth is entirely attributable to \$2.2 million of Pension Revenue recorded as a result of GASB Statement No. 68 changes.

While revenues showed an increase, expenses showed a slight decline. Operating expenses went from \$45.7 million in fiscal year 2014 to \$45.2 million in fiscal year 2015: a \$0.5 million (1.2%) decrease. A \$2.1 million decrease in Costs of Services (driven by a \$1.7 million reduction in Pension Fringe Cost) was partially offset by a \$1.1 million increase in Administration Expenses (led by a \$1.0 million increase in Contract Transportation costs).

As has been the case in previous fiscal years, Operating Grant revenue had a major impact on Transit's financial condition. Operating Grant revenue decreased \$3.6 million (8.3%), going from \$42.8 million in fiscal year 2014 to \$39.2 million in fiscal year 2015.

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The main contributor to the decrease was a \$5.9 million drop in State-TDA funding, which was partially offset by a \$2.0 million increase in Measure C revenue.

As is the case with many other funds within the City, the inclusion of a Net Pension Asset had a large impact on Total Assets. Total Assets were up \$29.7 million (36.1%), from \$82.3 million in fiscal year 2014 to \$112.0 million in fiscal year 2015. The inclusion of the Net Pension Asset contributed \$17.3 million of the overall increase. Also impacting the overall increase in Total Assets was a \$7.2 million increase in Restricted Cash and a \$6.5 million increase in Intergovernmental Receivables.

Total Liabilities grew at a smaller pace than Total Assets. Total Liabilities increased \$3.9 million (10.8%) from \$36.3 million in fiscal year 2014 to \$40.3 million in fiscal year 2015. A \$2.2 million increase in Unearned Revenue (specifically unearned revenue from Proposition 1B) and a \$1.1 million increase in Accrued Liabilities (primarily, Vouchers Payable) explains the overall increase in Total Liabilities.

With the increase in Total Assets being significantly larger than the increase in Total Liabilities, it is unsurprising that the Transit Fund showed a strong increase in Net Position. Net Position increased \$12.9 million (28.1%) from \$45.9 million in fiscal year 2014 to \$58.8 million in fiscal year 2015. Most of that growth occurred in the Unrestricted Net Position, which increased \$8.5 million (63.2%) to \$21.9 million in fiscal year 2015.

*Airports*

The Airports' origin and destination passengers reached 1,406,206 in fiscal year 2015, slightly below (-1.7%) fiscal year 2014 record level passengers of 1,430,864. International passengers to Mexico helped mitigate a decline in domestic passenger traffic. International passengers numbered a record 153,244: 4.1% higher than fiscal year 2014.

The decline in passengers did not affect revenues. Airports reported record revenues of \$20.9 million in fiscal year 2015, 2.4% higher than prior year revenues of \$20.4 million. Overall, revenues related to aeronautical activity decreased, while concession and parking revenues driven by passengers' willingness to spend increased. Revenues generated by leases remained mostly constant.

More specifically, fiscal year 2015 landing fees of \$2.1 million were about 4.5% lower than prior year's. Security fees of \$0.7 million were also lower. Higher parking and concession revenue offset these decreases. Parking revenue amounted to \$5.1 million, 4.1% higher than prior year, and concession revenue equaled \$3.4 million, 9.7% higher. Building rentals in fiscal year 2015 totaled \$6.5 million, roughly equivalent to prior year.

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Passenger Facility Charges (PFCs) amounted to \$2.9 million in fiscal year 2015, the same as in fiscal year 2014. Customer Facility Charges (CFCs) equaled \$1.9 million, higher than prior year CFCs of \$1.7 million. \$1.6 million of PFCs were applied to Series 2013 Bonds debt service. CFCs were applied to Series 2007 Bonds debt service.

Fiscal year 2015 operating expenses amounted to \$25.4 million, about 3.0% higher than prior fiscal year. Higher depreciation charges, reflecting new assets being placed in service, were partly offset by lower cost of services and administration, as Airports continued to streamline processes and manage resources efficiently. Fiscal year 2015 operating expenses not including depreciation were actually \$1.2 million lower than prior year.

One of the reasons why Operating Expenses declined was related to a change in accounting practices regarding the treatment of certain expenses. The change was made with the fiscal year 2015 expense figures to align Airports with industry practice and accounting standards. Noise grant expenditures that had been expensed in the past were capitalized; planning and environmental studies that had been capitalized were expensed. The net impact of these changes was a decrease in operating expenses of \$0.6 million. Further detail regarding this change can be found in Note 1 (k), pages 88-89.

The positive impact from revenue growth and cash-based expenditure decline had a positive effect on Current Assets. Current Assets increased \$6.2 million (54.7%) from fiscal year 2014's total of \$11.4 million. Unrestricted Cash, the largest component of Current Assets, surged to \$11.5 million from the prior fiscal year amount of \$4.2 million: a \$7.3 million (171.9%) increase. The dramatic ongoing improvement in Airports' liquidity is the result of growing revenues generated by higher aeronautical activity, relative to a viable capital and operating cost structure. The increase in cash was partly offset by a \$1.0 million (76.2%) decrease in Grants Receivable, from \$1.3 million to \$0.3 million in fiscal year 2015.

Other Assets spiked from \$1.8 million to \$5.7 million (208.9%) in fiscal year 2015, mostly as the result of the introduction of a \$4.6 million Net Pension Asset, as required by GASB Statement No. 68. Capital Assets decreased by \$8.6 million (4.7%), from \$191.7 million in fiscal year 2014 to \$183.1 million in fiscal year 2015. The decrease was mostly due to Accumulated Depreciation increasing from \$83.0 to \$92.8 million (11.7%).

In sum, Total Assets increased by \$3.1 million (1.4%) in fiscal year 2015 to \$224.2 million.

Total Liabilities amounted to \$61.2 million in fiscal year 2015, \$1.3 million (2.1%) less than prior year Liabilities. The decrease was fueled by a \$1.5 million (2.7%) decrease in Non-Current Bonds Payable.

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Net Position amounted to \$159.7 million in fiscal year 2015, an improvement of \$1.1 million over prior year. A significant decrease (\$7.1 million, or 5.0%) in Net Investment in Capital Assets was offset by an equally significant increase (\$8.3 million, or 52.8%) in Unrestricted Net Position.

Convention Center

The Convention Center had a decrease in activity during fiscal year 2015. Event days declined from 322 in fiscal year 2014 to 297 in fiscal year 2015: a 7.8% decline. With the reduced number of event days came a corresponding decline in attendance. Total attendance dropped from 442,070 in fiscal year 2014 to 428,086 in fiscal year 2015: a 3.2% decline.

While the number of event days and the attendance declined, revenues remained relatively stable. Revenues increased from \$2.6 million in fiscal year 2014 to \$2.9 million in fiscal year 2015: a \$0.3 million (12.7%) improvement. Most of the growth could be attributed to a rebate from PG&E for energy saving measures that were installed at the Convention Center.

While Convention Center revenues showed some growth from the previous fiscal year, its expenses grew at a slower rate. Operating expenses increased \$0.1 million (0.9%) from fiscal year 2014's expenses of \$7.3 million. An increase in Administration expense (specifically, payments to the Convention Visitor's Bureau for staff) accounted for the overall increase in Operating expenses.

The Convention Center's Total Assets decreased by \$1.5 million (3.4%) to \$43.2 million in fiscal year 2015. The decrease was primarily due to a \$2.7 million increase in Accumulated Depreciation, which was partially offset by a \$1.5 million increase in Current Assets, specifically in the Current Restricted Cash account.

Total Liabilities also decreased in fiscal year 2015. Total Liabilities decreased by \$1.5 million (3.0%) from fiscal year 2014's figure of \$49.6 million to fiscal year 2015's figure of \$48.1 million. The majority of the decrease came from a \$3.0 million reduction in the Long-Term Bonds Payable liability, which was the result of payments made on the bonds. The reduction from the Long-Term Bonds Payable was partially offset by a \$1.5 million increase in Deposits Held for Others.

With the change in Total Assets being equal to the change in Total Liabilities, it is no surprise that there was little change in the Convention Center's Net Position. Net Position decreased from \$(4.6) million in fiscal year 2014 to \$(4.7) million in fiscal year 2015: a \$0.1 million (1.4%) decline.

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Stadium

The Stadium showed strong revenue growth in fiscal year 2015. Revenues for the Stadium increased by \$0.4 million (56.3%) between fiscal year 2014 and fiscal year 2015, going from \$0.8 million to \$1.2 million. The increase was entirely made up of additional Arts, Parks, and Entertainment Fees, which increased by \$0.4 million in fiscal year 2015.

While revenues increased, expenses remained constant. Operating expenses showed no change from the \$1.1 million that was seen in fiscal year 2014.

The Stadium's Total Assets increased by \$0.2 million (0.7%) to \$33.3 million. Two factors are behind the increase in Total Assets:

- A \$1.0 million increase in Accumulated Depreciation
- A \$1.6 million increase in Restricted Cash

Total Liabilities decreased from \$35.9 million in fiscal year 2014 to \$34.6 million in fiscal year 2015: a \$1.3 million (3.5%) decrease. A reduction in Non-Current Bonds Payable accounts for the entire decrease.

The large decrease in liabilities resulted in a strong improvement in Net Position. Net Position improved from \$(2.8) million in fiscal year 2014 to \$(1.3) million in fiscal year 2015: a \$1.5 million (53.1%) change. The improvement was mainly in the Unrestricted Net Position, which increased by \$1.3 million.

Internal Service Funds

Internal Service Funds are those funds that provide services primarily to other City departments. Examples of such funds include Utility Billing and Collection, General Services (Fleet Management, Information Services, and Facilities Management), Risk Management, and the Healthcare Plan Funds.

Fiscal year 2015 revenues for the Internal Service Funds increased by \$2.6 million (2.1%) from fiscal year 2014's revenues of \$120.7 million. A \$4.6 million increase in revenues to General Services funds (specifically, \$4.6 million of new equipment payments in the Fleet Replacement Fund) was partially offset by a \$2.4 million decrease in employer contributions to the Employees' Healthcare Fund.

Fiscal Year 2015 expenses displayed a greater increase than revenues displayed. Operating expenses increased \$9.0 million (7.9%) over fiscal year 2014's expense total of \$114.0 million. Almost all of the increase is due to growth in the Risk Management Fund's expenses, totaling \$8.3 million (42.9%). Increased refunds and claims costs made up the entire increase in the Risk Management Fund's expenses.

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Total Assets for the Internal Service Funds increased from \$87.4 million in fiscal year 2014 to \$109.3 million in fiscal year 2015: a \$21.9 million (25.0%) increase. \$11.4 million of the overall increase was associated with the inclusion of a Net Pension Asset in the Utility Billing and Collection and General Services Funds. Another \$11.3 million of the increase came from a reduction in Accumulated Depreciation in the General Services Fund, which moved from \$100.9 million in fiscal year 2014 to \$89.6 million in fiscal year 2015.

Total Liabilities increased \$13.4 million (11.1%) to fiscal year 2015's total of \$134.1 million. The increase was made up primarily of three components:

- The Current Liability for Self-Insurance in the Risk Management Fund grew \$5.2 million (26.4%) from fiscal year 2014's total of \$19.9 million to fiscal year 2015's figure of \$25.1 million.
- The Noncurrent Liability for Self-Insurance in the Risk Management Fund went from \$77.2 million in fiscal year 2014 to \$80.5 million in fiscal year 2015: a \$3.3 million (4.2%) increase.
- \$2.1 million (97.4%) growth in the Noncurrent Capital Lease Obligations for the General Services Fund was recorded, resulting in the Obligation figure moving from \$2.1 million in fiscal year 2014 to \$4.2 million in fiscal year 2015.

Net Position decreased \$0.6 million (2.0%) from a \$(33.3) million in fiscal year 2014 to a \$(33.9) million in fiscal year 2015. A \$5.1 million decrease in Unrestricted Net Position was partially offset by an increase in Net Investment in Capital Assets of \$4.4 million.

### **Fiduciary Activities**

The City maintains Fiduciary Funds for the assets of the Fire and Police Retirement System, the Employees' Retirement System, the Successor Agency to the Fresno Redevelopment Agency, Private Purpose Trust, Special Assessment District Funds, as well as City Departmental and Special Purpose Funds. These are all monies or assets held by the City in a trustee capacity or as an agent for other governmental units, private organizations or individuals. The two largest Fiduciary Funds on the City's accounting records are the Fire and Police Retirement System Pension Trust Fund and the Employees' Retirement System Pension System Trust Fund. The following analysis will focus on those two funds.

Additions into the two Pension Trust Funds decreased by \$300.0 million, or 71.4%, from fiscal year 2014's total additions of \$419.9 million to fiscal year 2015's total additions of \$119.9 million. The primary driver behind the decreased additions into both funds was a strong decline in Investment Income, which dropped from \$384.9 million in fiscal year 2014 to \$83.5 million in fiscal year 2015: a drop of \$301.4 million. Most of that drop was due to a \$297.1 million (90.0%) decline in the Net Appreciation In Value of the Systems' Investments.

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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 \$2,248,258,480 (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 1.1% (a 2.0% increase for governmental activities, a 0.4% 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</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	\$251,843,970.00	\$238,881,767.00	\$48,209,864.00	\$47,688,276.00	\$300,053,834.00	\$286,570,043.00
Intangibles Indefinite Life	-	-	16,983,947.00	15,663,060.00	16,983,947.00	15,663,060.00
Buildings & Improvements	148,772,715.00	153,888,850.00	628,873,429.00	638,965,550.00	777,646,144.00	792,854,400.00
Machinery and equipment	24,878,298.00	19,419,250.00	26,044,730.00	26,291,363.00	50,923,028.00	45,710,613.00
Infrastructure	453,791,640.00	455,300,134.00	498,086,674.00	463,112,912.00	951,878,314.00	918,413,046.00
Construction in progress	51,898,766.00	44,249,256.00	98,874,447.00	119,937,913.00	150,773,213.00	164,187,169.00
Total	<u>\$931,185,389.00</u>	<u>\$911,739,257.00</u>	<u>\$1,317,073,091.00</u>	<u>\$1,311,659,074.00</u>	<u>\$2,248,258,480.00</u>	<u>\$2,223,398,331.00</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**  
**Management's Discussion and Analysis (Unaudited)**  
For the Fiscal Year Ended June 30, 2015

traffic signal at Peach Avenue and Huntington Boulevard. Additionally, property fence lines and existing trees were replaced, relocated, and restored. The project was funded through a combination of ABX86 Gas Tax monies, a State grant, and Measure C funds. Total capitalized value of the rehabilitation was \$8.3 million.

- **Wastewater Secondary Process Operations Building Modifications**

The Sewer Fund completed a project that brought the Secondary Process Operations Building into compliance with the requirements of the Americans with Disabilities Act and energy efficiency standards. Proceeds for the project were used to refurbish the existing office and maintenance space to ensure ongoing functionality. The project included the addition of an elevator, replacement of HVAC system, replacement of existing glazing, and construction of covered storage for division equipment. The remodeled space is now occupied and houses the Sewer Collection System Workgroup. Funds for the project came from the Sewer Fund. The capitalized value of the modifications totaled \$8.1 million.

- **Headworks Building Coating Upgrade**

The Sewer Fund recoating of the concrete in various areas of the Headworks Building at the Wastewater Treatment Plant. The coating was designed to prevent corrosion to the building's concrete and the structural rebar, thereby extending the useful life. Old coating was removed, damage from corrosion was repaired, and a new 100% epoxy coating was applied. Funds for the project came from the Sewer Fund. The capitalized value of the upgrade was \$7.5 million.

At June 30, 2015, the City had commitments related to various construction projects associated with Governmental Activities totaling \$15.2 million. Commitments connected with Proprietary Business-type Activities at fiscal year-end amounted to \$54.1 million. The most significant of the Governmental Activities projects were the Veterans Boulevard at Highway 99 and Union Pacific Railroad Overpass (\$3.1 million) and the Wireless Information Technology Projects (\$4.3 million). The most significant of the Proprietary Business-type Activities projects are Tertiary Treatment at the Regional Reclamation Facility (\$20.8 million), T-4 Downtown Tank and Well (\$5.2 million), East Central Recycled Water Facility (\$4.6 million) and Downtown Recycled Water System (\$4.1 million). A complete list of projects appears in Note 12(h), page 173 under Construction and Other Significant Commitments.

### ***Debt Administration***

At the end of the current fiscal year, the City had total long-term bond obligations, notes, and leases payable outstanding of \$865,999,995. Of this amount, \$147,177,334 is obligation bonds, backed by the full faith and credit of the City, while \$542,705,231 is revenue bonds and notes of the City's business enterprises. The remaining

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

\$176,117,430 includes lease revenue bonds, notes and capital leases for general governmental projects.

During fiscal year 2015, the City’s total bonded debt decreased by \$36,418,237. This decrease was from normal debt service payments.

The City did not issue any new debt during fiscal year 2015. Management does not anticipate either issuing new debt or refinancing existing debt in fiscal year 2016.

The ratio of net general obligation bonded debt to taxable valuation and the amount of bonded debt per capita are useful indicators of the City’s debt position to management, citizens and investors. A comparison of these indicators (as stated in thousands) follows:

	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2013</u>
General Bonded debt (Par Amount)	\$ 147,180	\$ 153,935	\$ 160,285
General Bonded debt per capita	\$ 282.95	\$ 298.55	\$ 315.24
Debt service tax rate per \$100 taxable valuation	\$ 0.49	\$ 0.55	\$ 0.59

Although the City’s Charter imposes a limit on the amount of general obligation bonds that the City can have outstanding at any given time to 20% of assessed value of property in the City, the City recognizes that debt of that magnitude cannot be supported with its current tax base and as such is very cautious about issuing general obligation debt. Currently, there are no general obligation bonds outstanding.

***Special District Debt***

The City is not obligated in any manner for the Special District debt, but is acting as an agent for property owners in collecting the assessments and forwarding the collections to the trustee or paying agent, and initiating foreclosure proceedings, if appropriate. Special District debt payable to bondholders was \$3,933,862 at June 30, 2015, as compared to \$4,112,458 at June 30, 2014.

Additional information on the City of Fresno’s long-term obligations can be found in Note 6, pages 118-130, of the Notes to the Financial Statements.

**Debt - Pledged Revenue Coverage Calculations**

The City has issued various Bonds in accordance with Indentures that set forth various covenants designed to provide security to bond holders, including rate covenants requiring that the City fix, prescribe and collect rates, fees and charges that will yield Net Revenues to equal at least certain designated percentages of estimated debt service. The schedule of Pledged Revenue Coverage as presented in the Statistical Section of the CAFR beginning on page 255 shows the debt coverage calculations for

**City of Fresno, California**  
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For the Fiscal Year Ended June 30, 2015

those bonds which have a coverage calculation methodology detailed in their indenture. For those bonds that do not have a coverage calculation methodology detailed in their indentures, the GASB Statement No. 44 methodology for calculating debt coverage was used.

## FINANCIAL OUTLOOK

Management believes that the financial progress which was displayed in fiscal year 2015 has continued into fiscal year 2016. Several key developments have occurred after the conclusion of fiscal year 2015, which provide management confidence in their belief.

- The City finished fiscal year 2015 with a cash balance in its General Fund Emergency Reserve of \$8.9 million. Since the close of the fiscal year, the City has received about \$2.8 million from the State as repayment for loans that were made to the City's former Redevelopment Agency. In addition to that amount, the City plans to contribute \$4.0 million to the Emergency Reserve at the end of fiscal year 2016, leaving the fund with a cash balance of approximately \$15.7 million. Going forward, the City is assured to receive approximately \$3.5 million per year through fiscal year 2020 in loan repayment. All of these proceeds will be deposited in the reserve, resulting in a projected fiscal year 2020 Emergency Reserve cash balance of \$30.4 million.
- Key General Fund revenues continue to accrue at levels ahead of those seen in fiscal year 2015 through the mid-point of the fiscal year. Sales Tax, Business License Fees, and Franchise Tax receipts are displaying growth over previous fiscal year's revenues. The increase shows that Fresno's economy, and (by extension) the City's finances, continues to improve.
- In September 2014, the City began moving the proceeds of its Treasury pool out of money market accounts and into a program of purchasing fixed income securities. The program calls for the pool to be invested in securities of varying maturities, up to five years. The purpose of the program is to take advantage of higher interest rates at the far end of the maturity spectrum, while still maintaining some level of liquidity to take advantage of future interest rate movements. The program worked effectively in fiscal year 2015. From September 2013 to August 2014, the City earned \$1,973,129 of interest on its Treasury pool investments. From September 2014 to August 2015, the City earned \$3,899,002 of interest on its Treasury pool investments. The increase in interest earned between the two time periods was \$1,925,873, or 97.6%. Management believes interest earnings will continue to rise as more of the Treasury pool is invested and interest rates rise.

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

- The City continues to be successful in obtaining finance lease arrangements for the acquisition of various fire apparatus.
- Moody's increased the issuer rating on the City's debt from Baa1 to A3 in September 2015. They also raised the rating on the City's lease backed obligations from Ba2 to Ba1, and increased the rating on Convention Center, Pension Obligation Bond and Judgment Obligation Bond debt from Ba3 to Ba2. Significantly, Moody's kept the outlook on all the issues at "Positive." Moody's cited "...improvement in the City's fundamental economic profile..." as the main reason for the upgrades.
- Fitch ratings reaffirmed their BBB- issuer rating and "Stable" Outlook in October 2015, citing many of the same reasons that Moody's cited in their ratings action.
- The Bus Rapid Transit (BRT) project and the re-opening of the Fulton Mall to automobile traffic have been awarded and are expected to begin in the latter half of fiscal year 2016. Both of these projects are anticipated to not only have a material impact on the City's financial statements, they are also anticipated to enhance economic conditions within the City by facilitating mobility and business development.
- Construction on the Southeast Surface Water Treatment Plant and associated infrastructure program is anticipated to commence in the latter half of fiscal year 2016. This project will have a material impact on the City's financial statements when completed in fiscal year 2018. Additionally, the project will allow the City to make use of all the river water allotments it possesses, thereby reducing the drawdown of ground water that is currently used to meet Fresno's water needs.
- The Stadium Fund's finances are anticipated to improve as a result of a strong performance by the Fresno Grizzlies baseball team. The Grizzlies won the Triple A Championship Game in September 2015, marking the first championship for the organization. The carryover effect from that championship season is expected to provide a financial boost to the Stadium Fund.

In spite of all the positive momentum for the City's finances, there are areas of concern that will need to be addressed in the upcoming fiscal years.

- Fiscal year 2016 General Fund expenses are running higher than anticipated, primarily due to overtime costs in Police and Fire.
- While the Emergency Reserve's cash balance has grown, it is still woefully below where it should be for an organization of our size. As mentioned previously, the Emergency Reserve is expected to finish fiscal year 2016 with a cash balance of \$15.7 million. Given that an average payroll for the General Fund is about \$6.3

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

million every two weeks, the anticipated Emergency Reserve cash balance represents only 2.5 General Fund payrolls. Thus, the need to continue to build the Emergency Reserve remains in spite of the progress that has been made thus far.

- Water Fund revenues have declined significantly when compared to fiscal year 2015's results. Through the first seven months of fiscal year 2016, revenues are down \$7.1 million (13.9%) when compared to the same time period in fiscal year 2015. The decline is the result of water restrictions imposed by the State as a result of the drought. While recent rains have mitigated drought concerns, there is the possibility that water restrictions will be continued by the State. If that is the case, the Water Fund's revenues will be materially impacted.
- The City has a large amount of deferred maintenance that needs to be addressed. As noted in assessments of the City's Transit yard, the Municipal Service Center, and Camp Fresno, about \$12.5 million of repairs will be needed on these facilities within the next five years. The City is in the process of identifying additional maintenance, as well as technology gaps across all departments. A challenge going forward will be to find the funds and support of the governing body to address this deferred maintenance backlog.
- Due to several years of economic hardship, there is the desire to put restored revenues back into restoring services. While the City's finances continue to improve, it is imperative that a balanced approach to restoration be observed. This balance includes, 1) restore services; 2) invest in deferred maintenance; and 3) pay off debt, and 4) fund reserves for future economic downturns. Additionally, all relevant information should be fully analyzed before drawing conclusions regarding the health of the City's financial position. For example, the City's assets rose to \$3.4 billion in fiscal year 2015 from \$3.0 billion in fiscal year 2014. However, \$0.3 billion was associated with the inclusion of a Net Pension Asset as required under GASB Statement No. 68. Without that Net Pension Asset, assets would have increased by less than \$0.1 billion. To put it in percentage terms, with the Net Pension Asset, total assets rose 12.5%. Without the pension asset, total assets rose only 1.8%. The challenge for policy makers going forward is to find ways to continue the program of building up the City's asset base.

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

While challenges remain, management believes that there are many more positive factors than challenges. Management trusts that these positive factors will continue to build the financial momentum seen in fiscal year 2015's results.

**Conclusion**

In fiscal year 2015, the City of Fresno continued the fiscal progress that began in fiscal year 2014. Assets grew, liabilities were reduced, the reserves grew, and revenues showed positive momentum. The decisions that were made to restructure and revise the City during and after the recession have started to bear positive financial results for the City. However, it took several years of financial difficulties to put the City in a precarious financial position, and it will take a few more years before it is on very solid financial position. Thus, the conclusion one can take from fiscal year 2015's results was that there has been substantial progress made to improving Fresno's financial condition. But, there is still much to be done before the City can satisfactorily address the financial responsibilities inherent in a city Fresno's size.

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

## REQUESTS FOR INFORMATION


This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Below is the contact information for questions about this report or requests for additional financial information.

## CITY OF FRESNO



**Office of the Controller/Finance Department**  
2600 Fresno Street, Room 2156  
Fresno, California 93721-3622

Or contact us at  
[www.fresno.gov](http://www.fresno.gov)



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# GOVERNMENT-WIDE FINANCIAL STATEMENTS





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
<b>Assets</b>				
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	303,742,736	164,068,258	467,810,994	424,766
Facilities Infrastructure and Equipment Net of Accumulated Depreciation	627,442,653	1,153,004,833	1,780,447,486	11,630,185
<b>Total Assets</b>	<b>1,551,027,076</b>	<b>1,892,196,961</b>	<b>3,443,224,037</b>	<b>13,468,261</b>
<b>Deferred Outflows of Resources</b>				
Charge on Refunding	377,599	2,499,143	2,876,742	-
Pension Contributions	24,593,258	4,956,799	29,550,057	-
<b>Total Deferred Outflows of Resources</b>	<b>24,970,857</b>	<b>7,455,942</b>	<b>32,426,799</b>	<b>-</b>
<b>Liabilities</b>				
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
<b>Total Liabilities</b>	<b>565,150,870</b>	<b>718,098,524</b>	<b>1,283,249,394</b>	<b>16,891,251</b>
<b>Deferred Inflows of Resources</b>				
Pension Revenue Applicable to Future Years	179,898,973	48,336,056	228,235,029	-
<b>Total Deferred Inflows of Resources</b>	<b>179,898,973</b>	<b>48,336,056</b>	<b>228,235,029</b>	<b>-</b>
<b>Net Position</b>				
Net Investment in Capital Assets	771,197,917	832,922,734	1,604,120,651	(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
<b>Total Net Position (Deficit)</b>	<b>\$ 830,948,090</b>	<b>\$ 1,133,218,323</b>	<b>\$ 1,964,166,413</b>	<b>\$ (3,422,990)</b>

**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
<b>Primary Government</b>				
<b>Governmental Activities</b>				
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	-	-	-
<b>Total Governmental Activities</b>	<b>339,661,005</b>	<b>98,199,618</b>	<b>39,549,928</b>	<b>62,471,619</b>
<b>Business-type Activities</b>				
Water System	71,055,538	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	-	-
<b>Total Business-type Activities</b>	<b>265,766,616</b>	<b>240,489,840</b>	<b>40,215,486</b>	<b>14,790,778</b>
<b>Total Primary Government</b>	<b>\$ 605,427,621</b>	<b>\$ 338,689,458</b>	<b>\$ 79,765,414</b>	<b>\$ 77,262,397</b>
<b>Component Unit</b>				
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

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	-
(19,518,949)	-	(19,518,949)	-
(139,439,840)	-	(139,439,840)	-
-	4,793,969	4,793,969	-
-	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)	-
-	(2,018,127)	(2,018,127)	-
-	29,729,488	29,729,488	-
(139,439,840)	29,729,488	(109,710,352)	-
			(153,853)
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	-
(6,289,689)	6,289,689	-	-
234,786,456	9,326,195	244,112,651	107,290
95,346,616	39,055,683	134,402,299	(46,563)
669,781,306	1,099,379,942	1,769,161,248	(3,376,427)
(2,628,697)	(7,421,192)	(10,049,889)	-
68,448,865	2,203,890	70,652,755	-
735,601,474	1,094,162,640	1,829,764,114	(3,376,427)
\$ 830,948,090	\$ 1,133,218,323	\$ 1,964,166,413	\$ (3,422,990)

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# FUND FINANCIAL STATEMENTS



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**CITY OF FRESNO, CALIFORNIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

June 30, 2015

	General Fund	Grants Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and Investments	\$ 1,868,476	\$ 4,516,176	\$ 79,544,035	\$ 85,928,687
Receivables, Net	12,135,924	-	455,936	12,591,860
Grants Receivable	281,907	19,179,424	214,590	19,675,921
Intergovernmental Receivables	33,295,000	-	5,926,801	39,221,801
Due From Other Funds	21,568,024	123,443	211,400	21,902,867
Advances to Other Funds, Net	12,690,500	-	62,208	12,752,708
Property Held for Resale	-	-	10,758,051	10,758,051
Restricted Cash	5,206,737	-	9,806,180	15,012,917
Loans, Notes, Leases, Other Receivables, Net	-	53,462,435	24,974,144	78,436,579
<b>Total Assets</b>	<b>\$ 87,046,568</b>	<b>\$ 77,281,478</b>	<b>\$ 131,953,345</b>	<b>\$ 296,281,391</b>
<b>Liabilities</b>				
Accrued Liabilities	\$ 10,405,032	\$ 2,756,834	\$ 3,322,609	\$ 16,484,475
Unearned Revenue	1,962,995	2,522,619	144,307	4,629,921
Due to Other Funds	1,552,876	16,756,610	4,636,647	22,946,133
Advances From Other Funds	1,084,191	-	12,752,708	13,836,899
Deposits From Others	315,345	-	4,000	319,345
<b>Total Liabilities</b>	<b>15,320,439</b>	<b>22,036,063</b>	<b>20,860,271</b>	<b>58,216,773</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue-Property Tax	7,804,723	-	27,824	7,832,547
Unavailable Revenue-Sales Tax	8,354,539	-	-	8,354,539
Unavailable Revenue-Other	11,047,005	11,462,831	2,587,659	25,097,495
<b>Total Deferred Inflows of Resources</b>	<b>27,206,267</b>	<b>11,462,831</b>	<b>2,615,483</b>	<b>41,284,581</b>
<b>Fund Balances (Deficit)</b>				
Nonspendable	12,690,500	-	-	12,690,500
Restricted	105,460	52,447,012	93,555,401	146,107,873
Committed	5,206,737	-	-	5,206,737
Assigned	1,874,418	-	15,928,128	17,802,546
Unassigned	24,642,747	(8,664,428)	(1,005,938)	14,972,381
<b>Total Fund Balances</b>	<b>44,519,862</b>	<b>43,782,584</b>	<b>108,477,591</b>	<b>196,780,037</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 87,046,568</b>	<b>\$ 77,281,478</b>	<b>\$ 131,953,345</b>	<b>\$ 296,281,391</b>

**CITY OF FRESNO, CALIFORNIA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

JUNE 30, 2015

Fund balances – total governmental funds	\$	196,780,037
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds. Those assets consist of:

Land	\$	251,843,970
Buildings and Improvements, net of \$122,950,351 accumulated depreciation		146,280,075
Machinery and Equipment, net of \$30,415,442 accumulated depreciation		5,099,599
Infrastructure, net of \$849,609,157 accumulated depreciation		453,791,640
Construction in Progress		50,586,329
		907,601,613
Total Capital Assets		907,601,613

Some of the City's property taxes (\$7,832,547), sales tax (\$1,360,519), in-lieu sales tax (\$6,994,020), Measure C tax (\$2,372,187), grant revenue (\$11,853,868), franchise fee (\$2,156,189), fines and fees (\$6,075,152), and business license (\$2,640,099) will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable revenue in the funds.		41,284,581
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(3,404,778)
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Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.

Bonds and Certificates of Participation	\$	(308,790,000)
Notes Payable		(4,568,927)
Capital Leases		(4,363,895)
Compensated Absences and Health Retirement Arrangement		(48,757,667)
Net OPEB Obligation		(48,193,393)
Retention Payable		(1,205,835)
		(415,879,717)
Total Long-Term Liabilities		(415,879,717)

Governmental funds report the effect of prepaid insurance, premium, original issue discount and deferred inflows of resources on bond refunding charge, when debt is first issued, whereas in the statement of activities these amounts are amortized to interest and expense over the life of the debt.

Prepaid Insurance on Bonds	\$	1,342,348
Deferred Inflows of Resources on Bond Refundings		377,599
Unamortized Premium		(722,451)
Unamortized Discount		899,733
		1,897,229
Total		1,897,229

The net pension asset \$259,793,029 and pension related deferred outflows of resources \$23,795,275 and deferred inflows of resources (\$172,368,390) are not available resources for the current period and therefore are not reported in the governmental funds.		111,219,914
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Internal service funds are used by management to charge the costs of various activities, such as fleet and insurance to individual funds. Assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.		(8,550,789)
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Net position of governmental activities	\$	830,948,090
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**CITY OF FRESNO, CALIFORNIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2015

	General Fund	Grants Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 237,994,995	\$ -	\$ 38,852,387	\$ 276,847,382
Licenses and Permits	6,569,377	-	-	6,569,377
Intergovernmental	7,474,285	31,664,843	2,775,394	41,914,522
Charges for Services	22,325,714	3,472	22,362,644	44,691,830
Fines	3,391,437	-	-	3,391,437
Use of Money and Property	887,174	25,350	730,786	1,643,310
Miscellaneous	4,444,693	3,520,116	835,260	8,800,069
Total Revenues	<u>283,087,675</u>	<u>35,213,781</u>	<u>65,556,471</u>	<u>383,857,927</u>
<b>Expenditures</b>				
Current:				
General Government	12,160,988	-	1,679,747	13,840,735
Public Protection	177,360,480	4,417,891	6,271,167	188,049,538
Public Ways and Facilities	3,494,317	3,300,357	28,811,781	35,606,455
Culture and Recreation	13,177,170	433,380	1,822,466	15,433,016
Community Development	17,690,098	9,773,923	2,856,256	30,320,277
Capital Outlay	1,064,181	18,559,716	19,360,413	38,984,310
Debt Service:				
Principal	1,484,593	-	17,733,530	19,218,123
Interest	348,959	-	19,162,326	19,511,285
Total Expenditures	<u>226,780,786</u>	<u>36,485,267</u>	<u>97,697,686</u>	<u>360,963,739</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>56,306,889</u>	<u>(1,271,486)</u>	<u>(32,141,215)</u>	<u>22,894,188</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	3,459,585	542,678	40,693,229	44,695,492
Transfers Out	(40,861,025)	(1,341,720)	(8,370,210)	(50,572,955)
Capital Lease Financing	965,854	-	-	965,854
Sale of Capital Assets	402,148	-	382,626	784,774
Total Other Financing Sources (Uses)	<u>(36,033,438)</u>	<u>(799,042)</u>	<u>32,705,645</u>	<u>(4,126,835)</u>
Net Changes in Fund Balances	20,273,451	(2,070,528)	564,430	18,767,353
Fund Balances - Beginning	<u>24,246,411</u>	<u>45,853,112</u>	<u>107,913,161</u>	<u>178,012,684</u>
Fund Balances - Ending	<u>\$ 44,519,862</u>	<u>\$ 43,782,584</u>	<u>\$ 108,477,591</u>	<u>\$ 196,780,037</u>

**CITY OF FRESNO, CALIFORNIA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds \$ 18,767,353

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$46,135,229, infrastructure and other contributions of \$13,929,259, exceeded depreciation of \$44,132,363 and disposals of \$2,197,707 in the current period. 13,734,418

Some expenses, retention payable, and Net OPEB Obligation reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds. (5,613,311)

In the statement of net position acquiring debt increases long-term liabilities and does not affect the statement of activities. Additionally, repayment of principal is an expenditure in the governmental funds but reduces liability in the statement of net position.

Principal Payments to Bond, Certificate and Note Holders	\$	19,218,123	
Capital Lease Financing		(965,854)	
		18,252,269	18,252,269

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.

Compensated Absences and Health Retirement Arrangement	\$	(358,568)	
Additions and Amortization of Debt Premium and Discount		104,055	
Amortization of Deferred Outflows of Resources on Bond Refunding		(118,529)	
Amortization of Prepaid Insurance on Bonds		(94,858)	
Accrued Interest on Bonds, Certificates, and Notes		174,957	
Combined Adjustment		(292,943)	(292,943)

Changes to the net pension asset and pension related deferred outflows and inflows of resources do not provide current financial resources and therefore are not reported in the governmental funds. 43,092,380

Revenues recognized in the statement of activities in previous years and recognized in the governmental fund statements in the current year were less than revenues recognized in the statement of activities in the current year but not reported in the governmental funds as they do not provide current financial resources. 7,548,401

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet, to individual funds. The net revenues of certain activities of internal service funds are reported with governmental activities in the statement of activities. (141,951)

Change in net position of governmental activities \$ 95,346,616

CITY OF FRESNO, CALIFORNIA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			
	Water System	Sewer System	Solid Waste Management	Transit
<b>Assets</b>				
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	-	-	-	-
<b>Total Current Assets</b>	<b>83,371,054</b>	<b>128,230,267</b>	<b>24,385,184</b>	<b>22,117,104</b>
Noncurrent Assets:				
Restricted:				
Cash and Investments	50,142,152	91,455,028	1,073,954	35,596,345
Interest Receivable	60,340	290,605	-	-
<b>Total Restricted Assets</b>	<b>50,202,492</b>	<b>91,745,633</b>	<b>1,073,954</b>	<b>35,596,345</b>
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	-	-
<b>Total Other Assets</b>	<b>25,649,931</b>	<b>22,432,248</b>	<b>24,298,859</b>	<b>17,348,032</b>
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	63,160,811	24,515,443	-	10,137,879
Less Accumulated Depreciation	(172,034,313)	(218,824,139)	(10,911,278)	(52,231,678)
<b>Total Capital Assets, Net</b>	<b>405,603,963</b>	<b>621,681,662</b>	<b>3,220,739</b>	<b>36,921,906</b>
<b>Total Noncurrent Assets</b>	<b>481,456,386</b>	<b>735,859,543</b>	<b>28,593,552</b>	<b>89,866,283</b>
<b>Total Assets</b>	<b>564,827,440</b>	<b>864,089,810</b>	<b>52,978,736</b>	<b>111,983,387</b>
<b>Deferred Outflows of Resources</b>				
Charge on Refunding	1,060,165	1,135,709	-	-
Pension Contributions	908,309	887,957	556,982	1,653,807
<b>Total Deferred Outflows of Resources</b>	<b>1,968,474</b>	<b>2,023,666</b>	<b>556,982</b>	<b>1,653,807</b>

**Business-Type Activities - Enterprise Funds**

Airports		Fresno Convention Center	Stadium	Other Enterprise Funds	Total	Internal Service Funds
\$	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	98,874,447	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>1,317,030,961</u>	<u>23,625,906</u>
	<u>206,593,782</u>	<u>39,248,681</u>	<u>32,074,777</u>	<u>5,082,082</u>	<u>1,618,775,086</u>	<u>41,002,040</u>
	<u>224,200,926</u>	<u>43,172,312</u>	<u>33,334,716</u>	<u>13,006,801</u>	<u>1,907,594,128</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)

**CITY OF FRESNO, CALIFORNIA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

JUNE 30, 2015 (continued)

	Business-Type Activities - Enterprise Funds			
	Water System	Sewer System	Solid Waste Management	Transit
<b>Liabilities</b>				
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	-	-	-
<b>Total Current Liabilities</b>	<b>29,287,804</b>	<b>40,920,090</b>	<b>2,093,881</b>	<b>30,282,029</b>
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	-	-
<b>Total Noncurrent Liabilities</b>	<b>209,282,687</b>	<b>219,386,736</b>	<b>21,399,366</b>	<b>9,985,502</b>
<b>Total Liabilities</b>	<b>238,570,491</b>	<b>260,306,826</b>	<b>23,493,247</b>	<b>40,267,531</b>
<b>Deferred Inflows of Resources</b>				
Unamortized Pension Expense	9,850,709	9,123,213	6,370,520	14,510,627
<b>Total Deferred Inflows of Resources</b>	<b>9,850,709</b>	<b>9,123,213</b>	<b>6,370,520</b>	<b>14,510,627</b>
<b>Net Position</b>				
Net Investment in Capital Assets	214,762,232	445,922,384	3,220,739	36,921,906
Unrestricted (Deficit)	103,612,482	150,761,053	20,451,212	21,937,130
<b>Total Net Position (Deficit)</b>	<b>\$ 318,374,714</b>	<b>\$ 596,683,437</b>	<b>\$ 23,671,951</b>	<b>\$ 58,859,036</b>

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	832,880,604	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>\$ 1,158,614,550</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

\$ 1,133,218,323



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			
	Water System	Sewer System	Solid Waste Management	Transit
<b>Operating Revenues:</b>				
Charges for Services	\$ 74,284,899	\$ 81,954,830	\$ 31,208,301	\$ 13,089,327
<b>Operating Expenses:</b>				
Cost of Services	40,514,849	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	66,000,700	59,760,161	32,857,248	45,167,280
Operating Income (Loss)	8,284,199	22,194,669	(1,648,947)	(32,077,953)
<b>Non-operating Revenue (Expenses):</b>				
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	3,572,916	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	4,637,460	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	\$ 318,374,714	\$ 596,683,437	\$ 23,671,951	\$ 58,859,036

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	132,279,042	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	246,136,200	123,001,076
(4,582,779)	(4,374,741)	159,234	1,589,600	(10,456,718)	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	17,473,791	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	39,025,408	(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  
\$ 39,055,683

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
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
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	-	-	-	-
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>30,356,546</b>	<b>42,282,161</b>	<b>(2,846,495)</b>	<b>(29,787,705)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
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)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(52,081,478)</b>	<b>(37,800,785)</b>	<b>-</b>	<b>(2,420,248)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
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)
<b>Net Cash Provided by (Used for) Non-Capital Financing Activities</b>	<b>6,799,824</b>	<b>(487,473)</b>	<b>718,810</b>	<b>30,307,288</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest and Dividends on Investments	466,504	1,701,854	154,340	42,046
<b>Net Cash Provided by Investing Activities</b>	<b>466,504</b>	<b>1,701,854</b>	<b>154,340</b>	<b>42,046</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(14,458,604)</b>	<b>5,695,757</b>	<b>(1,973,345)</b>	<b>(1,858,619)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>135,455,669</b>	<b>184,990,914</b>	<b>23,671,210</b>	<b>41,118,434</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 120,997,065</b>	<b>\$ 190,686,671</b>	<b>\$ 21,697,865</b>	<b>\$ 39,259,815</b>

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)	(5,166,528)
(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
<u>(2,562,116)</u>	<u>(1,263,999)</u>	<u>-</u>	<u>(221,163)</u>	<u>(74,300,051)</u>	<u>(9,017,189)</u>
<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
<u>(249,795)</u>	<u>(281,943)</u>	<u>-</u>	<u>(699,681)</u>	<u>(4,792,619)</u>	<u>(1,483,399)</u>
<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)

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
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
Operating income (loss)	\$ 8,284,199	\$ 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	9,898,100	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
<b>Net Cash Provided by (Used For) Operating Activities</b>	<b>\$ 30,356,546</b>	<b>\$ 42,282,161</b>	<b>\$ (2,846,495)</b>	<b>\$ (29,787,705)</b>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</b>				
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	-	-
<b>Cash and Cash Equivalents at End of Year on Statement of Cash Flows</b>	<b>\$ 120,997,065</b>	<b>\$ 190,686,671</b>	<b>\$ 21,697,865</b>	<b>\$ 39,259,815</b>
<b>Noncash Investing, Capital, and Financing Activities:</b>				
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)

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	\$ (10,456,718)	\$ 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	14,009,192	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
20,670,317	6,413,870	3,227,462	-	208,579,128	4,964,534
32,137,938	7,359,720	3,281,795	6,561,502	435,729,715	70,098,228
-	-	-	-	13,747,344	-
<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)

CITY OF FRESNO, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS - TRUST AND AGENCY FUNDS

JUNE 30, 2015

	Pension Trust Funds	Successor Agency to the Fresno Redevelopment Agency Private-Purpose Trust Fund	Agency Funds
<b>Assets</b>			
Cash and Investments	\$ 2,089,956	\$ 10,052,346	\$ 5,469,493
Restricted Cash and Investments Held by Fiscal Agent	-	1,828,647	515,649
Total Cash and Investments	<u>2,089,956</u>	<u>11,880,993</u>	<u>5,985,142</u>
Receivables:			
Receivables for Investments Sold	55,572,294	-	-
Interest and Dividends Receivable	8,665,035	-	10,031
Other Receivables	48,646,172	76,701	-
Due from Other Governments	-	-	699,592
Notes and Loans Receivable	-	11,000	-
Total Receivables	<u>112,883,501</u>	<u>87,701</u>	<u>709,623</u>
Investments, at Fair Value:			
Short-Term Investments	75,483,610	-	-
Domestic Equity	995,618,749	-	-
Corporate Bonds	433,029,994	-	-
International Developed Market Equities	407,578,786	-	-
International Emerging Market Equities	81,057,618	-	-
Government Bonds	233,053,663	-	-
Real Estate	315,646,789	-	-
Total Investments	<u>2,541,469,209</u>	<u>-</u>	<u>-</u>
Collateral Held for Securities Lent	268,992,332	-	-
Capital Assets, Net of Accumulated Depreciation	1,772,052	-	-
Other Assets	-	9,177	-
Prepaid Expense	200	-	-
Property Held for Resale	-	7,813,928	-
Total Assets	<u>2,927,207,250</u>	<u>19,791,799</u>	<u>6,694,765</u>
<b>Deferred Outflows of Resources</b>			
Charge on Refunding	-	55,287	-
Pension Contributions	-	30,333	-
Total Deferred Outflows of Resources	<u>-</u>	<u>85,620</u>	<u>-</u>
<b>Liabilities</b>			
Accrued Liabilities	107,381,405	178,861	569,031
Collateral Held for Securities Lent	268,992,332	-	-
Deposits Held for Others	-	-	6,125,734
Other Liabilities	4,189,294	11,499	-
Long-Term Debt:			
Due Within One Year	-	1,092,471	-
Due in More than One Year	-	6,242,337	-
Net Pension Liability	-	310,600	-
Total Liabilities	<u>380,563,031</u>	<u>7,835,768</u>	<u>6,694,765</u>
<b>Deferred Inflows of Resources</b>			
Unamortized Pension Expense	-	94,501	-
<b>Net Position</b>			
Restricted for Pension Benefits	2,546,644,219	-	-
Held in Trust for Redevelopment Dissolution	-	11,947,150	-
Total Net Position	<u>\$ 2,546,644,219</u>	<u>\$ 11,947,150</u>	<u>\$ -</u>

**CITY OF FRESNO, CALIFORNIA**


**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS - TRUST FUNDS**

YEAR ENDED JUNE 30, 2015

	Pension Trust Funds	Successor Agency to the Fresno Redevelopment Agency Private-Purpose Trust Fund
<b>Additions</b>		
Contributions:		
Employer	\$ 31,293,500	\$ -
System Members	16,135,383	-
Total Contributions	<u>47,428,883</u>	<u>-</u>
Investment Income:		
Net Appreciation in Value of Investments	32,932,383	-
Interest	29,025,367	44,626
Dividends	21,420,898	-
Other Investment Related	83,535	-
Total Investment Income	<u>83,462,183</u>	<u>44,626</u>
Less Investment Expense	<u>(11,837,940)</u>	<u>-</u>
Total Net Investment Income	<u>71,624,243</u>	<u>44,626</u>
Securities Lending Income:		
Securities Lending Earnings	1,060,749	-
Less Securities Lending Expense	<u>(211,987)</u>	<u>-</u>
Net Securities Lending Income	<u>848,762</u>	<u>-</u>
Property Taxes	-	8,588,568
Intergovernmental	-	162,896
Other Income	-	<u>284,402</u>
Total Additions	<u>119,901,888</u>	<u>9,080,492</u>
<b>Deductions</b>		
Benefit Payments	102,783,224	-
Refund of Contributions	2,374,500	-
Redevelopment Expenses	-	805,898
General and Administrative Expenses	2,178,737	1,019,767
Enforceable Obligations	-	4,221,182
Write Down of Property Held for Resale Cost to Value	-	11,895,204
Interest on Debt	-	<u>366,938</u>
Total Deductions	<u>107,336,461</u>	<u>18,308,989</u>
Change in Net Position	<u>12,565,427</u>	<u>(9,228,497)</u>
Net Position - Beginning	2,534,078,792	21,259,615
Cumulative Effect of Accounting Change	<u>-</u>	<u>(83,968)</u>
Net Position - Beginning Restated	<u>2,534,078,792</u>	<u>21,175,647</u>
Net Position - Ending	<u>\$ 2,546,644,219</u>	<u>\$ 11,947,150</u>



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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

### Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Fresno (City) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

#### (a) Definition of Reporting Entity

The City is a political subdivision chartered by the State of California and, as such, can exercise the powers specified by the Constitution and laws of the State of California. The City operates under its own Charter and is governed by a directly elected strong Mayor and a seven-member City Council (Council). The City Manager serves as the head of the administrative branch of the City and is appointed by the Mayor.

As required by generally accepted accounting principles (GAAP), these basic financial statements present the financial status of the City (the primary government) and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations, and so data from these units are combined with data of the primary government.

A discretely presented component is not blended with the primary government, but rather is presented in separate columns. This is because it does not provide services exclusively or almost exclusively to the City of Fresno, in addition to its being legally separate from the City.

Management applied the criteria of the GASB Statement No. 14, *The Financial Reporting Entity*, Statement No. 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14* and Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34* to determine whether the component units should be reported as blended or discretely presented component units.

As a government agency, the City is exempt from both federal income taxes and California State franchise taxes.

#### (b) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its blended component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the clearly identifiable direct expenses of a given function or segment is offset by program revenues. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items, not included among program revenues, are reported instead as general revenues.

The accounts of the City are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds (though the latter are excluded from the government-wide financial statements). Major individual governmental funds and major individual enterprise funds are reported by separate columns in the fund financial statements.

### **(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide, proprietary fund, and trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. However, agency fund financial statements report only assets and liabilities. As such, they cannot be said to have a measurement focus. They do use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues, local taxes, licenses, interest and other intergovernmental revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to vacation, sick leave, claims and judgments are recorded only when payment is due.

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.

The **Grants Special Revenue Fund** accounts for grants received from federal, state, and other agencies, which are to be used for various purposes identified within the confines of the individual grant.

The City reports the following major proprietary (enterprise) funds:

**Water System Fund** accounts for the construction, operation and maintenance of the City's water distribution system. Revenues are derived from water service fees and various installation charges.

**Sewer System Fund** accounts for the construction, operation and maintenance of the City's sewer system. Revenues are derived from sewer service fees and various installation charges.

**Solid Waste Management Fund** accounts for the operations of the City's residential solid waste disposal service. Revenues are primarily derived from solid waste service fees.

**Transit Fund** accounts for the operation and maintenance of the City's mass transportation service. Primary revenue sources are rider fares, federal grants, and state operating grants.

**Airports Fund** accounts for the City's two airport operations. Revenues are primarily derived from fees and rents.

**Fresno Convention Center Fund** accounts for the operation and maintenance of the City's convention center. Revenues are primarily derived from fees charged for using the facilities, supplemented by General Fund support.

**Stadium Fund** accounts for the construction, operation and maintenance of the City's baseball stadium. Revenues are derived from the leasing of the facilities, supplemented by General Fund support.

Additionally, the City reports the following fund types:

### Governmental Funds

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects.

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

**Capital Projects Funds** are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays.

**Debt Service Funds** are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

### Proprietary Funds

**Enterprise Funds** account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges.

**Internal Service Funds** account for the financing of goods or services provided by one City department to another City department on a cost reimbursement basis. The General Services Fund accounts for the activities of the equipment maintenance services, centralized telecommunications and information services. The Risk Management Fund accounts for the City's self-insurance, including provision for losses on property, liability, workers' compensation, and unemployment compensation. The Billing and Collection Fund accounts for the billing, collecting and servicing activities for the Water System, Sewer System, Solid Waste Management, and Community Sanitation Funds.

The Employees Healthcare Plan accounts for the assets held on behalf of the City of Fresno Employees' Healthcare Plan for claim payments on behalf of qualified employees and retirees. There is one plan; however, there is separate accounting for active employees and retirees.

In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

### Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Fresno's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

The **Pension Trust Funds** account for the assets held on behalf of the City of Fresno Fire and Police Retirement System and the City of Fresno Employees Retirement System for pension benefit payments to qualified employees and retirees. Pension Trust Funds are accounted for in essentially the same manner as the proprietary funds.

The **Private-Purpose Trust Fund** accounts for the custodial responsibilities that are assigned to the Successor Agency to the Redevelopment Agency with the passage of the Redevelopment Dissolution Act.

**Agency Funds** account for assets held by the City in a custodial capacity on behalf of individuals or other governmental units.

The *City Departmental and Special Purpose Fund* accounts for City-related trust activity, such as payroll withholding and bid deposits. The *Special Assessments District Fund* accounts for the receipts and disbursements for the debt service activity of bonded assessment districts within the City. Agency Funds, being custodial in nature (assets equal liabilities), do not involve the measurement of results of operations.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

In addition to the primary governmental unit, the City also has several component units whose functions are described below:

### 1) Blended Component Units

Although the following component units are legally separate from the City (the Primary Government), the component units have been "blended" into the City's basic financial statements for financial reporting purposes because the governing board is substantially the same as the City Council and there is a financial benefit or burden relationship or City management has the operational responsibility for the component unit. In addition, the component unit provides services exclusively to the primary government or the component unit's total debt outstanding is expected to be repaid with resources of the primary government.

All potential component units were evaluated, resulting in the inclusion of the following entities in the basic financial statements.

*Fresno Joint Powers Financing Authority (Authority):* An independent public entity created in 1988. The Authority acquires telecommunications equipment, office furniture, and streetlights; constructs facilities; and installs street improvements through the issuance of limited obligation bonds, certificates of participation and revenue bonds. The Authority currently is leasing these assets to the City. The Authority's governing board consists of three board members appointed by the City's chief administrative officer (the



## City of Fresno, California

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

City Manager). It is responsible for the Authority's fiscal and administrative decisions. The financial activity for the office furniture and street lights are included as part of a debt service fund entitled Financing Authorities and Corporations Debt Service Fund. The financial activity for projects related to the Lease Revenue Bonds is also included in the Financing Authorities and Corporations Debt Service Fund. All lease obligations between the Authority and the City have been eliminated in the financial statements. The Authority does not issue separate financial statements.

City of Fresno Fire and Police Retirement System (Fire and Police): Fire and Police was established on July 1, 1955 to provide benefits to the safety employees and retirees of the City of Fresno. Fire and Police is maintained and governed by Articles 3 and 4 of Chapter 3 of the Fresno Municipal Code. Fire and Police's responsibilities include: administration of the trust fund; delivery of retirement, death and disability benefits to eligible members; administration of programs; and general assistance in retirement and related benefits. The governing board is made up of two members appointed by the Mayor, an elected police member, an elected fire member and a board-appointed member. The activity for Fire and Police is reflected within Fiduciary Funds. Separate financial statements are prepared for the Fire and Police Retirement System and may be obtained from the Retirement Office at 2828 Fresno Street, Fresno, CA 93721-3604 or at <http://www.cfrs-ca.org/Employee/Communications/Reports.asp>.

City of Fresno Employees Retirement System (Employees): Employees was established on June 1, 1939 to provide benefits to the employees and retirees of the City of Fresno. Employees is governed by Article 5 of Chapter 3 of the City of Fresno Municipal Code. Employees responsibilities include: administration of the trust fund; delivery of retirement, disability and death benefits to eligible members; administration of programs; and general assistance in retirement and related benefits. The governing board is made up of two Mayor-appointed members, two elected members and one board-appointed member. The activity for Employees is reflected within Fiduciary Funds. Separate financial statements are prepared for the Employees Retirement System and may be obtained from the Retirement Office at 2828 Fresno Street, Fresno, CA 93721-3604, or at <http://www.cfrs-ca.org/Employee/Communications/Reports.asp>.

City of Fresno Employees Health Care Plan: The City of Fresno employees and retired employees not represented by the Stationary Engineers Local who elect to be covered or are covered by the Fresno City Employees Health and Welfare Trusts which are self-insured trusts administered by an outside third party administrator. The activity for the Trusts is reflected within Internal Service Funds.

Fresno Revitalization Corporation: The Fresno Revitalization Corporation (FRC) is a non-profit public benefit corporation created in 1995 for the purpose of developing a revitalization policy and assisting with downtown Fresno area development, redevelopment and renewal. The organization received a substantial portion of its support from the former Redevelopment Agency (RDA) and the general public.

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

On January 26, 2012 the Councilmembers of the City of Fresno and the Mayor of the City became the eight ex-officio members of the Board of the Corporation. The FRC is presented as a blended component unit of the primary government for three reasons: (1) its governing board is substantially the same as the City Council; (2) it provides services exclusively or almost exclusively for the benefit of the City, even though it does not provide services directly to the City; and (3) the City is financially accountable for the FRC.

FRC Canyon Crest, LLC: FRC Canyon Crest, LLC is a special purpose limited liability company owned by the Fresno Revitalization Corporation. The purpose of FRC Canyon Crest, LLC was to acquire, operate, maintain, and rehabilitate a 118-unit low income multi-family complex. The complex was owned by a lender in Chicago as a result of a foreclosure of the previous owner. On March 4, 2010, the Fresno City Council approved the award of \$2.7 million in Neighborhood Stabilization Program (NSP) set aside funds to the Fresno Revitalization Corporation to acquire the property. FRC Canyon Crest, LLC acquired the property and the Redevelopment Agency (RDA) guaranteed the loan from the seller. The RDA also provided administrative, financial and technical support to FRC Canyon Crest, LLC in the acquisition and operation of the property through a contractual services agreement. The Agency Loan Guarantee and Operating Agreement also contained a Declaration of Restrictions creating the affordability covenants and long-term maintenance and operating restrictions, which were recorded against and run with the property.

The RDA and FRC Canyon Crest, LLC marketed the property for sale upon rehabilitation and stabilization to a qualified affordable housing developer for ongoing management and property improvements. In September 2011, the FRC and FRC Canyon Crest, LLC entered into an Assignment/Assumption Agreement with a developer as required by the U.S. Department of Housing and Urban Development (HUD). Final purchase of the property by the developer occurred in April 2012. However, the FRC/FRC Canyon Crest, LLC still holds a \$500,000 residual receipts note on the property.

As the sole member of FRC Canyon Crest, LLC, the FRC and the Councilmembers of the City of Fresno and the Mayor of the City are the eight ex-officio members of FRC Canyon Crest, LLC. The activities of FRC Canyon Crest, LLC are blended into the FRC (and, by extension, the City) because: (1) its governing board is substantially the same as the City Council; (2) it provides services exclusively or almost exclusively for the benefit of the City even though it does not provide services directly to the City; and (3) the City is financially accountable for FRC Canyon Crest, LLC.

### 2) Fiduciary Component Unit

Successor Agency to the Redevelopment Agency of the City of Fresno (Successor Agency): The Successor Agency was created to serve as custodian for the assets and to wind down the affairs of the former RDA. The Board of the Successor Agency consists of the City Council. Over the Successor Agency's board is the Oversight Board, which is comprised of seven-member representatives from local government bodies: two City

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

representatives appointed by the Mayor of Fresno, two representatives appointed by the Fresno County Board of Supervisors, one member appointed by the Fresno County Superintendent of Schools, one appointed by the Metropolitan Flood Control District (a Special District) and one appointed by the State Center Community College District.

In general, the Successor Agency's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, the Successor Agency will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former RDA until all of those enforceable obligations have been paid in full and all assets have been liquidated.

The City became the Housing Successor Agency and has the sole legal authority to administer the former RDA's housing assets. The City may move forward with completing projects under contract at the time of the dissolution and liquidate surplus real estate for the purpose of distributing proceeds to taxing entities, pursuant to approval of repayment of RDA obligations to the City.

The Successor Agency is a separate legal entity under Assembly Bill (AB) 1484. The Successor Agency is reported as a Private-Purpose Trust Fund in the City's financial statements. This means that the Agency's assets are considered to be held in a trustee or agency capacity for others and cannot be used to support the City's government's own programs. The housing activity of the former RDA is presented within the Low and Moderate Income Housing Fund, which is a Special Revenue nonmajor governmental fund.

Separate financial statements are prepared for the Successor Agency and can be obtained from the Successor Agency Office at 2344 Tulare Street, Suite 200, Fresno, CA 93721. There is no separate financial report prepared for the Housing Successor Agency.

### 3) Discretely Presented Component Unit

City of Fresno Cultural Arts Properties Corporation (COFCAP): This nonprofit public benefit corporation (an independent public entity) was created in 2010. The specific charitable and public purpose for which COFCAP was organized was to support the City of Fresno and the former RDA to lessen the burdens of the government of the City and the RDA by: (1) purchasing, developing, financing, rehabilitating, and/or demolishing vacant and blighted properties; (2) assisting the City and the RDA in combating community blight and deterioration in the City by redeveloping vacant or blighted properties; and (3) acquiring, owning, operating, and leasing property within a Low-Income Community (as defined in Section 45D(e)(1) of the Internal Revenue Code) to community businesses, which will promote and support the social welfare of the City.

## **City of Fresno, California**

### **Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

The City of Fresno Cultural Arts Properties Corporation (COFCAP) was formed as part of a New Market Tax Credits financing structure that was utilized by the City to assist in lessening a debt burden to the City. (See also Note 12 (f) page 170 for more information.)

COFCAP is a component unit due to it being a legally separate entity for which the City is financially accountable through both the appointment of the COFCAP's board and the ability to approve the COFCAP's budget. COFCAP is discretely presented because it does not provide services exclusively or almost exclusively to the City of Fresno. Through its charitable purpose of owning and managing properties, it provides ongoing services to the citizens of the community.

Separate financial statements are prepared for COFCAP and may be obtained from the City of Fresno, Finance Department, 2600 Fresno Street, Suite 2156, Fresno, California 93721-3622. COFCAP's capital assets were purchased from the City of Fresno. In accordance with Governmental Accounting Standards Board Statement No. 48 - *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, COFCAP's capital assets have not been revalued in the City's financial statements. Instead, they continue to be reported at the City's carrying value at the date of sale plus additional accumulated depreciation as appropriate.

#### **(d) Budgetary Data**

The budget of the City, prepared on a cash basis, is a detailed operating plan which identifies estimated costs and results in relation to estimated revenues. The budget includes (1) programs, projects, services and activities to be provided during the fiscal year, (2) the estimated resources (inflow) and amounts available for appropriation and (3) the estimated charges to appropriations. The budget represents a process through which policy decisions are made, implemented, and controlled. The City charter prohibits expending funds for which there is no legal appropriation.

#### *Fund Structure*

The budget document is organized to reflect the fund structure of the City's finances. Fund revenues and expenditures are rolled up to the various object levels by division and department for presentation of information to the public. Budget adoption and subsequent administration is carried out on a fund basis.

#### *Basis of Accounting*

The City adopts an annual operating and capital budget for the General Fund, Special Revenue Funds, Debt Service Funds (except Financing Authorities, Corporations, and City Debt Service), Capital Projects Funds (except Financing Authorities and Corporations) and Proprietary Funds. These budgets are adopted on a cash basis. Supplemental appropriations during the year must be approved by the City Council. Budgeted amounts are reported as amended.

## **City of Fresno, California**

### **Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in the Governmental Funds. Encumbrance accounting is utilized for budgetary control and accountability and to facilitate cash planning and control. Encumbrances outstanding at year-end are reported as part of restricted, committed or assigned fund balance. At June 30, 2015, encumbrances totaled \$1,411,607 in the General Fund, \$14,810,072 in the Grants Special Revenue Fund and \$13,296,723 in the Nonmajor Governmental Funds.

#### *Revenue Estimation (Unaudited)*

Revenue estimates and the methodology for calculating the estimates vary depending on the source of revenue. Considerable weight generally has been given to historical trends. This is important because of the uniqueness of the Central Valley and the composition of the Fresno economy, which differs from the State in general.

The General Fund is the City's most versatile funding source, since it has the fewest restrictions. Its revenue comes from property and sales taxes, business license fees, room tax (Transient Occupancy Tax or TOT), charges for services, development fees and revenues from other governmental agencies. Property tax is the largest revenue source in the General Fund. The main source for projecting this revenue is assessed value information received from the County.

Revenue estimates for Enterprise and Internal Service Funds are also rooted in historical trends. As those funds are generally self-supporting (meaning, they do not generally receive tax dollars to cover operational costs), revenue estimates also take into account any adjustments to fees assessed by the Enterprise or the Internal Service Funds. Additionally, any anticipated changes in service levels are also reflected in the revenue estimates.

#### *Budget Administration*

The budget establishes appropriation and expenditure levels. Expenditures may be below budgeted amounts at year-end due to unanticipated savings in the budget development. The existence of a particular appropriation in the budget does not automatically mean funds are expended. Because of the time span between preparing the budget and the subsequent adoption by the governing body, actual expenditures are likely to be different than the budgeted amounts.

Each expenditure is reviewed prior to any disbursement. These expenditure review procedures assure compliance with the City's requirements and provide some degree of flexibility for modifying programs to meet changing needs and priorities.

**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:

	<b>Net Position, at Beginning of Year</b>			
	<b>As Previously Reported</b>	<b>Cumulative Effect of Accounting Change (See Note 15)</b>	<b>Change in Accounting Estimate (See Note 15)</b>	<b>As Restated</b>
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

**(ii) Governmental Accounting Standards Board Statement No. 69 -  
*Government Combinations and Disposals of Government Operations.***

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions and transfers of operations.

The requirements of this statement were effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. Application of this statement was effective for the City's fiscal year ending June 30, 2015. There was no impact to the City's financial statements with the implementation of this GASB Statement.

**(iii) Governmental Accounting Standards Board Statement No. 71- *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68***

The objective of GASB Statement No. 71 is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. GASB Statement No. 71 modified GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

The provisions of this statement were required to be applied simultaneously with the provisions of Statement No. 68, which was effective for financial statements for the fiscal year ended June 30, 2015. The impact to the City's financial statements is noted in the related table for implementation of GASB Statement No. 68.

Issued But Not Yet Adopted

The City is assessing what effect, if any, the implementation of the following standards will have on the City's financial statements.

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

**(iv) Governmental Accounting Standards Board Statement No. 72 - *Fair Value Measurement and Application***

GASB Statement No. 72's objective is to enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques.

The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015, which for the City is the fiscal year ending June 30, 2016.

**(v) Governmental Accounting Standards Board Statement No. 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68.***

The objective of GASB Statement No. 73 is to improve the usefulness of information about pensions included in the external financial reports of state and local governments for making decisions and assessing accountability.

The requirements of this statement are effective for fiscal years beginning after June 15, 2015, which for the City is the fiscal year ending June 30, 2016.

**(vi) Governmental Accounting Standards Board Statement No. 74 - *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans***

GASB Statement No. 74's objective is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) for making decisions and assessing accountability. This statement requires two financial statements (a statement of fiduciary net position and a statement of changes in fiduciary net position) when the trusts meet the specified criteria

This statement is effective for fiscal years beginning after June 15, 2016, which for the City is the fiscal year ending June 30, 2017.

**(vii) Governmental Accounting Standards Board Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***

The primary objective of GASB Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).

This statement is effective for fiscal years beginning after June 15, 2017, which for the City is the fiscal year ending June 30, 2018.



**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

**(viii) Governmental Accounting Standards Board Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments***

GASB Statement No. 76's objective is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP).

The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015, which for the City is June 30, 2016.

**(ix) Governmental Accounting Standards Board Statement No. 77 – *Tax Abatement Disclosures***

GASB Statement No. 77 establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The information provided by this Standard is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The new standard is effective for periods beginning after December 15, 2015. Application of this statement is effective for the City's fiscal year ending June 30, 2017.

**(x) Governmental Accounting Standards Board Statement No. 78 - *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans***

GASB Statement No. 78 amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The new standard is effective for periods beginning after December 15, 2015. Application of this statement is effective for the City's fiscal year ending June 30, 2017.

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

### Financial Statement Elements

#### (f) Deposits and Investments

##### *Investment in the Treasurer's Pool*

The City Controller/Treasurer invests on behalf of most funds of the City in accordance with the City's investment policy and the California State Government Code. The City Treasurer, who reports investments and earnings on a monthly basis to the City Council, manages the Treasurer's Investment Pool. The Treasurer's Investment Pool consists of two components: 1) pooled deposits and investments and 2) dedicated investment funds. The dedicated investment funds represent restricted funds, related to bond issuances of Enterprise Funds. In addition to the Treasurer's Investment Pool, the City has other funds that are held by trustees. These funds are related to the issuance of non-Enterprise Fund bonds and certain loan programs of the City.

##### *Investment Valuation*

The City reports its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in fair value are reflected in the revenue of the period in which they occur.

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

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

##### *Investment Income*

Cash balances of each of the City's funds, except for certain Trust and Agency Funds and other restricted accounts, are pooled and invested by the City. Interest income from pooled investments is allocated to the individual funds based on the fund participant's average daily cash balance at the month end in relation to total pooled investments. The City's policy is to charge interest to those funds that have a negative average daily cash balance at month end. Deficit cash balances are reclassified as Due to Other Funds and funded by operating funds with positive cash balances.

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

(g) Loans Receivable

For the purposes of the Fund Financial Statements, Special Revenue and Capital Projects Funds expenditures relating to long-term loans arising from loan subsidy programs are recorded as loans receivable net of an estimated allowance for potentially uncollectible loans. In some instances, amounts due from external participants are recorded with an offset to an allowance account. The balance of long-term loans receivable includes loans that may be forgiven if certain terms and conditions of the loans are met.

The Financing Authorities and Corporations Fund also reflects a note due from FBB Investment Fund, LLC in connection with the new market tax credit loans recorded by the City's discretely presented component unit, the City of Fresno Cultural Arts Properties Corporation. The note is recorded for the full amount and the entire outstanding principal balance plus any unpaid interest is due on the maturity date, March 1, 2040.

(h) Inventories

Inventories recorded in the proprietary funds primarily consist of construction materials and maintenance supplies. Generally, proprietary funds value inventory at cost or average cost. Inventory is expensed as it is consumed (the consumption method of inventory accounting). The City uses the purchases method of accounting for inventories in governmental fund types, whereby inventory items are considered expenditures when purchased and are not reported in the balance sheet.

(i) Former Redevelopment Agency Property Held for Resale

Property of the former RDA, some of which was allocated to Low and Moderate Income Housing (LMIH - \$10,758,051) and some to the Successor Agency (\$19,709,132), has been held for resale per the law dissolving the RDA. The property was recorded as other assets at the lower of estimated cost or net realizable value of a property based on current intended use.

Pursuant to the Health and Safety Code and within six months after receiving a Finding of Completion from the State Department of Finance, the Successor Agency was required to submit for approval a Long-Range Property Management Plan (LRPMP). The LRPMP addressed the disposition and use of the real properties of the former RDA. In fiscal year 2015, the Successor Agency completed its LRPMP. As a result, the original cost basis plus subsequent costs incurred related to preparing the property for its intended use must now be adjusted to the current determination of Lower of Cost or Market. At June 30, 2015, the adjusted value of the property was \$7,813,931. The adjustment or write-down is reflected as "Write Down of Property Held for Resale – Cost to Market" totaled \$11,895,201. The City's cost basis differs from the Successor Agency on certain properties transferred as related party transactions.

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

Property held for sale may, during the period it is held by the City, generate rental income. This rental income is recognized as it becomes due and is considered collectable. The property held by the LMIH appears on the Nonmajor Governmental Fund financial statements and Government-wide financial statements as Property Held for Resale. Property held for resale by the Successor Agency is included in the fiduciary funds.

### (j) Restricted Assets

Restricted cash is classified as restricted assets on the Statement of Net Position because it is maintained in separate bank accounts or tracked separately in the City Treasury group of accounts. Use of the proceeds is limited by applicable bond covenants and resolutions. Restricted assets account for the principal and interest amounts accumulated to pay debt service, unspent bond proceeds and amounts restricted for future capital projects. Restricted grants and interest receivable represent cash and receivables contributed for capital projects and the associated interest.

### (k) Capital Assets

Capital assets, which include land, buildings and improvements, machinery and equipment, infrastructure, and intangible assets, are reported in the applicable governmental activities or business-type activities columns in the Government-wide Financial Statements and in the Private-Purpose Trust Fund (former RDA). All land not included in property held for resale is defined as Capital Assets, regardless of the acquisition cost of the land. All other acquisitions or constructions (excluding Infrastructure) with an initial cost of \$15,000 or more (including bundled purchases) and having an estimated useful life in excess of two years are defined as Capital Assets. Computer purchases are no longer defined as Capital Assets, but rather are immediately expensed; with the exception of computers acquired through a capital lease, which are capitalized in bulk and not on an individual basis.

In Fiscal Year 2015 it was determined that the capitalization threshold for buildings, building improvements, machinery and equipment, improvements other than to buildings and capital project infrastructure improvements should be increased from \$5,000 to \$15,000. This was seen as an enhancement to best practices, as assets with greater values would be more closely tracked and monitored, as opposed to spending significant amounts of time and resources tracking a significant number of assets whose value was not material.

The impact of the changes on a citywide basis was to reduce asset cost by \$47,493,510 and to eliminate accumulated depreciation in the amount of \$37,443,621, for a net of decrease of \$10,049,889 to assets. The greatest reduction was to the Water and Sewer Systems in the net amount of \$2,752,580 and \$4,119,993, respectively or 68% of the decrease. The impact to the General Services (an internal service fund) was less significant, but resulted in a reduction of \$1,007,995 or an additional 10%.

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

Consistent with prior years, infrastructure with an initial cost of more than \$50,000 is considered to be Capital Assets. Improvements that extend an asset’s life or efficiency by over 25% are also capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed unless they fall below the initial cost threshold.

<u>Asset Category</u>	<u>Capitalization Threshold</u>
Land	All Land
Buildings, building improvements, machinery and equipment, and other improvements	More than \$15,000
Infrastructure	More than \$50,000

Donated capital assets are recorded at estimated fair market value at the date of donation. Capital outlay is recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the Government-wide Financial Statements to the extent the City’s capitalization threshold is met. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest totaled \$7,152,713 in fiscal year 2015. Amortization of assets acquired under capital lease is included in depreciation and amortization.

Buildings and improvements, infrastructure, and machinery and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated used lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 to 40
Infrastructure	15 to 55
Machinery and Equipment	3 to 12

Works of art, historical treasures and zoological animals held for public exhibition, education, or research in furtherance of public service, rather than financial gain, are not capitalized. These items are protected, kept unencumbered, cared for and preserved by the City. It is the City’s policy to utilize proceeds from the sale of these items for the acquisition of other items for collection and display.

In Fiscal Year 2015, Airports began capitalizing noise mitigation costs consistent with GASB Statement No. 51 – *Intangible Assets*. The practice that was chosen to capitalize these costs is similar to the accounting treatment for Water Rights, which are capitalized as Intangible Assets with indefinite useful lives and no amortization. This change was made in order to be more consistent with industry practices and accounting standards.

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

The Airports noise mitigation program consists of improvements made to properties falling within Federal Aviation Administration (FAA) designated high noise impact areas. Although the properties do not belong to Airports, noise insulation windows are installed along with other devices to reduce the impact of sound decibels inside properties located within the flight path of the airport. In exchange, property owners grant aviation easements to the airport with the easement having an indefinite life. Funding for the program is provided through federal grants. In Fiscal Year 2015, \$1,320,877 was capitalized as an intangible asset.

Also in Fiscal Year 2015, Airports wrote off \$702,875 in costs incurred for planning and environmental studies that had been carried in Construction in Progress (CIP). This write-off was done after Airports staff determined that much of the remaining projects that were identified on the studies would not be completed. Additionally, the amounts that would be capitalized to those assets that are planned to be constructed/purchased were determined to not be material to the capitalized value of those constructed/purchased assets.

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

*Capital Leases*

Property, plant and equipment include the following property held under lease obligation at June 30, 2015:

	<u>Governmental Activities</u>
Machinery and Equipment	\$ 16,007,964
Less: Accumulated Depreciation	<u>(8,968,736)</u>
Net Machinery and Equipment	<u>\$ 7,039,228</u>

(l) Bond Prepaid Insurance, Bond Premiums and Discounts and Accreted Interest Payable

In the government-wide financial statements, and the proprietary fund type and the fiduciary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund and fiduciary fund statement of net position. Bond prepaid insurance is reported as other assets and amortized over the term of the related debt. Bond issuance premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond issuance premium or discount. Interest accreted on capital appreciation bonds is reported as accreted interest payable in the proprietary fund and as long-term liabilities, due in more than one year in the government-wide statements.

(m) Deferred Outflows of Resources - Refunding of Debt

The City records deferred outflows of resources in its proprietary, fiduciary, and government-wide financial statements for consumption of net position that is applicable to a future reporting period. These financial statement elements are distinct from assets. Unamortized losses occurring from advance refundings of debt are reported as deferred outflows of resources. As of June 30, 2015, the ending balance of refunding charges yet to be amortized into expense consists of the following:

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

<u>Bonds</u>	<u>Charge on Refunding</u>
<b>Governmental Activities:</b>	
Lease Revenue Bonds, Series 2008 A NNLB	\$ 223,263
Lease Revenue Bonds 2010, City Hall Refunding Fresno Bee Building, Granite Park, Improvements	154,336
Total Governmental Activities	<u>377,599</u>
<b>Business-type Activities:</b>	
Water System Revenue Refunding Bonds 2003	277,075
Water System Revenue Bonds 2010	783,090
Sewer System Revenue Bonds 2008 A	1,135,709
Airport Revenue Refunding Bonds 2013	26,244
Lease Revenue Bonds 2006 - Convention Center	277,025
Total Business-type Activities	<u>2,499,143</u>
<b>Fiduciary Funds:</b>	
<b>Successor Agency to the Fresno Redevelopment Agency:</b>	
Tax Allocation Bonds Series 2003, Mariposa Project Area	\$ <u>55,287</u>

In the government-wide financial statements, and the proprietary fund type in the fund financial statements, deferred outflows of resources are recorded for the current year employer pension contributions to the retirement systems.

(n) Unearned Revenues

Unearned revenues arise when resources are received by the City before it has a legal claim to them (e.g., upfront grants or when the City bills certain fixed rate services in advance). Amounts billed but not yet earned are amortized over the service period.

(o) Deferred Inflows of Resources

The City records deferred inflows of resources in its governmental, proprietary, and government-wide financial statements for acquisition of net position that is applicable to a future reporting period. This financial statement element is distinct from liabilities.

In the government-wide financial statements, and the proprietary fund type in the fund financial statements, deferred inflows of resources are recorded for unamortized pension revenue.



**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

In the governmental fund statements, deferred inflows of resources consist of revenues not collected within the availability period after fiscal year-end. The deferred inflows of resources balance consists as of June 30, 2015, of the following unavailable resources:

	Deferred Inflows of Resources			
	General Fund	Grants Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Property Taxes	\$ 7,804,723	\$ -	\$ 27,824	\$ 7,832,547
Sales Taxes	1,360,519	-	-	1,360,519
In Lieu Sales Tax	6,994,020	-	-	6,994,020
Franchise Taxes	2,156,189	-	-	2,156,189
Business Tax	2,640,099	-	-	2,640,099
Other Taxes	-	-	2,373,069	2,373,069
Code Enforcement Revenue	4,704,628	-	-	4,704,628
Grant Revenue	176,447	11,462,831	214,590	11,853,868
Parking Citations, Fines and Other Revenue	1,369,642	-	-	1,369,642
<b>Total</b>	<b>\$ 27,206,267</b>	<b>\$ 11,462,831</b>	<b>\$ 2,615,483</b>	<b>\$ 41,284,581</b>

(p) Interfund Transfers

Interfund transfers are generally recorded as transfers in (out), except for certain types of transactions that are described below:

- (1) Charges for services are recorded as revenues of the performing fund and expenditures of the requesting fund. Unbilled costs are recognized as an asset of the performing fund at the end of the fiscal year.
- (2) Reimbursements for expenditures, initially made by one fund which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed.

(q) Fund Balance (Deficit)

In the fund financial statements, fund balances of the governmental funds are reported in a hierarchy of classifications which are based on the extent to which the City is bound to honor constraints on the specific purposes for which the amounts in the funds can be spent. Governmental fund balance classifications consist of the following:

- **Nonspendable** – Includes amounts that are either 1) not in spendable form or 2) are legally or contractually required to be maintained intact. Not in spendable form includes items that are not expected to be converted to cash, such as inventories, prepaid items and certain long-term receivables.

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

- **Restricted** – Includes amounts which have constraints placed on the use of the resources. The constraints are either externally imposed by creditors, grantors, contributors, the legally enforceable laws or regulations of other governments, or by the legally enforceable laws or enabling legislation of the government itself.
- **Committed** – Includes amounts that can only be used for specific purposes. Various reserves, including The City of Fresno’s Emergency Reserve, are included as a committed reserve, pursuant to Section 1212 of the Fresno City Charter.

Resolution No. 2011-64 established the Reserve Management Act which set forth policy with stringent limitations on the reserve funds. This Act increased the minimum reserve balance to ten percent (10%) of the adopted budget for the next year’s General Fund appropriations.

A ballot measure, part of the November 6, 2012 election, amended the City Charter to require that the Council establish a policy for managing the City Reserves which memorialized the qualifying events. Qualifying events were deemed to be 1) Natural Catastrophe; 2) An immediate threat to health and public safety; or 3) A significant decline in General Fund Revenues, which in the opinion of the City Manager, impairs his/her ability to administer the Council adopted budget. All qualifying events must be declared by the Mayor, taken to the Council and approved by a super majority Council vote.

The Ballot measure, known as City of Fresno Charter Amendment Bond Measure F, addressed not only the Reserve but also established policies for managing the City’s debt and a “Better Business Act” which required a due diligence process when evaluating requests by the private sector for the City financial assistance. The ballot measure was passed successfully.

The Reserve Management Act was further amended through Resolution 2015-77, which was adopted on May 15, 2015. The amendment to the Act permitted the use of the Emergency Reserve for year-end cash balancing purposes, with the approval of the Council.

At June 30, 2015, the Reserve balance, identified as Committed Fund Balance, was \$4,004,150 after the Council authorized unrestricting \$4,934,130 to be used for temporary loans, if necessary, to cover negative cash balances resulting from timing differences in the receipt of reimbursements primarily from Grants. All of this balance was temporarily loaned at year-end. The Committed Fund Balance (General Fund) also includes an additional \$1,202,587 designated exclusively for use in the year in which a 27<sup>th</sup> pay period occurs. Monies are set aside each year to fund the extra pay period that results when using bi-weekly pay periods. The next 27<sup>th</sup> pay period will next occur in fiscal year 2017.

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

Over the course of the next several years, the Mayor has proposed that RDA loan debt repayments go exclusively toward replenishing the Emergency Reserve. The Mayor has also proposed that surpluses from ongoing operations also be transferred to the Emergency Reserve. If enacted as planned, these actions will result in an Emergency Reserve of \$27.7 million at the end of fiscal year 2019.

- **Assigned** – Includes amounts that are not classified as nonspendable, restricted, or committed, but which are intended by the City to be used for specific purposes. Intent is expressed by legislation or action of the City Council, the Mayor, or the City Manager which legislation has delegated the authority to assign amounts for specific purposes.
- **Unassigned** – Is the residual classification for the General Fund and includes all amounts not reported as nonspendable, restricted, committed or assigned. The General Fund may report either positive or negative unassigned fund balance. Unassigned amounts are available for any purpose. Other governmental funds may report only negative unassigned fund balances if expenditures incurred for specific purposes exceeded amounts restricted, committed or assigned for those purposes.

When multiple classifications of resources are available for use, it is the City's policy to use resources in the order of restricted, committed, assigned, and unassigned.

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

Fund Balances of the governmental funds at June 30, 2015 consist of the following:

	General Fund	Grants Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Advances Receivable From				
Other Funds	\$ 12,690,500	\$ -	\$ -	\$ 12,690,500
Restricted:				
Debt Service	-	-	10,582,179	10,582,179
CDBG and Home Loans	-	47,523,942	-	47,523,942
Revitalization	-	-	165,105	165,105
Street Works	-	-	10,123,262	10,123,262
Transportation	-	-	4,593,955	4,593,955
Pedestrian and Bicycle Program	-	-	212,847	212,847
AD #131 UGM Reimbursement	-	-	1,638,889	1,638,889
Forfeitures	-	-	259,241	259,241
CAsp Program SB1186	-	-	99,117	99,117
Darm Grants	-	2,850,554	-	2,850,554
Police and Fire Grants	98,460	2,072,516	-	2,170,976
Parks Grants	7,000	-	-	7,000
Impact Fees	-	-	15,832,033	15,832,033
Special Assessment Projects	-	-	13,710,801	13,710,801
Low to Moderate Income Housing	-	-	36,337,972	36,337,972
Committed:				
Emergency Reserve	5,206,737	-	-	5,206,737
Assigned:				
Accounting and Citywide Obligations	512,462	-	-	512,462
Cable PEG, Nonprofit Media JPA	-	-	78,337	78,337
Public Works Projects	203,140	-	2,738,320	2,941,460
City Hall Improvements	-	-	1,040,326	1,040,326
Enterprise Zone	-	-	1,068,594	1,068,594
Paving Projects	-	-	4,126,819	4,126,819
Right of Way Acquisitons	-	-	679,639	679,639
Street Tree Fees	-	-	684,502	684,502
Public Protection Projects	370,653	-	-	370,653
Police Capital Projects	-	-	2,485,327	2,485,327
Parks Maintenance	125,565	-	763,441	889,006
Parks Impact Fees	-	-	1,770,349	1,770,349
Woodward and Japanese Garden Projects	-	-	13,313	13,313
Planning and Community Revitalization	662,598	-	-	662,598
Parking Garage 7	-	-	479,161	479,161
Unassigned	24,642,747	(8,664,428)	(1,005,938)	14,972,381
Total Fund Balances	\$ 44,519,862	\$ 43,782,584	\$ 108,477,591	\$ 196,780,037

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

### (r) Net Position/(Deficit)

Net position represents the difference between assets and liabilities in the government-wide and proprietary fund Statement of Net Position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the reported restricted assets. Unrestricted net position represents net position elements which are not restricted.

### (s) Cash Flows

Statements of cash flows are presented for proprietary fund types. Cash and cash equivalents include all unrestricted and restricted highly liquid investments with original purchase maturities of three months or less. Pooled cash and investments in the City's Treasury represent monies in a cash management pool and such accounts are similar in nature to demand deposits.

### (t) Regulatory Assets and Liabilities

At June 30, 2015, the Statement of Net Position-Business-Type Activities, reflects approximately \$12.6 million in regulatory assets related to the Central Valley Project (CVP) Water Settlement. These assets will continue to have an impact on water rates which are to be charged to customers over approximately the next 20 years. The settlement for past deficiencies was negotiated between the City and the United States Bureau of Reclamation (USBR). Under GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance* contained in pre-November 30, 1989 FASB and AICPA pronouncements of the GASB, paragraphs 488 - 489, regulatory assets represent future revenue associated with certain costs (CVP Settlement) that will be recovered from customers through the ratemaking process.

A portion of the CVP Settlement Liability was reduced due to early payment to the USBR. The corresponding asset was evaluated to determine whether the regulatory asset would require accelerated amortization or write-off, which it did not. Correspondingly, if the rate of recovery is over a period other than 20 years currently anticipated, the amortization period will also be adjusted.

### (u) Pensions

For purposes of measuring the net pension asset and deferred outflows/inflows of resources related to pensions and pension revenue/expense, information about the fiduciary net position of the City's two pension plans, City of Fresno Employees Retirement System and the City of Fresno Fire and Police Retirement System (Plans)

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans which is the accrual basis of accounting under which revenues are recognized when earned and deductions are recorded when the liability is incurred. Employer and employee contributions are recognized as revenue when due. Contributions are recorded in the period the related salaries are earned and become measurable. Investment income is recognized when it is earned. The net appreciation in fair value of investments held by the Plans is recorded as an increase to investment income based on the valuation of investments at fiscal year-end, which includes both realized and unrealized gains and losses on investments. Retirement benefits and refunds are recognized when due and payable under the terms of the plan

### (v) Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## **Note 2. CASH AND INVESTMENTS**

The City's cash and investments are invested pursuant to investment policy guidelines established by the City Controller/Treasurer, subject to review and approval by the City Council. The objectives of the investment policy are preservation of capital, liquidity, and yield. The policy addresses the soundness of financial institutions in which the City will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

### City Sponsored Investment Pool

As part of the City's total cash and investment portfolio, the Treasury Officer and staff, under the supervision of the Controller, manage an investment pool that includes only internal investors and is available for use by all funds. The pool is not registered with the Securities and Exchange Commission as an investment company. Investment activity is reported monthly to the City Council by posting reports to the City's webpage and annually through an investment policy submitted to the Council for review and approval. The investments are reported at fair value, which is determined monthly. Participants' shares are determined by the daily cash balance deposited in the pool (the value of its pool shares). Investment income earned by the pooled investments is allocated to the various funds on a monthly basis, based on each fund's daily cash balance. Interest payments are paid to the various funds also on a monthly basis. The value of the pool shares is based upon amortized cost in day-to-day operations, but is adjusted to the fair value at year-end. The value of the shares is supported by the value of the underlying investments. Each fund type's portion of this pool is displayed on the financial statements as "Cash and Investments." In addition, certain funds related to debt issues have investments with trustees.

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

The following is a summary of cash, deposits and investments at June 30, 2015:

	Primary Government				Component Unit
	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total	
Cash and Investments	\$ 148,163,182	\$ 230,049,786	\$ 17,611,795	\$ 395,824,763	\$ 904,691
Restricted Cash and Investments	15,419,765	213,136,814	2,344,296	230,900,875	-
Pension Trust Investments at Fair Value	-	-	2,541,469,209	2,541,469,209	-
Collateral Held for Securities Lent	-	-	268,992,332	268,992,332	-
<b>Total</b>	<b>\$ 163,582,947</b>	<b>\$ 443,186,600</b>	<b>\$ 2,830,417,632</b>	<b>\$ 3,437,187,179</b>	<b>\$ 904,691</b>

Cash and Deposits

At year-end, the City's bank balance was \$68,132,484, inclusive of Successor Agency to the Fresno Redevelopment Agency Private-Purpose Trust Fund and pension trust funds. The recorded balance reflected in the June 30, 2015 financial statements was \$65,430,924. The difference is due to deposits in transit and outstanding checks.

Cash, Deposits and Investments

Cash includes amounts in demand and time deposits. Investments are reported in the accompanying financial statements at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as income from property and investments. Income from property and investments includes interest earnings; changes in fair value; any gains or losses realized upon the liquidation, unrealized gains and losses, maturity, or sales of investments; property rentals and the sale of City owned property.

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

The City maintains a formal investment policy, which is adopted annually by the City Council. Pursuant to Government Code Section 53607, the Council delegates its authority to the Controller/Treasurer to invest or to reinvest funds of the City, or to sell or exchange securities so purchased subject to the requirements of State Law and the Investment Policy. Pursuant to Government Code Section 53608, the authority to deposit such securities for safekeeping is also delegated by the Council to the Controller/Treasurer. All investments held in the Treasurer's Pool are consistent with the City's investment policy objectives of safety of principal, adequacy of liquidity, and achievement of an average market rate of return.

# **City of Fresno, California**

## **Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

California statutes and the City's investment policy authorize investments in obligations of the U.S. Treasury, agencies and instrumentalities, bankers' acceptances, negotiable certificates of deposit, Certificates of Deposits (CD's), repurchase agreements and the State Treasurer's investment fund. The City is also authorized to enter into reverse repurchase agreements, but did not enter into any reverse repurchase agreements transactions during fiscal year 2015.

The following table identifies the investment types that are authorized for the City by the California Government Code or the City's investment policy, where more restrictive. The City's maximum percent limit of portfolio for government sponsored enterprises agency notes is 70% versus 100% for California Government Code. The table identifies the investment type, the maximum length of time to maturity for each investment, the maximum percentage of the portfolio that can be invested in each type of security and the maximum amount of the portfolio that can be invested in any single issuer of investments.

The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City rather than the general provisions of the California Government Code or the City's investment policy.



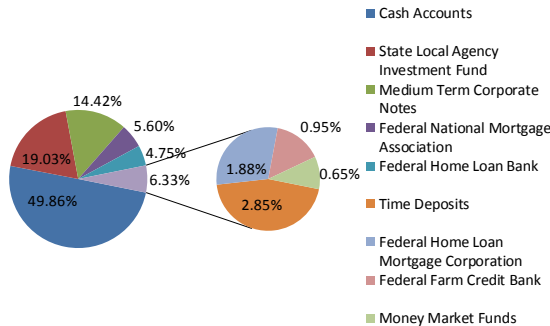
**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

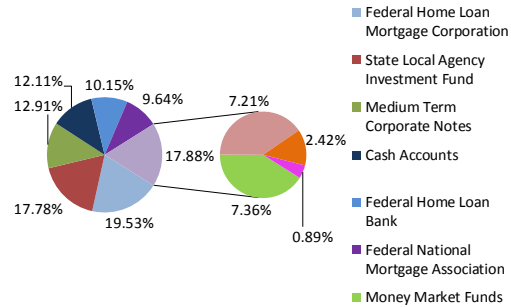
Authorized Investments	Maximum Maturity	Maximum % Limit Of Portfolio	Maximum % Limit Of Portfolio Per Single Issuer
City of Fresno Debt	5 Years	100%	100%
U.S. Treasuries	5 Years	100%	100%
California Debt	5 Years	100%	100%
Other 49 States Debt	5 Years	100%	100%
Cal Local Agency Debt	5 Years	100%	100%
Government Sponsored Enterprises Agency Notes	5 Years	70%	50%
Bankers' Acceptances	180 Days	40%	30%
Commercial Paper	270 Days	25%	25%
Negotiable CD's	5 Years	30%	30%
Time Deposits	5 Years	100%	100%
Shares of Section 6509.7 JPA's	N/A	100%	100%
GC 53601.8 CD's	1 Year	30%	30%
Repurchase Agreements	1 Year	100%	100%
Reverse Repurchase Agreements	92 Days	20%	N/A
Securities Lending Agreements	92 Days	20%	N/A
Medium-Term Notes	5 Years	30%	20%
Mutual Funds	N/A	20%	10%
Money Market Funds	N/A	20%	20%
Mortgage/Asset Backed Debt	5 Years	20%	20%
State Local Agency Investment Fund	N/A	100%	100%
International Bank Reconstruction and Development	5 Years	30%	30%
International Finance Corporation	5 Years	30%	30%
Inter-American Development Bank	5 Years	30%	30%

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

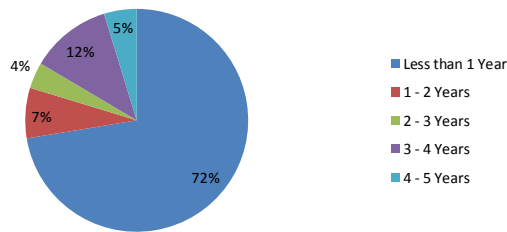
**City of Fresno Treasurer's Pool**  
**June 30, 2014 Fair Value**



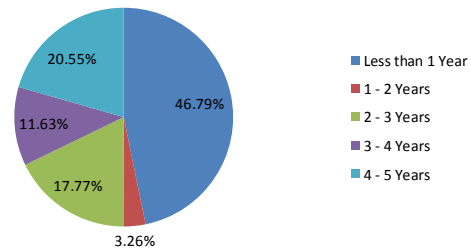
**City of Fresno Treasurer's Pool**  
**June 30, 2015 Fair Value**



**City of Fresno Treasurer's Pool**  
**June 30, 2014 Maturity Schedule**



**City of Fresno Treasurer's Pool**  
**June 30, 2015 Maturity Schedule**



**Investments Authorized by Debt Agreements**

Investment of debt proceeds held by bond trustees is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. Investments held outside the Treasurer's Pool consist mainly of required reserve funds for various bond issues. They are held by trustees, and are not available for the City's general expenditures.

Investment agreements are used for the investment of bond proceeds in accordance with the permitted investment provisions of the specific bond indentures which are prepared in accordance with numerous safeguards to reduce the risk associated with a provider's ability to meet its contractual obligations.

While bond funds are held in Trust, the City is encouraged to invest them in a manner that is consistent with the Permitted Investments of the bond transaction and yields a favorable rate of return to maximize proceeds available to the City. Prior to the economic downturn in 2008, Debt Management staff was able to invest in Guaranteed Investment Contracts with various banks that maximized returns at the arbitrage yield on the bonds.

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

With the downturn in the economy, all of those Guaranteed Investment Contracts were terminated by the banks, and proceeds were invested in money market funds in anticipation of better investments once the economy rebounded.

In October 2014, staff determined that rates were favorable to lock in for periods of one to three years under a ladder approach to investing, allowing for reinvestment in the short-term until rates begin to improve. Staff believes that investing in the long-term at this time would commit the City into low earnings instead of taking advantage of opportunities as rates begin to rise. Interest earned on these investments totaled \$304,784 as of June 30, 2015.

### Types of Risk Associated with the Treasury Pool's Investments

#### (a) Investment Risk

The City invests in no derivatives other than structured (step-up) notes, which guarantee coupon payments. These are minimal risk instruments. All investments are held by a third-party custodian in the City's name.

#### (b) Deposit and Investment Risk

The risk disclosures below apply to the City's internal investment pool and deposits as well as investments held by trustees for debt service funds or bond proceeds. Portfolio investments are exposed to four main types of risk: concentration, interest rate, default and custodial risk. Deposits are exposed primarily to custodial credit risk.

##### (1) Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer, which are more restrictive than those stipulated by the California Government Code. While the State has no limit on the percentage of the Portfolio that can be invested in a single U.S. Government Agency Security, the City's Investment Policy limits investment in any one issuer to 50% of the Portfolio. Also, while the State limits investments to 30% of the Portfolio for any single issuer of Medium Term Notes, the City's Investment Policy limits investments to 20% of the Portfolio invested in any single issuer.

Investments in any one issuer (other than U.S. Treasury securities, money market funds, and external investment pools) that represent 5% or more of the total Treasurer's Pool investments or investments with trustees are as follows:

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

Treasurer's Pool Investments

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percent of Total</u>
Federal Farm Credit Bank	U.S. Government Agency	\$ 40,555,417	7.21%
Federal Home Loan Bank	U.S. Government Agency	57,098,763	10.15%
Federal Home Loan Mortgage Corporation (FHLMC)	U.S. Government Agency	109,847,220	19.53%
Federal National Mortgage Association (FNMA)	U.S. Government Agency	54,198,042	9.64%
		<u>\$ 261,699,442</u>	<u>46.52%</u>

Investments with Trustees

<u>Issuer</u>			
FSA Capital Management Services, LLC	Guaranteed Investment Contract	\$ 13,747,344	20.54%

(2) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater will be the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments. Another way the City mitigates this risk is by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time to provide the cash flow and liquidity needed for operations. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The Investment Policy limits the weighted average maturity of the Portfolio to three years, except for debt agreements held by trustees which are governed by the indentures and may be longer.

Interest rate risk for the Treasurer's Pool and for investments with trustees is disclosed in the following table. As of June 30, 2015, the City had the following cash and investments in its portfolio:

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

	Fair Value	Investment Maturities			
		Less than 1 Year	1 to 5 Years	5 to 10 Years	More than 10 Years
<b>Treasurer's Pool</b>					
Cash Accounts	\$ 68,132,484				
<b>Treasurer's Pool Investments</b>					
U.S. Government Agencies:					
Federal Farm Credit Bank	40,555,417	\$ -	\$ 40,555,417	\$ -	\$ -
Federal Home Loan Bank	57,098,763	-	57,098,763	-	-
Federal Home Loan Mortgage Corporation	109,847,220	-	109,847,220	-	-
Federal National Mortgage Association	54,198,042	-	54,198,042	-	-
<b>Subtotal of U.S. Government Agencies</b>	261,699,442	-	261,699,442	-	-
U.S. Treasury Securities	5,017,950	-	5,017,950	-	-
Medium Term Corporate Notes	72,627,573	-	72,627,573	-	-
State Local Agency Investment Fund	100,037,598	100,037,598	-	-	-
Time Deposits	13,600,000	13,600,000	-	-	-
Money Market Funds	41,396,627	41,396,627	-	-	-
<b>Total Treasurer's Pool</b>	562,511,674	\$ 155,034,225	\$ 339,344,965	\$ -	\$ -
<b>Investments Held Outside the Treasurer's Pool</b>					
Debt Service Funds/Bond Proceeds:					
Guaranteed Investment Contracts	13,747,344	\$ -	\$ -	\$ -	\$ 13,747,344
Money Market Mutual Funds	16,478,057	16,478,057	-	-	-
Repurchase Agreement	899,228	-	-	899,228	-
U.S. Treasury Securities	35,790,895	35,790,895	-	-	-
		\$ 52,268,952	\$ -	\$ 899,228	\$ 13,747,344
Other Deposits	3,001,242				
Outstanding Checks	(6,867,809)				
Deposits in Transit	1,165,007				
Retirement Assets (See Retirement CAFR)	2,810,461,541				
<b>Total Primary Government</b>	3,437,187,179				
Component Unit Cash Accounts	904,691				
<b>Total Cash and Investments</b>	\$ 3,438,091,870				

**(3) Default Credit Risk**

Generally, default credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The following table represents the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

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

		<u>Minimum Legal Rating</u>	<u>Rating at Year End</u>	<u>Total Investment Portfolio</u>
<u>Treasurer's Pool Investments</u>				
U.S. Government Agency Securities:				
Federal Farm Credit Bank	\$ 40,555,417	A	AA+	7.21%
Federal Home Loan Bank	57,098,763	A	AA+	10.15%
Federal Home Loan Mortgage Corporation	109,847,220	A	AA+	19.53%
Federal National Mortgage Association	54,198,042	A	AA+	9.64%
U.S. Treasury Securities	5,017,950	A	AAA	0.89%
Medium Term Corporate Notes:				
Deutsche Bank	\$ 9,797,400	A	BBB+	1.74%
Ebay	3,983,480	A	A	0.71%
Goldman Sachs Group Incorporated	7,984,940	A	A-	1.42%
Intel Corporation	9,996,400	A	A+	1.78%
JPMorgan Chase & Company	4,855,753	A	A	0.86%
Morgan Stanley	5,048,950	A	A-	0.90%
Royal Bank Canada Global	20,987,650	A	AA-	3.73%
Toyota Motor Credit Corp	9,973,000	A	AA-	1.77%
State Local Agency Investment Pool	100,037,598	NA	Unrated	17.78%
Time Deposits	13,600,000	NA	Unrated	2.42%
Money Market Funds	<u>41,396,627</u>	NA	Unrated	7.36%
Total:	<u>\$ 494,379,190</u>			87.89%
<u>Investments with Trustees</u>				
Guaranteed Investment Contracts	\$ 13,747,344	NA	Unrated	20.54%
Money Market Funds	16,478,057	NA	Unrated	24.63%
Repurchase Agreement	899,228	NA	Unrated	1.34%
U.S. Treasury Securities	<u>35,790,895</u>	NA	AA+	<u>53.49%</u>
Total:	<u>\$ 66,915,524</u>			100.00%

The City of Fresno's Investment Policy requires that the City only invest in high quality obligations, which means only those with a rating category of "A" or better by a nationally recognized rating service.

(4) Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City maintains cash accounts at Bank of America (BoFA). The City maintains separate accounts for payment of general accounts payable checks, payroll checks, and utility refund checks. Amounts in excess of \$250,000 are securitized in accordance with California Government Code Section 53652. The California Government Code and the City's investment policy contain legal or policy requirements that limit the exposure to

## City of Fresno, California

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

custodial credit risk for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The collateral pledged to cover the public fund deposits in California is held in the name of the California Collateral Pool Administrator and is held in their name by the Federal Reserve Bank as custodian. The City had no uncollateralized cash at June 30, 2015. As of June 30, 2015, the City's deposits with institutions in excess of federal depository insurance limits were \$79,766,260 held in accounts collateralized in accordance with State law as described above.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to the transaction, a government will not be able to recover the value of its investment of securities that are in the possession of the counterparty. As of June 30, 2015, in accordance with the City's investment policy, none of the City's investments were held with a counterparty. All of the City's investments were held with an independent third party custodian bank. The City uses Bank of New York Trust Company (BNY) as a third-party custody and safekeeping service for its investment securities. Custodial credit risk is the risk that the City will not be able to recover the value of its investments in the event of a BNY failure. All City investments held in custody and safe-keeping by BNY are held in the name of the City and are segregated from securities owned by the bank. This is the lowest level of custodial credit risk exposure.

#### Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF), which is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The total amount invested by all public agencies in LAIF as of June 30, 2015 was \$21.5 billion. LAIF is part of the California Pooled Money Investment Account (PMIA) which at June 30, 2015 had a balance of \$69.6 billion. Of that amount, 2.08% was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PIMA investments was 239 days as of June 30, 2015.

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

Retirement Systems Deposits and Investments

The investment guidelines for the City of Fresno’s Retirement Systems (Systems) reflect the duties imposed by an investment standard known as the “prudent expert rule.” The prudent expert rule establishes a standard for all fiduciaries, which includes anyone who has discretionary authority with respect to the Systems’ investments.

Northern Trust serves as custodian of the Systems’ investments. The Systems’ asset classes include U.S. Equity, International Equity, U.S. Fixed Income, International Fixed Income and Real Estate. Any class may be held in direct form, pooled form or both. The Systems have 15 external investment managers, managing 18 individual portfolios. Investments at June 30, 2015, consist of the following (In thousands):

<u>Investments at Fair Value</u>	<u>2015</u>
Domestic Equity	\$ 995,619
International Developed Market Equities	407,579
International Emerging Market Equities	81,057
Real Estate	315,647
Government Bonds	233,054
Corporate Bonds	433,030
Short-Term Investments	<u>75,483</u>
Total Investments at Fair Value	<u>\$ 2,541,469</u>

The Retirement Boards have established policies for investing, specifying the following target allocations with a minimum and maximum range for each of these asset classes:

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Large Capital Domestic Equities	16.0%	22.5%	30.0%
Small Capital Domestic Equities	4.0%	7.5%	12.0%
International Developed Market Equities	16.0%	22.0%	30.0%
International Emerging Market Equities	0.0%	8.0%	10.0%
Real Estate	5.0%	15.0%	20.0%
Domestic Fixed Income	5.0%	11.0%	20.0%
High Yield Bonds	5.0%	10.0%	15.0%
Absolute Return Strategy	0.0%	4.0%	8.0%
Cash & Equivalents	0.0%	<u>0.0%</u>	2.0%
		100.0%	



## **City of Fresno, California**

### **Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

The Systems' Investment Policy can be found at <http://www.cfrs-ca.org/Employee/Investment/Policy.asp> or by contacting the Retirement Office at 2828 Fresno Street, Suite 201, Fresno, CA 93721.

Allowable securities must meet the reporting requirements of the Securities and Exchange Commission and must meet a "prudent expert" standard for investing. In no case may either System have 5% or more of System net position invested in any one organization.

The Retirement Boards' investment policies and guidelines permit investment in numerous specified asset classes to take advantage of the non-correlated economic behavior of diverse asset classes. The result is a well-diversified portfolio.

Investments of the Systems are exposed to custodial credit risk, credit and interest rate risk, concentration risk, and foreign currency risk. In addition to those risks, the Systems are also exposed to credit risk and market risk associated with their derivatives investments. For a detailed description of all of the risks associated with the Systems' investments, please see the Systems' CAFRs which can be found at <http://www.cfrs-ca.org/Employee/Communications/Reports.asp> or by contacting the Retirement Office at 2828 Fresno Street, Suite 201 Fresno, CA 93721.

#### Stewardship, Compliance and Accountability

There have been no material violations of finance-related legal or contractual provisions.

#### Restricted Assets

Restricted assets are as follows at June 30, 2015:

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

	<b>Cash and Investments Current and Noncurrent</b>	<b>Interest Receivable</b>	<b>Totals</b>
<b>Governmental Activities:</b>			
General Fund	\$ 5,206,737	\$ -	\$ 5,206,737
Nonmajor Governmental Funds	9,806,180	-	9,806,180
Internal Service Funds	406,848	-	406,848
<b>Subtotal</b>	<u>15,419,765</u>	<u>-</u>	<u>15,419,765</u>
<b>Business-type Activities:</b>			
Water	50,142,152	60,340	50,202,492
Sewer	91,455,028	290,605	91,745,633
Solid Waste	1,073,954	-	1,073,954
Transit	35,596,345	-	35,596,345
Airports	20,670,317	-	20,670,317
Convention Center	6,413,870	-	6,413,870
Stadium	3,227,462	-	3,227,462
Internal Service Funds	4,557,686	-	4,557,686
<b>Subtotal</b>	<u>213,136,814</u>	<u>350,945</u>	<u>213,487,759</u>
<b>Fiduciary:</b>			
Private-Purpose Trust Fund	1,828,647	-	1,828,647
Agency Funds	515,649	-	515,649
<b>Subtotal</b>	<u>2,344,296</u>	<u>-</u>	<u>2,344,296</u>
<b>Totals</b>	<u>\$ 230,900,875</u>	<u>\$ 350,945</u>	<u>\$ 231,251,820</u>

Restricted cash includes funds held by trustees relating to bonds payable and those amounts held by each fund for which a specific, non-operating use has been determined. Grants receivable represent amounts due from a granting agency for which the specific, non-operating use has been determined. Restricted interest receivable represents interest associated with restricted cash.

**Note 3. PROPERTY TAXES**

Article XIII of the California Constitution (Proposition 13) limits ad valorem taxes on real property to one percent of value plus taxes necessary to pay indebtedness approved by voters prior to July 1, 1978. The Article also established the 1975/76 assessed valuation as the base and limits annual increases to the cost-of-living adjustment, not to exceed two percent (2%) for each year thereafter. Property may also be reassessed to full market value after a sale, transfer of ownership, or completion of new construction. The State is prohibited under the Article from imposing new ad valorem, sales, or transaction taxes on real property. Local government may impose special taxes (except on real property) with the approval of two-thirds of the qualified electors.

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

All property taxes are collected and allocated by the County of Fresno to the various taxing entities. Property taxes are determined annually as of January 1 and attached as enforceable liens on real property. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. Secured property taxes become a lien on the property on January 1. Property taxes on the unsecured roll are due on the January 1 (lien date) and become delinquent if unpaid on August 31. Property tax revenues are recognized in the governmental funds in the fiscal period for which they are levied and collected, adjusted for any amounts deemed uncollectible and amounts expected to be collected more than 60 days after the fiscal year.

**Note 4. RECEIVABLES**

Receivables are presented in the financial statements net of the allowance for uncollectible accounts. The uncollectible accounts related to accounts receivable at June 30, 2015 are \$2,350,163 for the General Fund, \$2,598,286 for Water System, \$2,695,226 for Sewer System, \$2,256,183 for Solid Waste Management, \$241,753 for Airports, and \$620,380 for Other Enterprise Funds. The uncollectible accounts related to notes receivable at June 30, 2015 are \$12,249,106 for Grants Special Revenue Fund and \$3,263,698 for Other Governmental Funds. Accounts not scheduled for collection during the subsequent year are \$77,557,468 for governmental notes and loans and \$37,257,953 for business-type notes and loans.

The allowance for doubtful accounts is a Statement of Net Position and/or balance sheet account that reduces the reported amount of a receivable. Providing an allowance for doubtful accounts presents a more realistic picture of how much of the receivable is likely to be turned into cash particularly in the near term. The amount of the allowance for each fund is a determination made by management at the end of the fiscal year through a review of past collections received on each account. This analysis includes reviewing the aging of the receivable balance, past account write-offs and other known variables.

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

Receivables, net of amounts uncollectible, as of June 30, 2015, were as follows:

	Interest	Receivables, Net	Grant Receivables	Property Taxes	Inter- governmental	Notes, Loans, Other and CVP, Net	Total
<b>Governmental Activities:</b>							
General Fund	\$ -	\$ 12,135,924	\$ 281,907	\$ 9,593,856	\$ 23,701,144	\$ -	\$ 45,712,831
Grants Special Revenue Fund	-	-	19,179,424	-	-	53,462,435	72,641,859
Other Governmental Funds	230,855	225,081	214,590	-	5,926,801	24,974,144	31,571,471
Internal Service Funds	283,104	59,327	-	-	-	-	342,431
<b>Total</b>	<b>\$ 513,959</b>	<b>\$ 12,420,332</b>	<b>\$ 19,675,921</b>	<b>\$ 9,593,856</b>	<b>\$ 29,627,945</b>	<b>\$ 78,436,579</b>	<b>\$ 150,268,592</b>
<b>Business-Type Activities:</b>							
Water System	\$ 463,956	\$ 10,188,680	\$ 186,767	\$ -	\$ -	\$ 13,843,287	\$ 24,682,690
Sewer System	761,082	10,160,354	-	-	1,609,150	9,741,422	22,272,008
Solid Waste Management	115,994	3,599,679	-	-	-	16,682,650	20,398,323
Transit	145,043	128,492	8,234,971	-	9,193,433	-	17,701,939
Airports	84,249	1,480,123	319,840	-	218,558	-	2,102,770
Fresno Convention Center	-	122,894	-	-	-	-	122,894
Stadium	3,805	1,201,801	-	-	-	-	1,205,606
Other Enterprise Funds	27,808	1,335,409	-	-	-	-	1,363,217
Internal Service Funds	57,794	-	-	-	-	-	57,794
<b>Total</b>	<b>\$ 1,659,731</b>	<b>\$ 28,217,432</b>	<b>\$ 8,741,578</b>	<b>\$ -</b>	<b>\$ 11,021,141</b>	<b>\$ 40,267,359</b>	<b>\$ 89,907,241</b>

Receivables are presented on the Statement of Net Position as follows:

	Governmental Activities:	Business-Type Activities:	Total
Receivables, Net	\$ 71,832,013	\$ 49,288,937	\$ 121,120,950
Restricted Interest Receivable	-	350,945	350,945
Loans, Notes, Leases and Other Receivables, Net	78,436,579	40,267,359	118,703,938
	<b>\$ 150,268,592</b>	<b>\$ 89,907,241</b>	<b>\$ 240,175,833</b>

**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				Component Unit
	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total	City of Fresno Cultural Arts Properties
<b>Capital Assets Not Being Depreciated:</b>					
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	98,874,447	1,709,182	152,482,395	-
<b>Total Capital Assets Not Being Depreciated</b>	<b>303,742,736</b>	<b>164,068,258</b>	<b>1,709,182</b>	<b>469,520,176</b>	<b>424,766</b>
<b>Capital Assets Being Depreciated:</b>					
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	-
<b>Total Capital Assets Being Depreciated</b>	<b>1,719,956,965</b>	<b>1,770,742,511</b>	<b>239,609</b>	<b>3,490,939,085</b>	<b>13,360,594</b>
<b>Less: Accumulated Depreciation for:</b>					
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)	-
<b>Total Accumulated Depreciation</b>	<b>(1,092,514,312)</b>	<b>(617,737,678)</b>	<b>(176,739)</b>	<b>(1,710,428,729)</b>	<b>(1,730,409)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>627,442,653</b>	<b>1,153,004,833</b>	<b>62,870</b>	<b>1,780,510,356</b>	<b>11,630,185</b>
<b>Total Capital Assets, Net</b>	<b>\$ 931,185,389</b>	<b>\$ 1,317,073,091</b>	<b>\$ 1,772,052</b>	<b>\$ 2,250,030,532</b>	<b>\$ 12,054,951</b>

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

***Governmental Activities***

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases *</u>	<u>Ending Balance</u>
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 238,881,767	\$ 14,294,445	\$ (1,332,242)	\$ 251,843,970
Construction in Progress	44,249,256	47,586,686	(39,937,176)	51,898,766
<b>Total Capital Assets Not Being Depreciated</b>	<u>283,131,023</u>	<u>61,881,131</u>	<u>(41,269,418)</u>	<u>303,742,736</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings and Improvements	276,360,759	3,176,018	(2,667,618)	276,869,159
Machinery and Equipment	147,260,189	11,451,700	(19,024,880)	139,687,009
Infrastructure	1,270,191,802	34,236,433	(1,027,438)	1,303,400,797
<b>Total Capital Assets Being Depreciated</b>	<u>1,693,812,750</u>	<u>48,864,151</u>	<u>(22,719,936)</u>	<u>1,719,956,965</u>
<b>Less: Accumulated Depreciation For:</b>				
Buildings and Improvements	(122,471,909)	(7,966,282)	2,341,747	(128,096,444)
Machinery and Equipment	(127,840,939)	(4,383,518)	17,415,746	(114,808,711)
Infrastructure	(814,891,668)	(35,038,017)	320,528	(849,609,157)
<b>Total Accumulated Depreciation</b>	<u>(1,065,204,516)</u>	<u>(47,387,817)</u>	<u>20,078,021</u>	<u>(1,092,514,312)</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>628,608,234</u>	<u>1,476,334</u>	<u>(2,641,915)</u>	<u>627,442,653</u>
<b>Total Capital Assets, Net</b>	<u>\$ 911,739,257</u>	<u>\$ 63,357,465</u>	<u>\$ (43,911,333)</u>	<u>\$ 931,185,389</u>
<b>Depreciation Was Charged To Functions As Follows:</b>				
General Government		\$ 4,438,477		
Public Protection		3,186,683		
Public Ways and Facilities		36,172,396		
Culture and Recreation		3,539,511		
Community Development		50,750		
<b>Total Governmental Activities Depreciation Expense</b>		<u>\$ 47,387,817</u>		

\* During fiscal year 2015, capital assets below the threshold of \$15,000 were removed. The removal of assets with a cost of \$20,092,420 and accumulated depreciation of \$17,463,723 resulted in a net decrease of \$2,628,697. (See note 15a Change in Accounting Estimate and Cumulative Effect of Accounting Change on pages 174-175 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

***Business–Type Activities***

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

<u>Business–Type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases *</u>	<u>Ending Balance</u>
<b>Capital Assets Not Being Depreciated:</b>				
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	(97,620,313)	98,874,447
<b>Total Capital Assets Not Being Depreciated</b>	<u>183,289,249</u>	<u>78,956,311</u>	<u>(98,177,302)</u>	<u>164,068,258</u>
<b>Capital Assets Being Depreciated:</b>				
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
<b>Total Capital Assets Being Depreciated</b>	<u>1,715,486,201</u>	<u>88,199,531</u>	<u>(32,943,221)</u>	<u>1,770,742,511</u>
<b>Less: Accumulated Depreciation For:</b>				
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)
<b>Total Accumulated Depreciation</b>	<u>(587,116,376)</u>	<u>(55,937,849)</u>	<u>25,316,547</u>	<u>(617,737,678)</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>1,128,369,825</u>	<u>32,261,682</u>	<u>(7,626,674)</u>	<u>1,153,004,833</u>
<b>Total Capital Assets, Net</b>	<u>\$ 1,311,659,074</u>	<u>\$ 111,217,993</u>	<u>\$ (105,803,976)</u>	<u>\$ 1,317,073,091</u>
<b>Depreciation Was Charged To Functions As Follows:</b>				
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		
<b>Total Business - Type Activities Depreciation Expense</b>		<u>\$ 55,937,849</u>		

\* 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 174-175 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

***Fiduciary Funds***

Capital asset activity related to fiduciary funds for the year ended June 30, 2015, was as follows:

<u>Fiduciary Funds</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital Assets Not Being Depreciated:</b>				
Construction in Progress	\$ 1,286,958	\$ 833,201	\$ (410,977)	\$ 1,709,182
<b>Capital Assets Being Depreciated:</b>				
Machinery and Equipment	239,609	-	-	239,609
<b>Less: Accumulated Depreciation For:</b>				
Machinery and Equipment	(165,785)	(10,954)	-	(176,739)
<b>Total Capital Assets Being Depreciated, Net</b>	<u>73,824</u>	<u>(10,954)</u>	<u>-</u>	<u>62,870</u>
<b>Total Capital Assets, Net</b>	<u>\$ 1,360,782</u>	<u>\$ 822,247</u>	<u>\$ (410,977)</u>	<u>\$ 1,772,052</u>
<b>Depreciation Was Charged To Functions As Follows:</b>				
Fire & Police Retirement System Pension Trust Funds		\$ 5,477		
Employee Retirement System Pension Trust Funds		<u>5,477</u>		
<b>Total Fiduciary Funds Depreciation Expense</b>		<u>\$ 10,954</u>		



**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

***Component Unit – City of Fresno Cultural Arts Properties Corporation***

Capital asset activity related to the discretely presented component unit activities for the year ended June 30, 2015, was as follows:

<u>City of Fresno Cultural Arts Properties</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 424,766	\$ -	\$ -	\$ 424,766
<b>Capital Assets Being Depreciated:</b>				
Buildings and Improvements	13,360,594	-	-	13,360,594
<b>Less: Accumulated Depreciation For:</b>				
Buildings and Improvements	(1,436,594)	(293,815)	-	(1,730,409)
<b>Total Capital Assets Being Depreciated, Net</b>	<u>11,924,000</u>	<u>(293,815)</u>	<u>-</u>	<u>11,630,185</u>
<b>Total Capital Assets, Net</b>	<u>\$ 12,348,766</u>	<u>\$ (293,815)</u>	<u>\$ -</u>	<u>\$ 12,054,951</u>

**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
<b>Governmental:</b>	
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
<b>Business-Type:</b>	
Water Capital Projects	\$ 63,160,811
Sewer/Wastewater Capital Projects	24,515,443
Airports Capital Projects	868,506
Transit Capital Projects	10,137,879
Miscellaneous Projects	<u>191,808</u>
Total Business-Type	\$ <u>98,874,447</u>

Project Title	Construction Costs To Date
<b>Fiduciary:</b>	
Retirement System Software Project	\$ <u>1,709,182</u>
<b>Total Construction in Progress</b>	\$ <u><u>152,482,395</u></u>

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

**Note 6. LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities. Balances are reported as of June 30, 2015, for the City:

**SUMMARY OF LONG-TERM LIABILITIES**

	Primary Government				Component Unit
	Governmental Activities	Business-type Activities	Fiduciary Funds	Total Primary Government	City of Fresno Cultural Arts Properties
<b>Long-term Debt</b>					
Revenue and Other Bonds	\$ 308,790,000	\$ 480,703,390	\$ -	\$ 789,493,390	\$ -
Tax Allocation Bonds	-	-	5,647,000	5,647,000	-
Accreted Interest	-	4,235,156	-	4,235,156	-
Issuance Premiums/(Discounts)	(177,282)	4,407,616	2,682	4,233,016	-
Notes Payable	4,568,927	52,080,034	1,611,696	58,260,657	16,660,000
Capital Lease Obligations	10,113,052	-	-	10,113,052	-
<b>Total</b>	<b>323,294,697</b>	<b>541,426,196</b>	<b>7,261,378</b>	<b>871,982,271</b>	<b>16,660,000</b>
<b>Other Long-term Liabilities</b>					
Compensated Absences and Health					
Retirement Arrangement	51,283,615	10,484,916	73,430	61,841,961	-
Net OPEB Obligation	51,461,701	20,560,500	-	72,022,201	-
Liabilities for Self-Insurance	109,502,082	-	-	109,502,082	-
CVP Litigation Settlement	-	11,937,646	-	11,937,646	-
Accrued Closure Cost	-	17,403,749	-	17,403,749	-
Pollution Remediation	-	763,476	-	763,476	-
<b>Total</b>	<b>212,247,398</b>	<b>61,150,287</b>	<b>73,430</b>	<b>273,471,115</b>	<b>-</b>
<b>Total Long-Term Liabilities</b>					
<b>Government-Wide Statement</b>	<b>\$ 535,542,095</b>	<b>\$ 602,576,483</b>	<b>\$ 7,334,808</b>	<b>\$ 1,145,453,386</b>	<b>\$ 16,660,000</b>
<b>Due Within One Year</b>					
<b>Due Within One Year</b>	<b>\$ 55,590,313</b>	<b>\$ 25,224,836</b>	<b>\$ 1,092,471</b>	<b>\$ 81,907,620</b>	<b>\$ -</b>
<b>Due Within More Than One Year</b>	<b>479,951,782</b>	<b>577,351,647</b>	<b>6,242,337</b>	<b>1,063,545,766</b>	<b>16,660,000</b>
<b>Total Long-Term Liabilities</b>					
<b>Government-Wide Statement</b>	<b>\$ 535,542,095</b>	<b>\$ 602,576,483</b>	<b>\$ 7,334,808</b>	<b>\$ 1,145,453,386</b>	<b>\$ 16,660,000</b>

Internal service funds (ISFs), except for Utility Billing and Collection, primarily serve the governmental funds. Accordingly, long-term liabilities for ISFs are included as part of the above totals for governmental activities, while those for Utility Billing and Collection are included as part of the totals for business-type activities. Also, for the governmental activities, compensated absences are generally liquidated by the General Fund, while claims and judgments are liquidated by Risk Management and the Employees Healthcare Plan.

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

**Activity of Long-Term Liabilities**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
<b>Bonds Payable (Revenue and Other Bonds):</b>					
Lease Revenue Refunding Bonds 2002 A, Street Light Acquisition Project	\$ 1,435,000	\$ -	\$ 1,435,000	\$ -	\$ -
Lease Revenue Bonds, Series 2004	32,250,000	-	2,155,000	30,095,000	1,140,000
Lease Revenue Bonds, Series 2008A NNLB	25,080,000	-	2,290,000	22,790,000	2,375,000
Lease Revenue Bonds, Series 2008 C & D Parks Projects	31,230,000	-	775,000	30,455,000	800,000
Lease Revenue Bonds, Series 2008E, City Hall Chiller	3,405,000	-	-	3,405,000	-
Lease Revenue Bonds, Series 2009A, Police and Fire/Public Safety	38,980,000	-	1,110,000	37,870,000	1,160,000
Lease Revenue Bonds 2010, City Hall Refunding, Fresno Bee Building, Granite Park, Improvements	39,495,000	-	2,500,000	36,995,000	2,590,000
Taxable Pension Obligation Bonds Refunding Series 2002	151,970,000	-	6,295,000	145,675,000	6,700,000
Judgment Obligation Refunding Bonds 2002	1,965,000	-	460,000	1,505,000	480,000
<b>Total Revenue and Other Bonds</b>	<u>325,810,000</u>	<u>-</u>	<u>17,020,000</u>	<u>308,790,000</u>	<u>15,245,000</u>
<b>Less: Unamortized Amounts:</b>					
For Issuance Premiums/(Discounts)	(73,227)	-	104,055	(177,282)	-
<b>Notes Payable:</b>					
California Infrastructure Bank - City	1,925,435	-	67,876	1,857,559	70,272
California Energy Commissions	804,022	-	258,654	545,368	268,927
HUD Sec 108 Note Reg. Med Center 1997-A	980,000	-	220,000	760,000	235,000
HUD Sec 108 Note FMAAA	660,000	-	90,000	570,000	100,000
HUD Sec 108 Note Neighborhood Streets/Parks	913,000	-	77,000	836,000	82,000
<b>Total Notes Payable</b>	<u>5,282,457</u>	<u>-</u>	<u>713,530</u>	<u>4,568,927</u>	<u>756,199</u>
<b>Capital Leases</b>	<u>7,737,444</u>	<u>5,074,770</u>	<u>2,699,162</u>	<u>10,113,052</u>	<u>2,797,256</u>
<b>Total Long-term Debt</b>	<u>338,756,674</u>	<u>5,074,770</u>	<u>20,536,747</u>	<u>323,294,697</u>	<u>18,798,455</u>
<b>Other Liabilities:</b>					
Compensated Absences and Health Retirement Arrangement	51,008,290	8,005,721	7,730,396	51,283,615	7,791,590
Net OPEB Obligation	45,970,820	5,490,881	-	51,461,701	-
Liability for Self-Insurance	101,495,210	63,813,515	55,806,643	109,502,082	29,000,268
<b>Total Other Liabilities</b>	<u>198,474,320</u>	<u>77,310,117</u>	<u>63,537,039</u>	<u>212,247,398</u>	<u>36,791,858</u>
<b>Governmental Long-term Liabilities Total</b>	<u>\$ 537,230,994</u>	<u>\$ 82,384,887</u>	<u>\$ 84,073,786</u>	<u>\$ 535,542,095</u>	<u>\$ 55,590,313</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type Activities:</b>					
<b>Bonds Payable (Revenue and Other Bonds):</b>					
Water System Revenue Refunding Bonds 2003	\$ 6,940,000	\$ -	\$ 1,010,000	\$ 5,930,000	\$ 1,070,000
Water System Revenue Bonds (Non-Taxable) 2010 A-1 and (Taxable BABs) 2010 A-2	144,235,000	-	3,760,000	140,475,000	3,940,000
Sewer System Revenue Bonds 1993 A	52,570,000	-	8,145,000	44,425,000	8,655,000
Sewer System Revenue Bonds 2008 A	159,845,000	-	-	159,845,000	-
Lease Revenue Bonds 1998, Exhibit Hall Expansion Project	21,017,782	-	1,164,392	19,853,390	1,185,260
Airport Revenue Refunding Bonds 2013	33,630,000	-	1,405,000	32,225,000	1,315,000
Lease Revenue Bonds 2001 A and B, Stadium Project	35,680,000	-	1,255,000	34,425,000	1,335,000
Lease Revenue Bonds 2006 – Convention Center	5,860,000	-	345,000	5,515,000	360,000
Airport Revenue Bonds 2007 – Cons. Rental Car	21,935,000	-	90,000	21,845,000	125,000
Lease Revenue Bonds 2008 - Riverside Golf Course	2,200,000	-	55,000	2,145,000	55,000
Lease Revenue Bonds 2008 - Convention Center	15,415,000	-	1,395,000	14,020,000	1,485,000
<b>Total Revenue and Other Bonds</b>	<u>499,327,782</u>	<u>-</u>	<u>18,624,392</u>	<u>480,703,390</u>	<u>19,525,260</u>
<b>Plus Accreted Interest:</b>					
Accreted Interest on Capital Appreciation Bonds	4,252,350	388,413	405,607	4,235,156	-
<b>Less: Unamortized Amounts</b>					
For Issuance Premiums/(Discounts)	5,060,210	-	652,594	4,407,616	-
<b>Notes Payable:</b>					
Ground Water Recharge Construction Loan	230,953	-	113,713	117,240	117,240
Construction of Water Supply Disinfection Buildings	1,750,983	-	82,359	1,668,624	84,258
Improvements on the Enterprise and Jefferson Canals	1,119,029	-	52,635	1,066,394	53,848
Water Meter Project	51,405,432	-	2,570,272	48,835,160	2,570,272
Convention Center: Employee Benefits Cost Reimbursement Settlement	422,611	-	29,995	392,616	43,454
<b>Total Notes Payable</b>	<u>54,929,008</u>	<u>-</u>	<u>2,848,974</u>	<u>52,080,034</u>	<u>2,869,072</u>
<b>Total Long-term Debt</b>	<u>563,569,350</u>	<u>388,413</u>	<u>22,531,567</u>	<u>541,426,196</u>	<u>22,394,332</u>
<b>Other Long-term Liabilities:</b>					
Compensated Absences and Health Retirement Arrangement	11,162,714	837,567	1,515,365	10,484,916	1,480,504
Net OPEB Obligation	17,863,016	2,697,484	-	20,560,500	-
CVP Litigation Settlement	12,442,464	-	504,818	11,937,646	500,000
Accrued Closure Cost	16,211,324	2,000,000	807,575	17,403,749	850,000
Pollution Remediation	809,411	-	45,935	763,476	-
<b>Total Other Long-Term Liabilities</b>	<u>58,488,929</u>	<u>5,535,051</u>	<u>2,873,693</u>	<u>61,150,287</u>	<u>2,830,504</u>
<b>Business-type Long-term Liabilities Total</b>	<u>\$ 622,058,279</u>	<u>\$ 5,923,464</u>	<u>\$ 25,405,260</u>	<u>\$ 602,576,483</u>	<u>\$ 25,224,836</u>

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Fiduciary Funds:</b>					
<b>Successor Agency to the Fresno Redevelopment Agency:</b>					
<b>Tax Allocation Bonds:</b>					
2001 Redevelopment Agency Merger 2 Series 2003, Mariposa Project Area	\$ 3,590,000	\$ -	\$ 705,000	\$ 2,885,000	\$ 740,000
	<u>3,028,000</u>	<u>-</u>	<u>266,000</u>	<u>2,762,000</u>	<u>284,000</u>
<b>Total Tax Allocation Bonds</b>	<u>6,618,000</u>	<u>-</u>	<u>971,000</u>	<u>5,647,000</u>	<u>1,024,000</u>
<b>Less: Unamortized Amounts</b>					
For Issuance Premiums/(Discounts)	8,345	-	5,663	2,682	-
<b>Total Unamortized Amounts</b>	<u>8,345</u>	<u>-</u>	<u>5,663</u>	<u>2,682</u>	<u>-</u>
<b>Notes Payable:</b>					
California Infrastructure Bank	1,670,588	-	58,892	1,611,696	60,971
<b>Total Notes Payable</b>	<u>1,670,588</u>	<u>-</u>	<u>58,892</u>	<u>1,611,696</u>	<u>60,971</u>
<b>Total Long-Term Debt</b>	<u>8,296,933</u>	<u>-</u>	<u>1,035,555</u>	<u>7,261,378</u>	<u>1,084,971</u>
<b>Other Liabilities:</b>					
Compensated Absences	58,488	20,225	5,283	73,430	7,500
<b>Total Other Long-Term Liabilities</b>	<u>58,488</u>	<u>20,225</u>	<u>5,283</u>	<u>73,430</u>	<u>7,500</u>
<b>Fiduciary Funds Long-Term Liabilities Total</b>	<u>\$ 8,355,421</u>	<u>\$ 20,225</u>	<u>\$ 1,040,838</u>	<u>\$ 7,334,808</u>	<u>\$ 1,092,471</u>

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

The following is a description of long-term liabilities at June 30, 2015:

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem)/Accreted Int	Net Principal Due	Payments to Maturity	FY2015 Debt Service Payment
<b>Governmental</b>												
<b>Revenue and Other Bonds</b>												
Judgment Obligation Refunding Bonds 2002	\$5,370,000 tax-exempt	Refund 1994 & 1998 Judgment Obligation Bonds (Blosser Settlement)	4.50% to 4.70%	05/23/2002	08/15/2017	Repayment of bonds not limited to any special source of City funds. Principal due annually, interest due semiannually. General Fund revenues of \$539,338 were equal to debt service in 2015.	\$480,000 to \$525,000	\$1,502,333	\$2,667	\$1,505,000	\$1,611,988	\$539,338
Taxable Pension Obligation Bonds 2002	\$205,335,000 taxable	Refund 2000 Taxable Pension Obligation Bonds	6.46% to 6.55%	02/21/2002	06/01/2029	Repayment of bonds not limited to any special source of City funds. Principal due annually, interest due semiannually. City uses funds throughout the City based on full-time employees assigned to funds. For the General Fund, the City uses dedicated Property Tax Override (PTO) revenue first, and then other General Fund revenues to make its portion of the bond payment. Other citywide revenues make up the difference between total debt service and the General Fund portion. During 2015 \$11,061,502 of PTO revenue was used. In addition to the PTO revenue, \$1,679,293 of General Fund and \$3,425,243 of Enterprise Fund/Internal Service Fund revenues were used to make the 2015 debt service payment of \$16,192,038.	\$6,700,000 to \$15,195,000	\$145,675,000	\$0	\$145,675,000	\$226,665,082	\$16,192,038
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 2008 A, No Neighborhood Left Behind (NNLB)	A = \$38,210,000 tax-exempt	Refund 2005A Lease Revenue Bonds (No Neighborhood Left Behind Project)	4.25% to 5.25%	04/29/2008	04/01/2023	Repayment payable solely by revenues pledged in trust agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$3,515,738 was equal to debt service in 2015.	\$2,375,000 to \$3,350,000	\$23,460,627	(\$670,627)	\$22,790,000	\$28,111,663	\$3,515,738
Fresno Joint Powers Financing Authority: Lease Revenue Bonds (Chiller) 2008 E, City Hall	E = \$3,405,000 tax-exempt	Replace City Hall chiller	4.50% to 4.60%	08/14/2008	04/01/2024	Repayment payable solely by revenues pledged in trust agreement, primarily Base Rental Payments under Facility Lease. Principal due annually, interest due semiannually. Lease revenue of \$155,680 was equal to debt service in 2015.	\$950,000 to \$2,455,000	\$3,373,292	\$31,708	\$3,405,000	\$4,763,370	\$155,680
Fresno Joint Powers Financing Authority: Lease Financing 2010, City Hall Refunding, Parking Garage #7 Improvements, Bee Building & Granite Park	A = \$25,450,000 tax-exempt; B = \$21,045,000 taxable	Refinance and improvements to City Hall & Parking Garage #7 and to acquire the Fresno Bee Building and Granite Park	3.47% to 7.30%	06/04/2010	02/01/2031	(Bank of America Public Capital Corp. - Private Placement) Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$4,607,932 was equal to debt service in 2015.	\$1,395,000 to \$3,350,000	\$36,995,000	\$0	\$36,995,000	\$55,865,937	\$4,633,125
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 2004 A,B,C, Various Capital Projects	A = \$15,810,000; B = \$8,100,000; C = \$28,870,000	Calcot Project, Fire Department Projects, Downtown Parking Projects, Santa Fe Depot Project, Roeding Business Park Project Area, other capital projects	5.00% to 5.90%	04/14/2004	10/01/2034	Repayment payable solely by revenues pledged in trust agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$3,862,802 was equal to debt service in 2015.	\$1,140,000 to \$1,905,000	\$30,146,824	(\$51,824)	\$30,095,000	\$47,173,381	\$3,862,802
Fresno Joint Powers Financing Authority: Lease Revenue Bonds (Parks Projects) 2008 C & D, Parks Impact Fee Projects	C = \$33,675,000 tax-exempt; D = \$1,530,000 taxable	Improvements to various park facilities	3.75% to 5.00%	06/12/2008	04/01/2038	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$2,193,275 was equal to debt service in 2015.	\$800,000 to \$2,090,000	\$30,164,898	\$290,102	\$30,455,000	\$50,402,824	\$2,193,275
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 2009 A, Police and Fire/Public Safety	A = \$43,385,000 tax-exempt	Various police and fire capital improvement projects	5.00% to 6.375%	06/12/2008	04/01/2039	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$3,437,081 was equal to debt service in 2015.	\$950,000 to \$2,765,000	\$37,294,744	\$575,256	\$37,870,000	\$72,663,510	\$3,437,081
<b>Revenue and Other Bonds Total</b>								<b>\$308,612,718</b>	<b>\$177,282</b>	<b>\$308,790,000</b>	<b>\$487,257,755</b>	<b>\$34,529,077</b>

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

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem)/Accreted Int	Net Principal Due	Payments to Maturity	FY2015 Debt Service Payment
<b>Notes Payable</b>												
Energy Conservation Assistance Act	\$2,661,000 Loaned	Loaned from the California Energy Commission to be used for solar energy enhancements at the Municipal Service Yard	3.950%		06/22/2017	24 annual principal and interest installments of \$143,964. Repayment comes from actual savings in energy costs resulting from the project or other available Division funds.	\$268,927 to \$276,441	\$545,368	\$0	\$545,368	\$572,524	\$287,891
HUD: Regional Medical Center (RMC)	\$3,000,000 Loaned	Section 108 Notes to be used for improvements to Regional Medical Center	2.660% to 2.910%	10/28/1997	08/01/2017	Annual principal payments, semiannual interest payments.	\$235,000 to \$270,000	\$760,000	\$0	\$760,000	\$792,402	\$241,790
HUD: Fresno/Madera Area Agency on Aging (FMAAA)	\$1,500,000 Loaned	Section 108 Notes to be used to acquire and improve FMAAA facilities	2.660% to 3.300%	06/14/2000	08/01/2019	Annual principal payments, semiannual interest payments.	\$100,000 to \$135,000	\$570,000	\$0	\$570,000	\$616,444	\$107,203
HUD: Neighborhood Streets/Parks	\$1,500,000 Loaned	Section 108 Note to be used for improvements to various neighborhood streets & parks	5.670% to 6.120%	08/08/2002	08/01/2022	Annual principal payments, semiannual interest payments.	\$82,000 to \$130,000	\$836,000	\$0	\$836,000	\$1,053,382	\$128,399
Roeding Business Park	\$2,441,000 Loaned	Loaned from the California Infrastructure and Economic Development Bank to be used to complete the Roeding Business Park	3.530%	03/18/2004	08/01/2033	Secured by Facility Lease on City Hall Annex. Annual principal payments, semiannual interest payments. Thirty year loan.	\$70,272 to \$131,212	\$1,857,559	\$0	\$1,857,559	\$2,548,244	\$134,646
<b>Notes Payable Total</b>								<b>\$4,568,927</b>	<b>\$0</b>	<b>\$4,568,927</b>	<b>\$5,582,996</b>	<b>\$899,929</b>
<b>Governmental Total</b>								<b>\$313,181,645</b>	<b>\$177,282</b>	<b>\$313,358,927</b>	<b>\$492,840,751</b>	<b>\$35,429,006</b>

<b>Business-Type</b>												
Water System Revenue Refunding Bonds 2003 A	A = \$16,155,000 tax-exempt	Refund 1993 Water Bonds & finance improvements to the Water System	5.25%	04/23/2003	06/01/2020	Repayment of bonds solely from all revenues derived from the operation of the City Water System, except connection fees and charges, refundable deposits and capital contributions. Pledged in parity with the Proposition 82 Loan and senior to the 2010 Bonds and State Loans. Principal payable annually, interest semiannually.	\$1,070,000 to \$1,310,000	\$6,026,994	(\$96,994)	\$5,930,000	\$6,895,475	\$1,374,350
Water System Revenue Bonds (Non-Taxable) 2010 A-1, Water	A-1 = \$66,810,000 tax-exempt	Current Refund 1998 Water Bonds & improvements to the Water System	3.00% to 5.00%	02/03/2010	06/01/2024	Repayment of bonds solely from all revenues derived from the operation of the City Water System, except connection fees and charges, refundable deposits and capital contributions. Pledged subordinate to the pledge securing the 2003 Bonds and Proposition 82 Loan and in parity with all the other State loans. Principal payable annually, interest semiannually.	\$3,940,000 to \$7,455,000	\$51,829,920	(\$2,694,920)	\$49,135,000	\$63,512,150	\$6,411,975
Water System Revenue Bonds (Taxable Build America Bonds) 2010 A-2, Water	A-2 = \$91,340,000 taxable	Improvements to the Water System	6.50% to 6.75%	02/03/2010	06/01/2040	Repayment of bonds solely from all revenues derived from the operation of the City Water System, except connection fees and charges, refundable deposits and capital contributions. Pledged subordinate to the pledge securing the 2003 Bonds and Proposition 82 Loan and in parity with all the other State loans. Principal payable annually, interest semiannually. During Fiscal Year 2015, a federal Build America Bonds subsidy of \$1,978,257 was received.	\$4,090,000 to \$7,715,000	\$89,712,186	\$1,627,814	\$91,340,000	\$203,893,600	\$6,097,263
Sewer System Revenue Bonds 1993 A	A = \$196,280,000 tax-exempt	Rehabilitation and expansion of the City's Wastewater Treatment Facility	4.50% to 5.25%	09/01/1993	09/01/2023	Repayment of bonds solely from all revenues derived from the operation of the City Sewer System, except connection fees and charges, refundable deposits and capital contributions. Principal payable annually, interest semiannually.	\$45,000 to \$10,090,000	\$44,397,346	\$27,654	\$44,425,000	\$50,372,213	\$10,694,956
Sewer System Revenue Bonds 2008 A, Sewer	A = \$159,845,000 tax-exempt	Refund 1995 & 2000 Sewer Bonds; Improvements to the City's Wastewater Reclamation Facility	4.625% to 5.00%	07/24/2008	09/01/2037	Repayment of bonds solely from all revenues derived from the operation of the City Sewer System, except connection fees and charges, refundable deposits and capital contributions. Pledged subordinate to the pledge securing the 1993 Bonds. Principal payable annually, interest semiannually.	\$5,410,000 to \$13,090,000	\$162,882,281	(\$3,037,281)	\$159,845,000	\$281,398,228	\$7,948,844



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

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem)/Accreted Int	Net Principal Due	Payments to Maturity	FY2015 Debt Service Payment
Fresno Joint Powers Financing Authority: Lease Revenue Bonds (Conv. Ctr.) 2008 - Convention Center	F = \$21,410,000 taxable	Refund a portion of 2006 Convention Center Bonds & finance various Convention Center improvements	6.30% to 6.70%	08/14/2008	04/01/2023	Repayment of bonds is made by the Authority solely from revenues received from the City that are pledged under the Master Facilities Sublease Agreement. Principal due annually, interest due semiannually. During 2015, the City chose to make these lease payments from the General Fund in the amount of \$2,409,965, which was equal to the debt service payment. While the City has the right to use any unencumbered funding source it wishes to use for future lease payments, it is anticipated that General Fund revenues will be used to make future lease payments, which the Authority will then use to make the debt service payment.	\$1,370,000 to \$2,175,000	\$13,966,751	\$53,249	\$14,020,000	\$18,341,345	\$2,409,965
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 2006 - Convention Center	A = \$15,420,000 tax-exempt; B = \$3,305,000 taxable	Acquisition & Improvements to the Convention Center facilities	4.00% to 4.50%	06/28/2006	10/01/2026	Repayment of bonds is made by the Authority solely from revenues received from the City that are pledged under the Master Facilities Sublease Agreement. Principal due annually, interest due semiannually. During 2015, the City chose to make these lease payments from the General Fund in the amount of \$586,653, which was equal to the debt service payment. While the City has the right to use any unencumbered funding source it wishes to use for future lease payments, it is anticipated that General Fund revenues will be used to make future lease payments, which the Authority will then use to make the debt service payment.	\$360,000 to \$575,000	\$5,513,016	\$1,984	\$5,515,000	\$7,059,356	\$586,653
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 1998, Exhibit Hall Expansion Project	\$32,609,535 tax-exempt	Construction of an exhibit hall.	4.75%	09/01/1998	09/01/2028	Current Interest Serial Bonds (\$25,395,000) and Capital Appreciation Serial Bonds (\$7,214,535). Repayment of bonds is made by the Authority solely from revenues received from the City that are pledged under the Master Facilities Sublease Agreement. Principal due annually, interest due semiannually. During 2015, the City chose to make these lease payments from the General Fund in the amount of \$2,377,025, which was equal to the debt service payment. While the City has the right to use any unencumbered funding source it wishes to use for future lease payments, it is anticipated that General Fund revenues will be used to make future lease payments, which the Authority will then use to make the debt service payment. Accreted interest is \$4,235,155.	\$1,185,260 to \$1,737,405 (includes Accreted Interest)	\$23,828,910 (\$3,975,520)	\$19,853,390	\$33,184,700	\$2,377,025	
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 2001 A & B, Stadium Project	A = \$23,615,000 tax-exempt; B = \$22,235,000 taxable	Acquire and construct a multipurpose outdoor stadium	5.00% to 7.03%	05/15/2001	06/01/2031	Repayment payable solely by revenues pledged in trust agreement, primarily Base Rental Payments pursuant to a Facilities Lease. Principal due annually, interest due semiannually. Lease revenue of \$1,821,796 received from the Fresno Grizzlies plus \$1,621,985 paid by the General Fund was equal to debt service in Fiscal Year 2015.	\$1,335,000 to \$3,250,000	\$34,474,777	(\$49,777)	\$34,425,000	\$55,126,390	\$3,443,781
Fresno Joint Powers Financing Authority: Lease Revenue Bonds (Riverside Golf Course) 2008 C & D, Riverside Golf Course	C = \$2,375,000 tax-exempt; D = \$105,000 taxable	Improvements to Riverside Golf Course	3.75% to 5.00%	06/12/2008	04/01/2038	Repayment of bonds is made by the Authority solely from revenues received from the City that are pledged under the Master Facilities Sublease Agreement. Principal due annually, interest due semiannually. During 2015, the City chose to make these lease payments from the Riverside Golf Course Enterprise Fund in the amount of \$157,300, which was equal to the debt service payment. While the City has the right to use any unencumbered funding source it wishes to use for future lease payments, it is anticipated that Riverside Golf Course Enterprise Fund revenues will be used to make future lease payments, which the Authority will then use to make the debt service payment.	\$55,000 to \$150,000	\$2,124,457	\$20,543	\$2,145,000	\$3,605,243	\$157,300

**City of Fresno, California**  
**Notes to the Basic Financial Statements**  
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	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem)/Accreted Int	Net Principal Due	Payments to Maturity	FY2015 Debt Service Payment
Airport Revenue Refunding Bonds 2013, Concourse Expansion	A = \$10,810,000 Non-AMT; B = \$22,820,000 AMT (Subject to Alternative Minimum Tax)	Refund 2000 Airport Revenue Bonds	3.00% to 5.125%	08/16/2013	07/01/2030	Repayment of bonds solely from operation of the City Airport System. Bond Indenture requires a minimum \$1,600,000 of PFC contribution toward annual debt service from Passenger Facility Charges (PFC). During Fiscal Year 2015 \$1,600,000 of PFC and \$1,316,219 of eligible Airports operation revenues were used to make the debt service payment.	\$1,315,000 to \$5,335,000	\$32,744,524	(\$519,524)	\$32,225,000	\$46,902,278	\$2,916,219
Airport Revenue Bonds 2007, Consolidated Rental Car Facility	\$22,000,000 taxable	Construction of a consolidated rental car facility and related improvements	5.833%	05/31/2007	07/01/2037	Repayment of bonds solely from operation of the City Airport System. While not required under the Bond Indenture, Airports uses Customer Facility Charge (CFC) revenues first to meet the debt payment, and then uses other permitted revenues to cover any difference between CFC's and the debt payment. Principal due annually, interest due semiannually. During Fiscal Year 2015, \$1,366,844 of CFC revenue was used to fully cover the debt service payment.	\$125,000 to \$2,265,000	\$21,845,000	\$0	\$21,845,000	\$42,077,198	\$1,366,844
<b>Revenue and Other Bonds Total</b>								<b>\$489,346,162</b>	<b>(\$8,642,772)</b>	<b>\$480,703,390</b>	<b>\$812,368,176</b>	<b>\$45,785,175</b>
<b>Notes Payable</b>												
Water: Proposition 82 Loan	\$1,753,567 Loaned	Loan under the Water Conservation Bond Law of 1988 to construct and improve ground water recharge facilities		02/23/1993	04/01/2016	Repayment of bonds solely from all revenues derived from the operation of the City Water System, except connection fees and charges, refundable deposits and capital contributions. Pledged in parity with the pledge securing the 2003 Bonds, and senior to the 2010 Bonds and other State loans. Principal and interest due in semiannual installments of \$59,982.	\$117,241	\$117,240	\$0	\$117,240	119,964	\$119,963
Water: Safe-Drinking Water Program	\$51,405,432 Loaned	Contract between the State Water Resources Control Board and the City for installation of water meters throughout the City of Fresno	.000%		10/01/2022	No interest loan. Principal due in semiannual installments of \$1,285,136. Repayment of the note is funded from revenues of the Water Fund. Pledged subordinate to the pledge securing the 2003 Bonds and Proposition 82 Loan, and in parity with the 2010 Bonds and all other State loans for Water. Contract entered into on 4/10/2012. Project was completed on 4/1/2014.	\$1,285,136 to \$2,570,272	\$48,835,160	\$0	\$48,835,160	\$48,835,160	\$2,570,272
Water: Safe Drinking Water Program	\$2,210,000 Loaned	Contract between the State Water Resources Control Board and the City to protect the City's drinking water supplies from possible contaminating activities (PCA's)	1.000%	07/01/2009	07/01/2031	Repayment of bonds solely from all revenues derived from the operation of the City Water System, except connection fees and charges, refundable deposits and capital contributions. Pledged subordinate to the pledge securing the 2003 Bonds and the Proposition 82 Loan, and in parity with the 2010 Bonds and all other State loans for Water. Principal and interest due in semiannual installments of \$61,014.	\$84,258 to \$118,602.27	\$1,668,624	\$0	\$1,668,624	\$2,013,461	\$122,028
Water: Safe Drinking Water Program	\$1,968,136 Loaned	Contract between the State Water Resources Control Board and the City for improvements on the Enterprise and Jefferson Canals	2.292%	07/01/2009	01/01/2032	Repayment of bonds solely from all revenues derived from the operation of the City Water System, except connection fees and charges, refundable deposits and capital contributions. Pledged subordinate to the pledge securing the 2003 Bonds and the Proposition 82 Loan, and in parity with the 2010 Bonds and other State loans for Water. Principal and interest due in semiannual installments of \$38,993.	\$53,848 to \$75,797	\$1,066,394	\$0	\$1,066,394	\$1,286,776	\$77,986
Convention Center: Management Agreement	\$781,000 Loaned	Management Agreement between the City of Fresno and SMG to settle a conflict with employee benefits costs incurred by SMG	3.423%		12/31/2018	Principal and interest due in monthly installments of \$4,167 through 12/31/2018 with an additional payment of \$250,000 to be paid no later than 12/31/2018. Repayment of the note is funded from revenues of the Convention Center operating fund. During 2015, only ten payments were made. The additional two payments were subsequently caught up and will be reflected in the 2016 debt service payment (10 payments in 2015 and 14 payments in 2016).	\$43,454 to \$270,516	\$392,616	\$0	\$392,616	\$433,333	\$41,667
<b>Notes Payable Total</b>								<b>\$52,080,034</b>	<b>\$0</b>	<b>\$52,080,034</b>	<b>\$52,688,694</b>	<b>\$2,931,916</b>
<b>Business-Type Total</b>								<b>\$541,426,196</b>	<b>(\$8,642,772)</b>	<b>\$532,783,424</b>	<b>\$865,056,870</b>	<b>\$48,717,091</b>

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

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem)/Accreted Int	Net Principal Due	Payments to Maturity	FY2015 Debt Service Payment
<b>Fiduciary</b>												
<b>Tax Allocation Bonds</b>												
Fresno Joint Powers Financing Authority: Tax Allocation Revenue Bonds 2001, Redevelopment Agency Merger 2	\$10,000,000 tax-exempt	Redevelopment purposes within the RDA's Merger No. 2 Project Area	5.25% to 5.50%	03/01/2001	08/01/2018	Principal is due in annual installments, interest is due semiannually. Repayment of bonds is payable solely from tax increment revenues allocated by the Successor Agency to the City of Fresno Redevelopment Agency's Merger No. 2 Project area. All such revenues are pledged. Tax increment revenues in Merger Area No. 2 of \$877,700 were equal to debt service in 2015.	\$535,000 to \$825,000	\$2,898,538	(\$13,538)	\$2,885,000	\$3,173,756	\$877,700
Tax Allocation Refunding Bonds 2003, Mariposa Project Area	\$5,005,000 tax-exempt	Refund the RDA's 1993 Tax Allocation Bonds (Mariposa Project Area)	5.125% to 5.625%	09/17/2003	02/01/2023	Principal is due in annual installments, interest is due semiannually. Repayment of bonds is payable solely from tax increment revenues allocated to the Successor Agency to the City of Fresno Redevelopment Agency's Mariposa Project area. All such revenues are pledged. Tax increment revenues in Mariposa Project area of \$430,828 were equal to debt service in 2015.	\$284,000 to \$418,000	\$2,751,144	\$10,856	\$2,762,000	\$3,497,295	\$430,828
<b>Tax Allocation Bonds Total</b>								<b>\$5,649,682</b>	<b>(\$2,682)</b>	<b>\$5,647,000</b>	<b>\$6,671,051</b>	<b>\$1,308,528</b>
<b>Notes Payable</b>												
RDA: Roeding Business Park	\$2,118,000 Loaned	Loaned from the California Infrastructure and Economic Development Bank to be used to complete the Roeding Business Park	3.530%		08/01/2033	Principal and interest due in semiannual installments. Secured by Tax Increment revenue received into the Roeding Business Park Project area. Thirty year loan entered into on 3/18/2004.	\$60,971 to \$113,845	\$1,611,696	\$0	\$1,611,696	\$2,210,963	\$116,824
<b>Notes Payable Total</b>								<b>\$1,611,696</b>	<b>\$0</b>	<b>\$1,611,696</b>	<b>\$2,210,963</b>	<b>\$116,824</b>
<b>Fiduciary Total</b>								<b>\$7,261,378</b>	<b>(\$2,682)</b>	<b>\$7,258,696</b>	<b>\$8,882,014</b>	<b>\$1,425,352</b>
<b>Discretely Presented Component Unit</b>												
<b>Notes Payable</b>												
Clearinghouse NMTC LLC	N/A	Proceeds used to purchase the Fresno Bee Building and associate properties; to be operated as a qualified active low-income community business in a manner consistent with the New Market Tax Credit (NMTC) requirements	1.00%		03/01/2040	The COFCAP is required to make monthly interest payments to the lenders involved in the NMTC transaction. The funding source for the interest payments is the base rental payment made by the City of Fresno on a monthly basis in the amount of \$31,250 pursuant to Master Lease Agreement with the City of Fresno. Annual payments on the note reflect interest only. Principal to be repaid upon the sale of Property. Thirty year loan issued 3/31/2010.	\$0	\$12,690,500	\$0	\$12,690,500	\$12,947,836 through 2017 when the NMTC deal is anticipated to be unwound	Interest only \$128,668
Clearinghouse NMTC LLC	N/A	Proceeds used to purchase the Fresno Bee Building and associate properties; to be operated as a qualified active low-income community business in a manner consistent with the New Market Tax Credit requirements	2.42%		03/01/2040	The COFCAP is required to make monthly interest payments to the lenders involved in the NMTC transaction. The funding source for the interest payments is the base rental payment made by the City of Fresno on a monthly basis in the amount of \$31,250 pursuant to Master Lease Agreement with the City of Fresno. Annual payments on the note reflect interest only. Principal to be repaid upon the sale of Property. Thirty year loan issued 3/31/2010.	\$0	\$3,969,500	\$0	\$3,969,500	\$4,164,292 through 2017 when the NMTC deal is anticipated to be unwound	Interest only \$97,396
<b>Discretely Presented Component Unit Total</b>								<b>\$16,660,000</b>	<b>\$0</b>	<b>\$16,660,000</b>	<b>\$17,112,128</b>	<b>\$226,064</b>
<b>Grand Total</b>								<b>\$878,529,219</b>	<b>(\$8,468,172)</b>	<b>\$870,061,047</b>	<b>\$1,383,891,763</b>	<b>\$85,797,513</b>

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

### Debt Service Requirements

The annual debt service requirements excluding capital lease obligations for City of Fresno long-term debt outstanding as of June 30, 2015 are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities			Fiduciary Funds	
	Principal	Interest	Principal	Interest Accretion	Interest	Principal	Interest
2016	\$ 16,001,199	\$ 18,348,747	\$ 22,394,332	\$ 424,740	\$ 26,293,422	\$ 1,084,971	\$ 339,975
2017	16,862,193	17,496,208	23,237,105	443,107	25,324,946	1,144,123	282,272
2018	17,164,321	16,596,876	24,299,096	460,717	24,272,273	1,203,351	222,203
2019	17,277,979	15,686,493	25,653,746	474,922	23,157,137	933,658	167,331
2020	18,227,732	14,741,595	21,413,123	488,437	22,118,977	423,047	132,652
2021-2025	94,983,474	57,499,041	114,144,514	2,637,246	95,042,487	1,574,115	329,347
2026-2030	87,023,419	27,809,621	114,692,148	2,297,437	67,940,485	462,817	118,333
2031-2035	29,718,610	9,057,386	107,324,360	-	37,306,158	432,614	31,205
2036-2040	16,100,000	2,245,857	79,625,000	-	10,817,561	-	-
<b>Subtotal</b>	<b>313,358,927</b>	<b>179,481,824</b>	<b>532,783,424</b>	<b>7,226,606</b>	<b>332,273,446</b>	<b>7,258,696</b>	<b>1,623,318</b>
<b>Issuance</b>							
<b>Premiums/(Discounts)</b>	(177,282)	-	4,407,616	-	-	2,682	-
<b>Unaccreted Interest</b>	-	-	-	(2,991,450)	-	-	-
<b>Total</b>	<b>\$ 313,181,645</b>	<b>\$ 179,481,824</b>	<b>\$ 537,191,040</b>	<b>\$ 4,235,156</b>	<b>\$ 332,273,446</b>	<b>\$ 7,261,378</b>	<b>\$ 1,623,318</b>

### Debt Compliance

There are a number of limitations, restrictions and covenants contained in the various loan, note and bond indentures. While the City believes that it is in compliance with all significant limitations, restrictions and covenants, the City missed the 270 day continuing disclosure filing deadline by several days with respect to its Airport 2007, Tax Allocation 2001 and Water 2003 bonds for fiscal years 2010, 2011 and 2012. The Continuing Disclosure Certificate requires an Annual Report to be disseminated within 270 days after the end of the City's fiscal year on June 30<sup>th</sup>. The City timely disseminated its Annual Report for fiscal year 2015.

### Debt Management Policy

The City maintains a Debt Management Policy which sets forth certain debt management objectives and establishes overall parameters and provides general direction in the planning for, issuing and administering of the City's debt. The purpose of the Policy is to assist in the City's ability to incur debt and other long-term obligations at favorable interest rates for capital improvements, facilities and equipment which are beneficial to the City and necessary for providing essential services.

The Policy integrates the best practices of other debt management plans utilized by similar California cities and is consistent with the provisions of the City Charter, and any enabling legislation.

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

### *Legal Debt Limit and Legal Debt Margin*

Article XVI, Section 18 of the California Constitution, (the “debt limit”) prohibits cities (including chartered cities), counties and school districts from entering into indebtedness or liability in any year where that indebtedness/liability exceeds the income and revenue provided for such year, unless the local agency first obtains two-thirds voter approval for the obligation or unless the indebtedness/liability falls under several exemptions recognized by the California courts. This limitation applies not only to traditional bonds, but could apply to many forms of indebtedness or liability, such as installment payment obligations, long-term service or construction contracts, letter-of-credit reimbursement agreements and other types of arrangements commonly seen in public finance transactions.

As of June 30, 2015, the City’s debt limit (20% of valuation subject to taxation) was \$6.02 billion. This is in comparison with debt limits of \$5.64 billion in 2014. The City’s legal debt margin is equal to the City’s limit because it has no debt subject to the limitation.

### *Arbitrage*

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986, is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the earnings from the investment of tax-exempt bond proceeds that exceed related interest expenditures on the bonds must be remitted to the Federal government on every fifth anniversary of each bond issue. The City has evaluated all general obligation bond and lease revenue bond issuances subject to the arbitrage rebate requirements in the governmental funds. Each Enterprise Fund has performed a similar analysis of the debt they have issued that is subject to arbitrage rebate requirements. Any material arbitrage liability related to the debt of the Enterprise Funds has been recorded as a liability in the respective fund. In addition, the Successor Agency to the Redevelopment Agency records any material arbitrage liability. At June 30, 2015, the Successor Agency accrued an arbitrage liability in the amount of \$11,499 on its 2001 Fresno Joint Powers Financing Authority Tax Allocation Bonds.

### Capital Lease Obligations

The City has entered into several Master Lease Agreements in the past that allowed for a set amount of financing to occur over the term of the Master Lease. Several financings took place under these Master Leases whose maturities exceeded the term of the Master Lease. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at present value of their future minimum lease payments as of the inception date. Prior lease agreements with outstanding balances are with All Points Capital Corp., DeLage Landen and PNC Equipment Financing.

Several of the leases were assigned to other leasing companies by All Points Capital Corp. These agencies include Capital One Bank and Comerica Leasing Corporation. The terms of the City, however, were unaffected.

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

On October 10, 2013, the City entered into a 5-year lease purchase financing agreement in the amount of \$2,350,000 with Kansas State Bank for the acquisition of 50 marked police patrol cars and up-fit hardware. The interest rate is 3.389% with semiannual payments of \$257,453 (\$514,906 annually) in fiscal year 2015.

On December 13, 2013, the City entered into a Master Lease Agreement with Dell Financial Services to lease/purchase computers. Each lease schedule represents a separate lease with annual upfront payment terms provided by the lender at the time the computers are purchased. To date, there have been six lease schedules executed totaling \$492,702 with interest rates ranging from 4.99% to 6.37% and terms between three and five years. In fiscal year 2014, one lease was in place with a total value of \$19,386.

On September 26, 2014, the City extended the 5-year lease purchase arrangement with Kansas State Bank for an additional \$3,635,600. Funds from this lease were used for the acquisition of various vehicles for the Police and Parks Departments. The interest rate remained the same at 3.389% as the rate in the original lease. The lease calls for semiannual payments of \$398,297 (\$796,593 annually beginning in fiscal year 2016 (one payment in fiscal year 2015)).

On June 12, 2015, the City entered into a Master Fire Equipment Lease Purchase Agreement with Community First National Bank. The purpose of the lease is to finance new and replacement equipment such as ladder trucks, pumper trucks, and smaller utility vehicles for use by the City's Fire Department. The lease will expire at an aggregate \$7.5 million financed or June 30, 2017, whichever comes first. Each lease schedule represents a separate lease at rates determined immediately prior to financing. As of June 30, 2015, one schedule has been executed for \$965,854 at a rate of 2.31% for five years. Subsequent to year-end, a second schedule was executed for \$1,813,398 at a rate of 2.92% for ten years.

Debt service requirements are presented below. Interest rates range from 1.8% to 6.4%.

Year Ending June 30	Governmental Activities	
	Principal	Interest
2016	\$ 2,797,256	\$ 309,858
2017	2,484,719	219,132
2018	2,249,973	138,748
2019	1,546,486	66,930
2020	936,334	21,333
2021-2025	98,284	1,509
<b>Total</b>	<b>\$ 10,113,052</b>	<b>\$ 757,510</b>

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

General Fund Obligations – Short-Term Borrowing

The City did not issue Tax and Revenue Anticipation Notes (TRANS) in fiscal year 2015 and did not have any short-term debt outstanding during the fiscal year.

**Note 7. INTERFUND ACTIVITY**

**(a) Due to/from Other Funds**

Due to/from Other Funds represents short-term borrowings resulting from a fund's temporary need for additional cash. Primarily, these amounts have been recorded when timing differences between when the services are provided and when they are paid for/reimbursed causes the funds to temporarily overdraw their share of pooled cash. These balances are generally expected to be repaid within the next few months and not longer than a 12-month fiscal operating cycle.

The composition of interfund balances as June 30, 2015, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grants Special Revenue Fund	\$ 16,755,418
	Nonmajor Governmental Funds	4,511,120
	Fresno Convention Center	98,920
	Internal Service Funds	202,566
		<u>21,568,024</u>
Grants Special Revenue Fund	Internal Service Funds	<u>123,443</u>
Nonmajor Governmental Funds	Internal Service Funds	<u>211,400</u>
Water System	Internal Service Funds	<u>115,707</u>
Solid Waste Management	Internal Service Funds	<u>45,600</u>
Airports	General Fund	<u>804,900</u>
Internal Service Funds	General Fund	\$ 747,976
	Grants Special Revenue Fund	1,192
	Nonmajor Government Funds	125,527
	Water System	183,423
	Sewer System	148,742
	Solid Waste Management	492,318
	Transit	98,725
	Airports	31,333
	Fresno Convention Center	4,030
	Internal Service Funds	9,327
		<u>2,023,326</u>
<b>Total Due to/from Other Funds</b>		<b>\$ <u>24,892,400</u></b>

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

### (b) Advances

Advances represent long-term borrowing between funds.

#### General Fund – Parking Loan

The General Fund formally borrowed approximately \$14.1 million in June 2013 from two funds to zero out a negative cash balance inherited by the General Fund when the Parking Enterprise Fund was merged into the General Fund. The monies were advanced/borrowed from two sources: (1) accumulated interest earnings on the DBCP (chemically known as 2,6-ditertiary-butyl-para-cresol) Recovery Fund; and (2) accumulated interest earnings on the Tipping Fees Legal Settlement receipts, held in the Commercial Solid Waste Reserve Fund.

On July 9, 2014, the full outstanding balance of \$8,163,157 was repaid with an additional \$66,870 in interest paid shortly thereafter.

#### Redevelopment Agency

Advances over the years between the City and the former Redevelopment Agency (RDA) were made to provide funds to eliminate blight and to develop, construct, rehabilitate and revitalize Fresno's inner city neighborhood, downtown and industrial areas. The advances had all been secured by and payable from the incremental property tax revenues of the redeveloped properties. Interest rates varied between 5% and 9% with payments on the advances and related interest based upon budgetary priority as approved by the former RDA. Redevelopment agencies were structured such that incremental property tax revenues would continue to be received during the period that the debt remained outstanding.

In June 2011, all California RDA's were required to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for dissolution of agencies. The provisions requiring dissolution became effective February 1, 2012. Accordingly, the City's RDA was dissolved, and a Successor Agency (SA) was created to wind down RDA business. Once redevelopment agencies were dissolved, property tax previously directed to redevelopment agencies for redevelopment projects were instead to be paid to local taxing entities.

The State established a process whereby SAs were required to draft a Recognized Obligation Payments Schedule (ROPS) delineating enforceable obligations of former RDAs and their source of payment. When submitted to the State of California Department of Finance (DOF), the DOF had many issues with the ROPS submitted by SAs, particularly previous agreements between cities and RDAs showing the cities as payee.

The initial dissolution law provided that the SA would pay "enforceable obligations" of the former RDA. Enforceable obligations primarily included pending contractual commitments of the former RDA. However, the law initially excluded from the definition



## **City of Fresno, California**

### **Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

of enforceable obligations, debt a former agency owed to the city that created it, unless the debt was created in the first two years following the agency's creation or debt that represented third party obligations, such as bonds. Subsequent legislation allowed limited, conditional repayment of loans by the SA to the Sponsoring Community (City) through a process that included approval by the Oversight Board and the DOF.

The City of Fresno was adamant that the debt shown on its books owed by the former RDA was ultimately due and owing, subject to the final decision by the DOF, the judgment of a court case (the City of Cerritos), and additional litigation based upon as applied challenges as were being brought. It was the City's position that the United States and California Constitutions prohibit the State from impairing contracts. Hence, the State effectively impaired the ability of the City to be paid debts owed to it by the former RDA if it impedes such repayment. A lawsuit was filed in the Sacramento Superior Court challenging State legislation on this basis, among others. The petitioners include the City of Cerritos, its redevelopment agency, and nine other cities and agencies. Ultimately, the Courts ruled in favor of the cities.

As it was considered premature to consider the debt owed by the former RDA to the City as being current, an allowance for doubtful accounts was created by the City which at June 30, 2011 totaled \$80,113,531. This amount was reflective primarily of principal and interest accrued over the years on the advances. The allowance was recorded at the full amount of the debt, both principal and interest as the timing of receipt was undeterminable. The effect of recording the allowance to the financial statements at June 30, 2011 was a reduction in advances due from the RDA and an increase to Transfers Out in order to recognize that the amount and the timing of their receipt could not be predicted with any certainty.

On June 2, 2014, the former RDA received a letter from the State Department of Finance in which they notified the former RDA that they had completed their Finding of Completion for the SA. They noted that they had concluded their review of the RDA's documentation and related supporting schedules submitted to substantiate or confirm RDA transactions with its sponsoring entity, the City of Fresno. The letter went on to authorize the SA to place loan agreements between the former redevelopment agency and the City of Fresno (sponsoring entity) on the ROPS as an enforceable obligation, provided that the Oversight Board made a finding that loans were for legitimate redevelopment purposes pursuant to Health Safety Code (HSC) Section 34191.4(b)(1). It went on to further state that loan repayments would be governed by criteria in HSC Section 34191.4(a)(2). The letter also authorized the use the bond proceeds related to bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants per HSC Section 34191.4(c).

During the process of researching and providing documentation to the State to support RDA debt to the City, advances in one project area were revised which resulted in a reduction to the obligation in the amount of \$4,766,817. In certain instances, the State denied several individual loan balances. The SA also added a payment commitment to the ROPS that arose out of a Disposition and Development Agreement entered into by the City and the RDA. This commitment added \$1,600,000 to the schedule. Several

## **City of Fresno, California**

### **Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

other adjustments were noted and made which increased the advances by an additional \$88,746. Due to the advances having a 100% allowance for doubtful accounts, there was (and continues to be) no impact to the Comprehensive Annual Financial Report (CAFR).

A great deal of discussion took place at the State level with respect to interest rates that have been used by cities and agencies to calculate interest on the outstanding loans. It was not until September 2015 that the State passed Senate Bill (SB) 107 to address ongoing issues with respect to the dissolution of RDAs. The bill, in addition to defining more clearly the meaning of an enforceable obligation, also went on further to require that interest on loans be calculated on the basis of a fixed annual simple interest rate of 3%. The interest on the remaining principal amount of the loan (obligation) that was previously unpaid as of June 28, 2011 would be used as the base amount, but would be calculated going back to the date the loans originated. Interest would be non-compounding.

The SA recalculated the interest and submitted the schedules for each advance to the State for review and approval. The SA does not anticipate hearing back from the State until mid-2016. Until such time as the State signs off on the recalculated interest, the City continues to reflect the accrued interest using the interest rates in the existing loan agreements. As noted above, since the City reflects the advances and accrued interest with a 100% allowance for doubtful accounts, there is no impact on the City's CAFR.

While the SA is beginning to see tax increment that has been approved to reimburse the City for prior loans, full repayment of the loans is not anticipated for several years, assuming subsequent legislation does not alter the payment methodology. The level of reimbursement is a reason for the advances receivable to continue to have an offsetting allowance recorded with the revenue. The advance reimbursements are recognized when received.

As the funds are received, twenty percent of any loan repayment received by the City must be deducted from the loan repayment amount and be transferred to the Low and Moderate Income Housing Fund. Transfers to the Low and Moderate Income Housing Fund are required under SB 107 and are subject to the reporting requirements of subdivision (f) of Section 34176.1. In fiscal year 2015, this amount totaled \$844,236 and is reflected on the CAFR on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds, as Special Revenue, Low and Moderate Income Housing, Community Development expenditures.

As part of the fiscal year 2015 Budget, it was proposed and approved by the City Council that any amount of the annual repayments of RDA debt that are received and not related to Enterprise Funds related loans would go toward the rebuilding of the City's Emergency Reserve Fund. It was estimated that these repayments could equate to approximately \$2.9 million per year. During fiscal year 2015, the Successor Agency (SA) received \$4,221,182 which related to loans that had been made by the General Fund, Grants Special Revenue Fund and the Measure "C" Fund to the RDA over the years. The funds were applied to principal first in the amount of \$4,114,810 with \$106,372 being

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

applied to interest. A corresponding reduction was made to the allowance for doubtful accounts. \$844,236 was then transferred to the Low and Moderate Income Housing Fund. At the end of fiscal year 2015, the allowance for doubtful account stands at \$74,939,285. If the State concurs with the SA's recalculation of accrued interest at 3%, interest receivable and the allowance for doubtful accounts would each be adjusted downward by approximately \$19.8 million.

**City of Fresno Advances to Former RDA**

Receivable Fund	Principal Cumulative			Interest Cumulative			Total Receivable & Allowance 2015		
	Ending Balance 2011	Advances/ Adjustments	Payments/ Writeoffs	Ending Balance 2015	Ending Balance 2011	Accruals		Payments	
<u>General Fund</u>									
General Fund	18,436,102	(4,766,817)	(3,200,396)	10,468,889	13,232,661	2,847,849	(269,792)	15,810,718	26,279,607
General Revenue Sharing	162,000	-	-	162,000	230,864	44,324	-	275,188	437,188
General Fund Stadium	-	1,600,000	-	1,600,000	-	-	-	-	1,600,000
Parking Trust	150,000	-	-	150,000	124,862	33,552	-	158,414	308,414
	<u>18,748,102</u>	<u>(3,166,817)</u>	<u>(3,200,396)</u>	<u>12,380,889</u>	<u>13,588,387</u>	<u>2,925,725</u>	<u>(269,792)</u>	<u>16,244,320</u>	<u>28,625,209</u>
<u>Grants Special Revenue Fund</u>	19,482,010	605,000	(1,319,414)	18,767,596	18,737,336	3,910,855	(235,485)	22,412,706	41,180,302
<u>Nonmajor Governmental Funds</u>									
Gas Tax	1,571,604	-	-	1,571,604	1,507,176	371,952	-	1,879,128	3,450,732
Measure C	200,000	-	(200,000)	-	52,930	10,076	(5,720)	57,286	57,286
	<u>1,771,604</u>	<u>-</u>	<u>(200,000)</u>	<u>1,571,604</u>	<u>1,560,106</u>	<u>382,028</u>	<u>(5,720)</u>	<u>1,936,414</u>	<u>3,508,018</u>
<u>Water System</u>	96,990	59,169	(59,169)	96,990	41	5,100	(2,331)	2,810	99,800
<u>Sewer System</u>	621,000	29,577	(29,577)	621,000	236,857	35,295	-	272,152	893,152
<u>Airports - non ERM West Invoices</u>	4,711,310	-	(4,711,310)	-	-	-	-	-	-
<u>Fresno Convention Center</u>	304,233	-	-	304,233	255,555	73,016	-	328,571	632,804
CAFR Total	<u>45,735,249</u>	<u>(2,473,071)</u>	<u>(9,519,866)</u>	<u>33,742,312</u>	<u>34,378,282</u>	<u>7,332,019</u>	<u>(513,328)</u>	<u>41,196,973</u>	<u>74,939,285</u>

Subsequent to year-end, the City received its second reimbursement on loans made to the former RDA. The amount received was \$3,438,354 of which \$2,750,683 was paid to the City and \$687,671 was paid to the Housing Successor.

**Redevelopment Agency – Housing Assets**

The City of Fresno became the "Housing Successor" of the former RDA's Housing Assets. These assets were transferred to the City and it has sole legal authority to administer housing assets pursuant to the Redevelopment Dissolution Laws. This allows the City to complete projects under contract, liquidate surplus real estate and distribute proceeds to taxing entities, pursue repayment of RDA obligations to the City, and administering housing assets.

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

Other Advances

The Sewer System sold land to the General Fund for the purpose of constructing a regional public safety training facility. Interest for the advance is equal to two percent (2%) above the City's monthly Pooled Investment Rate. The first interest only payment was due July 31st, 2008. Principal, at not less than 1/29<sup>th</sup> of the original principal, and interest payments are due annually thereafter.

The advance between the Airports Fund and the General Fund originated with a transfer of Airport property. Annual principal payments from \$736,700 to \$736,811 plus interest at rates between 3.79% and 4.75% are due annually on the advance.

The advance between the General Fund and Nonmajor Governmental Funds provided \$12.7 million for Financing Authorities to loan in connection with the New Market Tax Credit transaction associated with the acquisition and sale of the Fresno Metropolitan Museum.

The remaining advances are interest free and payable on demand. The amounts are not expected to be repaid within the next twelve-month fiscal operating cycle. The composition of interfund balances (advances from/to other funds) as of June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 12,690,500
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>62,208</u>
Sewer System	General Fund	<u>347,380</u>
Airports	General Fund	<u>736,811</u>
<b>Total Advances</b>		<b>\$ <u>13,836,899</u></b>

**(c) Transfers**

Transfers represent subsidies by one fund to another in accordance with the budget and provide for various City programs and provide resources for the payment of debt service.

The following is a summary of interfund transfers for the year ended June 30, 2015.

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

<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
General Fund	Grants Special Revenue Fund	\$ 610,611
	Nonmajor Governmental Funds	1,258,441
	Solid Waste Management	708,000
	Transit	597,000
	Fresno Convention Center	281,943
	Nonmajor Enterprise Funds	3,139
	Internal Service Funds	451
		<u>3,459,585</u>
Grants Special Revenue Fund	General Fund	41,233
	Nonmajor Governmental Funds	501,445
		<u>542,678</u>
Nonmajor Governmental Funds	General Fund	29,693,590
	Grants Special Revenue Fund	730,912
	Nonmajor Governmental Funds	6,222,335
	Water System	500,222
	Sewer System	420,912
	Solid Waste Management	432,418
	Transit	820,755
	Airports	249,795
	Nonmajor Enterprise Funds	139,342
	Internal Service Funds	1,482,948
	<u>40,693,229</u>	
Water	Grants Special Revenue Fund	197
	Sewer System	81,870
		<u>82,067</u>
Sewer	Nonmajor Governmental Funds	<u>15,309</u>
Solid Waste Management	Nonmajor Enterprise Funds	<u>557,200</u>
Fresno Convention Center	General Fund	7,067,886
	Nonmajor Governmental Funds	364,368
		<u>7,432,254</u>
	Nonmajor Governmental Funds	699,681
Stadium	General Fund	<u>3,458,316</u>
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	<u>8,312</u>
Internal Service Funds	General Fund	600,000
	Transit	23
		<u>600,023</u>
<b>Total Transfers</b>		<b>\$ <u>56,848,973</u></b>

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

The General Fund transferred \$29.7 million to Nonmajor Governmental Funds to provide support for debt service payments and capital projects; \$7.1 million to the Convention Center for debt service as well as general operating support; and \$3.5 million to the Stadium Fund for debt service payments.

Nonmajor Governmental Funds transferred \$8.4 million for debt service and miscellaneous purposes. Internal Service Funds transferred \$1.5 million to Nonmajor Governmental Funds for debt service payments.

**(d) Recap of Interfund Activity**

The following schedule recaps Interfund Activity at June 30, 2015:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Advances Receivable from Other Funds</u>	<u>Advances Payable to Other Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Governmental Funds:</b>						
General Fund	\$ 21,568,024	\$ 1,552,876	\$ 12,690,500	\$ 1,084,191	\$ 3,459,585	\$ 40,861,025
Grants Special Revenue Fund	123,443	16,756,610	-	-	542,678	1,341,720
Nonmajor Governmental Funds	211,400	4,636,647	62,208	12,752,708	40,693,229	8,370,210
Total Governmental Funds	<u>21,902,867</u>	<u>22,946,133</u>	<u>12,752,708</u>	<u>13,836,899</u>	<u>44,695,492</u>	<u>50,572,955</u>
<b>Proprietary Funds:</b>						
Water System	115,707	183,423	-	-	82,067	500,222
Sewer System	-	148,742	347,380	-	15,309	502,782
Solid Waste Management	45,600	492,318	-	-	557,200	1,140,418
Transit	-	98,725	-	-	-	1,417,778
Airports	804,900	31,333	736,811	-	-	249,795
Fresno Convention Center	-	102,950	-	-	7,432,254	281,943
Stadium	-	-	-	-	3,458,316	-
Nonmajor Enterprise Funds	-	180,733	-	-	8,312	699,681
Internal Service Funds	2,023,326	708,043	-	-	600,023	1,483,399
Total Proprietary Funds	<u>2,989,533</u>	<u>1,946,267</u>	<u>1,084,191</u>	<u>-</u>	<u>12,153,481</u>	<u>6,276,018</u>
<b>Total</b>	<u>\$ 24,892,400</u>	<u>\$ 24,892,400</u>	<u>\$ 13,836,899</u>	<u>\$ 13,836,899</u>	<u>\$ 56,848,973</u>	<u>\$ 56,848,973</u>

**Note 8. DEFEASANCE AND REFUNDING OF LONG-TERM DEBT**

**(a) Current-Year Defeasances**

The City of Fresno did not execute any defeasances in fiscal year 2015.

**(b) Prior-Year Defeasances**

The Fresno Joint Powers Financing Authority advance-refunded \$8.6 million of the 2006 Lease Revenue Bonds (Convention Center Projects) through the issuance of \$24.8 million Par Lease Revenue Bonds on August 14, 2008 in order to remediate a tax issue created by entering into a private-activity lease arrangement at the City's Selland Arena (reflected as Business-type Activities under Note 6). The portion of the 2008 Lease Revenue Bonds that defeased the 2006 Lease Revenue Bonds was \$10,199,233 compared to \$8,600,000 par which was refunded. The aggregate difference in debt

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

service between the refunding portion of the 2008 Lease Revenue Bonds is \$2,969,067. The defeasance resulted in an economic loss of \$2,799,158. The remaining \$8.0 million that was advance-refunded is held in an escrow account by an independent third-party trustee and therefore does not appear on the City's financial statements because it has been legally defeased.

Liabilities for defeased bonds are not included in the City's financial statements.

### **Note 9. RISK MANAGEMENT FUND**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; automobile liability and accident claims; natural disasters; employee health benefit claim payments; and injuries to employees (workers' compensation). With certain exceptions, it is the policy of the City to use a combination of self-insurance and purchased commercial insurance against property, liability or workers' compensation risks. The City believes it is more economical to manage its risks internally and set aside funds as needed for estimated current claim settlements and unfavorable judgments through annual appropriations and supplemental appropriations. The City maintains limited coverage for certain risks that cannot be eliminated. The Risk Management Division investigates and manages all liability claims and property losses, evaluates risk exposure and insurance needs, protects against contractual loss by reviewing/preparing insurance and indemnification portions of contractual documents, emphasizes ongoing operational loss control, and purchases all insurance coverage for the City.

The City maintains General Liability insurance, with limits of liability of \$25 million. There is a \$3 million self-insured retention (SIR). The City also maintains Airport Owners and Operators General Liability insurance and Aviation (Aircraft Liability) insurance, with limits of liability of \$60 million and \$25 million per occurrence, respectively. There is no deductible or SIR.

Furthermore, the City maintains Property insurance and Boiler and Machinery insurance, with total insured values of \$1,430,321,638 and limits of liability of \$1 billion and \$100 million per occurrence, respectively. There is a \$100,000 deductible. Property insurance does not cover losses due to seismic events. Finally, the City maintains Aviation (Aircraft Hull) insurance for its two helicopters and one airplane, with combined passengers and property damage, single limit of liability of \$25 million and Total Hull Value for all aircrafts of \$3,180,508. There is an in-motion aircraft and physical damage deductible of 1.0% of insured value for each claim, subject to a minimum of \$7,500 and a \$500 deductible for rotors not in-motion for each helicopter. There are no physical damage deductibles for the airplane.

The City's Workers' Compensation Program consists of \$2 million self-insured retention with purchased excess insurance layers up to the statutory limits. Settled claims have not exceeded the SIR in any of the last four fiscal years. The claims liabilities and workers' compensation liabilities reported on the Statement of Net Position have been actuarially determined and include an estimate of incurred but not reported losses.

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

The estimated liabilities of the Risk Management Internal Service Fund as of June 30, 2015, are determined by the City based on recommendations from an independent actuarial evaluation. The liabilities are based on estimates of the ultimate cost of claims (including future claim adjustments expenses) that have been reported but not settled, and claims that have been incurred but not reported (IBNR). The claims liability of \$105,602,082 reported in the Risk Management Internal Service Fund at June 30, 2015, is based on the requirement that claims be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

The recorded liabilities for each program at June 30, 2015, are as follows:

Workers' Compensation *	\$ 83,936,008
Liability and Property Damage *	21,666,074
Total	<u>\$ 105,602,082</u>

\* The liabilities for workers' compensation and general liability are presented at present value, using a discount rate of 3%.

Changes in the funds claims liability amount for the last two fiscal years are as follows:

<u>Fiscal Year Ended June 30</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Fiscal Year Liability</u>
2014	\$ 95,253,336	\$ 16,952,797	\$15,110,923	\$ 97,095,210
2015	97,095,210	24,448,679	15,941,807	105,602,082

See Note 10(g) on page 163 for changes in funds claims liability related to Employees Healthcare Plan.

**Note 10. EMPLOYEE BENEFIT PROGRAMS**

**(a) Retirement Plans**

The City sponsors two single-employer, contributory, defined benefit pension plans. The Plans, the City of Fresno Employees Retirement System and the City of Fresno Fire and Police Retirement System were established under Charter Section 910 and are governed by Article 5 Chapter 3 (Employees) and Articles 3 and 4 Chapter 3 (Fire and Police) of the City of Fresno Municipal Code respectively. The Systems provide lifetime retirement, disability and death benefits to its members.

The Systems are administered by their respective Retirement Boards (Boards) which operate in compliance with the City of Fresno Municipal Code, and also in accordance with the California Pension Protection Act of 1992. The Boards do not operate under the control of the City Council. Rather, the Boards have the sole and exclusive responsibility



**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

to administer the respective Systems in a manner that will assure prompt delivery of benefits and related services to the members and their beneficiaries.

*Membership and Benefit Eligibility*

All permanent full-time employees of the City, except sworn Fire and Police personnel, are eligible to participate in the Employees' plan. The Fire and Police is one System with two tiers. Effective August 27, 1990, the City of Fresno added the Fire and Police Tier 2 for all full-time sworn Fire, Police and Airport safety personnel hired on or after that date (and closed the Fire and Police First Tier 1 to new entrants). Employees become eligible for membership on their first day of full-time regular employment, and become fully vested after earning 5 years of service credit. Employees working in limited, interim, provisional, temporary, seasonal or part-time positions are not eligible to participate in the Systems. Participation is mandatory if an employee is eligible except in the case of the City Manager, City Attorney, City Clerk, Department Heads and Council Assistants as provided for in the Fresno Municipal Code (FMC) Section 5-318. The City Manager, City Clerk, City Attorney, Department Heads or Council Assistants who are not already a member, may negotiate other retirement benefits if such an agreement is established by resolution of the Council.

Total participants in each System were comprised of the following, as of June 30, 2015:

	<b>2015</b>	<b>2015</b>	<b>2015</b>
	<b>Employees</b>	<b>Fire &amp; Police</b>	<b>Total</b>
Active Members			
Vested	1,517	925	2,442
Non-vested	376	72	448
	1,893	997	2,890
Retirees and Beneficiaries of Deceased Retirees			
Currently Receiving Benefits	1,783	998	2,781
Inactive Vested Members	236	68	304
	2,019	1,066	3,085
Total	3,912	2,063	5,975

*Benefit Provisions*

The retirement (pension) benefits that Employee members receive are based upon a combination of age at retirement, years of credited service, final average monthly salary, and the distribution option selected by the participant. For Fire and Police, the benefits are further based upon the tier and option selected by the participant. Members' contributions, including interest, are 100% vested at all times. Employer contributions do not become vested until completion of five years of credited service when the member becomes 100% vested, but are not payable until the member attains the age of 55. Effective January 28, 2008, members may retire between ages 50-55 with an actuarially equivalent service retirement benefit. For Fire and Police, the employer contributions do

## **City of Fresno, California**

### **Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

not become vested until completion of 10 years of credited service under the First Tier and five years of credited service under the Second Tier when they become 100% vested. Those benefits are not payable until the member attains the age of 50 under both tiers. Contributions are made by the members and the employer at rates recommended by the Systems' actuary and adopted by the Boards.

#### *Member Retirement Benefits*

Employee members are eligible for service retirement benefits upon completion of at least five years of service upon termination of service, if they have left their contributions and interest with the System and are at least age 55. They are also eligible if their termination from City service is permanent and was caused by a layoff due to an economic measure, lack of work, budget cut back or elimination of their position. In those cases, they can retire at age 50 at a reduced benefit. They may also be eligible for service retirement benefit if they have less than five years of service with the City of Fresno, but have established reciprocity with a prior employer and are eligible to retire from that agency.

The service retirement benefit is calculated pursuant to the provisions of Section 3-541 of the Fresno Municipal Code. The monthly allowance for Employees is equal to 2% of final compensation times each of the first 25 years of accrued retirement service credit plus 1% of final compensation times any years of accrued retirement service credit in excess of 25 years, multiplied by the age factor at retirement age. Final average compensation consists of the highest average consecutive 36 months of compensation earnable calculated using the rate of pay in effect at the time of retirement.

Fire and Police members of Tier 1, hired prior to August 27, 1990, are eligible to retire once they attain the age of 65 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. The Tier 1 benefit is calculated pursuant to the provisions of Section 3-333 of the Fresno Municipal Code. The monthly allowance for a member with at least 20 years of service who retires from active status is equal to 55% of final compensation plus 2% of final compensation for each year of service in excess of 20 years completed after age 50. For Tier 1, final average compensation consists of the final highest consecutive 36 months of compensation earnable calculated using the rate of pay actually earned by the member in effect at the time of retirement. Some members can elect to have their final compensation based on a rank average. Members of Tier 2, hired on or after August 27, 1990, are eligible to retire once they attain the age of 65 regardless of service or at age 50 and have acquired 5 or more years of retirement service credit. Tier 2 benefit is calculated pursuant to the provisions of Section 3-411 of the Fresno Municipal Code. The monthly allowance for a member who is age 55 or older is equal to 2.70% of final compensation times years of accrued retirement service credit. The maximum monthly retirement allowance is 75% of final compensation. For Tier 2, final average compensation consists of the highest consecutive 36 months of compensation earnable during any 36 months of service before the date of retirement.

## City of Fresno, California

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

The members of each System may elect an unmodified retirement allowance, or choose an optional retirement allowance. There are four optional retirement allowances the members may choose. Each of the optional retirement allowances require a reduction in the unmodified retirement allowance in order to allow the members the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member. For Employee members, the unmodified retirement allowance provides the highest monthly benefit and 50% continuance to an eligible surviving spouse or domestic partner. For Fire and Police members, the unmodified retirement allowance also provides the highest monthly benefit and a 66 2/3% continuance to an eligible surviving spouse or domestic partner.

The Municipal Code provides that the Retirement staff must research the percentage change in the Consumer Price Index (CPI) (US city-average for urban wage earners and clerical workers – all items) for employees and Tier 2 public safety employees and propose that percentage to the appropriate Boards as the cost-of-living adjustments (COLA) to be adopted for the following year. This procedure must be completed by the end of April of each year for implementation in July (employees) or January (public safety). The COLA is limited to a five percent (5%) maximum change per year (employee) or three percent (3%) maximum change (public safety) and any excess over the maximum is banked for the retiree for use in a year where the percent of CPI change is less than the maximum.

The Fire and Police Tier 1 cost-of-living adjustments (COLA) depend on the type of method chosen by the employee at retirement. If the employee chose the Career Rank method, the COLA is a recalculation of his/her retirement based on the new salaries adopted for the current year. If the method chosen by the retiree is the final 3-year method, the COLA is based on the change in the weighted mean average compensation attached to all ranks in the department with a cap of five percent (5%) per year. Any excess over the 5% is banked for use in years when the COLA calculated is less than 5%.

Each System also has a Deferred Retirement Option (DROP) which is an optional voluntary program that allows the member to have his or her retirement benefits deposited in a special account within the Systems while the member continues to work in his or her current position. It is a voluntary method of receiving a distribution of their retirement benefits; it is not an additional retirement benefit. Additional information may be found in the Comprehensive Annual Financial Statement (CAFR) for each respective retirement System.

#### *Terminated Member Benefits*

If a member terminates before earning five years of credited service, the member forfeits the right to receive his or her service retirement benefit and is entitled to withdraw refundable contributions made, together with accumulated interest. If the member enters a reciprocal retirement system within 180 days (6 months) of terminating employment with the City of Fresno and elects to leave their accumulated contributions on deposit

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

with the System, then the member will receive a deferred retirement allowance when eligible.

### *Death and Disability Benefits*

Death benefits are based upon whether the death occurred before or after retirement. Disability benefits are based upon whether the member has at least ten years of credited service, over or under age 55 and whether the permanent incapacity is found to be service or non-service connected.

### *Basis of Accounting*

The Systems' financial statements are prepared using the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America (GAAP), under which revenues are recognized when earned and deductions are recorded when the liability is incurred. Employer and employee contributions are recognized as revenue when due. Contributions are recorded in the period the related salaries are earned and become measurable. Investment income is recognized when it is earned. The net appreciation in fair value of investments held by the Systems is recorded as an increase to investment income based on the valuation of investments at fiscal year-end, which includes both realized and unrealized gains and losses on investments. Retirement benefits and refunds are recognized when due and payable under the terms of the Plan and per Section 3-523 and 3-529 (Employees) and per Section 3-322 and 3-324 (public safety) of the Municipal Code. Other expenses are recognized when the corresponding liabilities are incurred.

Securities lending transactions are accounted for in accordance with Governmental Accounting Standards Board (GASB) Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, which establishes reporting standards for securities lending transactions. In accordance with Statement No. 28, cash received as collateral on securities lending transactions and investments made with that cash are reported as assets and liabilities resulting from these transactions and are both reported in the Statement of Fiduciary Net Position. In addition, the costs of securities lending transactions are reported as an expense in the Statement of Changes in Fiduciary Net Position.

### *Valuation of Investments*

For financial reporting purposes, the Systems' investments are reported at fair value. Fair value for investments of publicly traded securities is based upon closing sales prices reported on recognized securities exchanges on the last business day of the period or for listed securities having no sales reported and for unlisted securities, based upon last reported bid prices. All purchases and sales of securities are accounted for on a trade date basis and dividends declared but not received are accrued on the ex-dividend date. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Investments in both bonds and mortgage backed pass-

## City of Fresno, California

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

through certificates are carried at fair value. Cost values are derived from Master Custodial Transaction Records. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

For GASB Statement No. 68 asset/liability calculation purposes and for actuarial purposes, asset valuation is based on market value of assets less unrecognized returns from each of the last five years. Unrecognized returns are equal to the difference between the actual market return and the expected return on a market value basis and are recognized over a five-year period. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves. Deferred gains and losses as of June 30, 2012 have been combined and will be recognized in equal amounts over a period of four years from that date.

#### *New Significant Accounting Standards*

In fiscal year 2015, the City adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB) that relate to pension activity:

- Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*

Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards for the City's defined benefit pension plans. The Statement replaces the requirements of prior GASB statements impacting accounting and disclosure of pensions.

The significant impact to the City of implementing Statement No. 68 is the reporting of the City's overfunded (prefunded) pension liability on the City's government-wide financial statements using the full accrual basis of accounting. Previously, the liability (prefunding) had only been disclosed. In addition, there are also new note disclosure requirements and supplementary schedules required by the Statement.

The measurement date for the pension liabilities (prefunding) is as of June 30, 2014. Activity (i.e., contributions made by the City) occurring during fiscal year 2015 is reported as deferred outflows or inflows of resources in accordance with Statement No. 71.

Please see Note 15(b) on page 176 for a description of the dollar impact of this adjustment.

The adoption of Statement No. 68 has no impact on the City's governmental fund financial statements, which continue to report expenditures equal to the amount of the City's actuarially determined contribution (formerly referred to as the "annual required

## City of Fresno, California

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

contribution”). The calculation of pension contributions is also unaffected by this statement.

#### *Reporting*

The data presented related to GASB Statement No. 68 as of June 30, 2015 is based upon a reporting date and a measurement date of June 30, 2014. The valuation was based upon:

- The benefit provisions of the Retirement Systems as administered by the Boards;
- The characteristics of covered active members, terminated vested members, and retired members and beneficiaries as of June 30, 2014;
- The assets of each Plan as of June 30, 2014;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee termination, retirement, death, etc.

As noted, while the new GASB rules redefine pension liability and expense for financial reporting purposes, they do not apply to contribution amounts for pension funding purposes. The City and the Plans may still develop funding policies under their existing practices. When measuring the pension liability, GASB continues to use the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) that the Retirement Systems use for funding. With the cost method, the new GASB rules use a version of the Entry Age method where the Total Pension Liability (TPL) must be fully accrued by the time a member either enters DROP or is expected to elect DROP. This is in contrast to the version of the Entry Age method used for funding, where the Actuarial Accrued Liability (AAL) does not have to be fully accrued until members retire from employment after participation in DROP. Under GASB, active members who are expected to enroll in DROP in the future would report a Service Cost that is higher than the Normal Cost used for funding, while members already in DROP would report no Service Cost even though their Normal Cost continues to accrue.

The TPL and the Plans' Fiduciary Net Positions include liabilities and assets held for DROP, Post-Retirement Supplemental Benefits (PRSB) and City Surplus reserves. The Net Pension Liability (NPL) is equal to the difference between the TPL and the each Plan's Net Position. Each Plan's Fiduciary Net Position is equal to the market value of assets and therefore, the NPL measure is very similar to an Unfunded/(Prefunded) Actuarial Accrued Liability calculated on a market value basis. The NPL was measured as of June 30, 2014 and determined from the actuarial valuations as of June 30, 2014. The Plans' Fiduciary Net Positions (Plan Assets) were valued as of the measurement dates. Consistent with the provisions of GASB Statement No. 68, the assets and liabilities measured as of June 30, 2014 were not adjusted or rolled forward to the June 30, 2015 reporting date. The discount rates used for each Plan to determine the TPL and NPL as of June 30, 2014 was 7.5%, following the same assumptions used by the Retirement Systems in the funding valuations as of the same dates.

## **City of Fresno, California**

### **Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

#### *Funding Policy*

The City contributes to the retirement plans based upon actuarially determined contribution rates adopted by the Boards. Employer contribution rates are adopted annually based upon recommendations received from the Retirement Systems actuary after the completion of the annual actuarial valuation. The employer contribution rate is designed to provide funding for the remaining regular retirement and cost-of-living benefits, as well as all regular disability and survivors' benefits. The average employer contribution rate as of June 30, 2015, for the 2014-2015 Employee Plan (based on the June 30, 2013 valuation) was 11.65% of compensation. All members are required to make contributions to the Retirement System which vary according to age and are designed to provide funding for approximately one third of retirement benefit basic normal costs and one-half of the cost-of-living component. The average employee member contribution rate as of June 30, 2015, for 2014-2015 (based on the June 30, 2013 valuation) was 8.27% of compensation.

All active Fire and Police members are required to make contributions to the System. Employee contribution rates vary in the First Tier according to entry age and are designed to provide funding for approximately one-third of the retirement benefits. The Tier 1 average member contribution rate as of June 30, 2015, for 2014-2015 (based on the June 30, 2013 valuation) was 5.35% of compensation. Employee contribution rates in the Second Tier are established at 9% of pensionable base pay.

The aggregate employer contribution rate for the Fire and Police System as of June 30, 2015, for 2014-2015 (based on the June 30, 2013 valuation) was 20.83% of compensation.

One of the funding objectives of the Systems is to establish contribution rates which, over time, will remain level as a percentage of payrolls unless the Systems benefit provisions are changed.

#### *Actuarial Funding Policy and Actuarial Cost Methodology for Funding Purposes*

The City currently funds, at a minimum, the amounts recommended by the actuary and approved by the Retirement Boards. Such amounts are determined using the individual entry age normal method applied to the projected benefits in determining the Normal Cost and Actuarial Accrued Liability (AAL). If there is a positive (Surplus) or negative (Unfunded) difference between the Valuation of Assets and the AAL, policy determines the amortization of the Unfunded Actuarial Accrued Liability (UAAL) on either a level percentage of payroll needed to fund the UAAL or the amount of available surplus which would be distributable in any given year. This method produces an employer contribution rate consisting of amounts for (a) normal cost and (b) amortization of any UAAL or prefunded actuarial accrued liability (PAAL).

These minimum contributions are recognized currently in each System's statement of changes in fiduciary net position. Employees' contributions are funded and recognized

## City of Fresno, California

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

currently through payroll deductions in amounts recommended by the actuary. Costs of administering the System are charged against System assets.

#### *Funding Status and Method*

The Employees System Board adopted a Comprehensive Actuarial Funding Policy on November 7, 2012. For the Employees Retirement System, this policy included a change in actuarial cost methodology from the Projected Unit Credit (PUC) method previously used for funding purposes to the Entry Age Normal (EAN) method.

On the same date that the Employees System Board adopted its actuarial funding policy, the Fire and Police Board adopted a Comprehensive Actuarial Funding Policy. For the Fire and Police Retirement System, this policy included a change in actuarial cost methodology from the aggregate EAN funding method used for funding purposes to the individual EAN method. The individual EAN method is used by a substantial majority of the retirement systems in California and nationwide. In both cases, the Boards made these changes in actuarial cost methodology due to the adopted GASB Statements No. 67 and No. 68.

#### *Funding Requirements and Policy Components*

The Systems' annual funding requirements are comprised of a payment of the Normal Cost and a payment on the UAAL if applicable. The Normal Cost and the amount of the payment on UAAL are determined by three components of the respective Board's funding policy: 1) Actuarial Cost Method – the techniques used to allocate the cost/liability of retirement benefits to a given period; 2) Asset Smoothing Method – the techniques that spread the recognition of investment gains or losses over a period of time for the purposes of determining the Actuarial Value of Assets used in the actuarial valuation process; and 3) Amortization Policy – the decisions on how, in terms of duration and pattern, to fund the difference between the AAL and the Actuarial Value of Assets in a systematic manner.

As of June 30, 2015, the Systems did not have UAAL.

The Boards adopted an Amortization Policy, which sets forth the amortization procedures for funding any UAAL or amortization and allocation of any available Surplus in the Systems. A detailed description of the policy can be found in the Notes to the Financial Statements for the Retirement Systems, which are located at <http://www.cfrs-ca.org/Employee/Communications/Reports.asp>.

The Systems use a 5-year smoothing of market gains and losses above and below the assumed actuarial rate of return to derive the actuarial value of assets. As of the fiscal year ended June 30, 2015, the actuarial valuation value of the Employees' System assets was \$1,049.1 million with a funded percentage of 109.2% on a valuation value of assets, whereas the actuarial value of Fire and Police assets was \$1,220 million with a funded percentage of 119.6% on a valuation value of assets.



**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

*Contributions Required and Contributions Made*

The employer's required normal contributions to the Systems have two components: basic and COLA. For the first time in over a decade, contributions to fund the Employees' COLA were required for fiscal year 2013 in accordance actuarially determined requirements computed through a valuation performed as of June 30, 2011. For fiscal year 2015, the City's required normal contributions (basic and COLA) to the Systems were as follows:

	<b>Normal Cost</b>	
	Employees System	
	<u>FY2015</u>	
Member Contributions	\$	8,750,214
Employer Contribution Rate		12.03%
Employer Contributions	\$	12,730,192
Prior Year Contribution (Surplus)/Shortfall		(403,622)
Net Employer Contributions	\$	12,326,570
Pensionable Payroll	\$	105,820,382

	<b>Normal Cost</b>		
	Fire and Police System		
	<u>FY2015</u>		
	Tier 1	Tier 2	Total
Member Contributions	\$ 253,498	\$ 7,131,671	\$ 7,385,169
Employer Contribution Rate	27.80%	22.09%	-
Employer Contributions	\$ 3,134,984	\$ 17,627,416	\$ 20,762,400
Prior Year Contribution (Surplus)/Shortfall	(750,652)	(1,044,818)	(1,795,470)
Net Employer Contributions	\$ 2,384,332	\$ 16,582,598	\$ 18,966,930
Pensionable Payroll	\$ 11,276,919	\$ 79,798,174	\$ 91,075,093

Employer and employee contributions represented 20.78% and 9.00%, respectively, of the fiscal year 2015 covered payroll.

	<u>Employees</u>	<u>Fire &amp; Police Tier I</u>	<u>Fire &amp; Police Tier II</u>
Members' Average Rate	8.27%	2.25%	9.00%
Employer's Gross Rate	12.03%	27.80%	22.09%
Prefunded Percent Accrued Liability Offset	0.38%	6.66%	1.31%
Net Employer's Rate	11.65%	21.14%	20.78%

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

*Net Pension Liability*

The net pension liability was measured as of June 30, 2014, and determined based upon the total pension liability (on a GASB Statement No. 68 basis) from actuarial valuations as of June 30, 2014.

The City's total pension liability, plan fiduciary net pension and net position liability as of June 30, 2015 were as follows (in thousands):

	<u>Employees System</u>	<u>Fire and Police System</u>
Total Pension Liability	\$1,049,623	\$1,157,747
Plan Fiduciary Net Position	\$1,167,157	\$1,366,922
<b>Net Pension Liability</b>	<b>(\$117,534)</b>	<b>(\$209,175)</b>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	111.20%	118.07%

*Changes in Net Pension Liability*

The components of the net pension liability for each System determined in accordance with GASB Statement No. 68 as of the measurement date of June 30, 2014 were as follows (in thousands):

	<u>Employees System</u>	<u>Police &amp; Fire System</u>
<b>Total Pension Liability</b>		
Beginning Balance	\$ 1,031,741	\$ 1,146,196
Service Cost	\$19,342	\$28,058
Interest	77,009	86,092
Change of benefit terms	-	-
Differences between expected & actual experience	(29,889)	(49,879)
Changes of assumptions	-	-
Benefit payments, including refunds	(48,580)	(52,720)
<b>Net Change in Total Pension Liability</b>	<b>\$17,882</b>	<b>\$11,551</b>
Ending Balance	\$1,049,623	\$1,157,747
<b>Plan Fiduciary Net Position</b>		
Beginning Balance	1,024,666	1,193,054
Contributions - employer	\$11,440	\$18,575
Contributions - employee	7,946	7,294
Net Investment Income (Loss)	172,773	201,838
Benefit Payments including refunds	(48,581)	(52,720)
Administrative & Professional Expense	(1,086)	(1,119)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>142,492</b>	<b>173,868</b>
Ending Balance	\$1,167,158	\$1,366,922
<b>Net Pension Liability</b>	<b>(\$117,535)</b>	<b>(\$209,175)</b>

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

*Discount Rate and Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The discount rate used to measure the Total Pension Liability (TPL) was 7.50% as of June 30, 2014. The following presents the Net Pension Liability (NPL) of the Employees and Fire and Police Retirement Systems as of June 30, 2014. The Systems use a discount rate to measure the total pension liability for the measurement date of June 30, 2014, calculated using the current discount rate, as well as what the NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
<b>Employees System</b>	\$ 5,813	\$ (117,534)	\$ (219,710)
<b>Fire and Police System</b>	\$ (61,969)	\$ (209,175)	\$ (329,187)

*Long-Term Expected Real Rate of Return*

The long-term expected rate of return on the Systems' investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and net of inflation) are developed for each major asset class. This information is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class/Target Allocation/Long-term Expected  
Real Rate of Return Table  
As of June 30, 2015  
Weighted Average Long-Term

Asset Class	Target Asset Allocation	Weighted Average Long-Term Expected Rate of Return (Arithmetic)
Large Cap U.S. Equity	22.5%	6.09%
Small Cap U.S. Equity	7.5%	6.79%
Developed International Equity	22.8%	6.66%
Emerging Market Equity	7.2%	8.02%
Domestic Fixed Income	20.0%	0.83%
High Yield Fixed Income	10.0%	3.42%
Real Estate	10.0%	4.83%
Total	100.0%	

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

### *Mortality Rates*

Mortality rates used in the latest actuarial valuation are based on the RP-2000 Combined Healthy Mortality Table projected with scale AA to 2021. For healthy members, the separate tables for males and females ages are set back one year. For members that are disabled, the ages are set forward three years. Beneficiaries are assumed to have the same mortality as a member of the opposite sex who is receiving a service (non-disability) retirement.

### *Actuarial assumptions*

The TPL as of June 30, 2014 was determined by an actuarial valuation of June 30, 2014. The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an experience study for the period from July 1, 2009 through June 30, 2012. These assumptions have been applied since the June 30, 2013 valuation. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25% to 11.75%, varying by service, including inflation (Employees)
	3.75% to 12.25%, varying by service, including inflation (Fire and Police)
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Other assumptions	See June 30, 2014 funding valuation and Section 3 for the service retirement rates after they have been adjusted to treat DROP participation as service retirement.

### *Net Position Restricted for Pension Benefits*

Net position restricted for pension benefits is segregated into Active Members Reserve (members' accumulated contributions) and reserves established by the Boards for various benefit payments. Reserves are established by the Systems from member and employer contributions and the accumulation of investment income after satisfying investment and administrative expenses.

### *Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions*

As of the start of the measurement period (July 1, 2013), the net pension liability was \$7,075,443 for the Employees Plan and a net pension surplus of (\$46,857,930) for the Fire and Police Plan. By the end of the measurement period (June 30, 2014), the net pension surplus for both plans was (\$117,534,093) for Employees and (\$209,174,699) for Fire and Police. For the measurement period ending June 30, 2014 (the measurement date), the City incurred a pension expense of \$14,859,073 for the Employees Plan and \$13,817,382 for the Fire and Police Plan.

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

As of June 30, 2015 (reporting date but measurement date of June 30, 2014), the City has deferred outflows and deferred inflows of resources related to the pensions as follows:

### Pension Expense and Deferred Outflows and Inflows of Reserves

(In Thousands)

	Employees System	Fire and Police System
<b>Components of Pension Expense</b>		
Service cost	\$ 19,342	\$ 28,058
Interest on the total pension liability	77,009	86,092
Expensed portion of current-period benefit changes	-	-
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(9,225)	(10,681)
Expensed portion of current-period changes of assumptions or other inputs	-	-
Actual member contributions	(7,945)	(7,294)
Projected earnings on plan investments	(75,714)	(88,430)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(19,412)	(22,682)
Administrative expense	1,086	1,120
Other	-	-
Recognition of beginning of year deferred outflows of resources as pension expense	-	-
Recognition of beginning of year deferred inflows of resources as pension expense	-	-
<b>Pension Expense</b>	<b>\$ (14,859)</b>	<b>\$ (13,817)</b>
<b>Deferred Outflows of Resources and Deferred Inflows of Resources</b>		
<b>Deferred Outflows of Resources</b>		
Changes of assumptions of other inputs	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investm	-	-
Difference between expected and actual experiences in the Total Pension Liab	-	-
<b>Deferred Outflows of Resources</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Deferred Inflows of Resources</b>		
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan inves	\$ 77,647	\$ 90,726
Difference between expected and actual experience in the Total Pension Liabil	20,664	39,198
<b>Deferred Inflows of Resources</b>	<b>\$ 98,311</b>	<b>\$ 129,924</b>

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

2016	\$ (28,637)	\$ (33,362)
2017	(28,637)	(33,362)
2018	(21,626)	(33,363)
2019	(19,412)	(29,838)
2020	-	-
Thereafter	-	-

Any differences between projected and actual investment earnings on pension plan investments are recognized over a period of five years beginning with the year in which they occur. Differences between expected and actual experiences are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through the Retirement Systems determined as of June 30, 2013 (the beginning of the measurement period ending June 30, 2014) and is 3.24 years.

The average of the expected service lives of all employees is determined by:

- o Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
- o Setting the remaining service life to zero for each DROP, nonactive or retired member.

## **City of Fresno, California**

### **Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

- Dividing the sum of the above amounts by the total number of active employees, DROP, nonactive and retired members.

No attempt was made to determine the beginning balances for deferred inflows of resources and deferred outflows of resources as of the beginning of the period for the 2014 plan year. Per paragraph 137 of the GASB Statement No. 68, these balances are assumed to be zero.

#### *Administrative Expenses*

Section 3-325 of the Fresno Municipal Code (for Fire and Police) and Section 3-532 (for Employees) provides that all administrative costs of the Systems shall be a charge against the assets of the Systems. Per the Municipal Code, the Administrative expenses are a component of the City's contribution calculation.

The Systems issue publicly available financial reports that include financial statements and required supplementary information for the Employees Retirement System and the Fire and Police System. The reports may be obtained by writing the City of Fresno Retirement Office, 2828 Fresno Street, Suite 201, Fresno, California 93721, or by visiting <http://www.cfrs-ca.org/Employee/Communications/Reports.asp>.

#### *Successor Agency Retirement Plan*

The Successor Agency participates in a public agency cost-sharing multiple-employer defined benefit pension plan (the Plan) administered by the California Public Employee's Retirement System (CalPERS). Employer contribution rates are determined on an annual basis by an actuary and are effective on the July 1 following notice of a change in the rate.

The Plan fiduciary net position disclosed in the Successor Agency's GASB 68 accounting valuation may differ from the Plan assets reported in the Successor Agency's funding actuarial valuation report due to CalPERS needing to keep various items included in its fiduciary net position which are excluded for rate setting purposes in the Successor Agency's funding actuarial valuation. In addition, differences may result from timing of financial reporting by CalPERS and final reconciled reserves.

As of the beginning of the measurement period (July 1, 2013), the net pension liability for the Plan is \$406,822. For the measurement period ended June 30, 2014 (the measurement date), the Successor Agency incurred pension expense of \$30,022 for the Plan.

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

As of June 30, 2014, the Successor Agency reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$ 30,333	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	90,402
Adjustment due to Differences in Proportions	-	1,264
Deferred Inflows of resources - difference between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contributions	-	2,835
	<u>\$ 30,333</u>	<u>94,501</u>

As the result of implementing the provisions of Government Accounting Standards Board (GASB) Statements No. 68 and 71, the Successor Agency restated its beginning net position to account for the effect of the net pension liability at July 1, 2014.

Fiduciary net Position at July 1, 2014	\$21,259,615
Effect of loans deemed not enforceable*	291,111
Effect of implementation of GASB No. 68	<u>(375,079)</u>
Net Position at July 1, 2014, as restated	<u>\$ 21,175,647</u>

\* Notes deemed unenforceable in previous years by the City of Fresno.

For more detailed information related to the Successor Agency's implementation of GASB Statement No. 68, refer to the Agency's separate audited financial statements which can be obtained by contacting the Agency at 2344 Tulare Street, Suite 200, Fresno, CA 92721.

*Post-Retirement Supplemental Benefit (PRSB) Program*

The PRSB program was created as a contingent program to provide supplemental distributions to eligible retirees that they could use to pay for various post-retirement expenses. The Retirement Boards annually review the actuarial valuation report and declare an actuarial surplus if available in accordance with the procedures in Municipal Code Sections 3-567 (Employees) and 3-354 (Fire and Police).

If an actuarial surplus is declared, the surplus is allocated into two components. One component composed of two-thirds of the declared surplus shall be used to reduce or eliminate the City's pension contributions. Any unused portion shall be reserved in the City Surplus Reserve and drawn upon in subsequent years if needed. The remaining one-third component shall be distributed among eligible PRSB recipients in accordance with procedures in Municipal Code Sections 3-567(f)(4) (Employees) and 3-354(f)(4)

## City of Fresno, California

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

(Fire and Police). Any unused portion shall be reserved in the PRSB Reserve and drawn upon in subsequent years if needed.

For the fiscal year ended June 30, 2015, there was a surplus (or PAAL) in the Employees System, since it had a valuation value of assets which was in excess of the AAL. However, because the valuation value of assets at 109.2% of the actuarial accrued liability is less than the required 110% for declaration of a surplus, there is no actuarial surplus available to reduce the City's and member's COLA contributions and to fund new PRSB benefits. There was no declaration of a surplus for the fiscal year ended June 30, 2014, and the PRSB Reserve Account was exhausted at the end of calendar year 2013.

As of June 30, 2015, the City Surplus Reserve balance was (\$499,000). The City's normal rate in fiscal year 2017 will include an adjustment of 0.51% to absorb the current shortfall in the City Surplus Reserve.

For the fiscal year ended June 30, 2015, the Fire and Police System distributed PRSB benefits in the total amount of \$272,363 to eligible recipients, including \$240,653 to retirees and \$31,710 to DROP participants. As of June 30, 2015, the City Surplus Reserve balance was (\$159,000) and the PRSB Reserve balance was \$496,000.

For the fiscal year ended June 30, 2015, there was a surplus (or PAAL) as the Fire and Police System had a valuation value of assets which was in excess of the actuarial accrued liability. The System's valuation value of assets was 119.6%, which is above the required 110% for declaration of a surplus. Thus, a 9.6% actuarial surplus was available to reduce the City's contributions and to fund new PRSB benefits. The PRSB portion of this surplus is \$2,021,411, of which 80% will be allocated in the 2016 calendar year to Fire and Police retirees at \$135.16 per month commencing January 1, 2016.

#### **(b) Deferred Compensation Plan**

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all permanent full-time and part-time employees and Council Members, permits deferral of a portion of the employee's salary into a tax-deferred program. The deferred compensation is not available to employees or other beneficiaries for withdrawal until termination, retirement, death, or unforeseeable emergency or loan program. Upon separation from employment with the City, an individual may roll over their deferred account into another IRS Allowable Plan or, upon receipt, the distribution will become taxable.

The Deferred Compensation Board contracted with Fidelity Management Trust Company as the trustee and plan administrator. The City Retirement System assists Fidelity in the administration of the Deferred Compensation Plan. In addition to the Retirement Office, City staff in the Payroll section of the Finance Department, the City Attorney's Office and Information Services Department all assist in the administration of the Plan. The City has no fiduciary accountability for the plan. Accordingly, the plan assets and related liabilities to plan participants are not included in the basic financial statements.



**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

**(c) Compensated Absences**

Vacation pay, which may be accumulated up to 600 hours depending on an employee's bargaining group and length of service, is payable upon termination. Sick leave, which may be accumulated up to 12 hours per month, has no maximum. If eligible, most bargaining units receive a portion of the value of their sick leave balance at termination in their Health Reimbursement Account (HRA). Otherwise, employees do not receive any value from their sick leave balances at termination.

Annual leave, which may be accumulated up to 1,200 hours, depending upon bargaining unit and length of service, is payable upon termination or retirement. Holiday leave may be accumulated indefinitely depending upon the bargaining groups and is payable for active employees as well as at termination or retirement. Annual leave allows for the cashing out of the higher of 25% of the accumulated balance or 48 hours, once per fiscal year. Supplemental sick leave is awarded to unrepresented management, professionals and to white collar employees at the rate of 40 hours at the beginning of each fiscal year. The balance can only be used after other leave balances are exhausted, or for other specific reasons outlined in the various Memoranda of Understanding (MOU's) or Salary Resolutions. The balance is payable at termination or retirement or is accounted for as part of an HRA which is unfunded and expended on a pay-as-you-go basis.

Starting in fiscal year 2006, some bargaining units selected to account for some or all of their sick leave and supplemental sick leave balances as an HRA. The book value of these balances is accounted for (by employee) in off-line spreadsheets, administered by HealthComp, is given credit for calculated interest, and is used to pay health premiums for the employee, their spouse and dependents – until their individual balance is exhausted. The HRA is not held in a trust, but is funded on a pay-as-you-go-basis. The portion of the City's obligation relating to employees' rights to receive compensation for future absences that is attributable to services already rendered is accrued when incurred in the government-wide, and proprietary and fiduciary fund financial statements. Compensated absences upon termination are funded through a cost allocation formula which is based upon a citywide history of payouts (approximately \$2 million per year). Accruals are reviewed by bargaining unit and the \$2 million base is allocated in proportion to each unit's current liability for a contribution per unit cost. This unit cost is then converted to a cost per employee and becomes part of the budgeted employee service cost in each department's annual base budget.

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

Accrued Employee Leave balances as of June 30, 2015, are as follows:

<u>Department/Activity</u>	<u>Total Accrued Vacation, Sick Leave, and HRA</u>	<u>Current Portion</u>
<b><u>Governmental Activities:</u></b>		
General Fund	\$ 45,136,868	\$ 6,885,506
Grants Special Revenue Fund	1,172,051	180,705
High Speed Rail	4,118	580
Special Gas Tax	602,356	84,873
Measure C	1,598,067	231,174
Community Services	61,394	10,178
Special Assessment	182,813	25,759
General Services	2,433,141	353,902
Risk Management	92,807	18,913
Total Governmental Activities	51,283,615	7,791,590

<u>Department/Activity</u>	<u>Total Accrued Vacation, Sick Leave, and HRA</u>	<u>Current Portion</u>
<b><u>Business-type Activities:</u></b>		
Water System	2,132,828	289,092
Sewer System	1,905,702	260,156
Solid Waste Management	1,171,583	160,913
Transit	2,645,778	398,011
Airports	1,285,387	199,121
Convention Center	62,698	9,405
Community Sanitation	413,296	48,695
Billing and Collection	867,644	115,111
Total Business-type Activities	10,484,916	1,480,504

<u>Department/Activity</u>	<u>Total Accrued Vacation, Sick Leave, and HRA</u>	<u>Current Portion</u>
<b><u>Fiduciary Funds:</u></b>		
Private-Purpose Trust Fund	73,430	7,500
Total	\$ 61,841,961	\$ 9,279,594

Accrued employee leave balances related to governmental activities are recorded in the Government-Wide financial statements.

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

### (d) Termination Benefits

During fiscal year 2015, no employees received severance pay.

### (e) Health Benefit Plan

The City offers its employees participation in the Fresno City Employees Health and Welfare Trust Plan (Trust). The Trust offers a self-insured medical plan for full-time and permanent part-time employees and their dependents. The Trust also provides dental, vision, pharmacy, mental health and chiropractic coverage.

There are two medical plan options available to employees. Employees have the opportunity, on an annual basis, to elect either a higher benefit level PPO option or a reduced benefit level PPO option. Employees electing to receive the higher benefit level option pay a percentage of the monthly premium through payroll deductions. Employees electing the lower benefit level pay nothing for their coverage.

The first option is a higher benefit level PPO plan which has a \$200 individual annual deductible and a \$600 family maximum annual deductible. Under this option, the plan pays 80% of covered charges and the employee is responsible for 20% of the covered charges. Once a covered member incurs \$15,000 in covered charges, the plan then pays 100% until the end of the plan year.

The second option is a reduced benefit level PPO plan which, in the 2013-2014 plan year, had a \$200 individual annual deductible and a \$600 family maximum annual deductible. On July 1, 2014, the annual deductible for the reduced benefit level plan was increased to a \$1,300 individual annual deductible with a \$2,600 family maximum annual deductible. The benefit reduction amount is set by the Board of Trustees for the plan and depends on the amount of contributions received by the Trust on behalf of the employee.

The percentage of the premium the employee is required to pay to receive the higher benefit level is negotiated by each bargaining unit. At the beginning of the 2014 fiscal year, the majority of the units had an 80% - 20% contribution split. The City contributes 80% of the premium and the employees, if they wish to have the higher benefit level PPO, contribute 20% of the premium. If they choose not to make the contribution, the medical benefits are reduced by 25%. This reduction results in the plan paying 60% of covered charges and the employee is responsible for 40% of covered charges.

During fiscal year 2014, a number of units negotiated a 75% - 25% contribution split. For these units, the City contributes 75% of the premium and the employees, if they wish to have the higher benefit level PPO, contribute 25% of the premium. If they choose not to make the contribution, the medical benefits are reduced by 30%. This reduction results in the plan paying 56% of covered charges and the employee is responsible for 44% of covered charges.

## City of Fresno, California

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

Only one bargaining unit continues to have a different contribution amount than the balance of the Unions. For Fresno City Employees Association, Inc. (FCEA) employees hired after July 1, 2011, the City contributes 70% of the premium and the employees, if they wish to have the higher benefit level PPO, contribute 30% of the premium. If they choose not to make the contribution, the medical benefits are reduced by 35%. This reduction results in the plan paying 52% of covered charges and the employee is responsible for 48% of covered charges. Employees in the FCEA hired before July 1, 2011, continue to have an 80% - 20% contribution split as described above.

City of Fresno retirees are also eligible for participation in the plans by paying the full blended premium cost. The City continues to assess the impact of the federal health care reform legislation on the City's liabilities.

#### **(f) Other Postemployment Benefits**

##### *Plan Description*

The City of Fresno Retirees Healthcare Plan is a single-employer defined benefit medical plan administered by HealthComp and funded through the City of Fresno Health and Welfare Trust. It is reported as an Internal Service Fund of the City and provides OPEB to eligible retirees and his/her dependents, spouse or domestic partner. OPEB includes the authorization for retirees to purchase health insurance through the plan at current employee rates. The establishment and amendment of benefit provisions are negotiated between the employee bargaining units and the City, and are recommended by the City Manager subject to the approval of the Mayor and the City Council. The trust does not issue separate publicly available financial statements.

##### *Funding Policy*

The establishment and amendment of contribution requirements are negotiated between employee bargaining units and the City and are recommended by the City Manager subject to the approval of the Mayor and City Council. The contribution requirement of plan members and the City are funded on a pay-as-you-go basis. Although participant retirees pay 100% of their premium costs, because retirees are allowed to purchase insurance at blended premium rates, the City's contribution is deemed to be that portion of retiree claims costs over premiums required to be contributed by retirees. In fiscal year 2015, the City's contribution, or implicit rate subsidy, was deemed to be \$3,669,468.

##### *Actuarial Methods and Assumptions*

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The actuarial

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

calculations of the OPEB plan are designed to reflect a long-term perspective and include certain techniques used to reduce short-term volatility in the actuarial accrued liabilities and actuarial value of assets.

The most recent actuarial valuation date was June 30, 2014. The actuarial cost method used for determining benefit obligations is the Projected Unit Credit cost method with a 30-year amortization of unfunded liability (open basis). Amortization of the UAAL and the Net OPEB Obligation uses the level percent of payroll over the maximum allowed period of 30 years which re-amortizes the entire UAAL over 30 years with each valuation. The investment rate of return utilized was reduced from 4% down to 3% to reflect updated expectations regarding the long-term expected rate of return on the City’s general assets. Projected salary increases are 3% per year based upon an assumed general inflation rate of 3%. Annual increases in healthcare costs and premiums are based on the trend rates used for the June 30, 2013 State of California Retiree Health Benefits Program actuarial valuation. The resulting rates are as follows:

**State of California Healthcare Trend Rates**  
**As of June 30, 2013**

<b>Fiscal Year</b>	<b>Medical</b>
<b>Ending</b>	
2015 <sup>(1)</sup>	8.00%
2016	8.25%
2017	7.75%
2018	7.25%
2019	6.75%
2020	6.00%
2021	5.00%
2022+	4.50%

<sup>(1)</sup> Fiscal year ending (FYE) 2015 trend rate is assumed to be for medical premiums. There was a significant drop in medical claims experience for FYE 2014 and it was assumed that premiums would remain level for 2015 to reflect that the low claims experience should keep premiums stable.

Significant adjustments from the prior valuation included an increase in the liability for the Blue Collar Workers who switched to the Employees Healthcare Plan resulting in an increase in the implicit subsidy. This shift offset the Employees Healthcare Plan medical claims experience, which has been much lower than expected even though premiums have continued to grow. This decreased the Plan’s liabilities due to the leveraged nature of the implicit subsidy liability. There was a significant turnover of longer-service employees who were then replaced by new employees with lower levels of accrued liabilities. The reduction in the liability discount rate had the effect of increasing the liability. The liability is also increasing as the revised assumptions recognize that post-65 medical claims for self-pay retirees (retirees over age 65 who are not eligible for Medicare) are not reduced for Medicare coverage. Since the implicit subsidy is the difference between claims costs and premiums, movement in any of these components will have a leveraging effect on the net liability.

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

*Funded Status and Funding Progress*

The most recent valuation date was June 30, 2014. The funded status of the plan is 0%. The actuarial value of plan assets is \$0. At this time the City is not contemplating making contributions to fund the OPEB based on AAL. The schedule of funding progress, presented in the Required Supplementary Information, presents multiyear trend information.

Actuarial Valuation as of June 30, 2015, under GASB Statement No. 45 is as follows:

**Summary of Valuation Results (based on 3.0% discount rate)**

<b>Retirees Healthcare Plan</b>				
	<b>General Employees</b>	<b>Safety</b>	<b>Local 39</b>	<b>Total</b>
<b>Participant Count</b>				
Active - Eligible	1,358	909	547	2,814
Active - Not Eligible or without coverage				<u>0</u>
Retiree	<u>222</u>	<u>238</u>	<u>41</u>	<u>501</u>
Retirees - without coverage				<u>115</u>
Total Count				3,430
<b>Actuarial Present Value of Future Benefits (APVFB) at June 30, 2014</b>				
Active - Eligible	\$8,903,666	\$18,402,971	\$4,578,964	\$31,885,601
Active - Not Eligible	16,229,034	101,590,478	7,186,862	125,006,374
Retiree	<u>17,882,478</u>	<u>22,024,969</u>	<u>2,378,420</u>	<u>42,285,867</u>
Total APVFB	\$43,015,178	\$142,018,418	\$14,144,246	\$199,177,842
<b>Actuarial Accrued Liability (AAL) at June 30, 2014</b>				
Active - Eligible	\$8,903,666	\$18,402,971	\$4,578,964	\$31,885,601
Active - Not Eligible	5,298,335	49,796,802	2,333,881	57,429,018
Retiree	<u>17,882,478</u>	<u>22,024,969</u>	<u>2,378,420</u>	<u>42,285,867</u>
Total AAL	\$32,084,479	\$90,224,742	\$9,291,265	\$131,600,486
<b>Funded Status at June 30, 2014</b>				
Actuarial Value of Assets	\$0	\$0	\$0	\$0
Unfunded Actuarial Accrued Liability	\$32,084,479	\$90,224,742	\$9,291,265	\$131,600,486
Funded Ratio	0%	0%	0%	0%
Covered Payroll	\$87,165,106	\$102,351,057	\$31,803,790	\$221,319,953
UAAL as a % of Covered Payroll	37%	88%	29%	59%
<b>Annual Required Contribution (ARC)</b>				
Total ARC for 2014/2015	\$2,823,971	\$9,374,798	\$1,000,804	\$13,199,573

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

*Annual OPEB Cost and Net OPEB Obligation*

The City's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and two prior years are as follows:

General Employees			
Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 2,438,480	75.77%	\$ 7,607,257
6/30/2014	2,624,933	25.74%	9,556,530
6/30/2015	2,623,100	52.73%	10,796,542

Safety			
Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 8,817,336	26.70%	\$ 45,651,699
6/30/2014	8,148,918	12.46%	52,785,664
6/30/2015	8,265,282	25.14%	58,973,320

Local 39			
Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ -	-	\$ -
6/30/2014	958,053	10.64%	1,491,642
6/30/2015	969,451	21.53%	2,252,339

Blue Collar			
Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 122,878	36.01%	\$ 635,569
6/30/2014	-	-	-
6/30/2015	-	-	-

Total			
Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 11,378,694	27.89%	\$ 53,894,525
6/30/2014	11,731,904	37.32%	63,833,836
6/30/2015	11,857,833	30.95%	72,022,201

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

The ARC for the current year was determined as part of the June 30, 2014, actuarial valuation. The City's annual OPEB cost and net OPEB obligation for the Retirees Healthcare Plan for the fiscal year ended June 30, 2015 were as follows:

	Retirees Healthcare Plan			
	General			
	Employees	Safety	Local 39	Total
Annual required contribution (ARC)	\$ 2,823,971	\$ 9,374,798	\$ 1,000,804	\$ 13,199,573
Interest charged on net OPEB obligation	286,696	1,583,570	44,749	1,915,015
Adjustment to annual required contribution	<u>(487,567)</u>	<u>(2,693,086)</u>	<u>(76,102)</u>	<u>(3,256,755)</u>
Annual OPEB cost	2,623,100	8,265,282	969,451	11,857,833
Contributions made	<u>(1,383,088)</u>	<u>(2,077,626)</u>	<u>(208,754)</u>	<u>(3,669,468)</u>
Increase in net OPEB obligation	1,240,012	6,187,656	760,697	8,188,365
Net OPEB obligation beginning of year	<u>9,556,530</u>	<u>52,785,664</u>	<u>1,491,642</u>	<u>63,833,836</u>
Net OPEB obligation end of year	<u>\$ 10,796,542</u>	<u>\$ 58,973,320</u>	<u>\$ 2,252,339</u>	<u>\$ 72,022,201</u>

**(g) Healthcare Plan Claims Liability**

The recorded liability for the Employees Healthcare Plan at June 30, 2015, for employee health benefit claim payments for direct provider care is \$3,900,000.

Changes in the funds claims liability amount for the last two fiscal years are as follows:

Fiscal Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Fiscal Year Liability
2014	\$ 3,600,000	\$ 36,399,293	\$ 35,599,293	\$ 4,400,000
2015	4,400,000	39,364,836	39,864,836	3,900,000

**Note 11. NO-COMMITMENT DEBT**

The City is not liable for repayment of any of the following bonds, and accordingly, they are not reflected in the accompanying basic financial statements.

**(a) Health Facilities Bonds**

The City has no remaining health facilities bonds.

**(b) Multifamily Housing Revenue Bonds**

The City has outstanding multifamily housing revenue bonds totaling \$12.510 million. The bonds were issued to provide funds for the purchase and/or construction of multifamily housing facilities to provide low-income housing to Fresno residents.



# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

### (c) Special District Debt

The City is not obligated in any manner for the Special District debt, but is acting as an agent for property owners in collecting the taxes and assessments and forwarding the collections to the trustee/paying agent, and initiating foreclosure proceedings, if appropriate. Special District debt payable to bond holders was \$3,933,862 at June 30, 2015, as compared to \$4,112,458 at June 30, 2014.

## Note 12. COMMITMENTS AND CONTINGENCIES

### (a) Closure and Postclosure Care Cost

The City continues to monitor a former landfill site as part of the Environmental Protection Agency's (EPA) Superfund program. Management estimates the remaining monitoring costs as of June 30, 2015, to be \$17,403,749 and has recorded this liability in the Solid Waste Management Fund, an enterprise fund. It is anticipated that approximately \$850,000 in monitoring costs and landfill site closure costs will be paid in fiscal year 2016. The former landfill site has not received solid waste since 1987. It was redesigned as part of a 350-acre environmentally conscious facility to integrate the former landfill site into a championship caliber sports complex/regional park. The estimated total remaining postclosure care costs as of June 30, 2015 are based on the equipment, facilities, and services required to monitor and maintain the closed landfill. The liability for postclosure care costs is an estimate and subject to change resulting from inflation, deflation, technology or changes in applicable laws.

During fiscal year 1992, in accordance with, at that time, Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 71, Accounting for the Effects of Certain Types of Regulation, the City recorded a receivable from rate payers approximately equal to the original estimated liability for cleanup and monitoring of the site. The statement provided for the recording of the receivable because the City Council is empowered by statute, subject to Proposition 218, to establish rates that bind customers, and the rate increase was designed to recover only costs incurred related to the landfill site closure, rather than provide for similar future costs. The provisions of FASB Statement No. 71 were codified into governmental accounting standards with the issuance of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* in December 2010. Consequently, the receivable recorded under FASB Statement No. 71 guidelines remained on the City's financial records after GASB Statement No. 62's implementation. The amount receivable at June 30, 2015, is \$16,682,650 and is paid through utility fees.

### (b) CVP Water Contract

The City's 60,000 acre-foot water supply entitlement from the United States Bureau of Reclamation (USBR or the Bureau) is equivalent to approximately 40% of the City's annual water demand. This supply, derived from the Friant Dam on the San Joaquin River, is part of the USBR's Central Valley Project (CVP) and is the primary resource for the operation of the City's current and future surface water treatment facilities.

## City of Fresno, California

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

The City and the Bureau have what is known as a CVP 9D Agreement. This contract, called a “repayment contract”, includes essentially the identical material terms as those in the previous CVP Contract, with the exception that the Repayment Contract is permanent. While most traditional federal Reclamation Law provisions continue to apply to a Renewal Contract, the City receives some important benefits by converting the Agreement to the Repayment Contract.

These include:

1. Permanent water supply – The Repayment Contract provides for an ongoing, permanent annual supply of up to 60,000 acre-feet of water from the Friant Division of the CVP. No further periodic renewal negotiations are required.
2. Pricing benefits – Certain components of the Bureau water rate structure, such as tiered pricing, were eliminated.
3. Financing cost savings – Under the previous Bureau rate structure, the City paid certain financing costs and interest on the outstanding capital and operation and maintenance obligations that the Bureau attributed to the City. The City paid off the capital component as part of the terms under the CVP 9D Agreement. As a result, the City saved approximately \$7 million in financing charges.

Because repayment contracts do not require periodic renewal, compliance with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) need not be repeated subsequent to the capital payment.

This obligation is amortized and included in the volumetric water rates the City pays the USBR. The present value of the City’s debt obligation to the Bureau has been fully capitalized in the Water Fund, an enterprise fund and is being amortized against expected future revenues generated through water rates. The amount capitalized is reflected in the City’s Water Fund under the caption “Unamortized CVP Water Settlement”. The “Unamortized CVP Water Settlement” totaled \$12,632,539 on June 30, 2015, while the related liability reported as “CVP Litigation Settlement” totaled \$11,937,646 June 30, 2015.

#### **(c) FAA Audit of the Fresno Yosemite International Airport**

In early calendar year 2006, the Airports Compliance Division of the U.S. Department of Transportation, Federal Aviation Administration (FAA) performed an on-site review of the Fresno Yosemite International Airport (Airport). In August 2006, the review report was issued. The FAA determined that the City had violated grant assurances by enacting a transfer of Airport property in the late 1990’s to a private corporation without market value compensation being paid to the Airport. The FAA mandated that the City’s General Fund transfer certain sums to the Airports Enterprise Fund as compensation for the violations. The City negotiated with the FAA and reached an agreement which was subsequently approved by the City Council on July 24, 2007.

## City of Fresno, California

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

The agreement reached with the FAA consisted of the City (General Fund) repaying the Airports Enterprise Fund approximately \$5.8 million plus interest of approximately \$1.2 million over a period of ten years. The principal balance is reported in the General Fund as advances to other funds. The first payment was made in mid-November 2007 with the final payment to be made in 2017. At June 30, 2015, the balance owed by the General Fund to the Airports Enterprise Fund was \$1,541,711, which is reflected as due to other funds in the amount of \$804,900 (principal and interest of \$736,700 and \$68,200, respectively) for the portion due in 12 months, and as advances in the amount of \$736,811 for the portion that is due in more than 12 months.

#### *Other Litigation*

There are various other lawsuits and claims pending against the City. Although the outcome of these claims and lawsuits is not presently determinable, management, after consultation with legal counsel, is of the opinion that a majority of these matters will not have a material adverse effect on the financial condition of the City at June 30, 2015, with the exception of those cases that involve constitutional violations whereby even a minimal verdict may result in an award of attorney's fees.

#### **(d) Toxics Mitigation**

##### *Hammer Field*

Contamination (primarily from the common solvent trichloroethylene (TCE)) was discovered and identified in 1989, in soils and groundwater beneath property currently owned by the City. The site known as Old Hammer Field (OHF), a prior Army military base in the 1940's, was the subject of investigation and cleanup efforts which had previously been jointly funded by Boeing, the U.S. Army Corps of Engineers and the City of Fresno. The area had been used for the repair, overhaul, maintenance, refurbishing and construction of aircraft during and after World War II. The California Department of Toxic Substances Control (DTSC) was the lead regulatory agency overseeing site cleanup.

It had always been maintained by the City that all contaminants were discharged by other parties, not by the City. As a non-contributory, overlaying landowner, the City believed that it had limited fiscal liability for cleanup efforts. DTSC issued a preliminary nonbinding allocation of responsibility (NBAR) on December 23, 2003, placing the City's share at 5%, which was consistent with independent analysis commissioned by the City. The Final Remedial Action Plan (RAP) was approved by the DTSC, and capital construction of the remedial systems commenced. It was initially estimated that cleanup efforts could last between 20 to 50 years, with total remaining cleanup costs estimated to be between \$13 to \$17 million, which is the net present value of capital and operations/maintenance, with the City's share estimated to equal 5% or \$650,000 to \$859,000 (as of January 1, 2008).

The United States of America (USA), the United States Army Corps of Engineers (USACE), the United States National Guard Bureau (NGB) and the Boeing Company (Boeing) were all subject to the NBAR; however, the City had paid a significantly

## City of Fresno, California

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

disproportionate share of the costs despite its role as the nonpolluting landowner. The City, unlike Boeing and the United States entities, continued to fund a major component of the RAP.

After years of legal negotiations, a settlement agreement was reached between the parties which called for the Airports Department to be responsible, going forward, for 10% of the cleanup costs. The settlement called for the US Government and Boeing to make a joint one-time payment of \$1,350,000 for past costs which was made in fiscal year 2011.

The Court approved the settlement agreement which included the one-time payment noted above, covenants not to sue and an operating agreement for purposes of coordinating further efforts to implement the State-Approved Remedial Action Plan to obtain Site Closure. All parties agreed to bear their own costs and expenses, including attorney's fees in the case. The Operating Agreement stipulates the form of operating committee, and the means for settling disputes.

A liability for future cleanup costs on the Old Hammer Field site is recorded on the fiscal year 2015 CAFR in the amount of \$763,476. Total costs have been estimated to range between \$10 and \$20 million, based upon currently known data. The cleanup time frame has also been estimated and is expected to continue for 20 to 40 years with the City's share of cleanup costs to be 10%. Cleanup costs totaled \$45,935 in fiscal year 2015. The estimate ranges take into consideration two contingency issues:

- Trichloropropane (TCP) contamination and whether or not it could ultimately impact Well 70 at some time in the future. Well 70 is a major contributing facilitator in the current cleanup process; and
- Capture at the "toe-of-plume". A second "toe-of-plume" well as required by the State has been installed and the City may be required to take additional action if the State is not satisfied with the results. Costs for additional action, if any, cannot be estimated at this time and are not included in the accrual.

The City will re-evaluate this accrual annually and make adjustments as necessary.

#### *DBCP Groundwater Contamination*

The widespread occurrence of DBCP, an agricultural pesticide, in certain groundwater has been identified throughout the Fresno Metropolitan Area. At various City well sites, DBCP exceeds drinking water limits and is removed by Granular Activated Carbon (GAC) treatment. The City fronted the costs of clean up with respect to the known wells and reimbursed itself from a litigation settlement in an original amount of approximately \$21 million. \$10 million was stipulated to be used toward past costs, and \$11 million was to be applied toward the installation of GAC treatment units, all of which have been completed. Subject to numerical limits, the settlement arrangement also provides for the City to be reimbursed for the capital costs of the installation of GAC treatments at wells exceeding maximum contaminant levels with reimbursements ranging from \$337,500 to \$540,000 depending on the well site. Funding also is provided for the ongoing operation

## City of Fresno, California

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

and maintenance cleanup costs of approximately \$27,900 to \$31,000 per contaminated well (depending on type), adjusted for inflation, with such payment obligations ending on June 26, 2035. The City is not responsible for “cleanup” in the context common to hazardous material remediation.

The City can elect to treat wells or simply shut them down. Future costs to clean up and monitor new discoveries of contamination at existing sites or additional sites that may be identified are eligible for reimbursement under the settlement agreement through June 26, 2035.

An obligating event as defined by GASB Statement No. 49 has not occurred during the fiscal year; therefore, no liability exists.

#### *Pollution Remediation*

Although the former RDA and the Successor Agency are generally not involved with operations that pose a high risk for environmental liabilities, properties acquired for redevelopment purposes could be contaminated or may contain hazardous substances or petroleum products including lead and/or asbestos. The former RDA’s due diligence property acquisition policies required that the RDA obtain a Phase I Environmental Site Assessment (ESA) report on all properties to be acquired by the RDA to minimize or avoid potential environmental liabilities. If the Phase I ESA findings and conclusions indicate the need for further environmental investigation, a Phase II ESA is commissioned. In the event of an acquisition leading to demolition, the former RDA obtained a Phase I and/or Phase II report and, if necessary, remediated the property according to state and federal laws prior to demolition. In instances where hazardous substances or petroleum products were detected by the Phase II ESA, environmental remediation (cleanup) is subsequently planned and executed. The Phase II ESA and cleanup work are normally supervised and sanctioned by local environmental agencies such as the California Regional Water Quality Control Board (RWQCB). This agency accepts the completion of the cleanup work by issuing a “Case Closure” letter that officially declares the property free of hazardous substances or petroleum products.

During fiscal year 2015, the Successor Agency held one parcel subject to environmental investigation.

655 “G” Street – Chinatown - In February 2009, the City transferred title to four parcels in the Chinatown project area to the RDA. In October 1995, a Phase II ESA was completed for the four parcels. The parcel at 718 “F” Street and two parcels at 705 “G” Street were free of hazardous substances or petroleum products. The fourth parcel at 655 “G” Street was found to be in need of further assessment (Phase II ESA) because suspected leaking gasoline tanks had been removed from the site. The Regional Water Quality Control Board (RWQCB) advised the City that additional assessment was necessary to further evaluate impacted soils and groundwater and required a work plan outlining the assessment. Recently, the Successor Agency obtained an EPA grant to assess 655 “G” Street as required by the RWQCB. The work plan and field work have been completed and test results have been received. Again, the RWQCB has requested additional

## City of Fresno, California Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

assessment to further evaluate impacted soils and groundwater. Monitoring wells have been installed at the site and water samples are to be tested quarterly. RWQCB will review the results and advise if further action is needed. At this time, any potential costs cannot be estimated with any degree of certainty. Until such time as the costs can be estimated with more certainty, no liability will be accrued.

### (e) Measure Z

#### *Measure Z, Zoo Accreditation, Fresno Chaffee Zoo Corporation*

In accordance with an agreement between the City and the Fresno Chaffee Zoo Corporation (FCZC), a California benefit corporation, a non-profit board operates the Chaffee Zoo (Zoo). The City and the FCZC also negotiated a lease and a financing arrangement.

The lease agreement sets forth the terms and conditions between the City and FCZC with respect to the Zoo premises and any expansion that might occur in a designated expansion area. The City is responsible for all maintenance and operation costs in the expansion area until such time as the FCZC takes possession of the expansion area by exercising its rights in accordance with lease provisions.

The City retained ownership of the land, buildings, structures, permanent fixtures, and improvements in existence at the commencement date of the lease, while the FCZC is the owner of all buildings, structures and improvements constructed thereafter until the end of the lease term.

The Financing Agreement conveyed the Zoo animals and Zoo personal property to the FCZC along with all obligations the City had with respect to the animals exhibited, housed or otherwise kept or cared for at the Zoo during the term of the lease. At the termination of the lease or the end of the lease term, should the City decide not to continue operations of the Zoo, the FCZC has the right to sell or dispose of the Zoo animals and keep the proceeds of any sale or disposition at its sole cost or expense. The FCZC also has the authority to acquire, sell or dispose of Zoo animals in the course of the lease so long as the compliment of animals at all times is similar in type and proportion to the Zoo animals on hand upon commencement of the lease.

The lease agreement, dated January 1, 2006, was negotiated for a thirty year period with a 25-year renewal of the term if the Zoo Tax was reinstated after its initial 10-year term or two additional ten year renewal options if the tax was not renewed. On November 4, 2014, a new incarnation of Measure Z which extends the tax for another 10 years was passed triggering the 25-year lease renewal. The lease rate is at \$1.00 per year.

The FCZC must maintain Association of Zoo & Aquariums (AZA) accreditation of the Chaffee Zoo and is required to maintain an animal collection of similar type and ratio that previously existed at the Zoo at the time of transition.

## **City of Fresno, California**

### **Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

#### **(f) Granite Park and the Fresno Metropolitan Museum of Art and Science**

##### *Granite Park*

In 2005, the City entered into a Contingent Debt Purchase Agreement guaranteeing a loan regarding a 20-acre sports-related complex under development and adjacent to office and commercial retail amenities, known as Granite Park.

On June 30, 2009, a formal demand was made on the City to purchase the Loan Package for a stipulated "Purchase Price". On September 17, 2009, the City deposited \$5,105,271 in a loan purchase escrow. The City utilized funds from its cash pool with the intention of ultimately issuing long-term bonds to finance the acquisition over 30 years.

The City proceeded to purchase the Granite Park property at a unified foreclosure sale and took title to and possession of Granite Park sports fields pursuant to a Trustee's Deed recorded in Fresno County on March 16, 2010. The City paid \$5,105,218 and holds the property for possible use, development and/or disposition.

##### *Fresno Metropolitan Museum of Art and Science*

In July 2007, the City Council approved a Contingent Debt Purchase Agreement, by which the City guaranteed a proposed interim, commercial, draw loan on behalf of the Fresno Metropolitan Museum of Art and Science (Met).

As a condition precedent to the City entering into the Purchase Agreement, the Met entered into a Performance Guaranty with the City, which guaranteed compliance with the loan and was secured by a Deed of Trust that gave the City a lien on certain real property owned by the Met.

On July 14, 2009, the City was required to purchase the loan for the Met in the amount of \$15,111,940. Once again, the City utilized funds from its cash pool to fund the payoff of the bank loan with the intention of ultimately issuing long-term bonds to finance the acquisition over 30 years.

The City used New Market Tax Credits (NMTC) to lessen the debt burden of Granite Park and the Met. Through conversations with US Bank Community Development Corporation (USB) and Clearinghouse CDFI (CDFI) and upon City Council approval, negotiations were finalized with the ultimate establishment of a Qualified Active Low Income Community Business (QALICB) and the Community Development Entity (CDE) and with the City taking title to the Met real estate.

New Market Tax Credits are designed to infuse private sector capital into distressed communities by providing a tax credit for taxpayers who make qualified investments into designated CDE. The investor in the Met transaction is CDFI (Investor). The credit provided to investors totals 39% of the investment in the CDE and is claimed over a seven-year credit allowance period.

## **City of Fresno, California**

### **Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

The NMTC transaction is a very complex structure which involves a Leveraged Lender (the Fresno Joint Powers Financing Authority 'Authority') providing funding into a newly created investment fund (Fund). The Investor then provides the equity into the Fund. The Fund then loans the full amount of the financial transaction to the CDE, who in turn loans the funds to the QALICB.

To complete the transaction, several new structures were created, one of which was a non-profit entity created for purposes of holding title to the property involved in the NMTC deal. The City created a 501(c)(3) non-profit public benefit corporation to act as the QALICB, as the City is not eligible to be the QALICB. The QALICB, known as the City of Fresno Cultural Arts Properties Corporation (COFCAP), was formed on March 15, 2010. The Mayor, Council President and the Chairperson of the Successor Agency to the Former RDA serve as the members of the board of COFCAP. A Master Capital Lease exists between COFCAP and the City, with the City being the Master Lessee.

The NMTC transaction is active for at least seven years. At the end of the seven years, the Investor will "put" the transaction and the financing structure dissolves. At that time, the City will then again hold title to the Met building and the non-profit entity, COFCAP, will likely cease to exist.

There is some nominal risk of tax credit recapture if COFCAP, acting as the QALICB, fails to maintain its obligations in the transaction. If the IRS recaptures the credits, the City may be responsible for repayment of the entire equity amount, which equals to approximately \$6 million inclusive of penalties. The likelihood of this occurring is minimal, as it is the City's intent to take whatever steps are necessary to ensure compliance with all NMTC requirements.

COFCAP is presented as a component unit in the CAFR because it is a legally separate entity for which the City is financially accountable through the appointment of COFCAP's board and the ability to approve COFCAP's budget. COFCAP is discretely presented because it does not provide services exclusively or almost exclusively to the City of Fresno. Through its charitable purpose of owning and managing properties, it provides ongoing services to the citizens of the community.

#### *Private Placement*

On track with the Met NMTC transaction, the City worked on financing to reimburse itself for the borrowings from the Treasurer's Investment Pool that had been undertaken in order to pay off the debt for both Granite Park and the Met on June 4, 2010. Bank of America, the City's banking services provider, partnered with the City for a Private Placement transaction for both Granite Park and the Met. The deal included the refunding of previously issued City Hall debt, which resulted in debt service savings and freed up equity in City Hall that could then be pledged as security for the new City Hall financing and serve as collateral for Granite Park and the Met portion of the deal. The transaction also included new money for improvements to City Hall and the Spiral Parking Garage - Garage 7, which was also used to secure the private placement.



**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

*COFCAP - Sale of Met Properties*

Beginning in late 2012, COFCAP and the City agreed to sell several parcels of the Met properties to an investor for the development of mixed used developments.

The remaining Met properties under the NMTC arrangement are the Met Building itself, a small attached green space and a parking lot. All other parcels were sold with the approval of Clearinghouse.

**(g) Leases Operating**

The City has operating leases for certain buildings, parking areas, ponding basins, hanger space and storage areas which require the following minimum annual payments.

Governmental Activities

<u>Fiscal Years</u>	<u>Police</u>	<u>Fire</u>	<u>Public Works</u>	<u>Other Departments</u>	<u>Total</u>
2016	\$ 474,613	\$ 656,420	\$ 138,600	\$ 286,561	\$ 1,556,194
2017	326,437	590,040	69,300	239,598	1,225,375
2018	241,567	590,040	-	245,396	1,077,003
2019	153,162	13,200	-	243,965	410,327
2020	51,600	13,200	-	249,905	314,705
2021-2025	-	-	-	651,164	651,164
<b>Total</b>	<b>\$ 1,247,379</b>	<b>\$ 1,862,900</b>	<b>\$ 207,900</b>	<b>\$ 1,916,589</b>	<b>\$ 5,234,768</b>

Operating lease expense incurred for fiscal year 2015 was approximately \$1,486,100 for governmental activities.

Business – type Activities

<u>Fiscal Years</u>	<u>Airports</u>	<u>Water</u>	<u>Other Departments</u>	<u>Total</u>
2016	\$ 344,148	\$ 493,726	\$ 56,118	\$ 893,993
2017	350,148	493,726	-	843,874
2018	356,148	493,726	-	849,874
2019	362,148	493,726	-	855,874
2020	368,148	493,726	-	861,874
2021 - 2025	1,533,592	2,468,631	-	4,002,223
2026 - 2030	-	2,468,631	-	2,468,631
<b>Total</b>	<b>\$ 3,314,332</b>	<b>\$ 7,405,892</b>	<b>\$ 56,118</b>	<b>\$ 10,776,342</b>

Operating lease expense incurred for fiscal year 2015 was approximately \$876,400 for business-type activities.

**City of Fresno, California**  
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For the Fiscal Year Ended June 30, 2015

The City has various other operating leases (both Governmental and Business – type) that have either expired and are now functioning on a month-to-month basis, or were written on a month-to-month or some other basis, or which state no specified expiration date. The City also leases property to others outside of the City. All of these leases generally operate on a month-to-month basis. The combined current annual income from these leases total approximately \$18.1 million.

**(h) Construction and Other Significant Commitments**

At June 30, 2015, the City had commitments for the following major construction projects:

<u>Project Title</u>	<u>Remaining Construction Committed</u>
<b>Governmental:</b>	
Universally Accessible Park at Polk & Gettysburg	\$ 1,452,600
Herndon Widen Brawley Valentine	1,454,217
Veterans Boulevard at Highway 99 & Union Pacific Railroad Overpass	3,194,600
Highway 99 at Olive & Ventura Ave Interchange	1,807,000
Wireless Information Technology Projects	4,332,700
Street Construction & Overlay Projects	<u>3,006,700</u>
Total Governmental	15,247,817
<b>Proprietary:</b>	
Various Sewer Line Rehab Projects	2,777,100
Downtown Recycled Water System	4,128,592
BRT-Bus Rapid Transit	3,722,911
East Central Recycled Water Facility	4,592,598
South East Fresno Transmission Pipeline	1,152,600
South East Fresno Surface Water Treatment	2,181,416
T-4 Downtown Tank and Well	5,235,336
South East/South West Treatment Plant Transmission Pipelines	3,854,567
Water Main Renewal	1,653,461
Water Telemetry System	1,204,814
Water Well Construction & Rehab	1,584,900
Tertiary Treatment at Regional Reclamation Facility	20,804,566
South West Recycled Water Distribution System	<u>1,157,500</u>
Total Proprietary	54,050,361
Total Major Construction Projects	<u>\$ 69,298,178</u>

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

**Note 13. SECURITIES LENDING**

The City does not engage in securities lending with any investment instruments that it holds. The City's Retirement Systems are permitted under the City's Municipal Code and Retirement Boards' policies to enter into securities lending transactions. For a detailed description of the Retirement Systems' security lending policies and the financial effect of such lending, please see the Retirement Systems' CAFRS, which can be found at <http://www.cfrs-ca.org/Employee/Communications/Reports.asp>.

**Note 14. OTHER INFORMATION**

Construction Retainage Escrow Accounts

The City enters into construction contracts with various outside third-party contractors with respect to major capital projects. As the construction progresses, progress payments are made to the contractors. Portions of the payments, called retention payments, are paid into an escrow account. While these funds are earned by the contractors, generally 5% to 10% of the contract amount, they are not released out of the escrow account to the contractor until some agreed upon date, usually the completion of the job. These amounts are retained for a variety of reasons, as an incentive to complete the job in a timely manner, or as a fund for the benefit of suppliers and subcontractors. The City may not convert the funds in these escrow accounts for its use unless a breach of contract occurs. At June 30, 2015, the City had made payments into various contract escrow accounts in the amount of \$2,849,717.

**Note 15. CHANGE IN ACCOUNTING ESTIMATE AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE**

**(a) Capital Asset Thresholds – Change in Accounting Estimate**

In 2015, the City evaluated its long standing Capital Asset thresholds keeping in mind asset lives, minimizing risk of loss and the materiality principle. While it is essential to maintain control over all potentially capitalizable items, there exists much more efficient means than capitalization for accomplishing this objective. As a practical application of the materiality principle, not all capital-type items with useful lives extending beyond a single reporting period are required to be reported in a government's statement of position. Items with extremely short useful lives or of small monetary value are properly reported as an expenditure in the period in which they are acquired.

Capitalization is, by its nature, primarily a financial reporting issue and as such a government's principal concern in establishing specific capitalization thresholds is based upon the anticipated informational needs of the users of the government's external financial reports. In evaluating its existing capitalization threshold of \$5,000 or more for buildings, building improvements, machinery and equipment, and other improvements, the City has determined that a more appropriate threshold for these asset categories is \$15,000 or greater. Assets with an initial cost between \$5,000 and \$14,999 will however be evaluated for inclusion on a "sensitive asset listing" maintained by individual

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

departments, but will not be reflected on the CAFR. Also included on the “sensitive asset listing” will be those items that fall under the requirements of grant recipient awards that have specific capitalization criteria. The impact of the realignment of the City’s asset capitalization threshold was a net decrease to governmental activities net position in the amount of \$2,628,697 and a decrease to the net position of business-type activities in the amount of \$7,421,192.

**Change in Accounting Estimate - Asset Capitalization Threshold**

	<u>Original Cost</u>	<u>Accumated Depreciation</u>	<u>Net Impact</u>
Governmental Activities	\$ 7,118,232	\$ 5,497,530	\$ 1,620,702
Internal Service Funds			
General Services	12,971,852	11,963,857	1,007,995
Risk Management	2,336	2,336	-
	<u>12,974,188</u>	<u>11,966,193</u>	<u>1,007,995</u>
Governmental Impact	<u>20,092,420</u>	<u>17,463,723</u>	<u>2,628,697</u>
Business-type Activities			
Water System	13,197,489	10,444,909	2,752,580
Sewer System	9,995,789	5,875,796	4,119,993
Solid Waste Management	951,262	764,093	187,169
Transit	1,298,521	1,186,514	112,007
Airports	699,955	573,029	126,926
Convention Center	839,674	778,309	61,365
Other Enterprise Funds			
Community Sanitation	117,625	88,023	29,602
Parks and Recreation	278,565	247,015	31,550
	<u>396,190</u>	<u>335,038</u>	<u>61,152</u>
Internal Service Funds			
Billing and Collection	<u>22,212</u>	<u>22,212</u>	<u>-</u>
Business-type Impact	<u>27,401,092</u>	<u>19,979,900</u>	<u>7,421,192</u>
Total Impact of Asset			
Threshold Change	<u>\$ 47,493,512</u>	<u>\$ 37,443,623</u>	<u>\$ 10,049,889</u>

**City of Fresno, California**  
**Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

**(b) Implementation of GASB Statement No. 68 and No. 71 – Pensions**

An adjustment of \$68,448,865 was made to increase the governmental activities' beginning net position. The adjustment was made to reflect the prior period costs (benefits) related to the implementation of the net pension liability.

An adjustment of \$2,203,890 was made to increase the business-type activities' beginning net position. The adjustment was made to reflect the prior period costs (benefits) related to the implementation of the net pension liability.

The restatement to beginning net position of the governmental and business-type activities is summarized as follows:

**Cumulative Effect of Accounting Change - Implementation of GASB Statement No. 68 - Accounting and Financial Reporting for Pensions and GASB Statement No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Pension Asset	\$ 268,796,141	\$ 57,912,651	\$ 326,708,792
Deferred Outflows of Resources			
Pension Contributions	24,593,258	4,956,799	29,550,057
Deferred Inflows of Resources			
Pension Revenue Applicable to Future Years	<u>(179,898,973)</u>	<u>(48,336,056)</u>	<u>(228,235,029)</u>
Net Position	113,490,426	14,533,394	128,023,820
Pension Revenue - Charges for Services	<u>45,041,561</u>	<u>12,329,504</u>	<u>57,371,065</u>
Cumulative Effect of Accounting Change - Increase to Beginning Net Position - Restated	<u>\$ 68,448,865</u>	<u>\$ 2,203,890</u>	<u>\$ 70,652,755</u>

**Note 16. SUBSEQUENT EVENTS**

*Granite Park*

After months of negotiations, the Central Valley Community Sports Foundation (CVCFS), a local non-profit, entered into two agreements with the City of Fresno, which were approved by the City Council on September 24, 2015. The first agreement consisting of a 25 year ground lease compliments the second agreement which is a 10 year service agreement. Under the ground lease, CVCFS would invest more than \$2.7 million in capital improvements to renovate and improve the vacant Granite Park Sports Complex which includes the complete refurbishment of the three amateur baseball fields and the addition of a major league-sized baseball field. CVCFS also plans to build a restaurant with patio and viewing area, as well as new basketball and volleyball courts and

# City of Fresno, California

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

walking/jogging paths that would be open to the public. The agreement calls for the City to pay CVCFS \$150,000 a year for 10 years to help with programming, staffing and maintenance to assist CVCFS in providing a variety of sports and recreational activities to the community. The City would retain ownership of the land and facilities but would neither sign nor guarantee any loans on behalf of CVCFS. Capital improvements are to be completed within two years of the agreements' effective dates.

### *Bond Ratings*

Subsequent to year-end, the City began in its annual rating agency review process. The first rating updates were released in September 2015, with Standard & Poor's affirming the City's AA+ long-term rating and underlying rating (SPUR) on its \$44.4 million senior-lien sewer revenue bonds and its AA SPUR on the City's \$159.8 million subordinate-lien sewer revenue bonds. The outlook remained at Stable. They noted that their Stable outlook reflected their anticipation that the recent rate increases and solid financial management would continue to drive extremely strong Debt Service Coverage Ratios on both the senior and subordinate liens, and the City's capital plan mostly being funded by cash from operations would provide substantial credit stability.

On September 15, 2015, Moody's upgraded the City's General Obligation (GO) (issuer) rating from Baa1 to A3. In addition, they also upgraded the various lease backed bond obligations by one notch from Ba2 to Ba1 as well as the 2006A Convention Center bonds, the 2002 Pension Obligation bonds and the 2002 Judgment Obligations bonds from Ba3 to Ba2. Approximately \$306 million in Moody's rated debt was affected by this upgrade. The City's issuer rating outlook was upgraded from positive to stable with the lease revenue bonds outlook remaining positive. Moody's rationale for the upgrades was the City's improved fundamental economic profile with expectations that the key credit factors would continue to grow and improve.

The prior and most current ratings are as follows:

Rating Agency	Effective Date	Prior Rating	Prior Outlook	Effective Date	New Rating	New Outlook
<u>Lease Revenue Bonds</u>						
Fitch	10/2014	BBB/BBB-	Stable	10/2014	BBB/BBB-	Stable
Standard & Poor's	2/2015	BB+	Stable	2/2015	BB+	Stable
Moody's	9/2014	Ba2/Ba3	Positive	9/2015	Ba1/Ba2	Positive
<u>General Obligation (GO)</u>						
Fitch	10/2014	BBB+	Stable	10/2014	BBB+	Stable
Standard & Poor's	2/2015	BBB-	Stable	2/2015	BBB-	Stable
Moody's	9/2014	Baa1	Positive	9/2015	A3	Positive

# **City of Fresno, California**

## **Notes to the Basic Financial Statements**

For the Fiscal Year Ended June 30, 2015

### *Tax and Revenue Anticipation Bonds*

Due to ongoing rating pressures, the City once again did not issue Tax and Revenue Anticipation Notes subsequent to the end of fiscal year 2015. These are normally issued in July and repaid prior to the end of the fiscal year, which would have been in June 2016.

### *State Loan Program*

On October 17, 2014, the City entered into a loan program with the California State Water Resources Control Board's Clean Water State Revolving Fund to borrow funds for the purpose of building a tertiary treatment facility and related projects. The loan was amended on March 16, 2015 from \$49,043,336 down to \$33,138,638 as a result of a restructuring of the project into component parts. This was based upon construction timing as well as the ineligibility of portions of the project which did not qualify for the lowest interest rate under the State program. The term of the amended loan will be 30 years at an interest rate of 1%. During construction, interest will be charged on only what has been drawn down to date. Once construction has been completed, provided the full amount of the loan has been drawn, the annual debt service will be \$1,294,469 payable from Public Utility (DPU) revenues, consisting of wastewater rates, fees and charges. As of the date of these financial statements no loan draws have been made.

Subsequent to year-end, on August 3, 2015 the City entered into a second loan program with the California State Water Resources Control Board's Clean Water State Revolving Fund to borrow \$52,475,049 for the purpose of constructing a recycled water distribution system for the southwest area. The term of this loan is 30 years at a rate of 1%. During construction, interest will be charged on only what has been drawn down to date. Once construction has been completed, annual debt service will be \$2,047,602.

Also subsequent to year-end, on September 29, 2015, the City entered into a loan program with the California State Water Resources Control Board's Drinking Water State Revolving Loan Fund to borrow \$195,489,000 for the purpose of constructing a Surface Water Treatment Facility in the City's southeast area. The term of this loan is 30 years at a rate of 1.663%. During construction, interest will be charged on only what has been drawn down to date. Once construction has been completed, the annual debt service will be determined based on the total amount drawn down.

### *State Gas Tax Audit*

In 2014, the State Controller's Office audited the City of Fresno's Special Gas Tax Street Improvement Fund, the Traffic Congestion Fund, and the Proposition 1B Fund for the period July 1, 2005 through June 30, 2013. The preliminary audit results found that the City accounted for and expended its funds in compliance with requirements, except that fund balances were either over or understated for various reasons. After further analysis and review of additional information provided by the City, the State auditor and the City reconciled the Traffic Congestion Relief Fund issue in the amount of \$6,711 and the Proposition 1B Fund issue in the amount of \$7,189. However, the auditor issued a finding that the Special Gas Tax Street Improvement Fund's fund balance was

**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 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 date that the financial statements were available to be issued.



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

# REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF FRESNO, CALIFORNIA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS) - GENERAL FUND

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Over (Under) Final Budget
	Original	Final		
<b>Resources (inflows):</b>				
Taxes:				
Property Taxes	\$ 108,028,800	\$ 108,028,800	\$ 111,776,065	\$ 3,747,265
Sales Taxes	78,992,900	78,992,900	80,823,019	1,830,119
Other Taxes	41,076,000	41,076,000	42,599,039	1,523,039
Licenses and Permits	6,669,300	6,669,300	6,572,314	(96,986)
Intergovernmental:				
State Motor Vehicle In-Lieu	250,000	250,000	211,301	(38,699)
Other State Revenue	723,000	799,000	5,880,964	5,081,964
Other Intergovernmental	2,014,600	2,076,900	362,138	(1,714,762)
Charges for Services:				
Charges for Services	25,699,700	25,699,700	23,912,512	(1,787,188)
Fines and Violations	3,675,600	3,675,600	3,553,236	(122,364)
Use of Money and Property	756,600	756,600	580,408	(176,192)
Miscellaneous	19,636,900	19,636,900	20,065,953	429,053
Other Financing Sources:				
Transfers from Other Funds	2,724,200	2,974,200	5,538,060	2,563,860
<b>Total Available for Appropriations</b>	<b>290,247,600</b>	<b>290,635,900</b>	<b>301,875,009</b>	<b>11,239,109</b>
<b>Charges to Appropriations (outflows):</b>				
General Government:				
Mayor and City Council	5,215,900	5,226,000	4,489,741	(736,259)
Other General Government	19,908,100	19,816,000	17,756,977	(2,059,023)
Public Protection:				
Police Department	144,148,700	143,843,700	137,935,747	(5,907,953)
Fire Department	49,850,900	49,973,500	50,389,795	416,295
Public Ways and Facilities	9,034,400	8,574,600	7,783,401	(791,199)
Culture and Recreation	13,124,500	13,982,700	13,438,369	(544,331)
Community Development	20,091,000	20,131,000	19,062,612	(1,068,388)
Capital Outlay	2,546,800	2,889,100	2,241,201	(647,899)
Debt Service	375,000	375,000	246,332	(128,668)
Other Financing Uses:				
Transfers to Other Funds	25,808,400	25,845,900	38,669,832	12,823,932
<b>Total Charges to Appropriations</b>	<b>290,103,700</b>	<b>290,657,500</b>	<b>292,014,007</b>	<b>1,356,507</b>
<b>Excess (Deficit) Resources Over Appropriations</b>	<b>\$ 143,900</b>	<b>\$ (21,600)</b>	<b>\$ 9,861,002</b>	<b>\$ 9,882,602</b>

See accompanying notes to the required supplementary information.

**CITY OF FRESNO, CALIFORNIA**

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS) - GENERAL FUND**

YEAR ENDED JUNE 30, 2015 (Continued)

**Explanation of differences between budgetary inflows and outflows  
and GAAP Revenues and Expenditures:**

**Sources/Inflows of Resources:**

Actual amounts (budgetary basis) available for appropriation from the Budget to Actual Comparison Schedule.	\$ 301,875,009
Differences - Budget to GAAP: The City budgets for taxes, intergovernmental and miscellaneous revenue on the cash basis of accounting, rather than on the modified accrual basis of accounting.	3,100,253
Interfund reimbursements are not revenues and are expenditures for financial reporting.	(14,360,436)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(5,538,060)
Nonreciprocal interfund activity is not revenue and is a transfer for financial reporting.	(1,305,000)
The proceeds from the sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(684,091)</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.	<u>\$ 283,087,675</u>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis) "total charges to appropriations" from the Budget to Actual Comparison Schedule.	\$ 292,014,007
Differences - Budget to GAAP: The City budgets for expenditures on the cash basis of accounting, rather than on the modified accrual basis of accounting.	1,852,843
Interfund reimbursements are a reduction of expenditures for financial reporting.	(14,360,436)
Pension Obligation bond debt payments and City Hall rent are recognized as transfers out to other funds.	(15,021,650)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(38,669,832)
Capital Lease additions are expenditures for financial reporting purposes.	<u>965,854</u>
Total charges to appropriations as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.	<u>\$ 226,780,786</u>

See accompanying notes to the required supplementary information.

CITY OF FRESNO, CALIFORNIA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS) - GRANTS SPECIAL REVENUE FUND**

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Over (Under) Final Budget
	Original	Final		
<b>Resources (inflows):</b>				
Intergovernmental:				
Federal Grants	\$ 36,164,500	\$ 46,904,800	\$ 12,804,071	\$ (34,100,729)
State Grants	18,586,900	20,951,100	13,098,409	(7,852,691)
Local Support	3,681,600	3,709,600	414,577	(3,295,023)
Charges for Services	963,600	963,600	967,072	3,472
Use of Money and Property	123,000	123,000	722,923	599,923
Miscellaneous	25,000	25,000	2,810,266	2,785,266
Other Financing Sources:				
Transfers from Other Funds	168,900	206,400	542,678	336,278
<b>Total Available for Appropriations</b>	<u>59,713,500</u>	<u>72,883,500</u>	<u>31,359,996</u>	<u>(41,523,504)</u>
<b>Charges to Appropriations (outflows):</b>				
Public Protection	3,973,400	6,229,500	5,361,830	(867,670)
Public Ways and Facilities	6,714,200	8,679,300	3,247,961	(5,431,339)
Culture and Recreation	569,600	665,700	490,529	(175,171)
Community Development	19,625,200	21,889,000	11,818,667	(10,070,333)
Capital Outlay	34,939,200	42,500,500	19,284,556	(23,215,944)
Other Financing Uses:				
Transfers to Other Funds	600	600	14,763	14,163
<b>Total Charges to Appropriations</b>	<u>65,822,200</u>	<u>79,964,600</u>	<u>40,218,306</u>	<u>(39,746,294)</u>
<b>Excess (Deficit) Resources Over Appropriations</b>	<u>\$ (6,108,700)</u>	<u>\$ (7,081,100)</u>	<u>\$ (8,858,310)</u>	<u>\$ (1,777,210)</u>

See accompanying notes to the required supplementary information.

**CITY OF FRESNO, CALIFORNIA**

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS) - GRANTS SPECIAL REVENUE FUND**

YEAR ENDED JUNE 30, 2015 (Continued)

**Explanation of differences between budgetary inflows and outflows  
and GAAP Revenues and Expenditures:**

**Sources/Inflows of Resources:**

Actual amounts (budgetary basis) available for appropriation from the Budget to Actual Comparison Schedule.	\$ 31,359,996
Differences - Budget to GAAP:	
Grant reimbursements are budgeted on the cash basis of accounting rather than on the modified accrual basis of accounting.	5,347,706
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(542,678)
Interfund reimbursements are not revenues and are expenditures for financial reporting.	(963,600)
Payments from the Successor Agency to the Fresno Redevelopment Agency on advances with full allowance are revenues.	714,414
The receipt of loan payments are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(702,057)</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.	<u><u>\$ 35,213,781</u></u>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis) "total charges to appropriations" from the Budget to Actual Comparison Schedule.	\$ 40,218,306
Differences - budget to GAAP:	
The City budgets for expenditures on the cash basis of accounting rather than on the modified accrual basis of accounting.	140,868
Interfund reimbursements are a reduction of expenditures for financial reporting.	(963,600)
Pension Obligation bond debt, HUD debt, and City Hall rent are recognized as transfers out to other funds.	(587,859)
The issuance of notes receivable are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(3,521,435)
Changes in allowance for doubtful accounts on notes receivable, notes that should become grants, and adjustments are expenditures for financial reporting purposes.	1,213,750
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(14,763)</u>
Total charges to appropriations as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.	<u><u>\$ 36,485,267</u></u>

See accompanying notes to the required supplementary information.



**City of Fresno, California**  
**Notes to the Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2015

**Budgetary Data**

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

The City adopts annual budgets for all governmental funds on the cash basis of accounting plus encumbrances. The budget includes: (1) the programs, projects, services, and activities to be provided during the fiscal year, (2) the estimated resources (inflows) and amounts available for appropriation, and (3) the estimated charges to appropriations. The budget represents a process through which policy decisions are made, implemented, and controlled. The City Charter (the Charter) prohibits expending funds for which there is no legal appropriation.

The budget of the City of Fresno, within the meaning and context of Section No. 1205 of the Charter, must be adopted by resolution of the City Council by June 30<sup>th</sup> of a given year. The following procedures are used in establishing the budgetary data reflected in the budgetary comparison schedules.

As provided by Section No. 1206 of the Charter, any adjustments in the amounts appropriated for the purposes indicated at the department/fund level shall be made only upon a motion to amend the resolution adopted by the affirmative votes of at least five City Council members.

***Original Budget***

- (1) Prior to June 1, the Mayor submits to the City Council a proposed detailed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comment on the proposed annual budget. The Mayor and his staff analyze, review and refine the budget submittals.
- (3) Prior to July 1, the budget is legally enacted through adoption of a resolution by the City Council.

***Final Budget***

- (1) Certain annual appropriations are budgeted on a project or program basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations, including encumbered funds, are carried forward to the following year. In certain circumstances, other programs and regular annual appropriations may be carried forward after appropriate approval. Annually appropriated funds, not

**City of Fresno, California**  
**Notes to the Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2015

authorized to be carried forward, lapse at the end of the fiscal year. Appropriations carried forward from the prior year are included in the final budgetary data.

- (2) The City Manager is authorized to transfer funds already appropriated within a department's budget within a fund. However, any revisions that alter the total appropriations of a department within a fund must be approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the department level within a fund.
- (3) The City adopts an annual budget for the General Fund, Special Revenue Funds and Capital Projects Fund. No budgets are legally adopted for Fresno Revitalization Corporation or Debt Service Funds, Financing Authorities and Corporations, and City Debt. Budgets are adopted on the cash basis of accounting. Budgeted amounts are reported as amended. During the year, several supplementary appropriations were necessary, but were not material in relation to the original appropriations. Supplemental appropriations during the year must be approved by the City Council.

***Budget Development***

The preparation of the budget document is the result of a Citywide effort. Each department is presented with an operating base budget that is used as the foundation for building their requests for the operations of their organizations. All one-time expenditure increases are removed, except for those demonstrable and mandatory. A five-year capital budget is required from all departments. The purpose is to give the Mayor and City Council a tool to plan for the future as well as to more realistically reflect the timing of many capital projects that take more than one year to complete.

Departments submit their requests to be analyzed and reviewed by the City's Budget and Management Studies Division (BMSD). Requests are evaluated based on individual operations, City funding resources and the goals and strategies identified by each organization related to the impact on performance measures. Recommendations are presented to the Mayor and City Manager in a series of review meetings comprised of the Mayor, Mayor's Chief of Staff, City Manager, Assistant City Manager, Budget Manager, Department Directors and representatives from each department and BMSD. Upon final decisions of format and content, the Mayor's Proposed Budget Document is printed and presented to the City Council for deliberation and adoption. The Adopted Budget Document is prepared to include all the various changes approved by the City Council.

**Budgetary Results Reconciliation**

**(a) *Basis Differences***

The City's budgetary process is based upon an accounting basis other than generally accepted accounting principles (GAAP). The results of operations (actual) are presented

**City of Fresno, California**  
**Notes to the Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2015

in the budget and actual comparison schedule in accordance with the budgetary process (Budget basis) to provide a meaningful comparison with the budget, while the financial statements are presented using the GAAP basis. Loan proceeds, loan repayments, transfers and interfund reimbursements primarily cause the basis differences.

**(b) *Timing Differences***

One of the major differences between the Budget basis and GAAP basis are timing differences. Timing differences represent transactions that are accounted for in different periods for the Budget basis as opposed to the GAAP basis of reporting. Revenues such as property tax, sales tax and grant revenues recognized on a cash basis are unavailable for GAAP reporting, while various expenditures not recognized on a cash basis have been accrued for GAAP reporting.

As provided by Section No. 1206 of the Charter, any amendments to the amounts appropriated for the purposes indicated at the department/fund level shall be made only upon a motion to amend the resolution adopted by the affirmative votes of at least five City Council members.

Administrative amendments within the same department/fund level may be made without approval of the City Council within written guidelines established by the Chief Administrative Officer/City Manager.

For accounting and auditing convenience, appropriations for capital improvements may be established in two or more different funds for the same capital project.

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund and Special Revenue Funds are included in the annual appropriated budget. Project-length financial plans are adopted for certain capital projects. The level of budgetary controls (the level at which expenditures cannot legally exceed the appropriated amount) is maintained at the department level by major expenditure category. Purchase orders that result in an overrun (encumbrance exceeding available appropriations) of department-level balances by object are not released until additional appropriations are made available. Open encumbrances at June 30, are reported as restricted, committed, or assigned fund balance in the governmental funds balance sheet.

During Fiscal Year 2015, the General Fund Fire Department expenditures exceed budget by \$416,295 as a result of expenditures incurred to maintain on duty industry staffing standards per Occupational Safety and Health Administration (OSHA). Due to low staffing levels and high-call volume, staff from the relief pool was called back to duty more than had been anticipated when the budget was built. This was exacerbated by Strike Team overtime as well as Strike Team backfill due to an extensive statewide fire

**City of Fresno, California**  
**Notes to the Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2015

season caused by the drought. Although much of the mutual aid costs related to the sharing of Strike Team resources are reimbursed, not all are.

During Fiscal Year 2015, General Fund, Transfers to Other Funds exceed budget by \$12,823,932 primarily as a result of the early pay-off by the General Fund of the “Parking Loan” on July 9, 2014, in the amount of \$8,230,027 (including \$66,870 in interest). Due to revenues being greater than what had been anticipated and ultimately budgeted, the General Fund had the cash available to retire the loan ahead of the original five year repayment plan that had been adopted.

Also due to better than anticipated revenues and the unexpected receipt of the first repayment of former Redevelopment Agency (RDA) debt back to the City, an additional \$4 million in transfers was made out of the General Fund to the Emergency Reserve Fund. In Fiscal Year 2014 it was proposed, and the City Council agreed, that any excess repayments not related to the Enterprises or Grants would go toward rebuilding the City’s Emergency Reserve.

**Schedule of Investment Returns**

**EMPLOYEES, FIRE AND POLICE RETIREMENT SYSTEMS**  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Annual Money-Weighted Rate of Return</b>	<b>Annual Money-Weighted Rate of Return</b>
<b>Ending June 30</b>	<b>Gross of Investment Expenses</b>	<b>Net of Investment Expense</b>
2015	3.32%	2.93%
2014	17.61%	17.16%
2013	13.65%	13.20%
2012	(0.20%)	(0.57%)
2011	24.42%	23.88%
2010	15.13%	14.55%
2009	(20.14%)	(20.50%)
2008	6.00%	(6.44%)
2007	17.39%	16.81%
2006	12.18%	11.70%

**City of Fresno, California**  
**Notes to the Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2015

**Schedules of Funding Progress**

The progress being made towards meeting the System's funding objective through June 30, 2015 is illustrated in the Schedule of Funding Progress as follows:

**EMPLOYEES RETIREMENT SYSTEM**

(Dollars in Thousands)

	(1)	(2)	(3)	(4)	(5)	(6)
<b>Actuarial Valuation Date As of June 30</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Percentage Funded (1) / (2)</b>	<b>(Prefunded) / Unfunded AAL (2) - (1)</b>	<b>Annual Covered Payroll</b>	<b>(Prefunded) / Unfunded AAL Percentage of Covered Payroll (4) / (5)</b>
2013	933,722	934,947	99.9%	1,225	111,854	1.1%
2014	993,641	950,274	104.6%	(43,367)	108,942	(39.8%)
2015	1,049,093	960,364	109.2%	(88,729)	110,107	(80.6%)

**FIRE AND POLICE RETIREMENT SYSTEM**

(Dollars in Thousands)

	(1)	(2)	(3)	(4)	(5)	(6)
<b>Actuarial Valuation Date As of June 30</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Percentage Funded (1) / (2)</b>	<b>(Prefunded)/ Unfunded AAL (2) - (1)</b>	<b>Annual Covered Payroll</b>	<b>(Prefunded) / Unfunded AAL Percentage of Covered Payroll (4) / (5)</b>
2013	1,061,399	997,836	106.4%	(63,563)	100,705	(63.1%)
2014	1,142,649	1,006,028	113.6%	(136,621)	96,259	(141.9%)
2015	1,220,269	1,019,916	119.6%	(200,353)	95,262	(210.3%)

**City of Fresno, California**  
**Notes to the Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2015

**EMPLOYEES, POLICE AND FIRE RETIREMENT SYSTEMS**  
Schedule of Changes in the Net Pension Liability and Related Ratios  
(Dollars in Thousands)  
For the Year Ended June 30, 2015

Reporting Date: **6/30/2015**

Measurement Date: **6/30/2014**

<b>Change in Net Pension Liability</b>	<b>Employees</b>	<b>Police &amp; Fire</b>
<b>Total Pension Liability</b>		
Service Cost	\$19,342	\$28,058
Interest	77,009	86,092
Change of benefit terms	-	-
Differences between expected & actual experience	(29,889)	(49,879)
Changes of assumptions	-	-
Benefit payments, including refunds	(48,580)	(52,720)
<b>Net Change in Total Pension Liability</b>	<b>\$17,882</b>	<b>\$11,551</b>
Total Pension Liability - Beginning	\$1,031,741	\$1,146,196
Total Pension Liability - Ending (a)*	\$1,049,623	\$1,157,747
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$11,440	\$18,575
Contributions - employee	7,946	7,294
Net Investment Income (Loss)	172,773	201,838
Benefit Payments including refunds	(48,581)	(52,720)
Administrative & Professional Expense	(1,086)	(1,119)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$142,492</b>	<b>\$173,868</b>
Plan Fiduciary Net Position - Beginning (a)	\$1,024,666	\$1,193,054
Plan Fiduciary Net Position - Ending (b)	\$1,167,158	\$1,366,922
System Net Pension Liability (Surplus) - Ending (a) - (b)	(\$117,535)	(\$209,175)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	111.20%	118.07%
Covered-Employee Payroll(1)	\$ 103,597	\$ 91,721
Plan Net Pension Liability as a percentage of covered employee payroll	(113.45%)	(228.06%)

\* Data above, as of June 30, 2014, is provided in accordance with provisions of GASB 68 for determining Total Pension Liability which for financial reporting purposes uses a version of the Entry Age method whereby the Actuarial Accrued Liability is fully accrued when a member either enters DROP or is expected to elect DROP. Data as of June 30, 2006 through June 30, 2013 are not available in a comparable format.

(1) Covered-employee payroll represents eligible wages for pension benefit purposes only.

The Net Pension Liability (NPL) was measured as of June 30, 2014 and determined based upon the Total Pension Liability (TPL) from actuarial valuations as of June 30, 2014 for employer accrual purposes. The TPL as of June 30, 2014 was determined by an actuarial valuation of June 30, 2014. For a complete discussion of the Actuarial Funding Policy, as well as the Actual Cost Methodology used for both funding and reporting purposes see page 151 of Note 10.

This schedule is presented for those years for which information is available.

**City of Fresno, California**  
**Notes to the Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2015

**Schedule of Employer Contributions**

**EMPLOYEES RETIREMENT SYSTEM**

Last Ten Fiscal Years  
(Dollars in Thousands)

<b>Fiscal Year Ending June 30</b>	<b>Actuarially Determined Contribution (ADC)</b>	<b>Contributions in Relation to the ADC</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contributions as a Percentage of Covered Employee Payroll</b>
2015	\$ 12,327	\$ 12,327	\$ -	\$ 105,820	11.65%
2014	11,440	11,440	-	103,597	11.04%
2013	13,330	13,330	-	105,509	12.63%
2012	11,374	11,374	-	110,492	10.29%
2011	8,215	8,215	-	119,260	6.89%
2010	3,267	3,267	-	129,258	2.53%
2009	1,345	1,345	-	132,512	1.02%
2008	355	355	-	129,440	0.27%
2007	1,566	1,566	-	114,234	1.37%
2006	-	-	-	106,483	0.00%

**FIRE AND POLICE RETIREMENT SYSTEM**

Last Ten Fiscal Years  
(Dollars in Thousands)

<b>Fiscal Year Ending June 30</b>	<b>Actuarially Determined Contribution (ADC)</b>	<b>Contributions in Relation to the ADC</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contributions as a Percentage of Covered Employee Payroll</b>
2015	\$ 18,967	\$ 18,967	\$ -	\$ 91,075	20.83%
2014	18,575	18,575	-	91,721	20.25%
2013	18,725	18,725	-	94,368	19.84%
2012	22,875	22,875	-	96,195	23.78%
2011	19,397	19,397	-	96,758	20.05%
2010	12,094	12,094	-	99,166	12.20%
2009	8,938	8,938	-	99,327	9.00%
2008	9,363	9,363	-	99,076	9.45%
2007	10,807	10,807	-	84,811	12.74%
2006	8,886	8,886	-	77,231	11.51%

**City of Fresno, California**  
**Notes to the Required Supplementary Information**  
For the Fiscal Year Ended June 30, 2015

**RETIREES HEALTHCARE PLAN - Other Postemployment Benefits**  
Schedule of Funding Progress  
(Dollars in Thousands)

**General Employees**

Actuarial Valuation Date <sup>(1)</sup>	Actuarial Asset Value	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2010	\$ -	\$ 15,225	\$ 15,225	0.00%	\$ 104,503	15.0%
6/30/2012	-	29,372	29,372	0.00%	81,282	36.0%
6/30/2014	-	32,084	32,084	0.00%	87,165	37.0%

**Safety**

Actuarial Valuation Date <sup>(1)</sup>	Actuarial Asset Value	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2010	\$ -	\$ 66,757	\$ 66,757	0.00%	\$ 104,402	64.0%
6/30/2012	-	84,987	84,987	0.00%	96,194	88.0%
6/30/2014	-	90,225	90,225	0.00%	102,351	88.0%

**Local 39**

Actuarial Valuation Date <sup>(1)</sup>	Actuarial Asset Value	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2010	\$ -	\$ -	\$ -		\$ -	
6/30/2012	-	-	-		-	
6/30/2014	-	9,291	9,291	0.00%	31,804	29.0%

**Blue Collar**

Actuarial Valuation Date <sup>(1)</sup>	Actuarial Asset Value	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2010	\$ -	\$ 2,270	\$ 2,270	0.00%	\$ 37,556	6.0%
6/30/2012	-	1,128	1,128	0.00%	29,211	4.0%
6/30/2014	-	-	-		-	


**Total**

Actuarial Valuation Date <sup>(1)</sup>	Actuarial Asset Value	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2010	\$ -	\$ 84,252	\$ 84,252	0.00%	\$ 246,461	34.0%
6/30/2012	-	115,487	115,487	0.00%	206,687	56.0%
6/30/2014	-	131,600	131,600	0.00%	221,320	59.0%

<sup>(1)</sup> The actuarial valuation report is prepared biennially.



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

# NONMAJOR GOVERNMENTAL FUNDS

Nonmajor governmental funds are reported in the other governmental funds column of the governmental funds financial statements.

**SPECIAL REVENUE FUNDS** are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

**High Speed Rail Fund** accounts for the revenue sources and costs associated with planning, designing, building and operation of the City of Fresno's portion of the California High Speed Rail, the first high-speed rail system in the nation.

**Fresno Revitalization Corporation** accounts for its investment in FRC Canyon Crest, LLC which accounts for the revenues and expenditures related to the ownership and sale of Canyon Crest affordable housing.

**Special Gas Tax Fund** accounts for revenues and expenditures apportioned under the Streets and Highways Code of the State of California including federal and state grants. Expenditures may be made for street-related purposes of the City's system of streets, including maintenance thereof.

**Measure C Fund** accounts for the funds received from a one-half percent sales tax approved by voters for transportation-related expenditures.

**Community Services Fund** is used to account for various proceeds restricted for parks, recreation, streets maintenance and specific fire and police services.

**Urban Growth Management (UGM) Impact Fee Fund** accounts for funds provided by developers to pay for certain construction activity.

**Low and Moderate Income Housing** accounts for the former Redevelopment Agency's affordable housing assets following its dissolution on January 31, 2012.

**Special Assessments Fund** is used to account for the proceeds and costs of special assessment district improvements.

**DEBT SERVICE FUNDS** are used to account for the accumulation of resources for, and payment of, principal and interest of the City's bonded debt and other long-term obligations.

**City Debt Fund** is used to account for the debt service activity related to obligations of the General Fund that have been financed by bond issues.

**Financing Authorities and Corporations Fund** is used to account for the debt service activities related to various bond issues that provide funds for the purpose of acquiring and constructing various capital assets.

**CAPITAL PROJECTS FUNDS** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds.

**City Combined Fund** is used to account for capital projects for general City functions and services.



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**CITY OF FRESNO, CALIFORNIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2015

	Special Revenue				
	High Speed Rail	Fresno Revitalization Corporation	Special Gas Tax	Measure C	Community Services
<b>Assets</b>					
Cash and Investments	\$ 349,054	\$ 238,757	\$ 9,877,110	\$ 6,698,222	\$ 8,657,910
Receivables, Net	-	-	31,458	13,096	243,938
Grants Receivable	214,590	-	-	-	-
Intergovernmental Receivables	-	-	1,291,262	4,447,355	88,830
Due From Other Funds	-	-	-	7,899	175,960
Advances to Other Funds	-	-	-	-	-
Property Held for Resale	-	-	-	-	-
Restricted Cash	-	-	-	-	-
Loans, Notes, Leases, Other Receivables, Net	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 563,644</b>	<b>\$ 238,757</b>	<b>\$ 11,199,830</b>	<b>\$ 11,166,572</b>	<b>\$ 9,166,638</b>
<b>Liabilities</b>					
Accrued Liabilities	\$ 364,818	\$ 11,444	\$ 1,010,183	\$ 634,862	\$ 794,522
Unearned Revenue	-	-	-	-	144,307
Due to Other Funds	990,174	-	66,385	3,565,568	-
Advances From Other Funds	-	62,208	-	-	-
Deposits From Others	-	-	-	-	4,000
<b>Total Liabilities</b>	<b>1,354,992</b>	<b>73,652</b>	<b>1,076,568</b>	<b>4,200,430</b>	<b>942,829</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue-Property Tax	-	-	-	-	-
Unavailable Revenue-Other	214,590	-	-	2,372,187	882
<b>Total Deferred Inflows of Resources</b>	<b>214,590</b>	<b>-</b>	<b>-</b>	<b>2,372,187</b>	<b>882</b>
<b>Fund Balances (Deficit)</b>					
Restricted	-	165,105	10,123,262	4,593,955	2,210,094
Assigned	-	-	-	-	6,012,833
Unassigned	(1,005,938)	-	-	-	-
<b>Total Fund Balances (Deficit)</b>	<b>(1,005,938)</b>	<b>165,105</b>	<b>10,123,262</b>	<b>4,593,955</b>	<b>8,222,927</b>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<b>\$ 563,644</b>	<b>\$ 238,757</b>	<b>\$ 11,199,830</b>	<b>\$ 11,166,572</b>	<b>\$ 9,166,638</b>

Special Revenue			Debt Service		Capital Projects	Total Nonmajor Governmental Funds
UGM Impact Fees	Low and Moderate Income Housing	Special Assessments	City Debt	Financing Authorities and Corporations	City Combined	
\$ 15,852,503	\$ 13,234,069	\$ 13,718,486	\$ 9,312	\$ 766,705	\$ 10,141,907	\$ 79,544,035
75,100	-	58,867	130	2,327	31,020	455,936
-	-	-	-	-	-	214,590
-	-	99,354	-	-	-	5,926,801
-	-	-	-	-	27,541	211,400
-	62,208	-	-	-	-	62,208
-	10,758,051	-	-	-	-	10,758,051
-	-	-	11	9,806,169	-	9,806,180
-	12,283,644	-	-	12,690,500	-	24,974,144
<u>\$ 15,927,603</u>	<u>\$ 36,337,972</u>	<u>\$ 13,876,707</u>	<u>\$ 9,453</u>	<u>\$ 23,265,701</u>	<u>\$ 10,200,468</u>	<u>\$ 131,953,345</u>
\$ 95,570	\$ -	\$ 123,562	\$ -	\$ 2,475	\$ 285,173	\$ 3,322,609
-	-	-	-	-	-	144,307
-	-	14,520	-	-	-	4,636,647
-	-	-	-	12,690,500	-	12,752,708
-	-	-	-	-	-	4,000
<u>95,570</u>	<u>-</u>	<u>138,082</u>	<u>-</u>	<u>12,692,975</u>	<u>285,173</u>	<u>20,860,271</u>
-	-	27,824	-	-	-	27,824
-	-	-	-	-	-	2,587,659
-	-	27,824	-	-	-	2,615,483
15,832,033	36,337,972	13,710,801	9,453	10,572,726	-	93,555,401
-	-	-	-	-	9,915,295	15,928,128
-	-	-	-	-	-	(1,005,938)
<u>15,832,033</u>	<u>36,337,972</u>	<u>13,710,801</u>	<u>9,453</u>	<u>10,572,726</u>	<u>9,915,295</u>	<u>108,477,591</u>
<u>\$ 15,927,603</u>	<u>\$ 36,337,972</u>	<u>\$ 13,876,707</u>	<u>\$ 9,453</u>	<u>\$ 23,265,701</u>	<u>\$ 10,200,468</u>	<u>\$ 131,953,345</u>

**CITY OF FRESNO, CALIFORNIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2015

	Special Revenue				
	High Speed Rail	Fresno Revitalization Corporation	Special Gas Tax	Measure C	Community Services
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ 13,914,522	\$ 24,120,646	\$ 817,219
Intergovernmental	441,050	-	-	-	2,334,344
Charges for Services	401,842	212,487	-	-	9,308,979
Use of Money and Property	(2,793)	-	42,162	20,079	349,962
Miscellaneous	396	-	8,641	224,481	246,955
Total Revenues	<u>840,495</u>	<u>212,487</u>	<u>13,965,325</u>	<u>24,365,206</u>	<u>13,057,459</u>
<b>Expenditures</b>					
Current:					
General Government	-	-	-	-	1,527,870
Public Protection	-	-	-	-	6,263,271
Public Ways and Facilities	619,642	-	9,905,596	9,738,204	1,024,543
Culture and Recreation	-	-	-	-	1,489,011
Community Development	607,501	144,552	-	-	154,335
Capital Outlay	-	-	896,904	12,292,015	2,210,213
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>1,227,143</u>	<u>144,552</u>	<u>10,802,500</u>	<u>22,030,219</u>	<u>12,669,243</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(386,648)</u>	<u>67,935</u>	<u>3,162,825</u>	<u>2,334,987</u>	<u>388,216</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	8,338	-	-	106,885	2,458,082
Transfers Out	-	-	(1,522,745)	(1,444,933)	(827,793)
Sale of Capital Assets	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>8,338</u>	<u>-</u>	<u>(1,522,745)</u>	<u>(1,338,048)</u>	<u>1,630,289</u>
Net Change in Fund Balances	(378,310)	67,935	1,640,080	996,939	2,018,505
Fund Balances (Deficit) - Beginning	<u>(627,628)</u>	<u>97,170</u>	<u>8,483,182</u>	<u>3,597,016</u>	<u>6,204,422</u>
Fund Balances (Deficit) - Ending	<u>\$ (1,005,938)</u>	<u>\$ 165,105</u>	<u>\$ 10,123,262</u>	<u>\$ 4,593,955</u>	<u>\$ 8,222,927</u>

Special Revenue			Debt Service		Capital Projects	Total Nonmajor Governmental Funds
UGM Impact Fees	Low and Moderate Income Housing	Special Assessments	City Debt	Financing Authorities and Corporations	City Combined	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,852,387
-	-	-	-	-	-	2,775,394
7,290,353	-	5,148,983	-	-	-	22,362,644
91,711	21,278	72,787	178	80,600	54,822	730,786
193	-	2,994	-	-	351,600	835,260
<u>7,382,257</u>	<u>21,278</u>	<u>5,224,764</u>	<u>178</u>	<u>80,600</u>	<u>406,422</u>	<u>65,556,471</u>
-	120,279	-	11,937	19,661	-	1,679,747
7,896	-	-	-	-	-	6,271,167
2,583,504	-	4,940,292	-	-	-	28,811,781
333,455	-	-	-	-	-	1,822,466
-	1,949,868	-	-	-	-	2,856,256
1,935,811	-	4,444	-	-	2,021,026	19,360,413
-	-	-	7,468,530	10,265,000	-	17,733,530
-	-	-	10,162,775	8,999,551	-	19,162,326
<u>4,860,666</u>	<u>2,070,147</u>	<u>4,944,736</u>	<u>17,643,242</u>	<u>19,284,212</u>	<u>2,021,026</u>	<u>97,697,686</u>
<u>2,521,591</u>	<u>(2,048,869)</u>	<u>280,028</u>	<u>(17,643,064)</u>	<u>(19,203,612)</u>	<u>(1,614,604)</u>	<u>(32,141,215)</u>
970,404	844,237	3,139	17,646,424	18,628,821	26,899	40,693,229
(3,991,426)	-	(62,814)	-	(289,820)	(230,679)	(8,370,210)
332,626	-	-	-	-	50,000	382,626
<u>(2,688,396)</u>	<u>844,237</u>	<u>(59,675)</u>	<u>17,646,424</u>	<u>18,339,001</u>	<u>(153,780)</u>	<u>32,705,645</u>
(166,805)	(1,204,632)	220,353	3,360	(864,611)	(1,768,384)	564,430
<u>15,998,838</u>	<u>37,542,604</u>	<u>13,490,448</u>	<u>6,093</u>	<u>11,437,337</u>	<u>11,683,679</u>	<u>107,913,161</u>
<u>\$ 15,832,033</u>	<u>\$ 36,337,972</u>	<u>\$ 13,710,801</u>	<u>\$ 9,453</u>	<u>\$ 10,572,726</u>	<u>\$ 9,915,295</u>	<u>\$ 108,477,591</u>



CITY OF FRESNO, CALIFORNIA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS) - HIGH SPEED RAIL - SPECIAL REVENUE FUND**

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Over (Under) Final Budget	Budget To GAAP Reconciliation	Actual Amounts GAAP Basis
	Original	Final				
<b>Resources (inflows):</b>						
Intergovernmental	\$ 2,148,600	\$ 2,348,600	\$ 363,143	\$ (1,985,457)	\$ 77,907	\$ 441,050
Charges for Services	3,750,000	5,550,000	401,842	(5,148,158)	-	401,842
Use of Money and Property	(110,000)	(110,000)	(2,793)	107,207	-	(2,793)
Miscellaneous	-	-	396	396	-	396
Other Financing Sources:						
Transfers from Other Funds	110,000	110,000	9,878	(100,122)	(1,540)	8,338
<b>Total Available for Appropriations</b>	<b>5,898,600</b>	<b>7,898,600</b>	<b>772,466</b>	<b>(7,126,134)</b>	<b>76,367</b>	<b>848,833</b>
<b>Charges to Appropriations (outflows):</b>						
Public Ways and Facilities	6,071,300	7,871,300	622,951	(7,248,349)	(3,309)	619,642
Community Development	1,797,900	2,817,900	278,090	(2,539,810)	329,411	607,501
Capital Outlay	22,730,000	22,730,000	-	(22,730,000)	-	-
Other Financing Uses:						
Transfers to Other Funds	-	-	1,541	1,541	(1,541)	-
<b>Total Charges to Appropriations</b>	<b>30,599,200</b>	<b>33,419,200</b>	<b>902,582</b>	<b>(32,516,618)</b>	<b>324,561</b>	<b>1,227,143</b>
<b>Excess (Deficit) Resources Over (Under) Appropriations</b>	<b>\$ (24,700,600)</b>	<b>\$ (25,520,600)</b>	<b>\$ (130,116)</b>	<b>\$ 25,390,484</b>	<b>\$ (248,194)</b>	<b>\$ (378,310)</b>

CITY OF FRESNO, CALIFORNIA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS) - SPECIAL GAS TAX - SPECIAL REVENUE FUND**

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Over	Budget	Actual
	Original	Final	Amounts Budgetary Basis	(Under) Final Budget	To GAAP Reconciliation	Amounts GAAP Basis
<b>Resources (inflows):</b>						
Taxes	\$ 12,999,300	\$ 12,999,300	\$ 14,082,679	\$ 1,083,379	\$ (168,157)	\$ 13,914,522
Use of Money and Property	8,900	8,900	42,700	33,800	(538)	42,162
Miscellaneous	200	200	(224,691)	(224,891)	233,332	8,641
<b>Total Available for Appropriations</b>	<b>13,008,400</b>	<b>13,008,400</b>	<b>13,900,688</b>	<b>892,288</b>	<b>64,637</b>	<b>13,965,325</b>
<b>Charges to Appropriations (outflows):</b>						
Public Ways and Facilities	10,935,700	11,053,000	9,620,223	(1,432,777)	285,373	9,905,596
Capital Outlay	3,818,900	4,127,300	1,048,416	(3,078,884)	(151,512)	896,904
Other Financing Uses: Transfers to Other Funds	1,570,100	1,570,100	1,437,181	(132,919)	85,564	1,522,745
<b>Total Charges to Appropriations</b>	<b>16,324,700</b>	<b>16,750,400</b>	<b>12,105,820</b>	<b>(4,644,580)</b>	<b>219,425</b>	<b>12,325,245</b>
<b>Excess (Deficit) Resources Over (Under) Appropriations</b>	<b>\$ (3,316,300)</b>	<b>\$ (3,742,000)</b>	<b>\$ 1,794,868</b>	<b>\$ 5,536,868</b>	<b>\$ (154,788)</b>	<b>\$ 1,640,080</b>

CITY OF FRESNO, CALIFORNIA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS) - MEASURE C - SPECIAL REVENUE FUND**

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Over	Budget	Actual
	Original	Final	Amounts Budgetary Basis	(Under) Final Budget	To GAAP Reconciliation	Amounts GAAP Basis
<b>Resources (inflows):</b>						
Taxes	\$ 18,864,900	\$ 30,987,600	\$ 26,277,110	\$ (4,710,490)	\$ (2,156,464)	\$ 24,120,646
Use of Money and Property	2,700	2,700	20,079	17,379	-	20,079
Miscellaneous	100	100	18,761	18,661	205,720	224,481
Other Financing Sources:						
Transfers from Other Funds	99,000	99,000	211,043	112,043	(104,158)	106,885
<b>Total Available For Appropriations</b>	<u>18,966,700</u>	<u>31,089,400</u>	<u>26,526,993</u>	<u>(4,562,407)</u>	<u>(2,054,902)</u>	<u>24,472,091</u>
<b>Charges to Appropriations (outflows):</b>						
Public Ways and Facilities	11,967,500	13,615,100	10,090,041	(3,525,059)	(351,837)	9,738,204
Capital Outlay	5,946,300	17,617,000	12,511,633	(5,105,367)	(219,618)	12,292,015
Other Financing Uses:						
Transfers to Other Funds	584,800	834,800	920,992	86,192	523,941	1,444,933
<b>Total Charges to Appropriations</b>	<u>18,498,600</u>	<u>32,066,900</u>	<u>23,522,666</u>	<u>(8,544,234)</u>	<u>(47,514)</u>	<u>23,475,152</u>
<b>Excess (Deficit) Resources Over (Under) Appropriations</b>	<u>\$ 468,100</u>	<u>\$ (977,500)</u>	<u>\$ 3,004,327</u>	<u>\$ 3,981,827</u>	<u>\$ (2,007,388)</u>	<u>\$ 996,939</u>

CITY OF FRESNO, CALIFORNIA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS) - COMMUNITY SERVICES - SPECIAL REVENUE FUND**

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Over	Budget	Actual
	Original	Final	Amounts Budgetary Basis	(Under) Final Budget	To GAAP Reconciliation	Amounts GAAP Basis
<b>Resources (inflows):</b>						
Taxes	\$ 740,000	\$ 740,000	\$ 799,893	\$ 59,893	\$ 17,326	\$ 817,219
Intergovernmental	3,522,500	4,356,800	2,478,651	(1,878,149)	(144,307)	2,334,344
Charges for Services	10,644,500	11,244,000	9,111,259	(2,132,741)	197,720	9,308,979
Use of Money and Property	269,800	270,200	350,902	80,702	(940)	349,962
Miscellaneous	284,800	284,800	247,803	(36,997)	(848)	246,955
Other Financing Sources:						
Transfers from Other Funds	392,400	392,400	2,458,382	2,065,982	(300)	2,458,082
<b>Total Available For Appropriations</b>	<b>15,854,000</b>	<b>17,288,200</b>	<b>15,446,890</b>	<b>(1,841,310)</b>	<b>68,651</b>	<b>15,515,541</b>
<b>Charges to Appropriations (outflows):</b>						
General Government	1,251,600	1,251,600	1,242,219	(9,381)	285,651	1,527,870
Public Protection	6,819,600	6,970,800	6,224,656	(746,144)	38,615	6,263,271
Public Ways and Facilities	1,653,200	2,193,600	1,021,646	(1,171,954)	2,897	1,024,543
Culture and Recreation	1,909,700	2,223,400	1,663,720	(559,680)	(174,709)	1,489,011
Community Development	23,000	23,000	4,849	(18,151)	149,486	154,335
Capital Outlay	9,724,300	10,449,200	2,311,072	(8,138,128)	(100,859)	2,210,213
Other Financing Uses:						
Transfers to Other Funds	639,300	639,300	572,945	(66,355)	254,848	827,793
<b>Total Charges to Appropriations</b>	<b>22,020,700</b>	<b>23,750,900</b>	<b>13,041,107</b>	<b>(10,709,793)</b>	<b>455,929</b>	<b>13,497,036</b>
<b>Excess (Deficit) Resources Over (Under) Appropriations</b>	<b>\$ (6,166,700)</b>	<b>\$ (6,462,700)</b>	<b>\$ 2,405,783</b>	<b>\$ 8,868,483</b>	<b>\$ (387,278)</b>	<b>\$ 2,018,505</b>

CITY OF FRESNO, CALIFORNIA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS) - UGM IMPACT FEES - SPECIAL REVENUE FUND**

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Over (Under) Final Budget	Budget To GAAP Reconciliation	Actual Amounts GAAP Basis
	Original	Final				
<b>Resources (inflows):</b>						
Charges for Services	\$ 7,822,500	\$ 7,822,500	\$ 7,204,740	\$ (617,760)	\$ 85,613	\$ 7,290,353
Use of Money and Property	39,900	39,900	89,937	50,037	1,774	91,711
Miscellaneous	2,500,000	2,500,000	205,093	(2,294,907)	(204,900)	193
Other Financing Sources:						
Sale of Capital Assets	-	-	332,626	332,626	-	332,626
Transfers from Other Funds	519,600	519,600	1,383,766	864,166	(413,362)	970,404
<b>Total Available for Appropriations</b>	<b>10,882,000</b>	<b>10,882,000</b>	<b>9,216,162</b>	<b>(1,665,838)</b>	<b>(530,875)</b>	<b>8,685,287</b>
<b>Charges to Appropriations (outflows):</b>						
Public Protection	-	5,000	7,280	2,280	616	7,896
Culture and Recreation	459,100	679,100	283,337	(395,763)	50,118	333,455
Public Ways and Facilities	2,566,900	-	2,497,371	2,497,371	86,133	2,583,504
Capital Outlay	6,645,500	8,172,700	1,983,970	(6,188,730)	(48,159)	1,935,811
Other Financing Uses:						
Transfers to Other Funds	3,903,900	3,903,900	4,789,789	885,889	(798,363)	3,991,426
<b>Total Charges to Appropriations</b>	<b>13,575,400</b>	<b>12,760,700</b>	<b>9,561,747</b>	<b>(3,198,953)</b>	<b>(709,655)</b>	<b>8,852,092</b>
<b>Excess (Deficit) Resources Over (Under) Appropriations</b>	<b>\$ (2,693,400)</b>	<b>\$ (1,878,700)</b>	<b>\$ (345,585)</b>	<b>\$ 1,533,115</b>	<b>\$ 178,780</b>	<b>\$ (166,805)</b>

CITY OF FRESNO, CALIFORNIA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS) - LOW AND MODERATE INCOME HOUSING - SPECIAL REVENUE FUND**

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Over	Budget	Actual
	Original	Final	Amounts Budgetary Basis	(Under) Final Budget	To GAAP Reconciliation	Amounts GAAP Basis
<b>Resources (inflows):</b>						
Use of Money and Property	\$ 21,278	\$ 21,278	\$ 21,278	\$ -	\$ -	\$ 21,278
Transfers from Other Funds	844,237	844,237	844,237	-	-	844,237
<b>Total Available for Appropriations</b>	<b>865,515</b>	<b>865,515</b>	<b>865,515</b>	<b>-</b>	<b>-</b>	<b>865,515</b>
<b>Charges to Appropriations (outflows):</b>						
General Government	120,279	120,279	120,279	-	-	120,279
Community Development	1,949,868	1,949,868	1,949,868	-	-	1,949,868
<b>Total Charges to Appropriations</b>	<b>2,070,147</b>	<b>2,070,147</b>	<b>2,070,147</b>	<b>-</b>	<b>-</b>	<b>2,070,147</b>
<b>Excess (Deficit) Resources Over (Under) Appropriations</b>	<b>\$ (1,204,632)</b>	<b>\$ (1,204,632)</b>	<b>\$ (1,204,632)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,204,632)</b>

CITY OF FRESNO, CALIFORNIA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS) - SPECIAL ASSESSMENTS - SPECIAL REVENUE FUND**

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Over	Budget	Actual
	Original	Final	Amounts Budgetary Basis	(Under) Final Budget	To GAAP Reconciliation	Amounts GAAP Basis
<b>Resources (inflows):</b>						
Charges for Services	\$ 4,985,800	\$ 4,995,800	\$ 5,152,175	\$ 156,375	\$ (3,192)	\$ 5,148,983
Use of Money and Property	35,900	35,900	71,544	35,644	1,243	72,787
Miscellaneous	700	700	(198)	(898)	3,192	2,994
Other Financing Sources:						
Transfers from Other Funds	-	-	3,139	3,139	-	3,139
<b>Total Available for Appropriations</b>	<b>5,022,400</b>	<b>5,032,400</b>	<b>5,226,660</b>	<b>194,260</b>	<b>1,243</b>	<b>5,227,903</b>
<b>Charges to Appropriations (outflows):</b>						
Public Ways and Facilities	8,679,500	9,420,300	5,096,307	(4,323,993)	(156,015)	4,940,292
Capital Outlay	1,000,700	1,120,800	64,119	(1,056,681)	(59,675)	4,444
Other Financing Uses:						
Transfers to Other Funds	-	-	3,139	3,139	59,675	62,814
<b>Total Charges to Appropriations</b>	<b>9,680,200</b>	<b>10,541,100</b>	<b>5,163,565</b>	<b>(5,377,535)</b>	<b>(156,015)</b>	<b>5,007,550</b>
<b>Excess (Deficit) Resources Over (Under) Appropriations</b>	<b>\$ (4,657,800)</b>	<b>\$ (5,508,700)</b>	<b>\$ 63,095</b>	<b>\$ 5,571,795</b>	<b>\$ 157,258</b>	<b>\$ 220,353</b>

CITY OF FRESNO, CALIFORNIA


**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS) - CITY COMBINED - CAPITAL PROJECTS FUND**

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Over (Under) Final Budget	Budget To GAAP Reconciliation	Actual Amounts GAAP Basis
	Original	Final				
<b>Resources (inflows):</b>						
Use of Money and Property	\$ 37,900	\$ 37,900	\$ 52,776	\$ 14,876	\$ 2,046	\$ 54,822
Miscellaneous	3,208,500	3,653,900	351,600	(3,302,300)	-	351,600
Other Financing Sources:						
Sale of Capital Assets	-	-	50,000	50,000	-	50,000
Transfers Budgeted as Bond Proceeds	101,200	101,200	11,200	(90,000)	15,699	26,899
<b>Total Available for Appropriations</b>	<b>3,347,600</b>	<b>3,793,000</b>	<b>465,576</b>	<b>(3,327,424)</b>	<b>17,745</b>	<b>483,321</b>
<b>Charges to Appropriations (outflows):</b>						
Capital Outlay	2,555,000	4,164,800	1,770,557	(2,394,243)	250,469	2,021,026
Other Financing Uses:						
Transfers to Other Funds	-	-	71	71	230,608	230,679
<b>Total Charges to Appropriations</b>	<b>2,555,000</b>	<b>4,164,800</b>	<b>1,770,628</b>	<b>(2,394,172)</b>	<b>481,077</b>	<b>2,251,705</b>
<b>Excess (Deficit) Resources Over (Under) Appropriations</b>	<b>\$ 792,600</b>	<b>\$ (371,800)</b>	<b>\$ (1,305,052)</b>	<b>\$ (933,252)</b>	<b>\$ (463,332)</b>	<b>\$ (1,768,384)</b>



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

## NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for operations financed and operated in a manner similar to private business enterprises with the intent that the costs of providing the goods or services to the general public on a continuing basis are financed or recovered partially through user charges. Nonmajor enterprise funds are reported in the other enterprise funds column of the proprietary funds financial statements.

**Community Sanitation Fund** accounts for the operation of the City's community sanitation operations. Revenues consist primarily of service fees.

**Parks and Recreation Fund** accounts for the revenues collected and used for fee-supported recreation activities.



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CITY OF FRESNO, CALIFORNIA

COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2015

	Business - Type Activities - Enterprise Funds		
	Community Sanitation	Parks and Recreation	Total Nonmajor Enterprise Funds
<b>Assets</b>			
Current Assets:			
Cash and Investments	\$ 6,202,472	\$ 359,030	\$ 6,561,502
Interest Receivable	26,203	1,605	27,808
Accounts Receivable, Net	1,335,409	-	1,335,409
Total Current Assets	7,564,084	360,635	7,924,719
Noncurrent Assets:			
Other Assets:			
Other Assets	-	28,996	28,996
Net Pension Asset	2,280,161	-	2,280,161
Total Other Assets	2,280,161	28,996	2,309,157
Capital Assets:			
Land	-	11,508	11,508
Buildings, Systems and Improvements	-	4,520,576	4,520,576
Machinery and Equipment	204,205	-	204,205
Construction in Progress	26,282	78,828	105,110
Less Accumulated Depreciation	(165,841)	(1,902,633)	(2,068,474)
Total Capital Assets, Net	64,646	2,708,279	2,772,925
Total Noncurrent Assets	2,344,807	2,737,275	5,082,082
Total Assets	9,908,891	3,097,910	13,006,801
<b>Deferred Outflows of Resources</b>			
Pension Contributions	190,659	-	190,659
Total Deferred Outflows of Resources	190,659	-	190,659
<b>Liabilities</b>			
Current Liabilities:			
Accrued Liabilities	344,533	104,134	448,667
Accrued Compensated Absences and HRA	48,695	-	48,695
Due to Other Funds	180,733	-	180,733
Bonds Payable	-	55,000	55,000
Total Current Liabilities	573,961	159,134	733,095
Noncurrent Liabilities:			
Accrued Compensated Absences and HRA	364,601	-	364,601
Bonds Payable	-	2,069,457	2,069,457
Net OPEB Obligation	779,565	3,598	783,163
Total Noncurrent Liabilities	1,144,166	2,073,055	3,217,221
Total Liabilities	1,718,127	2,232,189	3,950,316
<b>Deferred Inflows of Resources</b>			
Unamortized Pension Expense	1,907,223	-	1,907,223
Total Deferred Inflows of Resources	1,907,223	-	1,907,223
<b>Net Position</b>			
Net Investment in Capital Assets	64,646	583,822	648,468
Unrestricted	6,409,554	281,899	6,691,453
Total Net Position	\$ 6,474,200	\$ 865,721	\$ 7,339,921

CITY OF FRESNO, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
NONMAJOR ENTERPRISE FUNDS**

YEAR ENDED JUNE 30, 2015

	Business - Type Activities - Enterprise Funds		
	Community Sanitation	Parks and Recreation	Total Nonmajor Enterprise Funds
<b>Operating Revenues:</b>			
Charges for Services	\$ 9,745,723	\$ 329,088	\$ 10,074,811
<b>Operating Expenses:</b>			
Cost of Services	4,677,021	45,721	4,722,742
Administration	3,559,257	18,945	3,578,202
Depreciation	12,467	171,800	184,267
Total Operating Expenses	8,248,745	236,466	8,485,211
Operating Income	1,496,978	92,622	1,589,600
<b>Non-operating Revenue (Expenses):</b>			
Interest Income	33,445	1,944	35,389
Interest Expense	-	(103,261)	(103,261)
Total Non-operating Revenue (Expenses)	33,445	(101,317)	(67,872)
Income (Loss) Before Contributions and Transfers	1,530,423	(8,695)	1,521,728
Transfers In	3,139	5,173	8,312
Transfers Out	(699,681)	-	(699,681)
Change in Net Position	833,881	(3,522)	830,359
Total Net Position - Beginning	5,588,539	900,793	6,489,332
Change in Accounting Estimate	(29,602)	(31,550)	(61,152)
Cumulative Effect of Accounting Change	81,382	-	81,382
Total Net Position - Beginning Restated	5,640,319	869,243	6,509,562
Total Net Position - Ending	\$ 6,474,200	\$ 865,721	\$ 7,339,921

CITY OF FRESNO, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS

YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Nonmajor Enterprise Funds		
	Community Sanitation	Parks and Recreation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Customers	\$ 9,537,336	\$ 329,088	\$ 9,866,424
Cash Payments to Suppliers for Services	(1,287,339)	(42,884)	(1,330,223)
Cash Paid for Interfund Services Used	(3,465,142)	(1,500)	(3,466,642)
Cash Payments to Employees for Services	(3,732,125)	(18,827)	(3,750,952)
<b>Net Cash Provided by Operating Activities</b>	<u>1,052,730</u>	<u>265,877</u>	<u>1,318,607</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Interest Payments on Capital Debt	-	(102,300)	(102,300)
Principal Payments on Capital Debt-Bonds	-	(55,000)	(55,000)
Acquisition and Construction of Capital Assets	(26,282)	(194,881)	(221,163)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<u>(26,282)</u>	<u>(352,181)</u>	<u>(378,463)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Transfers In	3,139	5,173	8,312
Transfers Out	(699,681)	-	(699,681)
<b>Net Cash Provided by (Used for) Non-Capital Financing Activities</b>	<u>(696,542)</u>	<u>5,173</u>	<u>(691,369)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest and Dividends on Investments	27,608	1,861	29,469
<b>Net Cash Provided by Investing Activities</b>	<u>27,608</u>	<u>1,861</u>	<u>29,469</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	357,514	(79,270)	278,244
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>5,844,958</u>	<u>438,300</u>	<u>6,283,258</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 6,202,472</u>	<u>\$ 359,030</u>	<u>\$ 6,561,502</u>

**CITY OF FRESNO, CALIFORNIA**


**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS**

YEAR ENDED JUNE 30, 2015 (Continued)

	Business-Type Activities - Nonmajor Enterprise Funds		
	Community Sanitation	Parks and Recreation	Total
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating income	\$ 1,496,978	\$ 92,622	\$ 1,589,600
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	12,467	171,800	184,267
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(224,795)	-	(224,795)
Decrease (increase) in net pension asset and deferred outflows pensions	(2,389,438)	-	(2,389,438)
Decrease (increase) in prepaid insurance		1,261	1,261
(Decrease) increase in accounts payable	161,501	(90)	161,411
(Decrease) increase in salaries payable	(49,311)	(221)	(49,532)
(Decrease) increase in due to other funds	38,670	-	38,670
(Decrease) increase in unearned revenue	(22,260)	-	(22,260)
(Decrease) increase in OPEB obligation	121,695	-	121,695
(Decrease) increase in deferred inflows of resources pensions	1,907,223	505	1,907,728
<b>Net Cash Provided by (Used For) Operating Activities</b>	<b>\$ 1,052,730</b>	<b>\$ 265,877</b>	<b>\$ 1,318,607</b>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</b>			
Cash and Investments:			
Unrestricted	\$ 6,202,472	\$ 359,030	\$ 6,561,502
<b>Cash and Cash Equivalents at End of Year on Statement of Cash Flows</b>	<b>\$ 6,202,472</b>	<b>\$ 359,030</b>	<b>\$ 6,561,502</b>
<b>Noncash Investing, Capital, and Financing Activities:</b>			
Acquisition and construction of capital assets on accounts payable	\$ -	\$ 78,828	\$ 78,828
Amortization of bond premium, discount and loss on refunding	-	1,439	1,439
Decrease (increase) in fair value of investments	(351)	-	(351)
Capital asset disposal under \$15,000 threshold	(29,602)	(31,550)	(61,152)



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

## INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing, on a cost-reimbursement basis, of goods or services provided by one department to other departments within the City of Fresno.

**Billing and Collection Fund** accounts for the billing, collecting, and servicing activities for the Water, Sewer, Solid Waste, and Community Sanitation funds.

**General Services Fund** accounts for the Internal Service Fund activities of the City of Fresno, including fleet management, property maintenance, data processing support, and electronics and communications support.

**Risk Management Fund** accounts for the City's self-insurance provided to all City departments, including provision for losses on property, liability, workers' compensation, and unemployment compensation.

**Employees Healthcare Plan** accounts for the healthcare plans for City employees.

**Retirees Healthcare Plan** accounts for the healthcare plans for retired City employees.



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CITY OF FRESNO, CALIFORNIA

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS**

June 30, 2015

	Billing and Collection	General Services	Risk Management
<b>Assets</b>			
Current Assets:			
Cash and Investments	\$ 2,899,199	\$ 37,047,326	\$ 7,720,829
Interest Receivable	57,794	152,209	41,956
Accounts Receivable, Net	-	-	59,327
Inventories	-	755,997	-
Prepays	-	25,545	-
Due from Other Funds	-	2,023,326	-
Total Current Assets	<u>2,956,993</u>	<u>40,004,403</u>	<u>7,822,112</u>
Noncurrent Assets:			
Restricted:			
Cash and Investments	<u>4,557,686</u>	-	<u>406,848</u>
Total Restricted Assets	<u>4,557,686</u>	-	<u>406,848</u>
Other Assets:			
Net Pension Asset	<u>3,408,488</u>	<u>9,003,112</u>	-
Total Other Assets	<u>3,408,488</u>	<u>9,003,112</u>	-
Capital Assets:			
Buildings, Systems and Improvements	50,000	7,638,733	-
Machinery & Equipment	147,565	104,171,968	-
Construction in Progress	-	1,312,437	-
Less Accumulated Depreciation	<u>(155,435)</u>	<u>(89,539,362)</u>	-
Total Capital Assets, Net	<u>42,130</u>	<u>23,583,776</u>	-
Total Noncurrent Assets	<u>8,008,304</u>	<u>32,586,888</u>	<u>406,848</u>
Total Assets	<u>10,965,297</u>	<u>72,591,291</u>	<u>8,228,960</u>
<b>Deferred Outflows of Resources</b>			
Pension Contributions	<u>357,754</u>	<u>797,983</u>	-
Total Deferred Outflows of Resources	<u>357,754</u>	<u>797,983</u>	-
<b>Liabilities</b>			
Current Liabilities			
Accrued Liabilities	951,569	2,080,199	1,241,761
Accrued Compensated Absences and HRA	115,111	353,902	18,913
Liability for Self-Insurance	-	-	25,100,268
Unearned Revenue	627,176	-	-
Due to Other Funds	9,210	698,716	117
Capital Lease Obligations	-	1,571,850	-
Total Current Liabilities	<u>1,703,066</u>	<u>4,704,667</u>	<u>26,361,059</u>
Noncurrent Liabilities:			
Accrued Compensated Absences and HRA	752,533	2,079,239	73,894
Capital Lease Obligations	-	4,177,307	-
Liability for Self-Insurance	-	-	80,501,814
Net OPEB Obligation	1,739,959	2,999,934	268,374
Deposits Held for Others	<u>4,557,686</u>	-	-
Total Noncurrent Liabilities	<u>7,050,178</u>	<u>9,256,480</u>	<u>80,844,082</u>
Total Liabilities	<u>8,753,244</u>	<u>13,961,147</u>	<u>107,205,141</u>
<b>Deferred Inflows of Resources</b>			
Unamortized Pension Expense	<u>2,851,004</u>	<u>7,530,583</u>	-
Total Deferred Inflows of Resources	<u>2,851,004</u>	<u>7,530,583</u>	-
<b>Net Position</b>			
Net Investment in Capital Assets	42,130	17,834,619	-
Unrestricted (Deficit)	<u>(323,327)</u>	<u>34,062,925</u>	<u>(98,976,181)</u>
Total Net Position (Deficit)	<u>\$ (281,197)</u>	<u>\$ 51,897,544</u>	<u>\$ (98,976,181)</u>

	Employees Healthcare Plan	Retirees Healthcare Plan	Totals
\$	17,466,340	\$ -	\$ 65,133,694
	88,939	-	340,898
	-	-	59,327
	-	-	755,997
	-	-	25,545
	-	-	2,023,326
	<u>17,555,279</u>	<u>-</u>	<u>68,338,787</u>
	-	-	4,964,534
	-	-	4,964,534
	-	-	12,411,600
	-	-	12,411,600
	-	-	7,688,733
	-	-	104,319,533
	-	-	1,312,437
	-	-	(89,694,797)
	-	-	23,625,906
	-	-	41,002,040
	<u>17,555,279</u>	<u>-</u>	<u>109,340,827</u>
	-	-	1,155,737
	-	-	1,155,737
	242,461	-	4,515,990
	-	-	487,926
	3,900,000	-	29,000,268
	-	-	627,176
	-	-	708,043
	-	-	1,571,850
	<u>4,142,461</u>	<u>-</u>	<u>36,911,253</u>
	-	-	2,905,666
	-	-	4,177,307
	-	-	80,501,814
	-	-	5,008,267
	-	-	4,557,686
	-	-	97,150,740
	<u>4,142,461</u>	<u>-</u>	<u>134,061,993</u>
	-	-	10,381,587
	-	-	10,381,587
	-	-	17,876,749
	<u>13,412,818</u>	<u>-</u>	<u>(51,823,765)</u>
\$	<u><u>13,412,818</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(33,947,016)</u></u>

CITY OF FRESNO, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS**

YEAR ENDED JUNE 30, 2015

	Billing and Collection	General Services	Risk Management
<b>Operating Revenues:</b>			
Charges for Services	\$ 7,557,490	\$ 49,551,836	\$ 25,148,362
<b>Operating Expenses:</b>			
Cost of Services	4,339,186	28,547,361	27,530,129
Administration	2,046,547	7,934,577	7,199,571
Depreciation	26,641	3,255,454	-
Total Operating Expenses	6,412,374	39,737,392	34,729,700
Operating Income (Loss)	1,145,116	9,814,444	(9,581,338)
<b>Non-operating Revenue (Expenses):</b>			
Interest Income	68,504	183,706	53,661
Interest Expense	-	(168,147)	-
Gain on Disposal of Capital Assets	-	180,693	-
Total Non-operating Revenue (Expenses)	68,504	196,252	53,661
Income (Loss) Before Contributions and Transfers	1,213,620	10,010,696	(9,527,677)
Capital Contributions	-	78,763	-
Transfers In	23	-	600,000
Transfers Out	(471,173)	(969,486)	(42,740)
Change in Net Position	742,470	9,119,973	(8,970,417)
Total Net Position (Deficit) - Beginning	(1,145,320)	43,464,235	(90,005,764)
Change in Accounting Estimate	-	(1,007,995)	-
Cumulative Effect of Accounting Change	121,653	321,331	-
Total Net Position (Deficit) - Beginning Restated	(1,023,667)	42,777,571	(90,005,764)
Total Net Position (Deficit) - Ending	\$ (281,197)	\$ 51,897,544	\$ (98,976,181)

Employees Healthcare Plan	Retirees Healthcare Plan	Totals
\$ 32,084,819	\$ 8,925,537	\$ 123,268,044
31,297,679	8,567,157	100,281,512
1,898,394	358,380	19,437,469
-	-	3,282,095
33,196,073	8,925,537	123,001,076
(1,111,254)	-	266,968
107,552	-	413,423
-	-	(168,147)
-	-	180,693
107,552	-	425,969
(1,003,702)	-	692,937
-	-	78,763
-	-	600,023
-	-	(1,483,399)
(1,003,702)	-	(111,676)
14,416,520	-	(33,270,329)
-	-	(1,007,995)
-	-	442,984
14,416,520	-	(33,835,340)
\$ 13,412,818	\$ -	\$ (33,947,016)



CITY OF FRESNO, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

YEAR ENDED JUNE 30, 2015

	Billing and Collection	General Services	Risk Management
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Customers	\$ 2,481,691	\$ 5,251,493	\$ -
Cash Received from Interfund Services Provided	6,285,000	44,584,795	24,030,400
Cash Payments to Suppliers for Services	(779,582)	(22,308,957)	(6,118,196)
Cash Paid for Interfund Services Used	(1,123,978)	(3,287,060)	(755,490)
Cash Payments to Employees for Services	(4,811,276)	(12,674,090)	(3,066,141)
Cash Payments for Claims and Refunds	-	-	(14,821,795)
<b>Net Cash Provided by (Used For) Operating Activities</b>	<u>2,051,855</u>	<u>11,566,181</u>	<u>(731,222)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Interest Payments on Capital Debt	-	(143,856)	-
Proceeds from Capital Leases	-	1,608,410	-
Principal Payment on Capital Lease Obligations	-	(1,213,971)	-
Proceeds from Sale of Capital Assets	-	193,909	-
Acquisition and Construction of Capital Assets	-	(9,017,189)	-
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<u>-</u>	<u>(8,572,697)</u>	<u>-</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Borrowing Receipt from Other Funds	-	698,716	-
Borrowing (Payment to) Other Funds	-	(468,314)	-
Transfers In	23	-	600,000
Transfers Out	(471,173)	(969,486)	(42,740)
<b>Net Cash Provided by (Used for) Non-Capital Financing Activities</b>	<u>(471,150)</u>	<u>(739,084)</u>	<u>557,260</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest and Dividends on Investments	63,254	174,724	43,835
<b>Net Cash Provided by Investing Activities</b>	<u>63,254</u>	<u>174,724</u>	<u>43,835</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,643,959	2,429,124	(130,127)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>5,812,926</u>	<u>34,618,202</u>	<u>8,257,804</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 7,456,885</u>	<u>\$ 37,047,326</u>	<u>\$ 8,127,677</u>

	Employees Healthcare Plan	Retirees Healthcare Plan	Total
\$	6,569,071	\$ 5,256,069	\$ 19,558,324
	25,515,748	3,669,468	104,085,411
	(2,350,914)	(358,380)	(31,916,029)
	-	-	(5,166,528)
	-	-	(20,551,507)
	<u>(31,297,679)</u>	<u>(8,567,157)</u>	<u>(54,686,631)</u>
	<u>(1,563,774)</u>	<u>-</u>	<u>11,323,040</u>
	-	-	(143,856)
	-	-	1,608,410
	-	-	(1,213,971)
	-	-	193,909
	<u>-</u>	<u>-</u>	<u>(9,017,189)</u>
	<u>-</u>	<u>-</u>	<u>(8,572,697)</u>
	-	-	698,716
	-	-	(468,314)
	-	-	600,023
	<u>-</u>	<u>-</u>	<u>(1,483,399)</u>
	<u>-</u>	<u>-</u>	<u>(652,974)</u>
	<u>99,390</u>	<u>-</u>	<u>381,203</u>
	<u>99,390</u>	<u>-</u>	<u>381,203</u>
	(1,464,384)	-	2,478,572
	<u>18,930,724</u>	<u>-</u>	<u>67,619,656</u>
\$	<u><u>17,466,340</u></u>	<u><u>-</u></u>	<u><u>\$ 70,098,228</u></u>

(Continued)

**CITY OF FRESNO, CALIFORNIA**


**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS**

YEAR ENDED JUNE 30, 2015 (Continued)

	Billing and Collection	General Services	Risk Management
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
Operating income (loss)	\$ 1,145,116	\$ 9,814,444	\$ (9,581,338)
Adjustments to reconcile operating income (Loss) to net cash provided by (Used for) operating activities:			
Depreciation expense	26,641	3,255,454	-
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	-	-	1,933
Decrease (increase) in due from other funds	-	284,453	-
Decrease (increase) in material and supplies inventory	-	41,107	-
Decrease (increase) in net pension asset and deferred outflows pensions	(3,644,589)	(9,479,764)	-
(Decrease) increase in accounts payable	213,301	(171,415)	329,464
(Decrease) increase in salaries payable	52,334	(49,731)	(6,735)
(Decrease) increase in due to other funds	9,210	-	117
(Decrease) increase in unearned revenue	627,176	-	-
(Decrease) increase in liability for self-insurance	-	-	8,506,872
(Decrease) increase in deposits	572,816	-	-
(Decrease) increase in OPEB obligation	198,846	341,050	18,465
(Decrease) increase in deferred inflows of resources pensions	2,851,004	7,530,583	-
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 2,051,855</b>	<b>\$ 11,566,181</b>	<b>\$ (731,222)</b>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</b>			
Cash and Investments:			
Unrestricted	\$ 2,899,199	\$ 37,047,326	\$ 7,720,829
Restricted - Current and Noncurrent	4,557,686	-	406,848
Total cash and investments	7,456,885	37,047,326	8,127,677
Less: Non-cash equivalents	-	-	-
<b>Cash and Cash Equivalents at End of Year on Statement of Cash Flows</b>	<b>\$ 7,456,885</b>	<b>\$ 37,047,326</b>	<b>\$ 8,127,677</b>
<b>Noncash Investing, Capital, and Financing Activities:</b>			
Acquisition and construction of capital assets on accounts payable	\$ -	\$ 18,450	\$ -
Borrowing under capital lease	-	2,500,506	-
Decrease (increase) in fair value of investments	577	(2,717)	(953)
Developer and other capital contributions	-	78,763	-
Capital asset disposal under \$15,000 threshold	-	(1,007,995)	-

	Employees Healthcare Plan	Retirees Healthcare Plan	Total
\$	(1,111,254)	\$ -	\$ 266,968
	-	-	3,282,095
	-	-	1,933
	-	-	284,453
	-	-	41,107
	-	-	(13,124,353)
	47,480	-	418,830
	-	-	(4,132)
	-	-	9,327
	-	-	627,176
	(500,000)	-	8,006,872
	-	-	572,816
	-	-	558,361
	-	-	10,381,587
\$	<u>(1,563,774)</u>	<u>\$ -</u>	<u>\$ 11,323,040</u>
\$	17,466,340	\$ -	\$ 65,133,694
	-	-	4,964,534
	<u>17,466,340</u>	<u>-</u>	<u>70,098,228</u>
	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>17,466,340</u>	<u>\$ -</u>	<u>\$ 70,098,228</u>
\$	-	\$ -	\$ 18,450
	-	-	2,500,506
	-	-	(3,093)
	-	-	78,763
			(1,007,995)

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City of Fresno, California  
For the fiscal year ended June 30, 2015

## FIDUCIARY FUNDS

Fiduciary Funds include all Trust and Agency Funds, which account for assets held by the City in a trustee capacity or as an agent for other governmental units, private organizations or individuals.

### TRUST FUNDS

[Trust Funds](#) are fiduciary funds and are used to account for assets held by the City in a trustee capacity or as an agent for other governmental units, private organizations or individuals.

**Fire and Police Retirement System Pension Trust Fund** accounts for the accumulation of resources for pension benefit payments to qualified Fire and Police employees and retirees.

**Employee Retirement System Pension Trust Fund** accounts for the accumulation of resources for pension benefit payments to qualified General Service employees and retirees.

### AGENCY FUNDS

[Agency Funds](#) are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time.

**City Departmental and Special Purpose Fund** accounts for City-related trust activity, such as payroll withholdings and bid deposits.

**Special Assessments District Fund** accounts for the receipts and disbursements for the debt service activity of the special assessment districts within the City.



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CITY OF FRESNO, CALIFORNIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS - PENSION TRUST FUNDS

June 30, 2015

	Pension Trust Funds		
	Fire and Police Retirement System	Employees Retirement System	Total
<b>Assets</b>			
Cash and Investments	\$ 1,278,811	\$ 811,145	\$ 2,089,956
Receivables:			
Receivables for Investments Sold	30,076,230	25,496,064	55,572,294
Interest and Dividends Receivable	4,653,547	4,011,488	8,665,035
Other Receivables	26,330,099	22,316,073	48,646,172
Total Receivables	61,059,876	51,823,625	112,883,501
Investments, at Fair Value:			
Short-Term Investments	40,809,177	34,674,433	75,483,610
Domestic Equity	538,265,048	457,353,701	995,618,749
Corporate Bonds	234,110,608	198,919,386	433,029,994
International Developed Market Equities	220,350,827	187,227,959	407,578,786
International Emerging Market Equities	43,822,480	37,235,138	81,057,618
Government Bonds	125,996,664	107,056,999	233,053,663
Real Estate	170,456,005	145,190,784	315,646,789
Total Investments	1,373,810,809	1,167,658,400	2,541,469,209
Collateral Held for Securities Lent	145,426,320	123,566,012	268,992,332
Capital Assets, Net of Accumulated Depreciation	886,026	886,026	1,772,052
Prepaid Expense	100	100	200
Total Assets	1,582,461,942	1,344,745,308	2,927,207,250
<b>Liabilities</b>			
Accrued Liabilities	58,054,124	49,327,281	107,381,405
Collateral Held for Securities Lent	145,426,320	123,566,012	268,992,332
Other Liabilities	2,263,835	1,925,459	4,189,294
Total Liabilities	205,744,279	174,818,752	380,563,031
<b>Net Position</b>			
Net Position Restricted for Pension Benefits	\$ 1,376,717,663	\$ 1,169,926,556	\$ 2,546,644,219

CITY OF FRESNO, CALIFORNIA

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS - PENSION TRUST FUNDS**

YEAR ENDED JUNE 30, 2015

	Pension Trust Funds		
	Fire and Police Retirement System	Employees Retirement System	Total
<b>Additions</b>			
Contributions:			
Employer	\$ 18,966,930	\$ 12,326,570	\$ 31,293,500
System Members	7,385,169	8,750,214	16,135,383
Total Contributions	26,352,099	21,076,784	47,428,883
Investment Income:			
Net Appreciation in Value of Investments	17,807,061	15,125,322	32,932,383
Interest	15,679,270	13,346,097	29,025,367
Dividends	11,572,341	9,848,557	21,420,898
Other Investment Related	41,765	41,770	83,535
Total Investment Income	45,100,437	38,361,746	83,462,183
Less Investment Expense	(6,395,690)	(5,442,250)	(11,837,940)
Total Net Investment Income	38,704,747	32,919,496	71,624,243
Securities Lending Income:			
Securities Lending Earnings	573,477	487,272	1,060,749
Less Securities Lending Expense	(114,607)	(97,380)	(211,987)
Net Securities Lending Income	458,870	389,892	848,762
Total Additions	65,515,716	54,386,172	119,901,888
<b>Deductions</b>			
Benefit Payments	53,711,161	49,072,063	102,783,224
Refund of Contributions	900,850	1,473,650	2,374,500
Administrative Expenses	1,107,741	1,070,996	2,178,737
Total Deductions	55,719,752	51,616,709	107,336,461
Change in Net Position	9,795,964	2,769,463	12,565,427
Net Position - Beginning	1,366,921,699	1,167,157,093	2,534,078,792
Net Position - Ending	\$ 1,376,717,663	\$ 1,169,926,556	\$ 2,546,644,219

CITY OF FRESNO, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS

YEAR ENDED JUNE 30, 2015

CITY DEPARTMENTAL AND SPECIAL PURPOSE FUND

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<b>Assets</b>				
Cash and Investments	\$ 4,960,214	\$ 372,718,408	\$ 372,577,435	\$ 5,101,187
Restricted Cash and Investments Held by Fiscal Agent	253,619	-	253,619	-
Interest Receivable	8,234	25,910	25,231	8,913
Due From Other Governments	30,162	41,847	63,657	8,352
	<u>5,252,229</u>	<u>372,786,165</u>	<u>372,919,942</u>	<u>5,118,452</u>
Total Assets	<u>\$ 5,252,229</u>	<u>\$ 372,786,165</u>	<u>\$ 372,919,942</u>	<u>\$ 5,118,452</u>
<b>Liabilities</b>				
Accrued Liabilities	\$ 289,075	\$ 137,811,333	\$ 137,531,377	\$ 569,031
Deposits Held for Others	4,963,154	31,826,230	32,239,963	4,549,421
	<u>4,963,154</u>	<u>31,826,230</u>	<u>32,239,963</u>	<u>4,549,421</u>
Total Liabilities	<u>\$ 5,252,229</u>	<u>\$ 169,637,563</u>	<u>\$ 169,771,340</u>	<u>\$ 5,118,452</u>

SPECIAL ASSESSMENTS DISTRICT FUND

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<b>Assets</b>				
Cash and Investments	\$ 368,165	\$ 654,064	\$ 653,923	\$ 368,306
Restricted Cash and Investments Held by Fiscal Agent	536,581	-	20,932	515,649
Interest Receivable	1,085	1,257	1,224	1,118
Due from Other Governments	766,166	697,199	772,125	691,240
	<u>1,671,997</u>	<u>1,352,520</u>	<u>1,448,204</u>	<u>1,576,313</u>
Total Assets	<u>\$ 1,671,997</u>	<u>\$ 1,352,520</u>	<u>\$ 1,448,204</u>	<u>\$ 1,576,313</u>
<b>Liabilities</b>				
Deposits Held for Others	\$ 1,671,997	\$ 1,351,852	\$ 1,447,536	\$ 1,576,313
	<u>1,671,997</u>	<u>1,351,852</u>	<u>1,447,536</u>	<u>1,576,313</u>
Total Liabilities	<u>\$ 1,671,997</u>	<u>\$ 1,351,852</u>	<u>\$ 1,447,536</u>	<u>\$ 1,576,313</u>

CITY OF FRESNO, CALIFORNIA


COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS

YEAR ENDED JUNE 30, 2015 (Continued)

TOTAL AGENCY FUNDS

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<b>Assets</b>				
Cash and Investments	\$ 5,328,379	\$ 373,372,472	\$ 373,231,358	\$ 5,469,493
Restricted Cash and Investments Held by Fiscal Agent	790,200	-	274,551	515,649
Interest Receivable	9,319	27,167	26,455	10,031
Due from Other Governments	796,328	739,046	835,782	699,592
	<u>6,924,226</u>	<u>374,138,685</u>	<u>374,368,146</u>	<u>6,694,765</u>
Total Assets	\$ <u>6,924,226</u>	\$ <u>374,138,685</u>	\$ <u>374,368,146</u>	\$ <u>6,694,765</u>
<b>Liabilities</b>				
Accrued Liabilities	\$ 289,075	\$ 137,811,333	\$ 137,531,377	\$ 569,031
Deposits Held for Others	6,635,151	33,178,082	33,687,499	6,125,734
	<u>6,635,151</u>	<u>33,178,082</u>	<u>33,687,499</u>	<u>6,125,734</u>
Total Liabilities	\$ <u>6,635,151</u>	\$ <u>170,989,415</u>	\$ <u>171,218,876</u>	\$ <u>6,694,765</u>

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2015 CAFR  
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City of Fresno, California  
For the fiscal year ended June 30, 2015

# DISCRETELY PRESENTED COMPONENT UNIT



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**CITY OF FRESNO, CALIFORNIA**

**STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNIT**

DECEMBER 31, 2014

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	City of Fresno Cultural Arts Properties
<b>Assets</b>	
Cash and Investments	\$ 904,691
Receivables, Net	508,619
Capital Assets:	
Land and Construction in Progress Not Being Depreciated	424,766
Facilities Infrastructure and Equipment Net of Depreciation	<u>11,630,185</u>
 Total Assets	 <u>13,468,261</u>
 <b>Liabilities</b>	
Accrued Liabilities	-
Unearned Revenue	231,251
Notes Payable, Due in More than One Year	<u>16,660,000</u>
 Total Liabilities	 <u>16,891,251</u>
 <b>Net Position</b>	
Net Investment in Capital Assets	(4,605,049)
Unrestricted	<u>1,182,059</u>
 <b>Total Net Position (Deficit)</b>	 \$ <u><u>(3,422,990)</u></u>

**CITY OF FRESNO, CALIFORNIA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
DISCRETELY PRESENTED COMPONENT UNIT**

YEAR ENDED DECEMBER 31, 2014

	City of Fresno Cultural Arts Properties
<b>Operating Revenues:</b>	
Charges for Services	\$ <u>375,000</u>
<b>Operating Expenses:</b>	
Cost of Services	8,974
Depreciation	<u>293,815</u>
Total Operating Expenses	<u>302,789</u>
Operating Income	<u>72,211</u>
<b>Non-operating Revenue (Expenses):</b>	
Interest Income	107,290
Interest Expense	<u>(226,064)</u>
Total Non-operating Revenue (Expense)	<u>(118,774)</u>
Changes in Net Position	(46,563)
Total Net Position (Deficit) - Beginning	<u>(3,376,427)</u>
Total Net Position (Deficit) - Ending	<u><u>\$ (3,422,990)</u></u>

**CITY OF FRESNO, CALIFORNIA**

**STATEMENT OF CASH FLOWS  
DISCRETELY PRESENTED COMPONENT UNIT**

YEAR ENDED DECEMBER 31, 2014

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	<u>City of Fresno Cultural Arts Properties</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received from Customers	\$ 375,000
Cash Payments to Suppliers for Services	<u>(8,985)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>366,015</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Interest Payments on Capital Debt	<u>(226,064)</u>
<b>Net Cash (Used for) Capital and Related Financing Activities</b>	<u>(226,064)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	139,951
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>764,740</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 904,691</u></u>


**CITY OF FRESNO, CALIFORNIA**

**STATEMENT OF CASH FLOWS  
DISCRETELY PRESENTED COMPONENT UNIT**

YEAR ENDED DECEMBER 31, 2014 (Continued)

	City of Fresno Cultural Arts Properties
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating income	\$ 72,211
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	293,815
Change in assets and liabilities: (Decrease) increase in accrued liabilities	<u>(11)</u>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ <u>366,015</u></b>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</b>	
Cash and Investments:	
Unrestricted	\$ <u>904,691</u>
<b>Cash and Cash Equivalents at End of Year on Statement of Cash Flows</b>	<b>\$ <u>904,691</u></b>

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

# STATISTICAL SECTION



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## **CITY OF FRESNO, CALIFORNIA**

### **Statistical Section**

This section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's financial health.

#### **Contents**

##### **Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. (Pages 239-243)

##### **Revenue Capacity**

These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax. (Pages 244-247)

##### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. (Pages 248-256)

##### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. (Pages 257-258)

##### **Operating Information**

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. (Pages 259-263)

#### **Sources:**

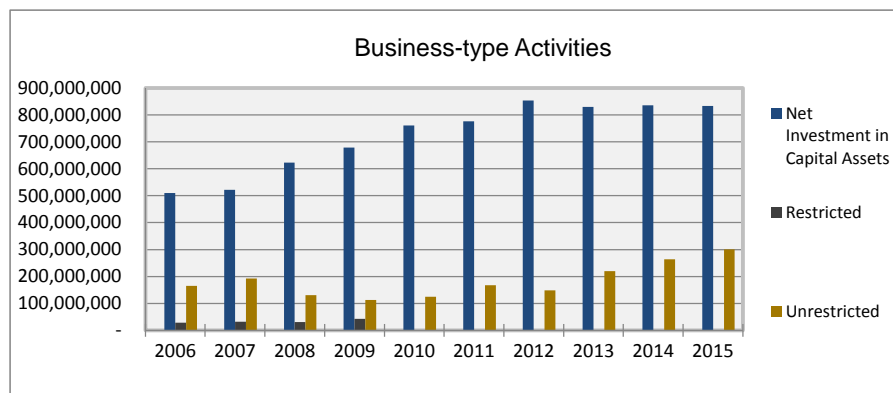
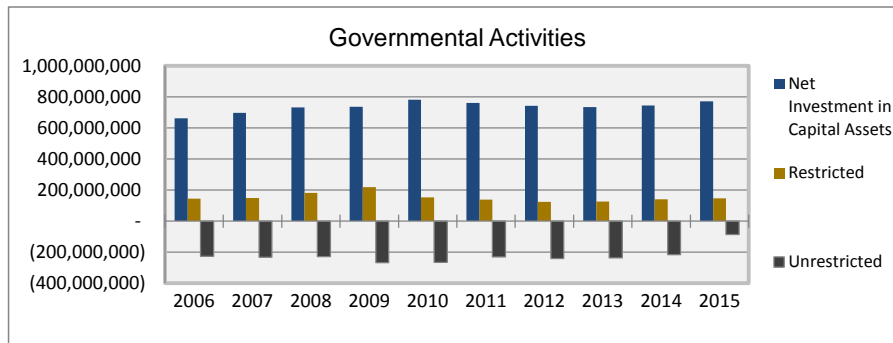
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF FRESNO, CALIFORNIA**

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities</b>										
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)
<b>Total governmental activities</b>	<b>\$ 581,937</b>	<b>\$ 614,036</b>	<b>\$ 686,552</b>	<b>\$ 688,804</b>	<b>\$ 667,513</b>	<b>\$ 668,501</b>	<b>\$ 625,216</b>	<b>\$ 623,819</b>	<b>\$ 669,781</b>	<b>\$ 830,948</b>
<b>Business-type activities</b>										
Net Investment in Capital Assets	\$ 509,975	\$ 537,897	\$ 622,600	\$ 679,116	\$ 760,272	\$ 776,377	\$ 853,405	\$ 829,456	\$ 835,290	\$ 832,923
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
<b>Total business-type activities</b>	<b>\$ 704,418</b>	<b>\$ 735,248</b>	<b>\$ 784,989</b>	<b>\$ 834,443</b>	<b>\$ 885,401</b>	<b>\$ 944,402</b>	<b>\$ 1,002,180</b>	<b>\$ 1,049,439</b>	<b>\$ 1,099,380</b>	<b>\$ 1,133,218</b>
<b>Primary government</b>										
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	\$ 1,604,121
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)	(62,422)	(91,942)	(15,776)	48,674	213,871
<b>Total primary government</b>	<b>\$ 1,286,355</b>	<b>\$ 1,349,285</b>	<b>\$ 1,471,540</b>	<b>\$ 1,523,247</b>	<b>\$ 1,552,914</b>	<b>\$ 1,612,903</b>	<b>\$ 1,627,396</b>	<b>\$ 1,673,258</b>	<b>\$ 1,769,161</b>	<b>\$ 1,964,166</b>

Source: City of Fresno, Finance Department



**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
<b>Expenses</b>										
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
<b>Total governmental activities</b>	<b>309,405</b>	<b>335,289</b>	<b>370,635</b>	<b>385,376</b>	<b>405,690</b>	<b>355,428</b>	<b>370,764</b>	<b>358,150</b>	<b>349,962</b>	<b>339,661</b>
Business-type activities:										
Water System	42,523	47,147	50,476	52,370	58,013	64,134	67,577	60,749	63,375	71,056
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
<b>Total business-type activities</b>	<b>231,392</b>	<b>262,090</b>	<b>266,013</b>	<b>267,996</b>	<b>274,359</b>	<b>276,810</b>	<b>284,482</b>	<b>262,604</b>	<b>257,289</b>	<b>265,767</b>
<b>Total primary government expenses</b>	<b>\$ 540,797</b>	<b>\$ 597,379</b>	<b>\$ 636,648</b>	<b>\$ 653,372</b>	<b>\$ 680,049</b>	<b>\$ 632,238</b>	<b>\$ 655,246</b>	<b>\$ 620,754</b>	<b>\$ 607,251</b>	<b>\$ 605,428</b>
<b>Program Revenues</b>										
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	17,427
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
<b>Total governmental activities program revenues</b>	<b>102,356</b>	<b>124,274</b>	<b>170,938</b>	<b>140,359</b>	<b>161,202</b>	<b>134,606</b>	<b>137,816</b>	<b>151,039</b>	<b>173,100</b>	<b>200,222</b>
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
<b>Total business-type activities program revenues</b>	<b>267,780</b>	<b>271,801</b>	<b>299,292</b>	<b>310,012</b>	<b>315,559</b>	<b>325,521</b>	<b>329,747</b>	<b>288,772</b>	<b>303,280</b>	<b>295,496</b>
<b>Total primary government program revenues</b>	<b>\$ 370,136</b>	<b>\$ 396,076</b>	<b>\$ 470,230</b>	<b>\$ 450,371</b>	<b>\$ 476,761</b>	<b>\$ 460,127</b>	<b>\$ 467,563</b>	<b>\$ 439,811</b>	<b>\$ 476,380</b>	<b>\$ 495,718</b>

**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
Net (Expense)/Revenue										
Governmental activities	\$ (207,049)	\$ (211,014)	\$ (199,696)	\$ (245,017)	\$ (244,488)	\$ (220,822)	\$ (232,948)	\$ (207,111)	\$ (176,862)	\$ (139,439)
Business-type activities	36,388	9,712	33,279	42,016	41,200	48,711	45,265	26,168	45,991	29,729
Total primary government net expense	\$ (170,661)	\$ (201,303)	\$ (166,417)	\$ (203,001)	\$ (203,288)	\$ (172,111)	\$ (187,683)	\$ (180,943)	\$ (130,871)	\$ (109,710)
<b>General Revenues and Other Changes in Net Position</b>										
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 Distributed to Successor Agency	-	-	-	-	-	-	(18,561)	-	-	-
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	5,698	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
<b>Change in Net Position</b>										
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	39,056
Total primary government	\$ 72,282	\$ 70,850	\$ 110,802	\$ 51,706	\$ 29,667	\$ 59,989	\$ 18,573	\$ 45,862	\$ 102,397	\$ 134,403

Source: Department of Finance, City of Fresno

**CITY OF FRESNO, CALIFORNIA**

**FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)  
(dollars in thousands)

	<b>Fiscal Year</b>			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>General Fund</b>				
Reserved	\$ 24,133	\$ 26,089	\$ 27,463	\$ 28,296
Unreserved	35,483	33,449	30,636	474
Total General Fund	<u>\$ 59,617</u>	<u>\$ 59,538</u>	<u>\$ 58,099</u>	<u>\$ 28,770</u>
<b>All other Governmental Funds</b>				
Reserved	\$ 176,499	\$ 182,687	\$ 163,004	\$ 184,111
Unreserved, reported in:				
Special Revenue Funds	(4,332)	(11,175)	3,064	(1,792)
Debt Service Funds	(77,367)	(76,487)	(33,147)	(24,183)
Capital Projects Fund	14,649	12,610	18,539	19,333
Total all other governmental funds	<u>\$ 109,449</u>	<u>\$ 107,635</u>	<u>\$ 151,460</u>	<u>\$ 177,469</u>

	<b>Fiscal Year</b>					
	<u>2010</u> <sup>1</sup>	<u>2011</u> <sup>1</sup>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>General Fund</b>						
Nonspendable	\$ 31,821	\$ 16,828	\$ 12,691	\$ 12,690	\$ 12,691	12,691
Restricted	-	-	-	435	7	105
Committed	10,586	1,444	1,481	1,903	2,351	5,207
Assigned	-	-	390	1,095	1,006	1,874
Unassigned	(2,228)	(64)	483	(9,355)	8,192	24,643
Total General Fund	<u>\$ 40,179</u>	<u>\$ 18,208</u>	<u>\$ 15,045</u>	<u>\$ 6,768</u>	<u>\$ 24,247</u>	<u>44,520</u>
<b>All other Governmental Funds</b>						
Restricted	\$ 165,679	\$ 143,214	\$ 125,274	\$ 128,100	\$ 145,763	146,002
Assigned	33,216	31,822	19,897	17,624	15,752	15,928
Unassigned	(61,582)	(14,272)	(7,547)	(5,196)	(7,749)	(9,670)
Total all other governmental funds	<u>\$ 137,313</u>	<u>\$ 160,764</u>	<u>\$ 137,624</u>	<u>\$ 140,528</u>	<u>\$ 153,766</u>	<u>152,260</u>

**Source:** City of Fresno, Finance Department

**Notes:** <sup>1</sup> The City implemented GASB Statement No. 54 in fiscal year 2011 and restated the presentation for fiscal year 2010.

**CITY OF FRESNO, CALIFORNIA**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**  
(dollars in thousands)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 225,253	\$ 241,884	\$ 258,186	\$ 258,840	\$ 233,399	\$ 243,155	\$ 239,845	\$ 237,956	\$ 263,470	\$ 276,847
Licenses and Permits	307	352	357	317	292	423	528	5,097	6,331	6,569
Intergovernmental	38,417	44,718	56,925	36,508	53,157	58,183	44,592	37,032	48,910	41,915
Charges for Services	30,265	31,924	28,314	25,901	22,646	20,535	36,184	49,995	46,277	44,692
Fines	3,005	3,767	5,008	3,250	3,372	3,171	1,926	4,193	3,746	3,392
Use of Money and Property	7,855	10,283	8,746	6,973	3,688	4,225	1,677	2,539	1,585	1,643
Contributions and Donations	-	-	-	-	-	-	169	-	-	-
Miscellaneous	10,544	16,027	14,218	14,938	14,953	14,607	5,560	6,146	5,612	8,800
<b>Total Revenues</b>	<b>315,645</b>	<b>348,956</b>	<b>371,754</b>	<b>346,727</b>	<b>331,507</b>	<b>344,299</b>	<b>330,481</b>	<b>342,958</b>	<b>375,931</b>	<b>383,858</b>
<b>Expenditures</b>										
General Government	13,088	15,048	16,965	16,774	30,693	12,818	8,273	13,039	11,742	13,841
Public Protection	161,960	177,000	191,076	187,075	183,168	184,740	191,499	187,189	185,911	188,050
Public Ways and Facilities	19,292	20,268	21,500	19,010	24,857	20,386	34,832	33,332	39,190	35,607
Culture and Recreation	23,098	22,685	23,884	23,596	20,400	16,223	11,833	13,177	14,247	15,433
Community Development	10,548	15,168	18,347	20,227	13,012	12,473	15,217	25,685	23,666	30,320
Capital Outlays	47,786	56,132	64,193	91,708	81,121	50,902	20,345	19,919	28,375	38,984
Debt Service:										
Principal	12,796	19,296	13,999	15,241	21,312	14,368	17,612	17,484	17,814	19,218
Interest	24,162	24,027	24,353	23,746	26,095	25,074	22,493	21,134	20,347	19,511
<b>Total Expenditures</b>	<b>312,731</b>	<b>349,624</b>	<b>374,317</b>	<b>397,377</b>	<b>400,658</b>	<b>336,984</b>	<b>322,104</b>	<b>330,959</b>	<b>341,292</b>	<b>360,964</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,914	(668)	(2,563)	(50,650)	(69,151)	7,315	8,377	11,999	34,639	22,894
<b>Other Financing Sources (Uses)</b>										
Transfers In	67,679	73,115	77,395	91,923	142,202	137,969	82,206	46,827	42,716	44,695
Transfers Out	(72,112)	(70,557)	(74,898)	(91,505)	(141,669)	(145,587)	(87,540)	(66,633)	(47,267)	(50,573)
Discount on Debt Issued	-	-	(437)	(870)	-	-	-	-	-	-
Refunding Bond Issued	-	-	38,210	-	23,395	-	-	-	-	-
FAA Litigation Settlement	-	(5,847)	-	-	-	-	-	-	-	-
Payment to Refunding Bonds	-	-	(34,745)	-	(23,286)	-	-	-	-	-
Note Proceeds	-	48	-	-	-	-	-	-	-	-
Long-Term Debt Issued	-	-	35,205	46,790	23,100	-	-	-	-	-
Premium on Debt Issued	-	-	2,019	-	-	-	-	-	-	-
Proceeds for Note Obligation	-	-	-	600	-	-	-	-	-	-
Capital Lease Financing	-	-	-	-	-	-	-	-	621	966
Proceeds for Capital Lease Obligations	2,366	2,017	2,200	392	-	1,707	-	1,088	-	-
Sale of Capital Assets	-	-	-	-	16,661	77	679	1,346	8	785
<b>Total Other Financing Sources (Uses)</b>	<b>(2,068)</b>	<b>(1,224)</b>	<b>44,949</b>	<b>47,330</b>	<b>40,403</b>	<b>(5,834)</b>	<b>(4,655)</b>	<b>(17,372)</b>	<b>(3,922)</b>	<b>(4,127)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 847</b>	<b>\$ (1,893)</b>	<b>\$ 42,386</b>	<b>\$ (3,320)</b>	<b>\$ (28,748)</b>	<b>\$ 1,481</b>	<b>\$ 3,722</b>	<b>\$ (5,373)</b>	<b>\$ 30,717</b>	<b>\$ 18,767</b>
Debt Service as a Percentage of Non-capital Expenditures	13.43%	15.42%	11.94%	11.22%	14.75%	12.88%	13.10%	12.35%	12.45%	11.94%

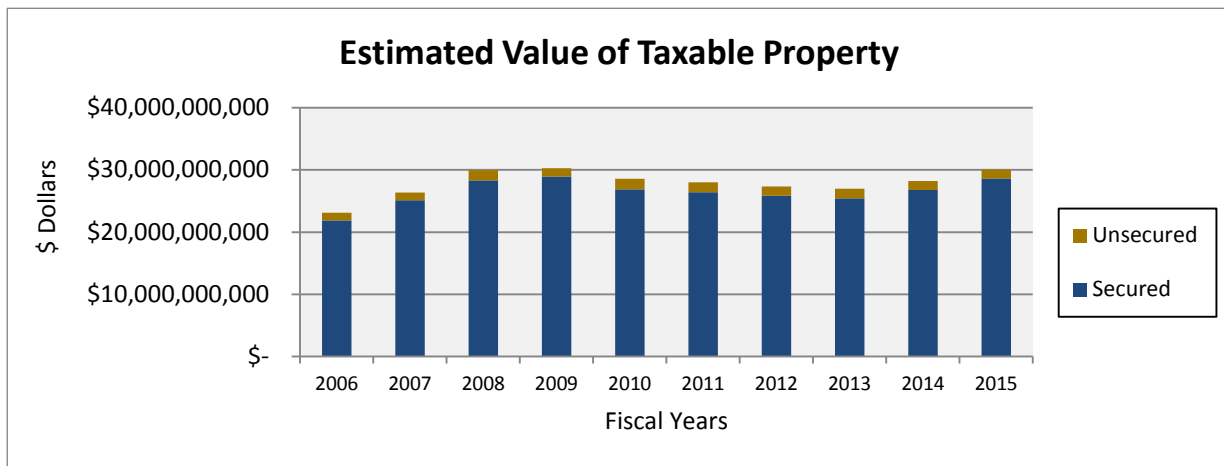
**Source:** City of Fresno, Finance Department

**Notes:** To properly calculate the ratio of total debt service expenditures to non-capital expenditures, only governmental fund expenditures for the acquisition and construction of assets that are classified as capital assets for reporting in the government-wide financial statements have been subtracted from the total governmental fund expenditures. These figures by fiscal year are as follows: (2006) \$37,560,975; (2007) \$68,760,714; (2008) \$53,216,919; (2009) \$49,825,792; (2010) \$79,262,273; (2011) \$30,695,022; (2012) \$15,973,001; (2013) \$18,151,306; (2014) \$34,893,624; and (2015) \$46,135,229.

**CITY OF FRESNO, CALIFORNIA**

**GROSS ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Secured Estimated Actual</u>	<u>Unsecured Estimated Actual</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Assessed Value as a Percent of Estimated Actual Value</u>
2006	\$ 21,871,531,043	\$ 1,230,769,455	\$ 23,102,300,498	1.177892%	100%
2007	25,129,666,067	1,232,429,282	26,362,095,349	1.219102%	100%
2008	28,342,504,628	1,630,011,237	29,972,515,865	1.208642%	100%
2009	28,935,909,029	1,314,490,825	30,250,399,854	1.138298%	100%
2010	26,857,338,571	1,695,509,992	28,552,848,563	1.231626%	100%
2011	26,427,029,439	1,607,052,037	28,034,081,476	1.231352%	100%
2012	25,850,359,825	1,476,938,743	27,327,298,568	1.228308%	100%
2013	25,446,100,571	1,511,385,533	26,957,486,104	1.230656%	100%
2014	26,754,005,601	1,449,421,705	28,203,427,306	1.230874%	100%
2015	28,638,669,937	1,444,805,569	30,083,475,506	1.230606%	100%



**Source:** County of Fresno

**Notes:** Fresno County does not collect Actual Value (Market Value) information on taxable properties.  
 Fresno County does not collect Actual Value (Market Value) information on tax exempt properties.  
 The estimated actual value of taxable property is the same as the gross assessed value.

**CITY OF FRESNO, CALIFORNIA**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS**

(Percentage per \$100 of Assessed Value)

Fiscal Year	City Direct Rate  Debt Service Tax Rate	Overlapping Rates		County-Wide Property Tax Rate	Total Direct and Overlapping Property Tax Rate
		Schools			
		Fresno Unified School District	State Center Community College District		
2006	0.032438	0.139568	0.005886	1.0	1.177892
2007	0.032438	0.181626	0.005038	1.0	1.219102
2008	0.032438	0.160586	0.015618	1.0	1.208642
2009	0.032438	0.105266	0.000594	1.0	1.138298
2010	0.032438	0.010324	0.188864	1.0	1.231626
2011	0.032438	0.188864	0.010050	1.0	1.231352
2012	0.032438	0.188800	0.007070	1.0	1.228308
2013	0.032438	0.188860	0.009358	1.0	1.230656
2014	0.032438	0.188834	0.009602	1.0	1.230874
2015	0.032438	0.188860	0.009308	1.0	1.230606

**Source:** County of Fresno

**Notes:** On June 6, 1978, California voters approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, which limits the taxing power of California public agencies. Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIII A of \$1.00 per \$100.00 of full cash value. Assessed value is equal to full cash value, pursuant to Senate Bill 1656, Statutes of 1978.



**CITY OF FRESNO, CALIFORNIA**

**PRINCIPAL PROPERTY TAX PAYERS<sup>1</sup>  
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	Type of Business	2015 <sup>4</sup>			2006		
		Taxable Assessed Value	Rank	% of Total County Assessed Value	Taxable Assessed Value	Rank	% of Total County Assessed Value
Pacific Gas & Electric Company	Utility	\$ 2,048,497,947	1	0.0300	\$ 1,254,734,591	1	0.0257
Chevron USA, Inc.	Petroleum	686,804,074	2	0.0101	282,946,813	3	0.0058
So. California Edison Co.	Utility	546,361,351	3	0.0080	376,894,106	2	0.0077
AERA Energy, LLC <sup>3</sup>	Petroleum	337,845,084	4	0.0050	107,336,763	7	0.0022
Panoche Energy Center, LLC	Utility	327,900,000	5	0.0048	-	-	-
AT&T California (Pacific Bell)	Telecommunications	169,023,415	6	0.0025	142,238,633	4	0.0029
Gallo E & J Winery	Winery	173,766,981	7	0.0025	89,675,419	10	0.0018
Macerich Fresno Ltd Partnership	Real Estate	137,833,576	8	0.0020	127,509,714	5	0.0026
GAP, Inc.	Retail	109,817,600	9	0.0016	-	-	0.0000
River Park Properties II	Real Estate	108,292,363	10	0.0016	-	-	0.0000
Atlantic Path 15 <sup>2</sup>	Electric Transmission	-	-	-	111,468,111	6	0.0023
Fresno Farming LLC	Farm Products	-	-	-	99,013,182	8	0.0020
DS Fig Garden, LLC	Real Estate	-	-	-	95,505,920	9	0.0020
Total		<u>\$ 4,646,142,391</u>		<u>0.0681</u>	<u>\$ 2,687,323,252</u>		<u>0.0550</u>

Source: County of Fresno

Notes: <sup>1</sup> Information provided for the County of Fresno. A breakdown of property taxpayers for the City of Fresno is not available.

<sup>2</sup> Formerly Trans-Elect NTD 15, LLC.

<sup>3</sup> Consists of California onshore and offshore exploration and production (E&P) assets previously operated by CalResources LLC.

<sup>4</sup> Taxpayer Information as of 11/03/14.

**CITY OF FRESNO, CALIFORNIA**

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year	Total Net Tax Levy (Original Levy)	Supplemental Assessments <sup>1</sup>	Redevelopment Return of Increment	Total Adjusted Tax Levy	Current Tax Collections			Total Tax Collections	Percent of Collection of Adjusted Tax Levy
					Amount Collected <sup>4</sup>	Percentage of Net Tax Levy	Delinquent Tax Collections <sup>2, 4</sup>		
2006	\$ 42,611,672	\$ 12,806,292	\$ -	\$ 55,417,964	\$ 54,159,317	97.73%	\$ 1,258,467	\$ 55,417,784	100.00%
2007	84,872,378	13,626,269	-	98,498,647	96,163,757	97.63%	2,213,392	98,377,149	99.88%
2008	95,970,818	13,845,541	-	109,816,359	106,410,341	96.90%	1,809,904	108,220,245	98.55%
2009	96,222,918	12,489,738	-	108,712,656	106,892,034	98.33%	1,820,622	108,712,656	100.00%
2010 <sup>3</sup>	90,717,173	8,915,811	-	99,632,984	95,393,395	95.74%	3,846,403	99,239,798	99.61%
2011	88,944,564	10,281,793	-	99,226,357	97,816,966	98.58%	1,409,391	99,226,357	100.00%
2012	87,016,755	9,969,282	589,134	97,575,171	96,163,705	98.55%	1,411,466	97,575,171	100.00%
2013	86,530,712	10,098,582	2,478,235	99,107,529	98,239,898	99.12%	867,631	99,107,529	100.00%
2014	90,601,174	9,698,694	2,171,963	102,471,831	101,452,992	99.01%	421,496	101,874,488	99.42%
2015	96,468,363	11,900,327	1,609,109	109,977,799	106,989,456	97.28%	395,578	107,385,034	97.64%
Average Collections									99.51%

Source: County of Fresno

**Notes:**

- <sup>1</sup> Supplemental Assessments include voter approved indebtedness for Fire and Police Pensions and supplemental assessments added whenever new construction is completed and whenever real property changes ownership under Chapter 3.5 of Part 0.5 of Division 1 of the California Revenue and Taxation Code.
- <sup>2</sup> Beginning in Fiscal Year 2014, Delinquent Tax Collections do not include penalties and interest. Property tax collection for fiscal years prior to Fiscal Year 2014 have been adjusted so as not to exceed the levy.
- <sup>3</sup> Original Levy for Fiscal Year 2010 corrected by Fresno County.
- <sup>4</sup> Beginning in Fiscal Year 2014, collections only reflect those dollars that are related to the fiscal period in which the tax was levied.

**CITY OF FRESNO, CALIFORNIA**

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

(dollars in thousands, except per capita)

	Governmental Activities						Business-Type Activities		
	General Obligation Bonds	Lease Revenue Bonds	Tax Allocation Bonds	Certificates of Participation	Notes Payable	Capital Leases	Airport Revenue Bonds	Waste Revenue Bonds	Sewer Revenue Bonds
2006	\$195,985	\$130,353	\$ 12,954	\$ 4,707	\$ 12,387	\$ 12,108	\$ 40,407	\$ 12,645	\$217,745
2007	191,660	119,379	12,263	4,043	11,410	12,429	61,685	11,493	210,606
2008	187,114	152,949	11,544	3,342	10,858	17,365	60,924	10,281	203,025
2009	182,324	192,023	10,794	2,585	10,876	14,128	60,122	9,019	253,866
2010	177,268	203,902	10,017	-	10,264	10,981	59,280	7,692	245,343
2011	171,922	198,064	9,208	-	9,492	10,671	58,393	7,474	236,256
2012	166,265	189,430	-	-	6,902	7,696	57,461	-	229,397
2013	160,278	180,456	-	-	6,111	6,718	56,459	-	222,109
2014	153,930	171,806	-	-	5,283	7,738	56,138	-	215,611
2015	147,177	161,435	-	-	4,569	10,113	54,590	-	207,280

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

**Notes:** See the Schedule of Demographic and Economic Statistics for personal income and population data on page 257.

Information pertaining to Personal Income is obtained from the Bureau of Economic Analysis (BEA).  
Personal income for 2015 is not currently available from the BEA.

The City is not obligated in any manner for the Special Assessment debt, but is acting as an agent for property owners in collecting the assessments and forwarding the collections to the trustee or paying agent and initiating foreclosure proceedings, if appropriate.

As of Fiscal Year 2008, General Services and Risk Fund Capital Leases previously reported under Business-Type Activities are now reported under Governmental Activities.

Beginning in Fiscal Year 2012, the Tax Allocation Bonds are no longer reported on this schedule, due to the dissolution of the Redevelopment Agency, effective February 1, 2012. The bonds are assumed by the Successor Agency.

The amounts in this schedule have been restated net of related premiums, discounts, and adjustments.

**CITY OF FRESNO, CALIFORNIA**

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS (Continued)**

(dollars in thousands, except per capita)

<b>Business-Type Activities</b>					<b>Primary Government</b>		
<b>Lease Revenue Bonds</b>	<b>Certificates of Participation</b>	<b>Notes Payable</b>	<b>Capital Leases</b>	<b>Water Revenue Bonds</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Net Debt per Capita</b>
\$ 95,282	\$ 6,028	\$ 1,922	\$ 5,062	\$ 41,258	\$ 788,843	3.29%	1,673
92,200	5,295	1,716	5,473	39,847	779,499	3.09%	1,620
92,030	4,521	1,503	-	38,383	793,839	2.84%	1,633
100,830	3,705	2,034	-	36,848	879,154	3.13%	1,773
96,584	-	5,923	-	169,705	996,959	3.41%	1,985
92,174	-	5,624	-	165,338	964,616	3.08%	1,929
91,989	-	11,775	-	160,886	921,801	2.82%	1,825
87,675	-	46,880	-	156,274	922,960	2.77%	1,815
84,106	-	54,929	-	152,785	902,326	2.61%	1,750
79,908	-	52,080	-	147,569	864,721	Not Available	1,662

**CITY OF FRESNO, CALIFORNIA**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING <sup>4</sup>  
LAST TEN FISCAL YEARS**

(amounts expressed in thousands, except per capita)

<u>General Bonded Debt Outstanding</u>						
Fiscal Year	General Bonded Debt <sup>1</sup>	Tax Allocation Bonds <sup>3</sup>	Total	Percent of Actual Taxable Value of Property <sup>2</sup>	Population	Net Debt per Capita
2006	\$ 195,984,767	\$ 12,953,600	\$ 208,938,367	0.904%	471,479	443
2007	191,659,742	12,262,626	203,922,368	0.774%	481,035	424
2008	187,114,451	11,544,087	198,658,538	0.663%	486,171	409
2009	182,323,863	10,793,933	193,117,796	0.638%	495,913	389
2010	177,267,943	10,017,117	187,285,060	0.656%	502,303	373
2011	171,921,659	9,471,513	181,393,172	0.647%	500,121	363
2012	166,264,985	-	166,264,985	0.608%	505,009	329
2013	160,277,894	-	160,277,894	0.595%	508,453	315
2014	153,930,355	-	153,930,355	0.546%	515,609	299
2015	147,177,000	-	147,177,000	0.489%	520,159	283

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

- Notes:**
- <sup>1</sup> Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
  - <sup>2</sup> See Gross Assessed Value and Estimated Actual Value of Taxable Property schedule for property value information.
  - <sup>3</sup> Beginning in Fiscal Year 2012, the Tax Allocation Bonds are no longer reported on this schedule, due to the dissolution of the Redevelopment Agency, effective February 1, 2012. The bonds are assumed by the Successor Agency.
  - <sup>4</sup> The amounts have been restated net of premiums, discounts, and adjustments.

**CITY OF FRESNO, CALIFORNIA**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT <sup>2</sup>**

As of June 30, 2015 <sup>3</sup>

2014-2015 Gross Assessed Valuation:

\$30,083,475,506

Estimated Percent  
Applicable <sup>1</sup>

Debt Applicable

**Overlapping Tax, Assessment Debt and General Fund Debt**

City of Fresno Community Facilities District No. 4	100.000 %	\$ 1,335,000
City of Fresno Community Facilities District No. 5	100.000	970,000
City of Fresno Community Facilities District No. 7	100.000	1,590,000
State Center Community College District	42.857	42,818,429
Clovis Unified School District	50.544	166,275,214
Clovis Unified School District Certificates of Participation	50.444	7,185,748
Fresno Unified School District	83.561	381,018,140
Fresno Unified School District Certificates of Participation	83.561	15,688,578
Central Unified School District	79.967	75,600,991
Central Unified School District Certificates of Participation	79.967	20,591,503
Other School Districts	Various	33,997,440
California Statewide Communities Development Authority Community Facilities District No. 2012-01	100.000	4,200,000
Fresno County Pension Obligations	46.275	180,774,560
Fresno County General Fund Obligations	46.275	29,287,448
Total Overlapping Tax, Assessment Debt and General Fund Debt		<u>961,333,051</u>

**Combined Direct Debt**

City of Fresno Judgment Obligation	100.000 %	\$ 1,502,333
City of Fresno Pension Obligation	100.000	145,675,000
Lease Revenue Bonds	100.000	161,435,385
Notes Payable	100.000	4,568,927
Capital Leases	100.000	10,113,052
Total Combined Direct Debt		<u>323,294,697</u>

**Overlapping Tax Increment Debt (Successor Agency)**

Fresno Redevelopment Mariposa Medical Project Area	100.000 %	\$ 3,028,000
Fresno Redevelopment Merger No. 2 Project Area	100.000	2,885,000
Total Overlapping Tax Increment Debt		<u>5,913,000</u>

**Total Overlapping and Direct Debt <sup>3</sup>**

\$ 1,290,540,748

**Ratios to 2014-15 Assessed Valuation:**

Overlapping Tax, Assessment Debt and General Fund Debt	3.196%
Combined Direct Debt	1.075%
Combined Total Overlapping and Direct Debt	4.290%
Overlapping Tax Increment Debt (Successor Agency)	0.020%

**Notes:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Fresno. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

<sup>1</sup> The percentage of overlapping debt applicable to the City of Fresno is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of overlapping district's taxable assessed value that is within the boundaries of the City of Fresno divided by the District's total taxable assessed value.

<sup>2</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

<sup>3</sup> Overlapping Tax, Assessment Debt and General Fund Debt percentages and figures provided by Cal Municipal Services, Inc and are as of November 1, 2014. Direct Debt figures are provided by the Finance Department at the City of Fresno and are as of June 30, 2015.

**CITY OF FRESNO, CALIFORNIA**

**DEBT COVERAGE RATIO - AIRPORTS  
LAST TEN FISCAL YEARS**

	<b>Fiscal Year</b>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Operating Revenues <sup>(1)</sup>	\$ 13,860,716	\$ 14,629,495	\$ 15,677,749	\$ 15,875,415	\$ 17,276,414	\$ 17,564,886	\$ 18,804,163	\$ 19,876,016	\$ 21,215,550	\$ 21,802,324
Less Operating Expenses	10,148,494	11,926,320	12,623,046	13,800,587	13,444,745	13,339,598	14,199,920	14,321,512	14,261,785	14,428,056
Other Available Funds <sup>(2)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,992	\$ 95,014	\$ 349,805
<b>Net Revenues</b>	<b>\$ 3,712,223</b>	<b>\$ 2,703,175</b>	<b>\$ 3,054,703</b>	<b>\$ 2,074,829</b>	<b>\$ 3,831,670</b>	<b>\$ 4,225,288</b>	<b>\$ 4,604,242</b>	<b>\$ 5,605,496</b>	<b>\$ 7,048,779</b>	<b>\$ 7,724,073</b>
<b>Adjusted Debt Service</b>										
Series 2000 Bonds	\$ 2,998,231	\$ 2,721,843	\$ 2,850,401	\$ 2,872,002	\$ 3,011,580	\$ 3,012,614	\$ 3,011,470	\$ 3,012,060	\$ -	\$ -
Series 2013 Bonds	-	-	-	-	-	-	-	-	3,288,321	2,805,144
Less										
Minimum PFC Contribution <sup>(3)</sup>	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,600,000)	(1,600,000)
Bond proceeds	-	-	-	(338,300)	-	-	(70,077)	-	-	-
Additional PFC Contribution	(1,383,500)	(638,500)	(946,000)	(869,400)	(1,118,005)	(796,600)	(321,100)	(500,000)	(230,600)	-
<b>Net Series 2000/2013 Debt Service</b>	<b>\$ 514,731</b>	<b>\$ 983,343</b>	<b>\$ 804,401</b>	<b>\$ 564,302</b>	<b>\$ 793,575</b>	<b>\$ 1,116,014</b>	<b>\$ 1,520,293</b>	<b>\$ 1,412,060</b>	<b>\$ 1,457,721</b>	<b>\$ 1,205,144</b>
Series 2007 Bonds	-	-	-	640,013	1,283,260	1,283,260	1,298,260	1,332,385	1,369,469	1,399,219
<b>Annual Adjusted Debt Service</b>	<b>\$ 514,731</b>	<b>\$ 983,343</b>	<b>\$ 804,401</b>	<b>\$ 1,204,315</b>	<b>\$ 2,076,835</b>	<b>\$ 2,399,274</b>	<b>\$ 2,818,553</b>	<b>\$ 2,744,445</b>	<b>\$ 2,827,190</b>	<b>\$ 2,604,363</b>
<b>Annual Adjusted Debt Service Coverage <sup>(4)</sup></b>	<b>7.21</b>	<b>2.75</b>	<b>3.80</b>	<b>1.72</b>	<b>1.84</b>	<b>1.76</b>	<b>1.63</b>	<b>2.04</b>	<b>2.49</b>	<b>2.97</b>

**Notes:**

- <sup>(1)</sup> State of California law requires the exclusion of Customer Facility Charge (CFC) Revenues from the calculation of Debt Service coverage in excess of annual Debt Service on the Series 2007 Bonds.
- <sup>(2)</sup> Per the indenture, unencumbered CFC funds equal to 25% of Adjusted Debt Service may be designated by the City as Other Available Funds prior to the beginning of any fiscal year, and be transferred to the Revenue Fund at the beginning of such fiscal year.
- <sup>(3)</sup> Under the Supplemental Indenture, the Minimum Passenger Facility Charge (PFC) Contribution is increased from \$1.1 million to \$1.6 million.
- <sup>(4)</sup> Numbers used for debt coverage calculated as required by the bond indenture and reflect pledged revenues and expenses in the Airports Debt Coverage Ratio.

CITY OF FRESNO, CALIFORNIA

DEBT COVERAGE RATIO - WATER SYSTEM  
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
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 <sup>(1)</sup>	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
<b>Total Revenues</b>	<b>36,918,017</b>	<b>44,219,173</b>	<b>55,166,904</b>	<b>64,775,939</b>	<b>66,832,882</b>	<b>68,154,577</b>	<b>69,718,669</b>	<b>71,057,108</b>	<b>88,757,870</b>	<b>73,362,683</b>
<b>Expenses</b>										
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	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	26,323,947
<b>Total Operating Expenses <sup>(2)</sup></b>	<b>33,254,469</b>	<b>36,786,028</b>	<b>39,754,832</b>	<b>41,728,670</b>	<b>43,783,270</b>	<b>46,426,160</b>	<b>47,637,366</b>	<b>44,930,251</b>	<b>42,747,989</b>	<b>51,815,696</b>
<b>Net Current Revenues</b>	<b>\$ 3,663,548</b>	<b>\$ 7,433,145</b>	<b>\$ 15,412,072</b>	<b>\$ 23,047,269</b>	<b>\$ 23,049,612</b>	<b>\$ 21,728,417</b>	<b>\$ 22,081,303</b>	<b>\$ 26,126,857</b>	<b>\$ 46,009,881</b>	<b>\$ 21,546,987</b>
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
<b>Total Senior Debt</b>	<b>4,003,929</b>	<b>4,003,643</b>	<b>3,999,245</b>	<b>4,001,325</b>	<b>3,207,085</b>	<b>1,665,970</b>	<b>1,639,381</b>	<b>1,635,233</b>	<b>1,498,313</b>	<b>1,476,068</b>
Senior Coverage Ratio	0.91	1.86	3.85	5.76	7.19	13.04	13.47	15.98	30.71	14.60
<b>Net Revenue Available for Parity Debt Service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,842,527</b>	<b>\$ 20,062,447</b>	<b>\$ 20,441,922</b>	<b>\$ 24,491,624</b>	<b>\$ 44,511,568</b>	<b>\$ 20,070,919</b>
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	\$ 2,890,248
<b>Total Parity Debt Service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,235,943</b>	<b>\$ 12,509,988</b>	<b>\$ 12,590,473</b>	<b>\$ 12,773,036</b>	<b>\$ 12,846,731</b>	<b>\$ 15,399,486</b>
<b>Parity Coverage Ratio</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.13</b>	<b>1.60</b>	<b>1.62</b>	<b>1.92</b>	<b>3.46</b>	<b>1.30</b>

Notes:

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

<sup>(2)</sup> 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.



CITY OF FRESNO, CALIFORNIA

DEBT COVERAGE RATIO - SEWER SYSTEM  
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Charges for Services</b> <sup>(1)</sup>	\$ 48,403,620	\$ 50,362,926	\$ 60,798,990	\$ 62,521,061	\$ 74,157,961	\$ 76,628,147	\$ 76,725,785	\$ 76,324,086	76,201,220	81,954,830
Interest Income	1,824,982	6,521,538	6,121,535	4,511,947	3,955,335	1,618,632	3,797,207	485,084	1,546,508	1,786,614
Less: Wastewater Facility Connection Fee	(3,274,442)	(3,120,060)	(4,386,213)	(1,439,343)	(2,336,689)	(1,463,172)	(1,133,247)	(1,852,524)	(1,981,327)	(1,708,801)
<b>Total Senior Lien Revenues</b>	<b>46,954,160</b>	<b>53,764,404</b>	<b>62,534,312</b>	<b>65,593,665</b>	<b>75,776,607</b>	<b>76,783,607</b>	<b>79,389,745</b>	<b>74,956,646</b>	<b>75,766,401</b>	<b>82,032,643</b>
Operating Expenses <sup>(2)</sup>	26,014,652	39,753,076	31,909,771	31,646,468	30,714,505	31,422,980	36,857,808	36,431,161	36,339,200	37,390,529
<b>Net Income Before Debt Service</b>	<b>\$ 20,939,508</b>	<b>\$ 14,011,328</b>	<b>\$ 30,624,541</b>	<b>\$ 33,947,197</b>	<b>\$ 45,062,102</b>	<b>\$ 45,360,627</b>	<b>\$ 42,531,937</b>	<b>\$ 38,525,485</b>	<b>\$ 39,427,201</b>	<b>\$ 44,642,114</b>
Senior Lien Debt Service <sup>(3)</sup>	-	-	-	13,391,850	13,530,713	10,754,019	10,736,988	10,724,331	10,714,175	10,359,173
Coverage Ratio <sup>(4)</sup>	-	-	-	2.53	3.33	4.22	3.96	3.59	3.68	4.31
100% Coverage-Subordinate Lien: Net Current Revenue after Senior Lien Debt (before Connection Fees)	\$ 20,939,508	\$ 14,011,328	\$ 30,624,541	\$ 20,555,347	\$ 31,531,389	\$ 34,606,608	\$ 31,794,949	\$ 27,801,154	28,713,026	34,282,941
<b>Available from Senior Lien Revenues</b>	<b>\$ 20,939,508</b>	<b>\$ 14,011,328</b>	<b>\$ 30,624,541</b>	<b>\$ 20,555,347</b>	<b>\$ 31,531,389</b>	<b>\$ 34,606,608</b>	<b>\$ 31,794,949</b>	<b>\$ 27,801,154</b>	<b>28,713,026</b>	<b>34,282,941</b>
Subordinate Lien Debt Service <sup>(5)</sup>	\$ 15,087,340	\$ 15,071,225	\$ 15,060,888	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	7,948,844	7,948,844
Coverage Ratio	1.39	0.93	2.03	2.59	3.97	4.35	4.00	3.50	3.61	4.31
120% & 125% Coverage Subordinate Lien: <b>Net Current Revenue (Excluding Connection Fees)</b>	\$ 20,939,508	\$ 14,011,328	\$ 30,624,541	\$ 20,555,347	\$ 31,531,389	\$ 34,606,608	\$ 31,794,949	\$ 27,801,154	\$ 28,713,026	\$ 34,282,941
Wastewater Facility Connection Fee	3,274,442	3,120,060	4,386,213	1,439,343	2,336,689	1,463,172	1,133,247	1,852,524	1,981,327	1,708,801
Transfers From/To Rate Stabilization Fund	-	-	-	16,200,000	-	-	-	-	-	-
<b>Net Current Revenue (Including Connection Fees)</b>	<b>\$ 24,213,950</b>	<b>\$ 17,131,388</b>	<b>\$ 35,010,754</b>	<b>\$ 38,194,690</b>	<b>\$ 33,868,078</b>	<b>\$ 36,069,780</b>	<b>\$ 32,928,196</b>	<b>\$ 29,653,678</b>	<b>\$ 30,694,353</b>	<b>\$ 35,991,742</b>
Portion Pledged to Senior Lien Coverage <sup>(6)</sup> <b>Available From Senior Lien Revenues</b>	<b>\$ 24,213,950</b>	<b>\$ 17,131,388</b>	<b>\$ 35,010,754</b>	<b>\$ 38,194,690</b>	<b>\$ 33,868,078</b>	<b>\$ 36,069,780</b>	<b>\$ 32,928,196</b>	<b>\$ 29,653,678</b>	<b>\$ 30,694,353</b>	<b>\$ 35,991,742</b>
Subordinate Lien Debt Service <sup>(5)</sup>	\$ 15,087,340	\$ 15,071,225	\$ 15,060,888	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844
Coverage Ratio	1.60	1.14	2.32	4.81	4.26	4.54	4.14	3.73	3.86	4.53
<b>Net Income After Debt Service</b> <sup>(7)</sup>	<b>\$ 9,126,610</b>	<b>\$ 2,060,163</b>	<b>\$ 19,949,866</b>	<b>\$ 30,245,846</b>	<b>\$ 25,919,234</b>	<b>\$ 28,120,936</b>	<b>\$ 24,979,352</b>	<b>\$ 21,704,834</b>	<b>\$ 22,745,509</b>	<b>\$ 28,042,898</b>

Notes:

- (1) Includes revenue paid by the City of Clovis for Operations and Maintenance pursuant to the 1977 Fresno-Clovis Sewerage System Joint Powers Agreement.
- (2) The 1993 Indenture specifically excludes from Operating Expenses Debt Service, Amortization and Depreciation.
- (3) 1993 Sewer System Revenue Bonds, Series A.
- (4) Coverage Ratio is calculated by dividing Net Income before Debt Service by Senior Lien Debt Service.
- (5) 2008 Sewer System Revenue Refunding Bonds, Series A.
- (6) The 1991 Sewer System Revenue Bonds (1991 Series A) matured in August 2003; Repayment of the bonds were funded from revenues of the Sewer System.
- (7) Net Income after Debt Service and before cash financed capital expenses and any other expenses for lawful purposes.

CITY OF FRESNO, CALIFORNIA

PLEGGED REVENUE COVERAGE  
LAST TEN FISCAL YEARS

Solid Waste Revenue Bonds

Fiscal Year	Charges for Services	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	\$ 38,820,396	\$ 34,661,314	\$ 4,159,082	\$ 1,105,000	\$ 743,156	2.25
2007	43,250,635	42,230,822	1,019,813	1,155,000	691,221	0.55
2008	47,719,291	42,697,351	5,021,940	1,215,000	636,359	2.71
2009	49,848,807	41,805,444	8,043,363	1,265,000	577,431	4.37
2010	51,363,783	40,957,109	10,406,674	1,330,000	514,181	5.64
2011	51,753,225	42,597,788	9,155,437	220,000	447,681	13.71
2012 <sup>2</sup>	38,270,882	40,085,400	(1,814,518)	7,500,000	127,301	(0.24)
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-

Fresno Convention Center Revenue Bonds

Fiscal Year	Charges for Services	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	\$ 3,267,366	\$ 5,371,391	\$ (2,104,025)	\$ 990,000	\$ 1,308,394	(0.92)
2007	3,042,812	5,731,581	(2,688,769)	2,292,608	1,996,759	(0.63)
2008	3,352,662	6,463,610	(3,110,948)	4,620,990	2,163,404	(0.46)
2009	3,130,426	5,073,021	(1,942,595)	10,302,095	2,019,101	(0.16)
2010	3,037,604	5,312,425	(2,274,821)	3,356,400	3,037,480	(0.36)
2011	2,929,106	4,506,211	(1,577,105)	3,466,200	2,930,086	(0.25)
2012	2,667,354	3,842,241	(1,174,887)	3,351,578	282,023	(0.32)
2013	2,594,417	3,835,929	(1,241,512)	3,307,592	2,708,001	(0.21)
2014	2,625,668	3,710,225	(1,084,557)	2,799,290	2,585,748	(0.20)
2015	2,959,703	3,843,811	(884,108)	2,904,392	2,469,251	(0.16)

Stadium Bonds

Fiscal Year	Charges for Services	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	\$ 1,500,000	\$ 5,899	\$ 1,494,101	\$ 785,000	\$ 2,660,674	0.43
2007	1,500,000	4,482	1,495,518	820,000	2,624,302	0.43
2008	1,508,013	4,481	1,503,532	860,000	2,585,848	0.44
2009	1,500,000	301,893	1,198,107	905,000	2,543,386	0.35
2010	1,675,220	1,114	1,674,106	950,000	2,496,923	0.49
2011	340,281	13,379	326,902	1,005,000	2,441,061	0.09
2012	1,251,303	11,843	1,239,460	1,065,000	2,381,286	0.36
2013	1,088,568	8,571	1,079,997	1,120,000	2,322,058	0.31
2014	798,204	29,811	768,393	1,185,000	2,259,678	0.22
2015	1,247,807	30,662	1,217,145	1,255,000	2,188,781	0.35

Parks Bonds

Fiscal Year	Charges for Services	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2009	\$ 489,826	\$ 1,855,534	\$ (1,365,708)	\$ 40,000	\$ 90,663	(10.45)
2010	634,706	1,280,465	(645,759)	45,000	111,409	(4.13)
2011	742,319	351,889	390,430	45,000	109,510	2.53
2012	780,945	614,078	166,867	50,000	107,300	1.06
2013	736,289	415,926	320,363	50,000	105,675	2.06
2014	328,798	81,537	247,261	50,000	104,050	1.61
2015	329,088	64,666	264,422	55,000	102,300	1.68

Notes: <sup>1</sup> Operating Expenses do not include interest, amortization or depreciation expenses.

<sup>2</sup> Solid Waste Management Enterprise Revenue Bond 2000A paid off in Fiscal Year 2012.

**CITY OF FRESNO, CALIFORNIA**

**LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

(Dollars in Thousands)

Legal Debt Limit Calculation for Fiscal Year 2015

Assessed Value	\$ 30,083,476
Debt Limit (20% of assessed value, pursuant to City Charter)	6,016,695
Debt applicable to the limit:	
General obligation bonds <sup>1</sup>	-
Less amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 6,016,695</u>

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2006	\$ 4,620,460	\$ 196,020	\$ 4,424,440	4.24%
2007	5,272,419	191,690	5,080,729	3.64%
2008	5,994,503	187,140	5,807,363	3.22%
2009	6,050,080	-	6,050,080	0.00%
2010	5,710,570	-	5,710,570	0.00%
2011	5,606,816	-	5,606,816	0.00%
2012	5,465,460	-	5,465,460	0.00%
2013	5,391,497	-	5,391,497	0.00%
2014	5,640,685	-	5,640,685	0.00%
2015	6,016,695	-	6,016,695	0.00%

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

**Notes:** <sup>1</sup> The City's Judgment and Pension obligation bonds were the result of legal judgments that were financed to be paid out over a period of time. Per Article XVI, Section 18 of the California Constitution "obligations imposed by law" are deemed exceptions to the debt limit.

**CITY OF FRESNO, CALIFORNIA**

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**

Calendar Year	Population	Personal Income <sup>1</sup>	Per Capita Personal Income <sup>1</sup>	Unemployment Rate <sup>7</sup>	Area Square Miles
2006 <sup>5</sup>	471,479	\$ 23,980,463,000	\$ 27,081	8.000%	110.10
2007	481,035	25,214,459,000	28,181	8.600%	110.72
2008	486,171	27,994,357,000	30,997	10.600%	111.10
2009	495,913	28,049,514,000	30,646	15.100%	111.78
2010	502,303	29,246,460,000	31,357	15.800%	112.35
2011	500,121	31,353,987,000	33,321	15.600%	112.29
2012	505,009	32,728,837,000	34,539	15.000%	113.04
2013 <sup>2</sup>	508,453	33,354,677,000	34,886	12.900%	113.13
2014 <sup>3</sup>	515,609	34,567,706,000	35,785	11.400%	113.13
2015 <sup>4,6</sup>	520,159	Not Available	Not Available	11.600%	114.20

**Source:** Population Information - State of California Department of Finance, Demographic Research Unit  
 Unemployment Information - California Employment Development Department (EDD), Labor Market Information  
 Per Capita Income and Personal Income - Bureau of Economic Analysis (BEA).

**Notes:**

- <sup>1</sup> Information pertains to Fresno, CA, Metropolitan Statistical Area (MSA).
- <sup>2</sup> Personal Income and Per Capita Income for 2013 are revised estimates per BEA as of November 2015.
- <sup>3</sup> Personal Income and Per Capita Income for 2014 are estimated per BEA as of November 2015.
- <sup>4</sup> Personal Income information is not available from BEA for current year.
- <sup>5</sup> 2006 Area square miles are estimated.
- <sup>6</sup> 2015 Population as of 1/1/2015.
- <sup>7</sup> Unemployment rate pertains to Fresno County.

**CITY OF FRESNO, CALIFORNIA**

**PRINCIPAL EMPLOYERS <sup>3</sup>  
CURRENT YEAR AND NINE YEARS AGO**

Employer <sup>3</sup>	2015 <sup>1</sup>			2006 <sup>2</sup>		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Community Regional Medical Center	4,789	1	1.23%	5,008	1	2.41%
City of Fresno <sup>5</sup>	2,938	2	0.75%	4,008	2	1.93%
Saint Agnes Medical Center <sup>6</sup>	2,400	3	0.62%	2,900	3	1.40%
Kaiser Permanente Medical Center	2,000	4	0.51%	2,506	4	1.21%
California State University, Fresno	1,562	5	0.40%	1,671	6	0.80%
State Center Community College District	1,178	6	0.30%	1,155	7	0.56%
Fresno Economic Opportunities Commission	973	7	0.25%	-	-	-
AmeriGuard Security Services, Inc.	567	8	0.15%	-	-	-
Guarantee Real Estate	544	9	0.14%	-	-	-
Geil Enterprises, Inc.	500	10	0.13%	-	-	-
Beverly Health Care	-	-	-	2,000	5	0.96%
Gottschalks	-	-	-	1,129	8	0.54%
AT&T	-	-	-	1,000	9	0.48%
Zacky Farms, LLC	-	-	-	912	10	0.44%
<b>Total</b>	<b>17,451</b>		<b>4.48%</b>	<b>22,289</b>		<b>10.74%</b>
Fresno City Employment <sup>4</sup>	389,400			207,600		

**Source:** Employer Information - The Business Journal - Book of Lists  
Employment Development Department (EDD) - Labor Market Information, State of California

- Notes:** <sup>1</sup> The most current year employee information available is from 2014 as obtained from the 2015 Book of Lists and represents private and public sector full-time employees.  
<sup>2</sup> 2006 employer information provided in 2008 Book of Lists. 2008 Book of lists combines data as reported from 2006 and 2007.  
<sup>3</sup> Principal employers information provided on this schedule is representative only of those employers who responded to phone of fax inquiries from the Book of Lists publishers.  
<sup>4</sup> Current year Fresno City Employment figures are for 2014 as currently available from the EDD.  
<sup>5</sup> City of Fresno employee figures are as published in the 2015 and 2008 Book of Lists.  
<sup>6</sup> 2015 information for Saint Agnes Medical Center taken from [www.samc.com/highlights-and-stats](http://www.samc.com/highlights-and-stats).

**CITY OF FRESNO, CALIFORNIA**

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM<sup>1,2</sup>  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2006 <sup>3,5</sup>	2007 <sup>3</sup>	2008 <sup>3</sup>	2009 <sup>3</sup>	2010 <sup>3</sup>	2011 <sup>3,14</sup>	2012 <sup>3</sup>	2013 <sup>3</sup>	2014 <sup>3</sup>	2015 <sup>3</sup>
General Government										
Management	86.00	100.00	102.00	104.00	103.00	88.80	78.80	78.80	79.50	79.50
Finance	129.65	130.65	130.65	130.65	130.65	101.00	54.68	56.00	56.00	58.00
General Services <sup>13</sup>	129.00	136.00	137.00	139.00	139.00	104.00	-	-	-	-
Other	120.60	128.00	128.00	129.00	129.00	116.80	91.00	89.75	94.80	95.00
Enterprise Functions										
Transportation										
Airports										
Sworn <sup>6</sup>	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	15.00
Civilian	72.00	74.50	75.20	78.00	78.00	78.00	72.00	72.30	77.40	72.00
FAX Department <sup>7</sup>	357.80	386.80	420.80	420.80	420.80	342.00	409.00	407.00	407.00	422.00
Public Utilities <sup>15</sup>	648.00	650.00	664.00	669.00	683.00	691.00	697.08	602.25	614.75	634.75
Economic Growth and Expansion										
Development and Resource Management Department <sup>11</sup>	-	-	-	-	-	156.03	169.94	163.10	166.60	174.60
Downtown & Community Revitalization Department <sup>12</sup>	-	-	-	10.00	10.00	20.00	-	-	-	-
Planning and Development <sup>11</sup>	210.03	198.03	203.03	203.03	194.39	-	-	-	-	-
Economic Development <sup>10</sup>	6.00	9.00	10.00	-	-	-	-	-	-	-
Public Works	327.60	334.60	337.40	338.40	339.40	264.40	265.00	268.00	272.50	292.75
Culture and Recreation										
Parks, Recreation and Community Services	184.16	171.95	170.95	169.95	148.25	85.50	52.00	52.00	52.00	66.00
Public Protection										
Police										
Sworn <sup>4</sup>	835.00	835.00	843.00	849.00	849.00	816.58	767.75	748.00	717.00	717.00
Civilian <sup>9</sup>	406.80	444.80	461.80	470.40	431.40	210.08	200.00	202.00	238.00	278.80
Fire										
Sworn <sup>8</sup>	305.00	337.00	383.00	383.00	383.00	340.35	317.65	309.00	304.00	310.00
Civilian	58.75	67.00	70.00	59.00	58.00	52.60	40.00	42.75	42.20	46.75
<b>Total</b>	<b>3,881.39</b>	<b>4,008.33</b>	<b>4,141.83</b>	<b>4,158.23</b>	<b>4,101.89</b>	<b>3,472.14</b>	<b>3,219.90</b>	<b>3,095.95</b>	<b>3,126.75</b>	<b>3,262.15</b>

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

**Notes:** <sup>1</sup> Figures for Full-time Equivalents (FTE's) include Permanent and Permanent Part-Time employees only.

<sup>2</sup> Authorized Positions are established by resolution of the City Council and represent the total number of permanent, permanent part-time and permanent intermittent positions in which persons may be employed by the City during a Fiscal Year. Changes in the total number of positions can only be accomplished by resolution of the City Council.

<sup>3</sup> Total permanent positions for each fiscal year are represented as of the following dates: FY2006 as of April 2006; FY2007 as of April 2006; FY2008 as of May, 2008; FY2009 as of May 2009; FY2010 as of June 2010; FY2011 as of May 2011; FY2012 as of May 2012; FY2013 as of September 2012; FY2014 as of June 2013; FY2015 as of September 2014.

<sup>4</sup> FY2006 Upswing in sworn positions due to Universal Hiring Program (UHP) grant and increase in officers added to the Motorcycle Unit, Neighborhood Traffic Unit.

<sup>5</sup> In FY2006 positions were added primarily to the Solid Waste and Wastewater Maintenance Divisions due to a surge in residential customer growth, ordinance enforcement and commercial recycling efforts.

<sup>6</sup> In FY2006 Airport Public Safety positions were transferred to the Police and Fire Departments.

<sup>7</sup> In FY2007 Positions added to support 15-minute frequencies on two (2) routes based on Congestion Mitigation Air Quality (CMAQ) grant.

<sup>8</sup> In FY2007 Due to additional funding (a portion of which was provided by Staffing for Adequate Fire and Emergency Response (SAFER) grant) a 4th firefighter was added to several existing fire companies.

<sup>9</sup> In FY2007 additional Police Cadets added and the Stamp Out graffiti program moved from Planning and Development to the police department.

<sup>10</sup> In FY2009 the Economic Development Department was restructured and renamed the Downtown & Community Revitalization Department to reflect focus on strengthening the local economy through downtown revitalization, improving neighborhoods and supporting locally owned businesses.

<sup>11</sup> In FY2011 Planning and Development became the Development and Resource Management Department (DARM).

<sup>12</sup> In FY2012 the Downtown & Community Revitalization Department was consolidated into the DARM Department.

<sup>13</sup> In FY2012 the General Services Department (GSD) was dissolved and its operating divisions were merged into the Finance, Public Works and Transportation/FAX Departments.

<sup>14</sup> Corrections made in FY2011 number of employees to equal FY2011 adopted Authorized Positions.

<sup>15</sup> In FY2012, Effective December 1, 2011, Commercial Solid Waste Operations were franchised. 109 authorized positions in the Public Utilities Department were deleted by City Council Resolution, effective July 3, 2012.

**CITY OF FRESNO, CALIFORNIA**

**OPERATING INDICATORS BY FUNCTION / PROGRAM  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Building Permits Issued <sup>1</sup>										
Commercial	1,891	1,647	1,546	1,186	1,174	1,133	1,830	1,756	1,835	1,878
Residential	7,987	6,669	5,514	3,494	3,557	3,276	6,499	7,167	7,931	9,084
Police										
Physical Arrests <sup>2</sup>	54,250	50,241	44,953	47,246	43,674	35,726	32,782	35,489	39,689	43,729
Traffic Violations (citations issued) <sup>8</sup>	94,993	90,569	85,388	95,354	Not Available	58,132	64,979	53,485	51,940	44,954
Calls Received for Police Service	430,528	606,695	777,600	775,629	771,742	864,005	876,820	945,989	957,532	950,099
Fire										
Emergency Medical Service Calls	22,614	19,235	21,398	22,143	22,758	19,671	19,216	18,129	19,413	20,191
Fire Incidents <sup>9</sup>	10,107	10,976	11,266	12,063	12,220	12,109	13,800	14,518	15,953	16,326
Fire Inspections <sup>7</sup>	13,497	19,410	19,401	11,210	14,962	12,151	10,985	12,414	11,187	9,780
Fire Hydrant Inspections	13,388	22,159	25,422	25,594	36,233	28,109	30,917	30,342	30,420	26,811
Wastewater Treatment										
Average Daily Sewage Treatment (million gallons per day)	72.00	71.00	69.70	69.70	65.20	66.08	63.56	61.90	60.20	57
Wastewater Treatment Capacity (million gallons per day)	80	80	80	80	80	80	80	80	80	80
Solid Waste										
Refuse Collected (tons per day)	1,124	1,085	1,015	961	965	979	916	477	451	505
Recyclables Collected (tons per day)	201	221	453	238	216	214	201	147	116	117
Green Waste Collected (tons per day)	334	326	193	398	327	325	396	378	293	275
Other Public Works										
Street Resurfacing (miles) <sup>6</sup>	12	12	161	102	27	27	16	10.2	12.3	17
Parking Violations (citations issued)	66,796	62,313	67,689	68,736	59,790	56,270	45,667	45,730	49,313	49,326
Parks and Recreation										
Athletic Field Permits Issued	99	153	147	1,614	1,639	2,662	3,710	3,281	4,317	5,921
Memorial Auditorium User Groups	41	36	40	28	30	34	33	20	26	16
Memorial Auditorium, Audience	34,135	34,487	33,365	22,490	31,395	33,136	33,600	15,500	21,600	21,000
Water										
Number On-Service Accounts	124,517	127,646	128,812	130,844	132,184	131,880	131,801	130,530	131,910	133,163
Main/Service Leaks Repaired	251	440	513	610	569	644	589	639	705	558
Average Daily Per Capita Consumption (gallons)	297	299	296	298	275	260	246	241	231	208
Peak Daily Consumption (MGD - Million Gallons per Day)	249	253	244	244	238	220	209.13	200.46	199.40	187.36

**CITY OF FRESNO, CALIFORNIA**

**OPERATING INDICATORS BY FUNCTION / PROGRAM  
LAST TEN FISCAL YEARS (Continued)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Transportation										
Airports										
Number of Commercial Airlines	10	10	9	8	8	9	9	10	10	9
Number of Cargo Carriers <sup>4</sup>	5	4	4	4	4	3	3	3	3	3
Total Number Tenant Aircraft <sup>4</sup>	367	377	354	354	378	401	405	405	408	408
Annual Fuel Consumption (gallons) <sup>4</sup>	11,775,106	10,938,066	11,182,606	10,152,820	9,905,916	5,787,043	9,467,094	9,613,371	10,454,758	9,548,919
Origin and Destination Passengers										
Domestic	1,225,262	1,236,486	1,272,308	1,116,410	1,133,605	1,163,568	1,155,991	1,249,960	1,283,770	1,252,962
International <sup>5</sup>	12,067	45,942	57,645	63,344	63,473	45,465	130,047	124,453	147,094	153,244
Origin and Destination Mail (lbs.)	14,033	9,709	386	45	1,397	91	20,880	6,661	183	0
Origin and Destination Freight (lbs.) <sup>4</sup>	33,040,899	24,116,940	21,188,608	17,188,695	17,204,154	20,630,316	22,591,445	23,621,976	24,393,421	25,843,389
Fresno Area Express (FAX) <sup>3</sup>										
Actual Route Miles	4,229,020	4,335,012	4,661,278	4,690,193	4,610,108	4,563,016	4,175,640	4,151,476	4,218,412	4,157,174
Passengers	11,808,729	12,080,346	16,925,826	18,049,827	17,554,565	17,589,425	14,589,425	12,442,248	12,059,050	11,364,431
Mini-Buses - Purchased Transportation	38	47	57	48	45	46	45	44	48	50

Source: City of Fresno - Various Departments

**Notes:**

- <sup>1</sup> Building Permits Issued includes individual units and structures as appropriate -- a composite of new construction, additions, alterations, repairs and relocations.
- <sup>2</sup> Police department figures are based on calendar year and are as of January 1 of reported year.
- <sup>3</sup> Fresno Area Express figures for FY2007 are unaudited figures.
- <sup>4</sup> Information combined for Fresno Yosemite International (FYI) and Chandler Executive Airport (FCH).
- <sup>5</sup> International Service to Mexico started in FY2006.
- <sup>6</sup> Street resurfacing miles for FY2006 through FY2007 are departmental estimates. In FY2008, the figures are actual miles based on new asset management system.
- <sup>7</sup> Fire inspection figures reflect only those performed in the City of Fresno and excludes service calls for neighboring fire districts.
- <sup>8</sup> Statistics not gathered in FY2009 due to administrative staff reductions due to budget reductions in Police Department. In FY2011 reduction in citations attributed to 18% decrease in number of motor officers issuing citations due to unfilled attrition vacancies due to department-wide budget reductions.
- <sup>9</sup> FY2010 figure for fire incidents corrected per Fire department request.



**CITY OF FRESNO, CALIFORNIA**

**CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM  
LAST TEN FISCAL YEARS<sup>1</sup>**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police Department										
Stations	5	5	5	5	5	5	4	4	4	4
Patrol Bureaus	7	7	7	7	7	7	4	4	4	4
Vehicular Patrol Units	237	250	250	252	277	250	261	261	261	257
Helicopters	2	2	2	2	2	2	2	2	2	2
Fixed Wing Aircraft	1	1	1	1	1	1	1	1	1	1
Fire Department										
Fire Stations	19	20	20	20	20	20	20	20	20	20
Engine Companies	19	20	20	20	16	16	16	16	16	18
Truck Companies	5	6	6	6	4	4	4	4	4	4
Public Works										
Streets (miles) <sup>3</sup>	1,678	1,778	1,700	1,700	1,666	1,692	1,548	1,497	1,490	1,672
Street Lights <sup>4</sup>	45,000	46,600	78,020	39,000	40,000	41,100	41,000	41,556	41,500	42,051
Traffic Signals <sup>1</sup>	Not Available	Not Available	430	441	437	442	450	468	466	489
Solid Waste Division <sup>6</sup>										
Collection Trucks	115	121	127	129	129	126	83	83	83	84
Water Division										
Water Mains (miles)	1,687	1,737	1,758	1,765	1,775	1,779	1,781	1,782	1,803	1,799
Wells	250	257	273	280	272	269	273	273	271	260
Fire Hydrants	11,820	12,232	12,426	12,769	12,878	12,914	12,954	13,001	13,139	13,170
Sewer Maintenance Division										
Sewer Mainlines (miles)	1,437	1,472	1,486	1,494	1,497	1,503	1,507	1,521	1,529	1,533
Manholes	21,566	21,062	22,703	22,867	22,977	23,123	23,275	23,384	23,644	23,776
Lift Stations	15	15	14	14	15	15	15	15	15	15
Parks										
Metropolitan Parks (Regional)	3	3	3	3	3	3	3	3	3	3
Neighborhood Parks <sup>7</sup>	27	29	29	29	31	31	31	31	31	32
Pocket Parks	17	18	21	21	21	21	21	21	21	21
Zoo	1	1	1	1	1	1	1	1	1	1
Golf Courses	3	2	2	2	2	2	2	2	2	2
Community Parks	0	0	1	1	1	1	1	1	1	1
Skate Parks	2	5	5	5	5	6	6	6	6	6
Tennis Courts	42	40	40	40	40	40	40	40	40	40
Acres of Parks <sup>7</sup>	1,520	1,523	1,523	1,523	1,535	1,535	1,535	1,535	1,535	1,384
Neighborhood Centers	11	11	12	12	12	12	12	12	12	12
Community Center	5	5	5	5	5	5	5	5	5	5
Swimming Pools	9	9	15	15	10	5	5	5	9	9

**CITY OF FRESNO, CALIFORNIA**

**CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM  
LAST TEN FISCAL YEARS<sup>1</sup> (Continued)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Transportation										
Airports <sup>2</sup>	2	2	2	2	2	2	2	2	2	2
Municipal Airport Total Acreage <sup>2</sup>	1,899	1,899	1,899	1,899	1,900	1,900	1,900	1,875	1,875	1,875
Length of Longest Runway (surfaced) - Linear Feet <sup>2</sup>	12,853	12,853	12,853	12,853	12,853	12,853	12,853	12,853	13,165	13,165
Number of Runways <sup>2,5</sup>	4	3	3	3	3	3	3	3	3	3
Number of Terminals <sup>2</sup>	2	2	2	2	2	2	2	2	2	2
Terminals (square footage) <sup>2</sup>	180,980	180,980	180,980	184,936	193,364	193,364	193,364	193,364	193,364	193,364
Number of Parking Spaces (surface lot)	2,247	2,769	2,769	2,396	2,425	2,425	2,367	2,365	2,365	2,365
Air Cargo Ramp Spaces	9	9	9	9	9	9	9	9	9	9
Air Cargo Ramp (surface square footage)	806,390	806,390	806,390	806,390	806,390	806,390	806,390	806,390	806,390	806,390
Number of Hangars <sup>2</sup>	301	300	298	302	304	302	302	302	302	302
Buses - Directly Operated	114	126	120	125	125	122	123	110	111	105

Source: City of Fresno - Various Departments

Notes: <sup>1</sup> Information not available for all years for all categories.

<sup>2</sup> Information combined for Fresno Yosemite International (FYI) and Chandler Executive Airport (FCH).

<sup>3</sup> Street miles in FY2006 and FY2007 are estimated. In FY2008, new asset management system utilized to calculate actual miles. In FY2008, figure equates to 5,412 lane miles.

<sup>4</sup> Number of Street Lights in FY2006, FY2007, FY2008, FY2010 and FY2011 are estimated.

In FY2008, figure originally deemed as actual was not. FY2009 Supported by field survey per Department.

<sup>5</sup> One runway at Chandler Executive Airport (FCH) closed in FY2007.

<sup>6</sup> Effective December 1, 2011, the collection and all commercial and multi-family solid waste services were franchised to two private haulers.

The number of commercial solid waste trucks was reduced by 42 at that time.

<sup>7</sup> The Regional Sports Complex reported acreage was reduced from 268 acres to 114. While part of the Complex footprint, 154 acres are presently not available for public access.

Three acres were added due to the opening of Martin Ray Reilly Park in FY2015.

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