

**CITY OF MADERA
CALIFORNIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2015**

**CITY OF MADERA
CALIFORNIA**

JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council of the
City of Madera
Madera, 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 Madera, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Change in Accounting Principle

As discussed in Note 8 in the financial statements, effective July 1, 2014, the City implemented the provisions of 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 of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-16, budgetary comparison information on pages 88-91, the schedules of changes in net pension liability and related ratios on page 92, schedule of contributions on pages 93 and 95, schedule of the City's proportionate share of the net pension liability on page 94, and schedule of funding progress – other postemployment benefits plan on page 96 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.

Supplementary 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 combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements 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 nonmajor fund financial statements are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 23, 2016, on our consideration of the City of Madera, California'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.

Price Pange & Company

Clovis, California
March 23, 2016

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

This discussion and analysis of the City of Madera's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

- The City's government-wide total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources at the close of the fiscal year by \$275 million. Of this amount, \$1.1 million is in unrestricted net position and available to meet the City's ongoing commitments to citizens and creditors. That represents a decrease of \$30.9 million or 97% over fiscal year 2014.
- The City's total net position decreased by \$35.5 million or 11% during 2014-2015 to \$274.6 million from \$310.1 million. The decrease was due to a restatement of \$31.9 million to the beginning net position to record the City's net pension liability and related deferred outflows of resources for pension contributions made during the prior year in accordance with GASB Statements 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*. This resulted in the recognition of the following as of June 30, 2015:
 - Net pension liability in the amount of \$29 million
 - Deferred outflows of resources related to pension contributions made subsequent to the measurement date of June 30, 2014 in the amount of \$3.5 million
 - Deferred outflows of resources related to differences between actual employer contributions and allocated employer contributions in the amount of \$246,830
 - Deferred inflows of resources related to differences between actual employer contributions and allocated employer contributions in the amount of \$46,896
 - Deferred inflows of resources related to differences between projected and actual earnings on pension investments and deferred inflows of resources related to change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions totaled \$6.4 million.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$46 million, an increase of \$506,249 in comparison with the prior year. Approximately 26% of this amount (\$12.1 million) is available for spending at the City's discretion (unassigned fund balance).
- The City's General Fund, including Code Enforcement, Insurance Reserve, Payroll Clearing, Community Development and LEA Tire Grants, ended the year with a fund balance of \$13.9 million, which represents a net increase of approximately \$1.1 million from the previous year. The unassigned balance of \$12.3 million is available for carryover to fund future general fund expenditures.
- During the year, 4% rate increases were implemented for water and sewer services. Incremental rate increases over the next five years were approved by Council during the second quarter of calendar year 2015. Those rate increases will take effect in fiscal year 2016 and are projected to increase water revenues by 30% and sewer revenues by 9%. The water rate increases are projected to further increase water revenues by 30% in fiscal year 2017, 20% in 2018, 10% in 2019 and 3% in fiscal year 2020. Sewer rate increases are projected to further increase sewer revenues by 9% in fiscal year 2017, 9% in 2019 and 10% in fiscal year 2020.

Overview of the Financial Statements

This annual report consists of a series of financial statements. These statements include all activities of the City of Madera, using the integrated approach as prescribed by GASB Statement No. 34. The Statement of Net Position and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services are financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the Government.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Reporting the City as a Whole

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances. These statements include all assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid out.

The *statement of net position* presents information on all the City's assets, liabilities, and deferred outflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as one indicator of whether the City's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed in the most recent fiscal year. All changes of net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported on this statement for some items that will result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The government-wide financial statements of the City are divided as follows:

Governmental Activities: Most of the City's basic services are included here such as public safety, transportation (street and roads), community development, culture and recreation and general government. These services are primarily financed by property and sales taxes and federal and state grants.

Business-type Activities: The City charges fees to customers to cover the costs of services provided. The City's utilities, water, sewer, community sanitation (refuse and street cleaning), golf course, and airport, as well as public transit services are included here.

The government-wide financial statements can be found on pages 19-21 of this report.

Fund financial statements. The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State Law or by bond covenants. Management establishes other funds to control and manage money for particular purposes or to show the City is meeting legal responsibilities for using certain taxes, grants, and other money. All the funds of the City can be classified into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information is useful in evaluating a governments near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliations between governmental funds and governmental activities. This reconciliation explains the relationship (or differences) between the fund statements and the government-wide statements.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

The City of Madera maintains nineteen individual governmental funds. 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, General Development Impact Fee Fund, and Special Gas Tax Fund all of which are considered to be major funds. Data from the other sixteen funds are combined into a single aggregated presentation.

Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance to this budget.

The basic governmental fund financial statements can be found on pages 22-25 of this report.

Proprietary funds. The City has two different types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City utilizes enterprise funds to account for those activities that are supported primarily by user charges to external users, and includes community sanitation, sewer disposal, water and transit. Internal service funds are used to account for activities that are supported by user charges primarily to the City's other programs and activities and include fleet management, facility maintenance, and computer replacement. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water, Sewer, Solid Waste, and Drainage Operations funds since they are all major funds. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report. All of the internal service funds are combined into a single, aggregated presentation in the fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 26-33 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefits of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the City cannot use these funds to finance its operations.

The fiduciary fund financial statements can be found on pages 34-35 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the basic financial statements can be found on pages 36-86 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees, and budgetary comparison schedules. Required supplementary information can be found on pages 88-96 of this report.

Individual Fund Statements: Individual fund statements in connection with nonmajor governmental and enterprise funds are presented immediately the required supplementary information, which can be found on pages 98-108 of this report.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Government-wide Financial Analysis

Below is a table showing the City's net position for the fiscal year ended June 30, 2015, with comparative data for the fiscal year ended June 30, 2014.

City of Madera's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	\$ 54,948,060	\$ 54,004,893	\$ 27,315,807	\$ 26,636,377	\$ 82,263,867	\$ 80,641,270
Capital assets	187,136,655	190,540,149	108,017,716	111,316,923	295,154,371	301,857,072
Total assets	242,084,715	244,545,042	135,333,523	137,953,300	377,418,238	382,498,342
Deferred outflows of resources:						
Contributions to pension plan in current fiscal year	3,095,002	-	488,340	-	3,583,342	-
Pension deferrals	246,830	-	-	-	246,830	-
Total deferred out	3,341,832	-	488,340	-	3,830,172	-
Liabilities:						
Current and other liabilities	5,680,828	5,317,645	3,594,289	3,166,347	9,275,117	8,483,992
Long-term liabilities	33,556,847	8,835,978	57,152,726	54,781,993	90,709,573	63,617,971
Total liabilities	39,237,675	14,153,623	60,747,015	57,948,340	99,984,690	72,101,963
Deferred inflows of resources:						
Pension deferrals	5,549,900	-	905,957	-	6,455,857	-
Deferred service concession agreement receipts	-	-	170,000	209,000	170,000	209,000
	5,549,900	-	1,075,957	209,000	6,625,857	209,000
Net position:						
Net investment in capital assets	182,403,676	185,644,703	58,455,927	60,056,090	240,859,603	245,700,793
Restricted	32,671,232	32,451,846	-	-	32,671,232	32,451,846
Unrestricted	(14,435,936)	12,294,870	15,542,964	19,739,870	1,107,028	32,034,740
Total net position	\$ 200,638,972	\$ 230,391,419	\$ 73,998,891	\$ 79,795,960	\$ 274,637,863	\$ 310,187,379

As of June 30, 2015, the City's government-wide total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$275 million. Governmental activities finished the year with a positive net position balance of \$200 million, a decrease of \$29 million, or 13% compared to 2014. Business-type activities finished the year with a positive balance of \$74 million, a decrease of \$5 million or 7% compared to 2014. Net position, as noted earlier, may serve over time as a useful indicator of the City's financial position. Of the total net position, \$241 million or 88% is the City's net investment in capital assets (e.g. land, buildings and improvements, machinery and equipment and the road network) less any related debt used to acquire those assets that is still outstanding.

The City's net investment in capital assets decreased by \$5 million, restricted net position increased by \$219,386 and unrestricted net position decreased by \$31 million, accounting for the decrease in total net position of \$35 million. The decrease in capital assets is primarily due to the delay in projects and equipment purchases. The increase to restricted net position is due primarily to an increase in community development projects. The decrease to unrestricted net position is due to the restatement of \$32 million to the beginning net position to record the City's net pension liability and related deferred outflows of resources for contributions made during the prior year in accordance with the GASB Statements Nos. 68 and 71, and a loss of \$3 million from operating activities.

All of the City's long-term liabilities relate to the acquisition of capital assets. Some of those assets include the City's Youth Center, police facility, and sewer and water infrastructure including the water and wastewater treatment plant, a sewer truck and a municipal golf course facility. These capital assets are utilized to provide services to citizens and are not available for future spending. The repayment of the debt on these assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Restricted net position represents \$33 million or 12% of the total. Restricted net position represents those resources that are subject to external restrictions on how they may be used. These restrictions are established by bond covenants or restrictions on the use of funds are set forth by state or federal regulations.

Unrestricted net position represents those resources which may be used to meet the City's ongoing commitments to citizens and creditors. Government-wide unrestricted net position represents \$1 million or 1% of the total net position, which is a decrease of \$31 million or 97% from the previous year. Governmental activities account for a negative \$14 million of the total unrestricted net position and decrease by \$26 million or 217% compared to last year. Business-type activities account for \$15 million of the total unrestricted net position and decreased by \$4 million or 21% compared to last year.

Governmental activities. Governmental activities account for \$200 million or 73% of the total government-wide net position. This is a decrease of \$29 million or 13% compared to June 30, 2014.

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

City of Madera's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 7,648,385	\$ 6,760,893	\$ 19,089,229	\$ 18,845,117	\$ 26,737,614	\$ 25,606,010
Operating grants and contributions	16,113,269	22,576,808	1,741,775	1,458,594	17,855,044	24,035,402
Capital grants and contributions	550,328	5,532,696	279,462	1,730,356	829,790	7,263,052
General revenues:						
Property taxes	2,837,432	2,943,796	70,353	61,049	2,907,785	3,004,845
Sales and use taxes	5,638,847	5,472,283	-	-	5,638,847	5,472,283
Franchise taxes	612,474	591,116	-	-	612,474	591,116
Other taxes	2,035,238	1,821,326	-	-	2,035,238	1,821,326
Investment earnings	309,988	795,691	262,948	19,076	572,936	814,767
Gain (loss) on sale of capital assets	26,983	75,607	14,476	(11,968)	41,459	63,639
Miscellaneous	577,213	1,071,486	28,170	25,478	605,383	1,096,964
Total revenues	<u>36,350,157</u>	<u>47,641,702</u>	<u>21,486,413</u>	<u>22,127,702</u>	<u>57,836,570</u>	<u>69,769,404</u>
Expenses						
General government	11,483,880	11,482,393	-	-	11,483,880	11,482,393
Public safety	13,759,629	13,358,929	-	-	13,759,629	13,358,929
Public ways and facilities	3,695,605	3,766,236	-	-	3,695,605	3,766,236
Social services	331,774	517,537	-	-	331,774	517,537
Culture and recreation	4,335,983	3,814,936	-	-	4,335,983	3,814,936
Community development	5,812,948	5,478,644	-	-	5,812,948	5,478,644
Interest on long-term debt	258,764	269,845	-	-	258,764	269,845
Local transit	-	-	1,996,563	1,827,194	1,996,563	1,827,194
Water	-	-	5,668,873	4,788,350	5,668,873	4,788,350
Sewer	-	-	7,573,475	7,318,263	7,573,475	7,318,263
Golf course	-	-	122,102	66,651	122,102	66,651
Airport	-	-	871,796	687,228	871,796	687,228
Solid waste	-	-	4,675,782	4,326,840	4,675,782	4,326,840
Drainage operations	-	-	900,903	933,506	900,903	933,506
Total expenses	<u>39,678,583</u>	<u>38,688,520</u>	<u>21,809,494</u>	<u>19,948,032</u>	<u>61,488,077</u>	<u>58,636,552</u>
Increase (decrease) in net position before transfers	(3,328,426)	8,953,182	(323,081)	2,179,670	(3,651,507)	11,132,852
Transfers	1,065,193	2,538,648	(1,065,193)	(2,538,648)	-	-
Increase (decrease) in net position	<u>(2,263,233)</u>	<u>11,491,830</u>	<u>(1,388,274)</u>	<u>(358,978)</u>	<u>(3,651,507)</u>	<u>11,132,852</u>
Net position - beginning	230,391,419	218,608,712	79,795,960	80,154,938	310,187,379	298,763,650
Prior period adjustments	(57,334)	290,877	81,394	-	24,060	290,877
Change in accounting principle	(27,431,880)	-	(4,490,189)	-	(31,922,069)	-
Net position - beginning, as restated	202,902,205	218,899,589	75,387,165	80,154,938	278,289,370	299,054,527
Net position - ending	<u>\$ 200,638,972</u>	<u>\$ 230,391,419</u>	<u>\$ 73,998,891</u>	<u>\$ 79,795,960</u>	<u>\$ 274,637,863</u>	<u>\$ 310,187,379</u>

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Total governmental revenues for the year were \$36 million, which is \$11 million or 24% less than in 2014.

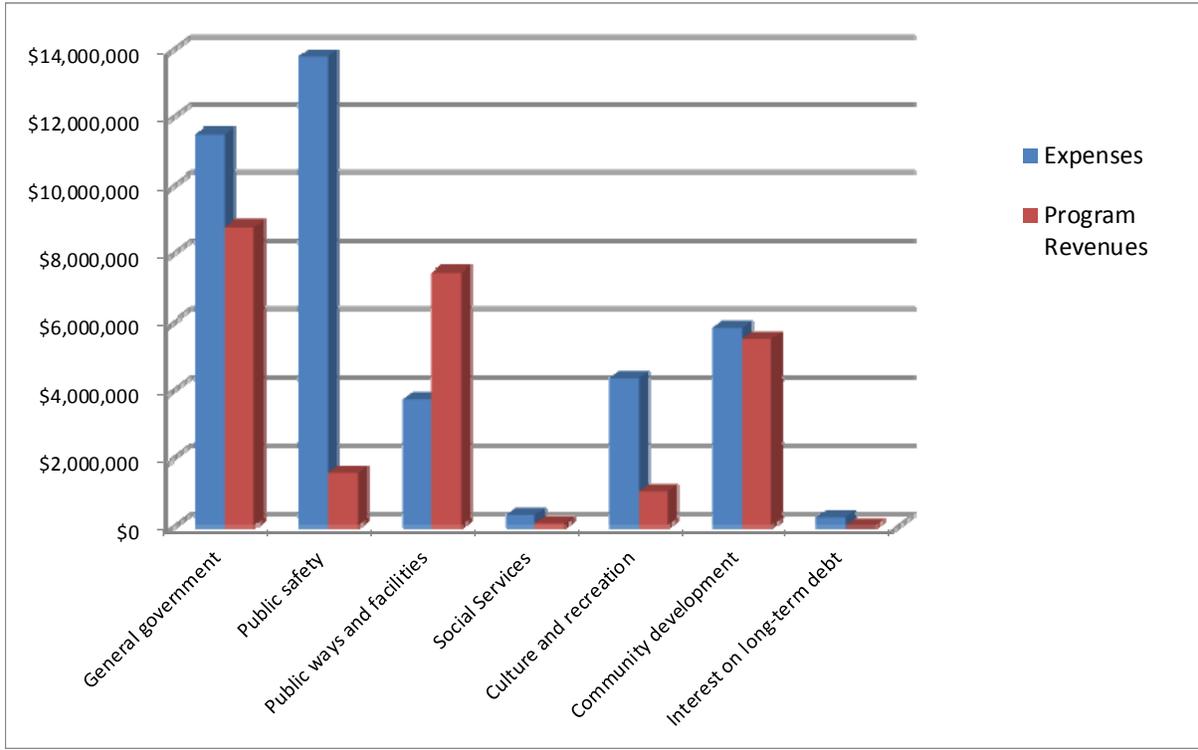
- Charges for services of \$7 million in 2015 accounted for 21% of the total revenue and are approximately \$887,492 or 13% more than 2014. Most of this increase is related to the increase in General Fund permits and fees.
- Operating grants and contributions decreased \$6 million from the previous year. This is due to a HOME Grant that was received in 2014, and a decrease in both Measure T Flexible and Highway Users Tax from the previous year.
- Capital grants and contributions decreased \$5 million from the previous year, due to approximately \$5 million of State Transportation Grant Funding received for street improvements on the 4th Street Widening Project in fiscal year 2014.
- Taxes, including property, sales, franchise, and other taxes, account for approximately \$11 million or 31% of the City's governmental activities revenue. Total tax revenue increased \$295,470 or 15% from the previous year due primarily to a decrease in property taxes of \$106,364, an increase in sales and use taxes of \$166,564 and other taxes of approximately \$214,000.
- Investment Earnings decreased by \$485,703 from the previous year due to increased allocations to non-governmental funds. In the past, the City had allocated most interest earnings to the General Fund, in accordance with California Government Code Section 63547 which directs the local agency officer to deposit interest into the City's general fund unless otherwise directed by law. In Fiscal Year 2015, the City decided to move away from that practice and to allocate interest to all funds, based on Cash balances within all funds in accordance with GASB Statement No. 31.
- Miscellaneous revenue decreased by \$494,273 from the previous year due to a one-time appropriation received from the state in 2014, known as the Budget Act of 2013, in the amount of \$127,000, a decrease in police services reimbursement by approximately \$114,000, and a reimbursement for Housing and Parks received in the fiscal year 2014.

Total governmental expenses for the year were \$39 million, which is \$1 million or 3% more than in 2014.

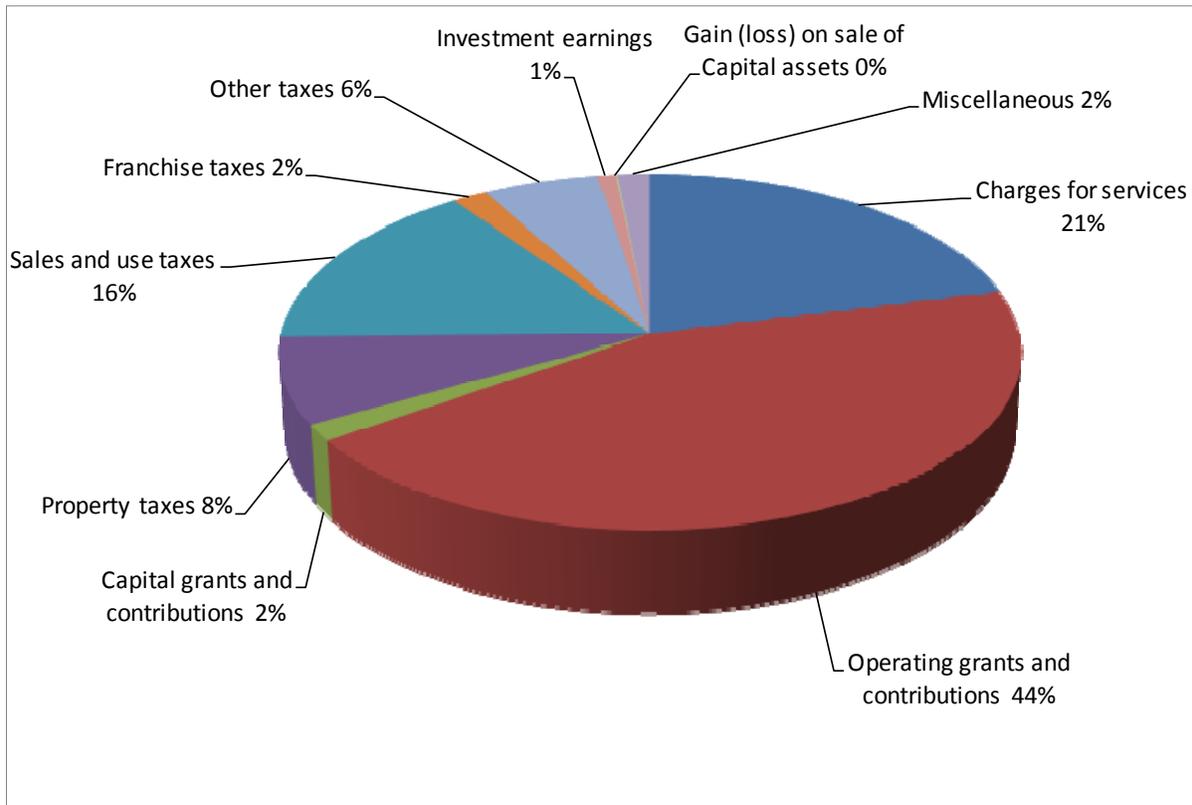
- Public safety increased by \$400,700 from the previous year due to a change in the City's health insurance plan, an increase in contracted services pertaining to Fire, interfund charges relating to facility and computer maintenance, the elimination of the Community Corrections Partnership, and a decrease in police services.
- Public ways and facilities decreased by \$70,631 from the previous year due to Surface Seal treatment that was applied in 2014, and a restructuring of charges from street cleaning activities being applied to various other funds in fiscal year 2015, and decreased expenditures relating to landscape activities.
- Social services decreased by \$185,763 from the previous year due to a reduction in funding and donations in relation to the Senior Citizens Program.
- Culture and recreation increased by \$521,047 from the previous year due to the addition of staff for a newly integrated After School Program and increased costs under Internal Funds Facilities Maintenance.
- Community development increased by \$334,304 from the previous year due to an increase in expenditures on the First Time Homebuyer Down Payment Assistance Program in the amount of \$102,000, increased costs in salaries and benefits and increased funding to outside agencies.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

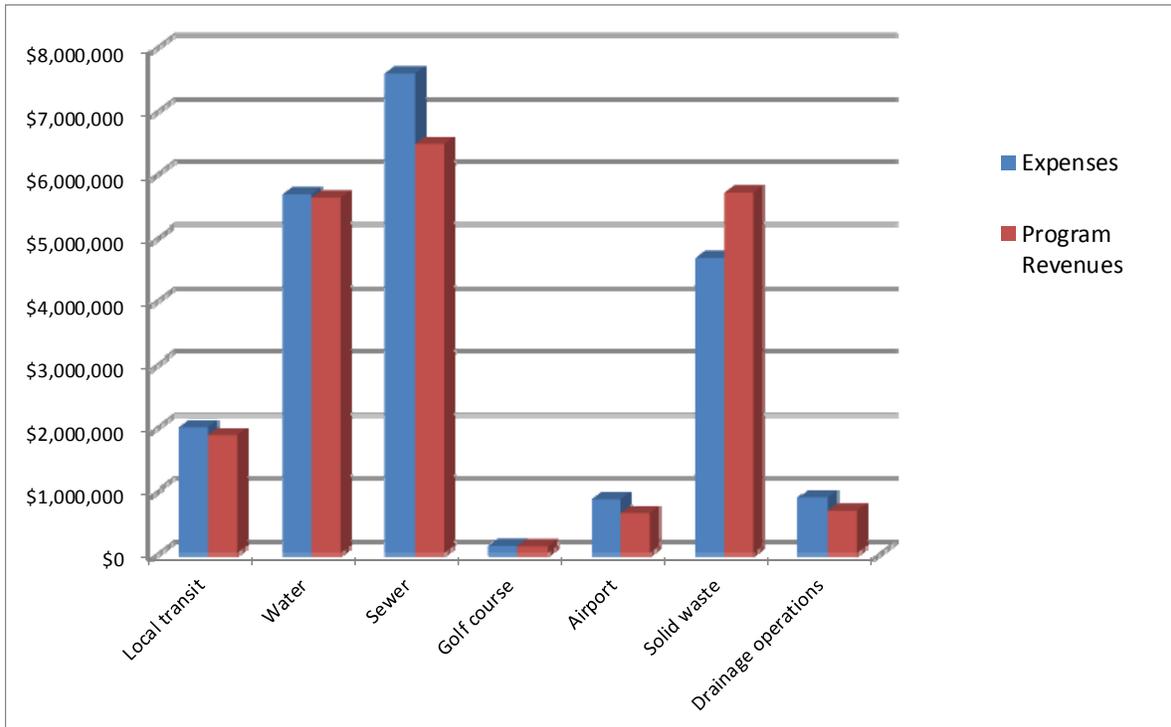
Program revenues that include charges for services and grants specific to certain programs account for \$24 million or 67% of the total governmental activity revenue. The amounts necessary to fully fund the governmental activity programs are made up of "general" revenues such as taxes, interest, and grants and contributions.

Business-type Activities. Business-type activities account for \$74 million or 27% of the total government-wide net position. This is a decrease of \$5.8 million from June 30, 2014. Net investment in capital assets accounts for \$58 million or 79% of the total net position and is a decrease of \$1.6 million from 2014. Unrestricted net position of \$15 million, or 21% of total net position, represents a decrease of \$4 million from 2014.

Total business-type revenue for the year was \$21 million, which is \$1 million or 3% less than in 2014.

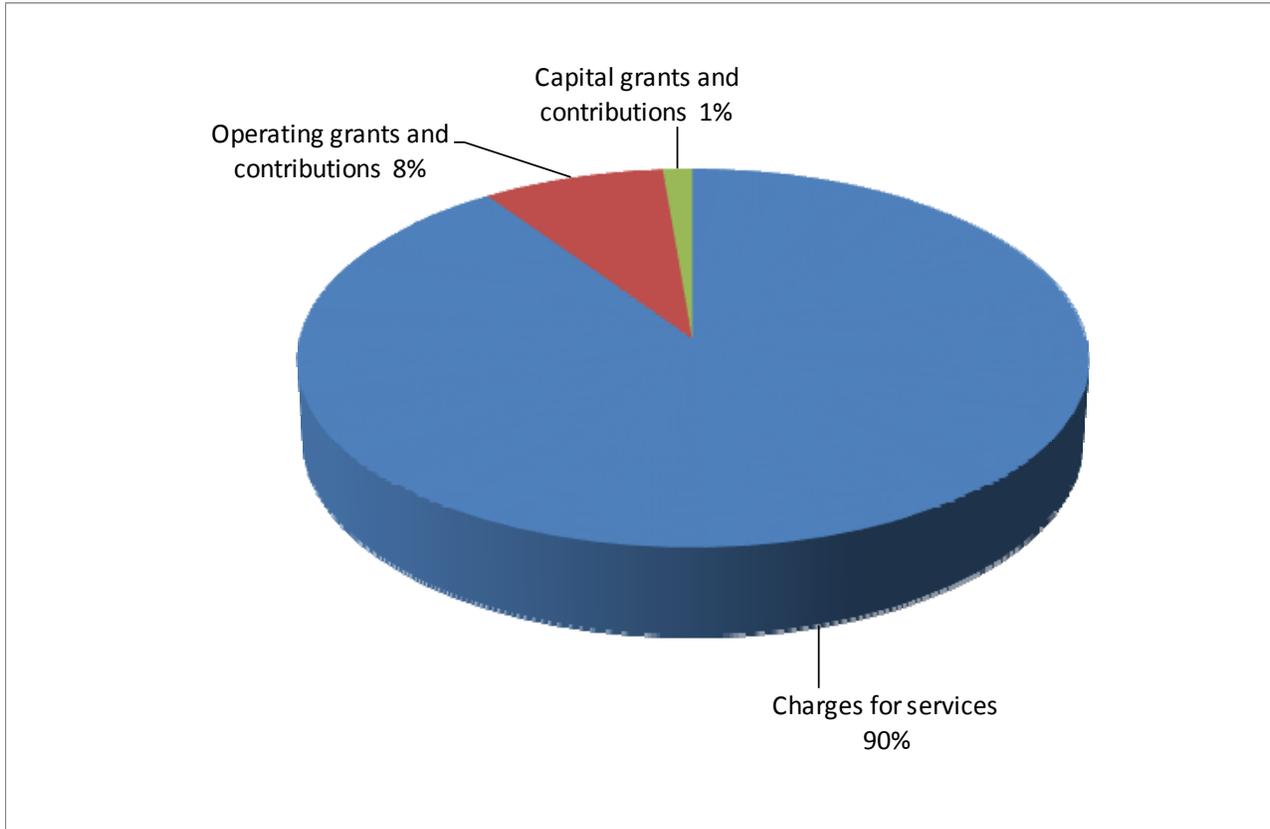
- Charges for services increased by \$244,112 from the prior year due to increases in Sewer User Charges, Solid Waste User Charges and Non-Major Enterprise Funds User Charges of \$245,000, \$106,000, and \$19,000, respectively. These increases are offset by a reduction of \$125,000 in Water User Charges.
- Operating grants and contributions increased by \$283,182 from the prior year due to an increase of \$44,300 in the Waste Tire Clean-Up Grant, a \$20,000 California Aid to Airports Grant and approximately \$220,000 in Transit-related grants of which \$101,000 were from LTA grants, \$58,000 in an Urbanized Area Formula Grant and \$50,146 from a Low Carbon Transit Operation Grant.
- Capital grants and contributions decreased by \$1,450,894 from the prior year due to the decrease of \$835,000 in FAA grant funds related to the City Airport's Apron Reconstruction Project, a decrease of \$342,000 in the ARRA grant and \$246,000 in FTA ARRA grants both relating to the Transit Program.

Expenses and Program Revenues-Business-Type Activities



**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Revenues by Source - Business-Type Activities



Included in charges for services are user fees relating to the water, sewer, solid waste, drainage, transit, golf course, and airport operations.

Total business-type expenses for the year were \$22 million, which is \$2 million or 9% more than in 2014.

Local transit increased by \$169,369 due to a \$55,000 increase in salaries and benefits, a \$71,000 cost increase in the depreciation of new assets and a \$59,000 increase in interfund charges.

Water increased by \$880,523 due to an increase of \$290,500 in salaries and benefits, approximately \$414,000 in the replacement of residential water meters, and a \$201,000 combined total increase in maintenance supplies and contracted services.

Sewer increased by \$255,212 due to a \$95,000 increase in salaries and benefits and a \$181,000 increase in solar electricity.

Airport increased by \$184,568 due to an increase of approximately \$30,500, in salaries and benefits, approximately \$80,000 in capital projects relating to the Apron Reconstruction Project and Airport Layout Plan, and lastly an increase of approximately \$71,000 in interfund charges.

Solid waste increased by \$348,942 primarily due to an increase in salaries and benefits.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Financial Analysis of the City's Funds

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

Governmental funds. Fund balance is defined in five categories: non-spendable, restricted, committed, assigned and unassigned. Non-spendable fund balances cannot be spent because they are not in spendable form. Restricted fund balances have limitations imposed externally by creditors, granters, contributors, or laws and regulations of other governments. Committed fund balances have self-imposed limitations set in place prior to the end of the period. Assigned fund balances are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. Unassigned fund balances are the amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose.

All of the City's Governmental Funds ended the year with positive fund balances. The ending fund balance for all funds amounted to \$46 million; \$506,249 more than the previous year. The increase is due to increases in restricted fund balances of \$220,959 of nearly \$500,000 in Community Development, \$290,000 in Special Assessment Projects, and \$212,000 in Capital Projects and Improvements offset by a decrease in approximately \$850,000 in Public Works and Transportation. There was also an increase in unassigned fund balances of \$781,581 with approximately a \$1 million increase in the General Fund, a \$211,946 increase in the General Development Impact Fee Fund, a \$641,714 decrease in Special Gas Tax Fund and a \$172,579 decrease in Non-Major Governmental Funds.

Of the total fund balance, \$12 million or 26% is unassigned which, within the limitations of the fund's purpose, is available for spending at the City's discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is not in spendable form, legally required to be maintained intact, restricted for particular purposes, committed for particular purposes, or assigned for particular purposes. The details of the remainder are as follows:

Nonspendable:	
Inventory	\$ 44,512
Prepaid items	5,658
Long-term interfund advances	208,082
Restricted:	
Community development	11,694,013
Park development	170,379
Parking improvements	155,468
Public works and transportation	7,739,428
Special assessment project	1,716,844
Social services	51,512
Capital projects and improvements	11,143,588
Debt service	252,966
Assigned:	
Golf course capital	20,000
OPEB liability	97,339
Insurance	609,820
Unassigned	12,105,136

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

General Fund

The General Fund is the chief operating fund of the City. As of June 30, 2015, the total fund balance (including all categories) of the general fund was \$14 million, up \$1 million from June 30, 2014. The total fund balance of \$14 million includes non-spendable balances of \$258,252, restricted balance of \$646,823, assigned balances of \$727,159 and an unassigned balance of \$12 million.

The *restricted fund* balance increased by \$559,370 from in 2014. The *assigned* fund balance decreased by \$472,359.

The *unassigned* fund balance increased \$1 million when compared to June 30, 2014. The \$12 million unassigned portion represents the amount carried over to offset the impact of any revenue shortfall that may occur in the next year due to economic uncertainty. As a measurement of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 44% of total General Fund expenditures, while total fund balance represents approximately 50% of that same amount.

The fund balance of the City's general fund increased by \$1 million during fiscal 2015 year due to the current year revenues exceeding the expenditures.

Other Major Funds

The General Development Impact Fee Special Revenue Fund, a major fund, had a \$211,946 increase in fund balance during the current fiscal year. This increase in fund balance is primarily due to Park Development, Transportation Development and Drainage System Development Impact Fees. The ending fund balance of \$11 million is restricted for capital projects and improvements.

The Special Gas Tax Special Revenue Fund, a major fund, has a \$641,714 decrease in fund balance during the current fiscal year. This decrease in fund balance is due to less revenues being collected than were expended during the fiscal year. The ending fund balance of \$7 million is restricted for public works and transportation.

Proprietary Funds. As indicated in the description of proprietary funds, there are two types of funds, enterprise and internal service funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The City's enterprise funds and internal service funds ended the year with unrestricted net position as follows:

Water Fund	\$5,748,373
Sewer Fund	6,515,804
Solid Waste Fund	3,148,311
Drainage Operations Fund	(67,376)
Nonmajor Enterprise Funds	625,632
Internal Service Fund	(747,556)

As noted earlier in the discussion of business-type activities, rates for water and sewer services increased by 4% in the current year. Incremental rate increases over the next five years were approved by Council during the second quarter of calendar year 2015.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

General Fund Budgetary Highlights

Throughout the fiscal year it was necessary to adjust the original General Fund budget. The General Fund's Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual on page 88 shows the original budget and final budget. Below is a summary of the primary amendments:

- \$640,000 General Government - \$600,000 of which was an additional contribution for the 2009/2010 Pooled Liability Program and the Workers' Compensation Programs.
- \$351,708 Community Development - \$138,000 relating to Capital/Master/Other Plan Updates and \$155,000 were for Interfund Charges.
- \$160,108 Capital Outlay - \$75,000 for equipment purchases and \$70,000 for budget reclassification.

The general fund ended fiscal year 2015 with \$2 million in savings compared to budget. These variances were primarily the result of delayed projects and equipment purchases, with some savings on personnel and contract services costs. Much of the savings related to delayed projects will be encumbered and rolled into the 2016 budget. So, although they are reflected as savings to the current year budget, they may very well be reserved for and expended in the subsequent fiscal year.

- Actual expenditures for General Government came in \$846,238 under budget due to the delay in the purchasing of new accounting software, personnel cost savings, and lower than expected contract legal services and OPEB obligation expenses.
- Actual expenditures for Public Protection came in \$280,305 under budget due to lower than anticipated personnel costs.
- Actual expenditures for Public Ways and Facilities were \$585,352 under budget due to lower than anticipated expenditures for Road Maintenance and Contract Services and lower personnel costs in Streets and Graffiti Abatement.
- Actual expenditures for Community Development came in \$380,009 under budget due to a delayed plan update project, personnel cost savings, and lower than anticipated contract services costs.
- Actual expenditures for Capital Outlay were \$804,679 under budget due to the delay of a \$700,000 Sewer Project related to a CDBG and the delayed purchase of new equipment.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$295 million (net of depreciation), an increase of \$6 million less compared to 2014. This decrease is due to the delay in projects and equipment purchases.

Major capital asset additions this year include the following:

- Road network improvements - \$4 million
 - Pine and Pecan streets widening project - \$3 million
 - Various other street improvement projects - \$800,000
 - Various parks improvement projections - \$50,000
 - Developer Donations (sidewalk, pavement, pipelines, and others) - \$200,000
- Water Well #18 installation - \$600,000
- Equipment purchases (transit busses, vehicles, and equipment) - \$1 million

During the year the City made improvements to various streets and received developer-donated infrastructure. Capital projects constructed by the City include:

- SR99/4th Street Interchange Improvements: "K" and Gateway Drive
- Sidewalk improvements: fronting Sierra Vista School
- 6th Street Bike Lanes improvement: N Street and Lake Street

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Developer constructed infrastructure was constructed in conjunction with the partial list of projects shown below:

- Les Schwab – Schnoor Avenue
- 325 & 329 E. Central Avenue & 217 North A Street

City of Madera's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 7,573,520	\$ 7,488,789	\$ 9,026,517	\$ 9,026,517	\$ 16,600,037	\$ 16,515,306
Construction in progress	4,512,868	10,878,090	793,056	81,732	5,305,924	10,959,822
Buildings and improvements	15,580,094	16,006,377	31,498,792	33,242,086	47,078,886	49,248,463
Equipment	2,940,250	2,796,903	1,983,199	2,430,562	4,923,449	5,227,465
Infrastructure	156,529,923	153,369,990	64,716,152	66,536,026	221,246,075	219,906,016
	<u>\$ 187,136,655</u>	<u>\$ 190,540,149</u>	<u>\$ 108,017,716</u>	<u>\$ 111,316,923</u>	<u>\$ 295,154,371</u>	<u>\$ 301,857,072</u>

Long-term Debt. The City's long-term debt as of June 30, 2015 was \$58 million with governmental activities accounting for \$5 million or 9%, and business-type activities accounting for \$53 million or 91%. The total debt decreased by \$2 million during the current fiscal year. The reason for the decrease was due to principal payment made in current fiscal year.

City of Madera's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Capital Leases	\$ 1,874,496	\$ 1,964,615	\$ 14,356	\$ 42,089	\$ 1,888,852	\$ 2,006,704
Loans Payable	661,052	842,091	8,402,993	8,699,577	9,064,045	9,541,668
Bonds Payable	2,722,525	2,756,931	44,173,418	45,548,146	46,895,943	48,305,077
	<u>\$ 5,258,073</u>	<u>\$ 5,563,637</u>	<u>\$ 52,590,767</u>	<u>\$ 54,289,812</u>	<u>\$ 57,848,840</u>	<u>\$ 59,853,449</u>

General obligation debts are direct obligations of the City and are backed by the full faith and credit of the City requiring voter approval, and may have a tax rate set to cover repayment. State statutes limit the amount of general obligation debt to 15% of the City's total assessed valuation. The City of Madera's debt limit is \$1.1 billion. Detailed information on the City's long-term debt activity can be found in Note 7 on pages 56-63.

Economic Factors and Next Year's Budgets and Rates

California tends to be last in and last out of a recession; the Central Valley, including Madera, has a tendency to be last in and last out within the State of California. As a result, economic recovery has been late in coming to Madera. The first signs of a full recovery are now in full play.

The region as a whole lost 17,200 jobs from 2007 until 2009. Those jobs have been replaced and an additional 5,000 jobs added. This trend is reflected in a 14.8% increase in local sales tax over the previous 12-month period. The greatest increases are taking place in business-to-business sales and new auto sales. The pent up demand for purchases in these sectors is finally turning into sales. Additionally, there is a clear increase in restaurant sales demonstrating individuals have disposable income and are spending it.

Economic development activity has dramatically increased over the previous twelve months. The industrial vacancy rate has slipped from a high of 14% to under 1%. In response, the City began a joint venture with a local company to develop a 100-acre industrial park. Construction has begun on site improvements and when complete the park will be "plug and play" ready with full infrastructure and rail access. A design build agreement has been executed with a first tenant, representing 100 new jobs, and negotiations are taking place with a second tenant at this time. The intersection and Avenue 17 and Highway 99 remains a primary focus of the City's economic development efforts. A prospect has executed an escrow agreement for a site at this location and is projected to employ 75 to 100 individuals; project completion is approximately 18 months out.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Finally, residential housing starts have grown over the last 24-month period to approximately 160 units and an added valuation of \$19 million per year. While less than the 1,000 units per year housing during the boom years, the City sees this trend as the beginning of a new beginning.

The City optimism remains guarded due to the ongoing historic drought that grips California. Water is and will remain the key element in regional economy. The City is taking an active role in regional groundwater management efforts and is planning the next stages of improvements to address long-term water service for current residents and future development. Incremental rate increases over the next five years were approved by Council during the second quarter of calendar year 2015. Engineering costs for capital improvements are anticipated to be paid on a pay as you go basis. Bond financing is the most probable source of funds for the actual improvements.

In all respects the City is going to continue with a prudent, conservative financial planning model.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City of Madera's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Financial Services Director, City of Madera, 205 W. 4th Street, Madera, CA 93637.

BASIC FINANCIAL STATEMENTS

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**CITY OF MADERA
STATEMENT OF NET POSITION
JUNE 30, 2015**

	Governmental Activities	Business-Type Activities	Total	Component Unit Housing Authority of the City of Madera
ASSETS				
Cash and investments	\$ 40,541,814	\$ 21,614,159	\$ 62,155,973	\$ 3,396,101
Receivables:				
Accounts, net	4,234,998	1,380,659	5,615,657	255,890
Interest	119,299	1,674	120,973	106,091
Prepaid items	5,658	1,644	7,302	1,181
Inventories	44,512	-	44,512	62,697
Internal balances	1,032,304	(1,032,304)	-	-
Restricted assets:				
Cash and investments with fiscal agents	252,966	5,349,975	5,602,941	1,838,488
Notes receivable	7,606,509	-	7,606,509	4,511,599
Land held for resale	1,110,000	-	1,110,000	-
Capital assets, not being depreciated	12,086,388	9,819,573	21,905,961	785,827
Capital assets, net of accumulated depreciation	<u>175,050,267</u>	<u>98,198,143</u>	<u>273,248,410</u>	<u>8,820,296</u>
 Total assets	 <u>242,084,715</u>	 <u>135,333,523</u>	 <u>377,418,238</u>	 <u>19,778,170</u>
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan in current fiscal year	3,095,002	488,340	3,583,342	-
Deferred outflows of resources related to pensions	<u>246,830</u>	<u>-</u>	<u>246,830</u>	<u>207,555</u>
 Total deferred outflows of resources	 <u>3,341,832</u>	 <u>488,340</u>	 <u>3,830,172</u>	 <u>207,555</u>
LIABILITIES				
Accounts payable	1,981,067	1,393,626	3,374,693	94,602
Accrued liabilities	-	-	-	57,088
Salaries payable	255,883	51,366	307,249	-
Accrued interest payable	44,610	741,691	786,301	-
Unearned revenue	283,313	54,350	337,663	7,669
Deposits payable	3,115,955	1,353,256	4,469,211	187,770
Other liabilities	-	-	-	24,399
Noncurrent liabilities:				
Due within one year	1,675,663	1,989,716	3,665,379	119,653
Due in more than one year	<u>31,881,184</u>	<u>55,163,010</u>	<u>87,044,194</u>	<u>5,594,344</u>
 Total liabilities	 <u>39,237,675</u>	 <u>60,747,015</u>	 <u>99,984,690</u>	 <u>6,085,525</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	5,549,900	905,957	6,455,857	468,001
Deferred service concession agreement receipts	<u>-</u>	<u>170,000</u>	<u>170,000</u>	<u>-</u>
 Total deferred inflows of resources	 <u>5,549,900</u>	 <u>1,075,957</u>	 <u>6,625,857</u>	 <u>468,001</u>
NET POSITION				
Net investment in capital assets	182,403,676	58,455,927	240,859,603	6,055,880
Restricted for:				
Community development	11,694,013	-	11,694,013	-
Park development	170,379	-	170,379	-
Parking improvements	155,468	-	155,468	-
Public works and transportation	7,739,428	-	7,739,428	-
Special assessment project	1,716,844	-	1,716,844	-
Social services	51,512	-	51,512	-
Capital projects and improvements	11,143,588	-	11,143,588	-
Housing services	-	-	-	1,522,080
Unrestricted	<u>(14,435,936)</u>	<u>15,542,964</u>	<u>1,107,028</u>	<u>5,854,239</u>
 Total net position	 <u>\$ 200,638,972</u>	 <u>\$ 73,998,891</u>	 <u>\$ 274,637,863</u>	 <u>\$ 13,432,199</u>

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

**CITY OF MADERA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Primary government:				
Governmental activities:				
General government	\$ 11,483,880	\$ 1,793,362	\$ 6,970,093	\$ -
Public safety	13,759,629	921,796	636,298	-
Public ways and facilities	3,695,605	1,488,760	5,392,948	550,328
Social services	331,774	845	79,885	-
Culture and recreation	4,335,983	717,390	279,091	-
Community development	5,812,948	2,726,232	2,754,954	-
Interest on long-term debt	258,764	-	-	-
Total governmental activities	<u>39,678,583</u>	<u>7,648,385</u>	<u>16,113,269</u>	<u>550,328</u>
Business-type activities:				
Local transit	1,996,563	128,880	1,643,140	98,284
Water	5,668,873	5,590,600	-	26,269
Sewer	7,573,475	6,444,560	-	30,092
Golf course	122,102	117,562	-	-
Airport	871,796	531,119	22,979	93,185
Solid waste	4,675,782	5,621,812	75,656	-
Drainage operations	900,903	654,696	-	31,632
Total business-type activities	<u>21,809,494</u>	<u>19,089,229</u>	<u>1,741,775</u>	<u>279,462</u>
Total primary government	<u>\$ 61,488,077</u>	<u>\$ 26,737,614</u>	<u>\$ 17,855,044</u>	<u>\$ 829,790</u>
Component units:				
Housing Authority of the City of Madera	<u>\$ 8,392,189</u>	<u>\$ 1,582,832</u>	<u>\$ 6,349,896</u>	<u>-</u>
Total component units	<u>\$ 8,392,189</u>	<u>\$ 1,582,832</u>	<u>\$ 6,349,896</u>	<u>\$ -</u>

General revenues:
 Property taxes
 Sales and use taxes
 Franchise taxes
 Other taxes
 Investment earnings
 Gain (loss) on sale of capital assets
 Miscellaneous
 Transfers

Total general revenues and transfers

Change in net position

Net position - beginning
 Prior period adjustments
 Change in accounting principle
 Net position - beginning (restated)

Net position - ending

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

CITY OF MADERA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(Continued)

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Unit Housing Authority of the City of Madera
\$ (2,720,425)	\$ -	\$ (2,720,425)	\$ -
(12,201,535)	-	(12,201,535)	-
3,736,431	-	3,736,431	-
(251,044)	-	(251,044)	-
(3,339,502)	-	(3,339,502)	-
(331,762)	-	(331,762)	-
(258,764)	-	(258,764)	-
<u>(15,366,601)</u>	<u>-</u>	<u>(15,366,601)</u>	<u>-</u>
-	(126,259)	(126,259)	-
-	(52,004)	(52,004)	-
-	(1,098,823)	(1,098,823)	-
-	(4,540)	(4,540)	-
-	(224,513)	(224,513)	-
-	1,021,686	1,021,686	-
-	(214,575)	(214,575)	-
<u>-</u>	<u>(699,028)</u>	<u>(699,028)</u>	<u>-</u>
<u>(15,366,601)</u>	<u>(699,028)</u>	<u>(16,065,629)</u>	<u>-</u>
			<u>(459,461)</u>
			<u>(459,461)</u>
2,837,432	70,353	2,907,785	-
5,638,847	-	5,638,847	-
612,474	-	612,474	-
2,035,238	-	2,035,238	-
309,988	262,948	572,936	31,656
26,983	14,476	41,459	3,706
577,213	28,170	605,383	594,466
1,065,193	(1,065,193)	-	-
<u>13,103,368</u>	<u>(689,246)</u>	<u>12,414,122</u>	<u>629,828</u>
<u>(2,263,233)</u>	<u>(1,388,274)</u>	<u>(3,651,507)</u>	<u>170,367</u>
230,391,419	79,795,960	310,187,379	15,445,514
(57,334)	81,394	24,060	-
<u>(27,431,880)</u>	<u>(4,490,189)</u>	<u>(31,922,069)</u>	<u>(2,183,682)</u>
<u>202,902,205</u>	<u>75,387,165</u>	<u>278,289,370</u>	<u>13,261,832</u>
<u>\$ 200,638,972</u>	<u>\$ 73,998,891</u>	<u>\$ 274,637,863</u>	<u>\$ 13,432,199</u>

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

**CITY OF MADERA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Special Revenue				
	General	General Development Impact Fee Fund	Special Gas Tax Fund	Total Nonmajor Funds	
ASSETS					
Cash and investments	\$ 12,436,680	\$ 14,257,761	\$ 7,681,291	\$ 4,886,237	\$ 39,261,969
Receivables:					
Accounts, net	2,158,293	6,222	528,699	1,541,785	4,234,999
Interest	118,868	-	-	431	119,299
Notes	-	-	-	7,606,509	7,606,509
Prepaid items	5,658	-	-	-	5,658
Inventories	44,512	-	-	-	44,512
Due from other funds	857,038	-	-	22	857,060
Advances to other funds	208,082	-	-	-	208,082
Land held for resale	-	-	-	1,110,000	1,110,000
Restricted assets:					
Cash and investments with fiscal agents	-	-	-	252,966	252,966
 Total assets	 <u>\$ 15,829,131</u>	 <u>\$ 14,263,983</u>	 <u>\$ 8,209,990</u>	 <u>\$ 15,397,950</u>	 <u>\$ 53,701,054</u>
LIABILITIES					
Accounts payable	\$ 1,537,719	\$ 35,959	\$ 9,472	\$ 276,582	\$ 1,859,732
Salaries payable	231,988	-	-	7,132	239,120
Due to other funds	22	-	-	460,595	460,617
Unearned revenue	8,000	-	-	275,313	283,313
Deposit payable	30,689	3,084,436	-	830	3,115,955
 Total liabilities	 <u>1,808,418</u>	 <u>3,120,395</u>	 <u>9,472</u>	 <u>1,020,452</u>	 <u>5,958,737</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	62,304	-	500,887	1,164,381	1,727,572
 Total deferred inflows of resources	 <u>62,304</u>	 <u>-</u>	 <u>500,887</u>	 <u>1,164,381</u>	 <u>1,727,572</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Inventory	44,512	-	-	-	44,512
Prepaid items	5,658	-	-	-	5,658
Long-term interfund advances	208,082	-	-	-	208,082
Restricted:					
Community development	646,823	-	-	11,047,190	11,694,013
Park development	-	-	-	170,379	170,379
Parking improvements	-	-	-	155,468	155,468
Public works and transportation	-	-	7,699,631	39,797	7,739,428
Special assessment project	-	-	-	1,716,844	1,716,844
Social services	-	-	-	51,512	51,512
Capital projects and improvements	-	11,143,588	-	-	11,143,588
Debt service	-	-	-	252,966	252,966
Assigned:					
Golf course capital	20,000	-	-	-	20,000
OPEB liability	97,339	-	-	-	97,339
Insurance	609,820	-	-	-	609,820
Unassigned	12,326,175	-	-	(221,039)	12,105,136
 Total fund balances (deficits)	 <u>13,958,409</u>	 <u>11,143,588</u>	 <u>7,699,631</u>	 <u>13,213,117</u>	 <u>46,014,745</u>
 Total liabilities, deferred inflows of resources, and fund balances (deficits)	 <u>\$ 15,829,131</u>	 <u>\$ 14,263,983</u>	 <u>\$ 8,209,990</u>	 <u>\$ 15,397,950</u>	 <u>\$ 53,701,054</u>

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

**CITY OF MADERA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2015**

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

Total fund balances - governmental funds		\$ 46,014,745
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. These assets consist of:</p>		
Land	7,573,520	
Construction in progress	4,371,339	
Buildings and improvements	21,345,585	
Equipment	7,477,508	
Infrastructure	288,395,627	
Accumulated depreciation	<u>(143,544,341)</u>	
Total capital assets		185,619,238
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.</p>		
		1,727,572
<p>Interest payable on long-term debt does not require the use of current financial resources and, therefore, interest payable is generally not accrued as a liability in the balance sheet of governmental funds.</p>		
		(44,610)
<p>Pension related deferrals:</p>		
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the statement of net position.	2,919,042	
Deferred outflow of resources	246,830	
Deferred inflows of resources	<u>(5,223,462)</u>	
Total pension related deferrals		(2,057,590)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year-end consist of:</p>		
Bonds payable	(2,722,525)	
Loans payable	(525,096)	
Capital leases	(1,874,497)	
Compensated absences	(1,272,797)	
Net other postemployment benefit obligation	(1,888,012)	
Net pension liability	<u>(23,535,097)</u>	
Total long-term liabilities		(31,818,024)
<p>Internal service funds are used by management to charge costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.</p>		
		<u>1,197,641</u>
Net position of governmental activities		<u>\$ 200,638,972</u>

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

CITY OF MADERA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue				Total Governmental Funds
	General	General Development Impact Fee Fund	Special Gas Tax	Total Nonmajor Funds	
REVENUES:					
Property taxes	\$ 3,087,520	\$ -	\$ -	\$ -	\$ 3,087,520
Sales and use taxes	5,638,847	-	-	-	5,638,847
Other taxes	1,222,063	-	-	819,898	2,041,961
Use of money and property	175,354	178,413	15,232	94,854	463,853
Franchise taxes	612,474	-	-	-	612,474
Licenses and permits	595,255	-	-	-	595,255
Fines	960,889	-	-	24,280	985,169
Aid from other governmental agencies:					
Federal	1,430,708	-	-	1,457,826	2,888,534
State	7,310,737	-	2,022,277	1,640,967	10,973,981
Other	229,984	-	1,841,830	-	2,071,814
Charges for current services	4,130,662	1,842,643	-	68,056	6,041,361
Miscellaneous	375,143	-	-	533,848	908,991
Total revenues	25,769,636	2,021,056	3,879,339	4,639,729	36,309,760
EXPENDITURES:					
Current:					
General government	4,873,445	-	250,000	-	5,123,445
Public protection	13,452,053	-	-	164,916	13,616,969
Social services	-	-	-	330,062	330,062
Public ways and facilities	1,958,448	85,313	-	488,417	2,532,178
Community development	4,046,573	-	-	1,334,194	5,380,767
Culture and recreation	3,425,208	-	-	-	3,425,208
Capital outlay	91,429	799,043	2,235,180	2,130,112	5,255,764
Debt service:					
Principal	73,898	-	-	352,072	425,970
Interest	59,614	-	-	199,641	259,255
Total expenditures	27,980,668	884,356	2,485,180	4,999,414	36,349,618
Excess (deficiency) of revenues over (under) expenditures	(2,211,032)	1,136,700	1,394,159	(359,685)	(39,858)
OTHER FINANCING SOURCES (USES):					
Transfers in	4,916,541	-	-	640,885	5,557,426
Transfers out	(1,539,579)	(924,754)	(2,035,873)	(611,534)	(5,111,740)
Capital lease	-	-	-	157,755	157,755
Total other financing sources (uses)	3,376,962	(924,754)	(2,035,873)	187,106	603,441
Net change in fund balances	1,165,930	211,946	(641,714)	(172,579)	563,583
Fund balances - beginning	12,849,813	10,931,642	8,341,345	13,385,696	45,508,496
Prior period adjustments	(57,334)	-	-	-	(57,334)
Fund balances - beginning (restated)	12,792,479	10,931,642	8,341,345	13,385,696	45,451,162
Fund balances - ending	\$ 13,958,409	\$ 11,143,588	\$ 7,699,631	\$ 13,213,117	\$ 46,014,745

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

**CITY OF MADERA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

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

Net change in fund balances - total governmental funds	\$	563,583
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:</p>		
Capital outlay		4,239,167
Depreciation expense		<u>(8,156,355)</u>
Excess of depreciation expense over capital outlay		(3,917,188)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(376,500)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities.		2,919,042
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.		179,596
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		267,621
Some items 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. These activities consist of:		
Net decrease in accrued interest		490
Decrease in compensated absences		(2,249)
Decrease in net other postemployment benefit obligation		(54,708)
Pension expense		<u>(2,697,770)</u>
Total additional expenditures		(2,754,237)
The internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		<u>854,850</u>
Change in net position of governmental activities	\$	<u>(2,263,233)</u>

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

**CITY OF MADERA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015**

	Business-Type Activities			
	Water Fund	Sewer Fund	Solid Waste Fund	Drainage Operations Fund
ASSETS				
Current assets:				
Cash and investments	\$ 7,687,254	\$ 8,151,029	\$ 4,365,159	\$ 372,232
Accounts receivable, net	259,102	193,029	173,080	10,356
Interest receivable	1,346	-	-	-
Prepaid expenses	72	72	-	-
Total current assets	<u>7,947,774</u>	<u>8,344,130</u>	<u>4,538,239</u>	<u>382,588</u>
Noncurrent assets:				
Restricted assets:				
Cash and investments	4,081,968	964,370	-	-
Capital assets, not depreciated	853,472	1,803,047	-	3,645,601
Capital assets, net of accumulated depreciation	23,277,657	47,371,989	20,753	15,944,588
Total noncurrent assets	<u>28,213,097</u>	<u>50,139,406</u>	<u>20,753</u>	<u>19,590,189</u>
Total assets	<u>36,160,871</u>	<u>58,483,536</u>	<u>4,558,992</u>	<u>19,972,777</u>
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan in current fiscal year	144,327	187,823	71,175	41,519
Total deferred outflows of resources	<u>144,327</u>	<u>187,823</u>	<u>71,175</u>	<u>41,519</u>
LIABILITIES				
Current liabilities:				
Accounts payable	207,368	300,253	619,814	11,236
Salaries payable	16,696	16,724	6,766	4,794
Accrued interest payable	195,094	538,890	-	-
Due to other funds	-	-	-	19,000
Advances from other funds	-	-	-	-
Deposits payable	1,353,056	-	-	200
Unearned revenue	-	-	54,348	-
Compensated absences, due within one year	66,288	95,428	24,641	16,256
Long-term debt, due within one year	350,000	1,150,600	-	-
Total current liabilities	<u>2,188,502</u>	<u>2,101,895</u>	<u>705,569</u>	<u>51,486</u>
Noncurrent liabilities:				
Compensated absences, due in more than one year	-	9,959	-	-
Other post employment benefits obligation	105,775	129,101	39,261	22,171
Net pension liability	1,184,690	1,541,719	584,231	340,801
Long-term debt, due in more than one year	12,353,669	35,865,798	-	-
Total noncurrent liabilities	<u>13,644,134</u>	<u>37,546,577</u>	<u>623,492</u>	<u>362,972</u>
Total liabilities	<u>15,832,636</u>	<u>39,648,472</u>	<u>1,329,061</u>	<u>414,458</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	267,752	348,445	132,042	77,025
Deferred service concession arrangement receipts	-	-	-	-
Total deferred inflows of resources	<u>267,752</u>	<u>348,445</u>	<u>132,042</u>	<u>77,025</u>
NET POSITION				
Net investment in capital assets	14,456,437	12,158,638	20,753	19,590,189
Unrestricted	5,748,373	6,515,804	3,148,311	(67,376)
Total net position	<u>\$ 20,204,810</u>	<u>\$ 18,674,442</u>	<u>\$ 3,169,064</u>	<u>\$ 19,522,813</u>

Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.

Net position of business-type activities

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

CITY OF MADERA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015
(Continued)

Business-Type Activities		Governmental Activities
Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
\$ 1,038,485	\$ 21,614,159	\$ 1,279,845
745,092	1,380,659	-
328	1,674	-
1,500	1,644	-
<u>1,785,405</u>	<u>22,998,136</u>	<u>1,279,845</u>
303,637	5,349,975	-
3,517,453	9,819,573	141,529
<u>11,583,156</u>	<u>98,198,143</u>	<u>1,375,888</u>
<u>15,404,246</u>	<u>113,367,691</u>	<u>1,517,417</u>
<u>17,189,651</u>	<u>136,365,827</u>	<u>2,797,262</u>
43,496	488,340	175,961
<u>43,496</u>	<u>488,340</u>	<u>175,961</u>
254,955	1,393,626	121,337
6,386	51,366	16,763
7,707	741,691	-
377,443	396,443	-
208,082	208,082	-
-	1,353,256	-
2	54,350	-
16,905	219,518	57,363
<u>269,598</u>	<u>1,770,198</u>	<u>37,934</u>
<u>1,141,078</u>	<u>6,188,530</u>	<u>233,397</u>
3,684	13,643	-
24,019	320,327	101,157
357,030	4,008,471	1,444,348
<u>2,601,101</u>	<u>50,820,568</u>	<u>98,022</u>
<u>2,985,834</u>	<u>55,163,009</u>	<u>1,643,527</u>
<u>4,126,912</u>	<u>61,351,539</u>	<u>1,876,924</u>
80,693	905,957	326,438
<u>170,000</u>	<u>170,000</u>	<u>-</u>
<u>250,693</u>	<u>1,075,957</u>	<u>326,438</u>
12,229,910	58,455,927	1,517,417
<u>625,632</u>	<u>15,970,744</u>	<u>(747,556)</u>
<u>\$ 12,855,542</u>	<u>74,426,671</u>	<u>\$ 769,861</u>
	<u>(427,780)</u>	
	<u>\$ 73,998,891</u>	

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

CITY OF MADERA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities			
	Water Fund	Sewer Fund	Solid Waste Fund	Drainage Operations Fund
Operating revenues:				
Charges for services	\$ 5,590,602	\$ 6,444,560	\$ 5,621,814	\$ 654,696
Other	-	-	-	-
Total operating revenues	<u>5,590,602</u>	<u>6,444,560</u>	<u>5,621,814</u>	<u>654,696</u>
Operating expenses:				
Salaries and benefits	1,184,827	1,403,886	564,191	297,547
General and administrative	1,117,302	1,295,166	3,951,184	125,927
Supplies and miscellaneous	191,955	346,243	11,320	64,142
Parts and supplies	477,151	72,444	91,683	-
Utilities	1,246,948	668,456	11,578	39,254
Amortization	4,054	(18,783)	-	-
Depreciation	828,504	2,259,235	7,836	344,572
Total operating expenses	<u>5,050,741</u>	<u>6,026,647</u>	<u>4,637,792</u>	<u>871,442</u>
Operating income (loss)	<u>539,861</u>	<u>417,913</u>	<u>984,022</u>	<u>(216,746)</u>
Nonoperating revenues (expenses):				
Interest income	102,109	97,922	47,755	4,163
Property taxes	-	-	-	-
Operating grants	-	-	75,656	-
Capital grants	-	-	-	-
Other revenue	-	6,367	-	-
Gain (loss) on disposal of property	1,952	37,815	-	-
Interest expense	(591,781)	(1,578,917)	-	-
Other nonoperating expense	-	-	-	-
Total nonoperating revenues (expenses)	<u>(487,720)</u>	<u>(1,436,813)</u>	<u>123,411</u>	<u>4,163</u>
Income (loss) before capital contributions and transfers	<u>52,141</u>	<u>(1,018,900)</u>	<u>1,107,433</u>	<u>(212,583)</u>
Capital contributions	26,269	30,092	-	31,632
Transfers in	-	1,760,000	51,694	-
Transfers out	<u>(637,077)</u>	<u>(1,557,459)</u>	<u>(746,543)</u>	<u>(60,664)</u>
Change in net position	<u>(558,667)</u>	<u>(786,267)</u>	<u>412,584</u>	<u>(241,615)</u>
Net position - beginning	22,090,537	21,187,705	3,329,526	20,146,185
Prior period adjustments	-	-	81,394	-
Change in accounting principle	<u>(1,327,060)</u>	<u>(1,726,996)</u>	<u>(654,440)</u>	<u>(381,757)</u>
Net position - beginning (restated)	<u>20,763,477</u>	<u>19,460,709</u>	<u>2,756,480</u>	<u>19,764,428</u>
Net position - ending	<u>\$ 20,204,810</u>	<u>\$ 18,674,442</u>	<u>\$ 3,169,064</u>	<u>\$ 19,522,813</u>

Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.

Change in net position of business-type activities

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

CITY OF MADERA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(Continued)

Business-Type Activities		Governmental Activities
Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
\$ 777,561	\$ 19,089,233	\$ 2,846,157
<u>713</u>	<u>713</u>	<u>-</u>
<u>778,274</u>	<u>19,089,946</u>	<u>2,846,157</u>
343,182	3,793,633	1,328,418
1,571,570	8,061,149	200,460
208,729	822,389	496,144
152,606	793,884	168,325
26,639	1,992,875	396,503
-	(14,729)	-
<u>632,856</u>	<u>4,073,003</u>	<u>356,755</u>
<u>2,935,582</u>	<u>19,522,204</u>	<u>2,946,605</u>
<u>(2,157,308)</u>	<u>(432,258)</u>	<u>(100,448)</u>
15,107	267,056	-
70,353	70,353	-
1,666,119	1,741,775	-
131,792	131,792	204,299
16,982	23,349	23,123
(25,291)	14,476	551
(10,238)	(2,180,936)	-
<u>(5,086)</u>	<u>(5,086)</u>	<u>-</u>
<u>1,859,738</u>	<u>62,779</u>	<u>227,973</u>
<u>(297,570)</u>	<u>(369,479)</u>	<u>127,525</u>
59,677	147,670	6,551
187,083	1,998,777	670,000
<u>(62,226)</u>	<u>(3,063,969)</u>	<u>(50,494)</u>
<u>(113,036)</u>	<u>(1,287,001)</u>	<u>753,582</u>
13,368,514		1,634,201
-		-
<u>(399,936)</u>		<u>(1,617,922)</u>
<u>12,968,578</u>		<u>16,279</u>
<u>\$ 12,855,542</u>		<u>\$ 769,861</u>
	<u>(101,273)</u>	
	<u>\$ (1,388,274)</u>	

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

**CITY OF MADERA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Business-Type Activities			
	Water Fund	Sewer Fund	Solid Waste Fund	Drainage Operations Fund
Cash flows from operating activities:				
Receipts from customers and users	\$ 5,798,227	\$ 6,566,662	\$ 5,781,977	\$ 671,120
Payments to suppliers	(3,020,602)	(2,264,466)	(3,749,690)	(236,726)
Payments to employees	(1,191,457)	(1,411,992)	(534,417)	(301,640)
Payments to other funds	-	-	-	-
Net cash provided (used) by operating activities	<u>1,586,168</u>	<u>2,890,204</u>	<u>1,497,870</u>	<u>132,754</u>
Cash flows from noncapital financing activities:				
Transfers from (to) other funds	(637,077)	202,541	(694,849)	(60,664)
Other nonoperating revenues	-	6,367	-	-
Property taxes	-	-	-	-
Operating grants	-	-	34,306	-
Net cash provided (used) by noncapital financing activities	<u>(637,077)</u>	<u>208,908</u>	<u>(660,543)</u>	<u>(60,664)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(594,363)	(11,345)	-	-
Capital grants	-	-	-	-
Principal paid on capital leases	-	(27,733)	-	-
Principal paid on notes	-	(277,878)	-	-
Principal paid on bonds	(305,000)	(815,000)	-	-
Interest paid	(595,031)	(1,593,269)	-	-
Net cash provided (used) by capital and related financing activities	<u>(1,494,394)</u>	<u>(2,725,225)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest received	102,145	97,922	47,755	4,163
Net cash provided (used) by investing activities	<u>102,145</u>	<u>97,922</u>	<u>47,755</u>	<u>4,163</u>
Net increase (decrease) in cash and cash equivalents	(443,158)	471,809	885,082	76,253
Cash and cash equivalents - July 1, 2014	12,212,380	8,643,590	3,480,077	295,979
Cash and cash equivalents - June 30, 2015	<u>\$ 11,769,222</u>	<u>\$ 9,115,399</u>	<u>\$ 4,365,159</u>	<u>\$ 372,232</u>

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

**CITY OF MADERA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(Continued)**

	Business-Type Activities		Governmental Activities
	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
Cash flows from operating activities:			
Receipts from customers and users	\$ 662,206	\$ 19,480,192	\$ 2,850,093
Payments to suppliers	(1,895,392)	(11,166,876)	(1,385,418)
Payments to employees	(333,119)	(3,772,625)	(1,350,417)
Payments to other funds	(21,264)	(21,264)	-
	(1,587,569)	4,519,427	114,258
Net cash provided (used) by operating activities			
Cash flows from noncapital financing activities:			
Transfers from (to) other funds	124,857	(1,065,192)	619,506
Other nonoperating revenues	18,791	25,158	23,674
Property taxes	70,353	70,353	-
Operating grants	1,666,117	1,700,423	-
	1,880,118	730,742	643,180
Net cash provided (used) by noncapital financing activities			
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(74,117)	(679,825)	(684,301)
Capital grants	131,792	131,792	204,299
Principal paid on capital leases	-	(27,733)	-
Principal paid on notes	(18,704)	(296,582)	(37,942)
Principal paid on bonds	(213,399)	(1,333,399)	-
Interest paid	(16,078)	(2,204,378)	-
	(190,506)	(4,410,125)	(517,944)
Net cash provided (used) by capital and related financing activities			
Cash flows from investing activities:			
Interest received	15,110	267,095	-
	15,110	267,095	-
Net cash provided (used) by investing activities			
Net increase (decrease) in cash and cash equivalents	117,153	1,107,139	239,494
Cash and cash equivalents - July 1, 2014	1,224,969	25,856,995	1,040,351
Cash and cash equivalents - June 30, 2015	\$ 1,342,122	\$ 26,964,134	\$ 1,279,845

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

CITY OF MADERA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(Continued)

	Business-Type Activities			
	Water Fund	Sewer Fund	Solid Waste Fund	Drainage Operations Fund
Reconciliation of operating income (loss) to cash provided (used) by operating activities:				
Operating income (loss)	\$ 539,861	\$ 417,913	\$ 984,022	\$ (216,746)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	828,504	2,259,235	7,836	344,572
Amortization	4,054	(18,783)	-	-
(Gain) loss on disposal of capital assets	1,952	37,815	-	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
(Increase) decrease in accounts receivable	195,543	122,102	160,163	16,424
(Increase) decrease in prepaid expense	(72)	(72)	-	-
(Increase) decrease in deferred outflows of resources from pensions	(144,327)	(187,823)	(71,175)	(41,519)
Increase (decrease) in accounts payable	10,874	80,100	316,075	(7,403)
Increase (decrease) in salaries payable	9,616	8,401	2,314	1,408
Increase (decrease) in due to other funds	-	-	-	-
Increase (decrease) in advances from other funds	-	-	-	-
Increase (decrease) in deposits payable	12,082	-	-	-
Increase (decrease) in unearned revenue	-	-	-	-
Increase (decrease) in deferred inflows of resources from pensions	267,752	348,445	132,042	77,025
Increase (decrease) in net pension liability	(142,370)	(185,277)	(70,210)	(40,956)
Increase (decrease) in compensated absences	(14,832)	(7,434)	13,230	(1,087)
Increase (decrease) in other postemployment benefit obligations	17,531	15,582	23,573	1,036
Net cash provided (used) by operating activities	<u>\$ 1,586,168</u>	<u>\$ 2,890,204</u>	<u>\$ 1,497,870</u>	<u>\$ 132,754</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Cash and investments - unrestricted	\$ 7,687,254	\$ 8,151,029	\$ 4,365,159	\$ 372,232
Cash and investments - restricted	4,081,968	964,370	-	-
Total cash and investments	<u>\$ 11,769,222</u>	<u>\$ 9,115,399</u>	<u>\$ 4,365,159</u>	<u>\$ 372,232</u>
Noncash investing, capital, and financing activities:				
Developer and other capital contributions	<u>\$ 26,269</u>	<u>\$ 30,092</u>	<u>\$ -</u>	<u>\$ 31,632</u>

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

**CITY OF MADERA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(Continued)**

	Business-Type Activities		Governmental Activities
	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
	Reconciliation of operating income (loss) to cash provided (used) by operating activities:		
Operating income (loss)	\$ (2,157,308)	\$ (432,258)	\$ (100,448)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	632,856	4,073,003	356,755
Amortization	-	(14,729)	-
(Gain) loss on disposal of capital assets	-	39,767	-
Changes in assets, deferred outflows of resource, liabilities and deferred inflows of resources:			
(Increase) decrease in accounts receivable	(63,528)	430,704	3,936
(Increase) decrease in prepaid expense	(1,500)	(1,644)	-
(Increase) decrease in deferred outflows of resources from pensions	(43,496)	(488,340)	(175,961)
Increase (decrease) in accounts payable	65,652	465,298	(123,987)
Increase (decrease) in salaries payable	2,066	23,805	11,068
Increase (decrease) in due to other funds	3,216	3,216	-
Increase (decrease) in advances from other funds	(24,480)	(24,480)	-
Increase (decrease) in deposits payable	-	12,082	-
Increase (decrease) in unearned revenue	(13,540)	(13,540)	-
Increase (decrease) in deferred inflows of resources from pensions	41,693	866,957	326,438
Increase (decrease) in net pension liability	(42,906)	(481,719)	(173,574)
Increase (decrease) in compensated absences	5,593	(4,530)	(20,048)
Increase (decrease) in other postemployment benefit obligations	8,113	65,835	10,079
	8,113	65,835	10,079
Net cash provided (used) by operating activities	<u>\$ (1,587,569)</u>	<u>\$ 4,519,427</u>	<u>\$ 114,258</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:			
Cash and Investments - unrestricted	\$ 1,038,485	\$ 21,614,159	\$ 1,279,845
Cash and Investments - restricted	303,637	5,349,975	-
Total cash and investments	<u>\$ 1,342,122</u>	<u>\$ 26,964,134</u>	<u>\$ 1,279,845</u>
Noncash investing, capital, and financing activities:			
Developer and other capital contributions	<u>\$ 59,677</u>	<u>\$ 147,670</u>	<u>\$ 6,551</u>

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

**CITY OF MADERA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015**

	Successor Agency Private Purpose Trust Fund	Agency Fund
ASSETS		
Cash and investments	\$ 8,842,592	\$ 1,560,626
Receivables:		
Accounts, net	34,661	11,633
Interest	8,923	-
Prepaid items	3,146	-
Land held for resale	753,904	-
Restricted assets:		
Cash and investments with fiscal agents	4,370,826	-
Capital assets, not depreciated	389,566	-
Capital assets, net of accumulated depreciation	2,424,608	-
Total assets	16,828,226	1,572,259
LIABILITIES		
Accounts payable	5,087	98,379
Accrued liabilities	-	425,544
Salaries and accrued liabilities	109,079	-
Accrued interest	801,921	-
Deposit payable	-	22,504
Other liabilities	5,043	-
Due to other governments	-	1,025,832
Long-term debt, due within one year	1,191,931	-
Long-term debt, due in more than one year	46,187,319	-
Total liabilities	48,300,380	\$ 1,572,259
NET POSITION		
Net position held in trust for redevelopment dissolution and other purposes	\$ (31,472,154)	

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

**CITY OF MADERA
STATEMENT OF CHANGES FIDUCIARY IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Successor Agency Private Purpose Trust Fund</u>
ADDITIONS	
Property taxes	\$ 6,218,663
Interest income	38,261
Other payment received	<u>39,685</u>
Total additions	<u>6,296,609</u>
DEDUCTIONS	
General and administrative	347,294
Project expenses	24,220
Amortization	31,517
Depreciation	165,701
Interest on debts	<u>2,414,300</u>
Total deductions	<u>2,983,032</u>
Change in net position	<u>3,313,577</u>
Net position - beginning	(34,831,598)
Prior period adjustments	<u>45,867</u>
Net position - beginning (restated)	<u>(34,785,731)</u>
Net position - ending	<u>\$ (31,472,154)</u>

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

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Madera, California (the “City”) was incorporated in 1907 under the general laws of the State of California. The City operates under an elected Council/City Manager form of government.

The City has defined its reporting entity in accordance with generally accepted accounting principles (“GAAP”) in the United States of America, which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body’s financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship if it appoints a voting majority of an organization’s governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. Based upon the application of these criteria, the following is a brief description of each component unit included within the City’s reporting entity. All such component units have been “blended” as though they are part of the primary government because the component unit’s governing body is substantially the same as the City’s primary government and there is a financial benefit or burden relationship between the City and the component unit. Management of the City has operational responsibilities for the component unit, and/or the component units provide services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it.

Blended component unit. The Madera Public Financing Authority (Financing Authority) was created in 1989. The Financing Authority is a joint exercise of joint powers. The City Council serves as directors of the Financing Authority. The purpose of the Financing Authority is to act as a financing/lending type of entity only. No separate annual financial statements are prepared for the Financing Authority.

Since the City Council previously served as the government board for this component unit, the City’s component unit was considered to be a blended component unit. Blended component units, although legally separate entities, are in substance, part of the City’s operations and so data from this unit was reported with the data of the primary government.

Discretely presented component unit. The Housing Authority of the City of Madera (Housing Authority) is a governmental entity authorized in accordance with state law to engage in the development, acquisition, leasing, and administration of low-rent housing programs. The Housing Authority is governed by a Board of Commissioners, which is comprised of members of the City Council. Management of the Housing Authority is appointed and held accountable to the Governing Board. The annual financial statements for the Housing Authority can be obtained at the Housing Authority’s administrative office.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental audits. The Governmental Accounting Standards Board is the accepted standard setting body for governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein the operations of each fund are accounted for in a separate set of self-balancing accounts that records resources, related liabilities, obligations, reserves and equities segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Government-Wide 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 component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported 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 direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 properly included among program revenues are reported instead as *general revenues*.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The *General Fund* accounts for all the general revenues of the City not specifically levied or collected for by other City Funds and for expenditures related to the rendering of general services by the City.

The *General Development Impact Fee Fund* accounts for and reports the proceeds of the AB1600 development impact fee monies that are restricted or committed to expenditures for the intended purposes.

The *Special Gas Tax Fund* accounts for and reports the proceeds of the City's share of state gasoline taxes, which are restricted or committed to expenditures for the street construction and street maintenance projects.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The City reports the following major enterprise funds:

The *Water Fund* accounts for revenues and expenses of the operations of the City's water utility. All activities necessary to provide this service are accounted for in this fund, including administration, operations, maintenance, billing and collection and depreciation.

The *Sewer Fund* accounts for the revenues and expenses for the maintenance, repair and depreciation of the sewers within the City.

The *Solid Waste Fund* accounts for revenues and expenses of the solid waste removal and street cleaning activities.

The *Drainage Operations Fund* accounts for the activities related to drainage.

Additionally, the City reports the following fund types:

Internal Service Funds account for the financing of goods and services provided by one department of the City to other departments on a cost-reimbursement basis. The City has Internal Service Funds for Fleet Management and Replacement, Facility Maintenance, and Computer Replacement.

The *Successor Agency Private Purpose Trust Fund* accounts for the assets and liabilities of the former Redevelopment Agency and its allocated revenue to pay estimated installment payments of the enforceable obligations until the obligations of the former Redevelopment Agency are paid in full and assets have been liquidated.

The *Agency Fund* is used to account for assets held by the City as an agent for individuals or private organizations and other governmental units. These include developer deposits, collections from the State of California, Federal, and Madera police department for assets forfeited, utility deposits, collections of payroll and related taxes and various restricted donations. Agency funds are custodial in nature (assets equals liabilities) and do not involve the measurement or results of operations. The City's Agency Fund accounts for assets held for other governments and various deposits held for individuals or private organizations.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. 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 imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified 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. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal year. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirement, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenues items are considered to be measurable and available only when cash is received by the City.

The City applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations as well as the following private sector standards issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. Governments have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private sector guidance.

The proprietary and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

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

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

E. Cash and Investments

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

Investments for the City are reported at fair value (generally based on quoted market prices) except for the position in the State Treasurer's Investment Pool (Pool). In accordance with the state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 and promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximately fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value. Accordingly, the City reports its investments at fair value in the balance sheet. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year.

F. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditure/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The costs of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

G. Land Held for Resale

Land held for resale is recorded as an asset at the lower of historical cost or estimated net realizable value.

H. Capital Assets

Capital assets, which include public domain (infrastructure) capital assets consisting of certain improvements, including streets (pavements, medians, curbs/gutters, sidewalks, traffic signals, monument signs and bridges), storm drains and water/sewer systems and improvements, are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Generally, capital asset acquisitions in excess of \$5,000 (general capital assets) and \$25,000 (infrastructure) are capitalized if they have an expected useful life of one year or more. Acquisitions of capital assets (including infrastructure) are recorded at historical cost at the time of purchase. Donated capital assets are recorded at their fair value at the date of donation.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets (Continued)

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the City are depreciated using the straight-line method over the following estimated useful lives:

Buildings	25-30 years
Improvements	5-50 years
Equipment	4-15 years
Infrastructure	10-50 years

I. Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

J. Unearned Revenue

Unearned revenue is that for which recognition criteria have been met, but for which revenue recognition criteria have not been met. The City typically records intergovernmental revenues (primary grants and subventions) received but not earned (qualifying expenditures not yet incurred).

K. Unavailable Revenue

In the fund financial statements, unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unavailable revenue for transactions for which revenues have been earned, but for which funds are not available to meet current financial obligations. Typical transactions for which unavailable revenue is recorded are grants when funding requirements have been met, but the related funding is not yet available.

L. Pension

In government-wide financial statements, pensions are recognized and disclosed using the accrual basis of accounting (see Note 8 and the RSI section immediately following the notes to financial statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, measured as of the City's fiscal year-end or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants including retirees, in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they arose. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is classified in the following categories:

- ***Net investment in capital assets*** – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.
- ***Restricted net position*** – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- ***Unrestricted Net Position*** – This category represents net amounts that do not meet the criteria for “restricted” or “net investment in capital assets”.

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

N. Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the Finance Director through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned:** This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the City.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balances (Continued)

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to first apply committed fund balance, then assigned fund balance, and finally unassigned fund balance.

This policy delegates to the Finance Director the authority to assign unassigned fund balance amounts where the City's intent is for those amounts to be used for specific purposes. This delegation of authority is for the sole purpose of reporting these amounts in the annual financial statements.

O. Property Taxes

Property taxes are assessed, collected and allocated by County of Madera throughout the fiscal year according to the following property tax calendar:

	Secured	Unsecured
Levy Dates	July 1	July 1
Lien Dates	January 1	January 1
Due Dates	November 1 and February 1	August 1
Delinquent After	December 10 and April 10	August 31

P. Use of Estimates

A number of estimates and assumptions relating to the reporting of revenues, expenditures/expenses, assets, deferred outflows of resources, liabilities and deferred inflows of resources, and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Q. Pronouncements

1) New Accounting Pronouncements Adopted

Governmental Accounting Standards Board Statement No. 68

In June 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. The requirements of this statement are effective for the City's fiscal year ending June 30, 2015.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Pronouncements (Continued)

1) New Accounting Pronouncements Adopted (Continued)

Governmental Accounting Standards Board Statement No. 68 (continued)

As of July 1, 2014, the City adopted the provisions of GASB Statement No. 68 and restated the beginning net position of the City's governmental activities, business-type activities, enterprise funds, internal service funds, and the private purpose trust fund to record the net pension liability (see Note 14). The implementation of GASB Statement No. 68 enhanced the City's pension disclosures as described in Note 8 and required supplementary information.

Governmental Accounting Standards Board Statement No. 69

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The objective of this statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The statement requires disclosure to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The requirements of this statement were considered but had no effect on the City for the current fiscal year.

Governmental Accounting Standards Board Statement No. 71

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68*. The objective of this statement 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 nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this statement are effective for the City's fiscal year ending June 30, 2015.

As of July 1, 2014, the City adopted the provisions of GASB Statement No. 71 and restated the beginning net position of the City's governmental activities, business-type activities, enterprise funds, internal service funds, and the private purpose trust fund to record the beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability (see Note 14).

2) New Accounting Pronouncements Not Yet Adopted

Governmental Accounting Standards Board Statement No. 72

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements for this provision are effective for the City's fiscal year ending June 30, 2016.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Pronouncements (Continued)

2) New Accounting Pronouncements Not Yet Adopted (Continued)

Governmental Accounting Standards Board Statement No. 73

In June 2015, GASB issued 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 67 and 68*. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and accessing accountability. This statement results from comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this statement are effective for the City's fiscal year ending June 30, 2017.

Governmental Accounting Standards Board Statement No. 74

On June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement replaces Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*. The requirements of this statement are effective for the City's fiscal year ending June 30, 2017.

Governmental Accounting Standards Board Statement No. 75

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this statement are effective for the City's fiscal year ending June 30, 2018.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Pronouncements (Continued)

2) New Accounting Pronouncements Not Yet Adopted (Continued)

Governmental Accounting Standards Board Statement No. 76

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements for this statement are effective for the City’s fiscal year ending June 30, 2016.

Governmental Accounting Standards Board Statement No. 77

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Application of Statement No. 77 is effective for the City’s fiscal year ending June 30, 2017.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2015 are classified in the accompanying financial statements as follows:

	<u>Government-Wide Statement of Net Position</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and investments	\$ 40,541,814	\$ 21,614,159	\$ 10,403,218	\$ 72,559,191
Restricted cash and investments with fiscal agents	<u>252,966</u>	<u>5,349,975</u>	<u>4,370,826</u>	<u>9,973,767</u>
Total	<u>\$ 40,794,780</u>	<u>\$ 26,964,134</u>	<u>\$ 14,774,044</u>	<u>\$ 82,532,958</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Cash and investments consist of the following as of June 30, 2015:

Cash and investments:	
Petty cash	\$ 7,295
Deposits with financial institutions	6,754,720
Investments	<u>75,770,943</u>
 Total cash and investments	 <u>\$ 82,532,958</u>

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

The table below 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 table also identifies certain provisions of the California Government Code (or the City’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provision of debt agreements of the City, rather than the general provisions of the California Government Code or the City’s investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments Authorized by the Debt Agreements

Investment of debt proceeds held by bond trustee is governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

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 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 and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Amounts	Remaining Maturity (in months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Pooled Investments in the City:					
Local Agency Investment Fund	\$ 4,795,800	\$ 4,795,800	\$ -	\$ -	\$ -
Money Market Funds	37	37	-	-	-
Certificates of Deposit	15,885,910	1,449,930	6,736,998	7,698,982	-
U.S. Treasury Notes	6,002,500	-	2,013,440	3,989,060	-
U.S. Government Securities:					
Federal Home Loan Banks	9,085,775	2,096,540	-	4,988,615	2,000,620
Federal Home Loan Mortgage Corporation	7,002,300	-	-	7,002,300	-
Federal National Mortgage Association	2,000,290	-	-	2,000,290	-
State Municipal Bonds	1,816,097	1,816,097	-	-	-
U.S. Corporate Bonds	11,322,417	4,032,904	6,274,623	1,014,890	-
Investments held by bond trustee:					
Money Market Funds	4,791,468	4,791,468	-	-	-
Federal Home Loan Mortgage Corporation	406,887	-	-	406,887	-
Federal National Mortgage Association	413,508	-	-	413,508	-
Total pooled investments in the City	<u>63,522,989</u>	<u>18,982,776</u>	<u>15,025,061</u>	<u>27,514,532</u>	<u>2,000,620</u>
Investments in Successor Agency Private Purpose Trust Fund:					
Local Agency Investment Fund	7,864,948	7,864,948	-	-	-
Investments held by bond trustee:					
Money Market Funds	2,272,208	2,272,208	-	-	-
Certificates of Deposit	1,513,736	656,090	857,646	-	-
Federal Home Loan Mortgage Corporation	155,722	-	-	155,722	-
Federal National Mortgage Association	441,340	-	-	441,340	-
Total Investments in Successor Agency Private Purpose Trust Fund	<u>12,247,954</u>	<u>10,793,246</u>	<u>857,646</u>	<u>597,062</u>	<u>-</u>
Total Investments	<u>\$ 75,770,943</u>	<u>\$ 29,776,022</u>	<u>\$ 15,882,707</u>	<u>\$ 28,111,594</u>	<u>\$ 2,000,620</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Credit Risk

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

Presented below is 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.

Investment Type	Amounts	Exempt From Disclosure	Rating as of Year-End							Not Rated	
			Aaa	Aa2	Aa3	A1	A2	A3	Baa1		
Pooled Investments in the City:											
Local Agency Investment Fund	\$ 4,795,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,795,800
Money Market Funds	37	-	-	-	-	-	-	-	-	-	37
Certificates of Deposit	15,885,910	-	-	-	-	-	-	-	-	-	15,885,910
U.S. Treasury Notes	6,002,500	6,002,500	-	-	-	-	-	-	-	-	-
U.S. Government Securities:											
Federal Home Loan Banks	9,085,775	-	6,989,235	-	-	-	-	2,096,540	-	-	-
Federal Home Loan Mortgage Corporation	7,002,300	-	7,002,300	-	-	-	-	-	-	-	-
Federal National Mortgage Association	2,000,290	-	2,000,290	-	-	-	-	-	-	-	-
State Municipal Bonds	1,816,097	-	-	-	940,407	-	-	-	875,690	-	-
U.S. Corporate Bonds	11,322,417	-	-	114,214	113,340	3,947,923	222,727	6,125,829	798,384	-	-
Investments held by bond trustee:											
Money Market Funds	4,791,468	-	4,791,468	-	-	-	-	-	-	-	-
Federal Home Loan Mortgage Corporation	406,887	-	406,887	-	-	-	-	-	-	-	-
Federal National Mortgage Association	413,508	-	413,508	-	-	-	-	-	-	-	-
Total pooled investments in the City	63,522,989	6,002,500	21,603,688	114,214	1,053,747	3,947,923	2,319,267	7,001,519	798,384	20,681,747	
Investments in Successor Agency Private Purpose Trust Fund:											
Local Agency Investment Fund	7,864,948	-	-	-	-	-	-	-	-	-	7,864,948
Investments held by bond trustee:											
Money Market Funds	2,272,208	-	2,272,208	-	-	-	-	-	-	-	-
Certificates of Deposit	1,513,736	-	-	-	-	-	-	-	-	-	1,513,736
Federal Home Loan Mortgage Corporation	155,722	-	155,722	-	-	-	-	-	-	-	-
Federal National Mortgage Association	441,340	-	441,340	-	-	-	-	-	-	-	-
Total Investments in Successor Agency Private Purpose Trust Fund	12,247,954	-	2,869,270	-	-	-	-	-	-	9,378,684	
Total Investments	\$ 75,770,943	\$ 6,002,500	\$ 24,472,958	\$ 114,214	\$ 1,053,747	\$ 3,947,923	\$ 2,319,267	\$ 7,001,519	\$ 798,384	\$ 30,060,431	

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total investments across the City's funds are as follows:

Issuer	Investment Type	Reported Amount
JP Morgan Chase Bank NA	U.S. Corporate Bonds	\$ 4,004,600

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 – CASH AND INVESTMENTS (Continued)

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 custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision 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 City had no uncollateralized cash at June 30, 2015. As of June 30, 2015, \$6,754,720 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in accounts collateralized in accordance with State law as described above. 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 custodial bank.

Local Agency Investment Fund

The City of Madera is a voluntary participant in the Local Agency Investment Fund (LAIF) that 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.

At June 30, 2015, the City's investments in LAIF were \$4,795,800 and the Successor Agency's investments in LAIF were \$7,864,948. The weighted average maturity of LAIF was 278 days at June 30, 2015. The total amount recorded by all public agencies in LAIF at June 30, 2015 was approximately \$21.4 billion. LAIF is part of the State's Pooled Money Investment Account (PMIA). PMIA has a total of approximately \$69.6 billion and of that amount, 97.92% was invested in non-derivative financial products and 2.08% in structured notes and asset-backed securities.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 – RECEIVABLES

Accounts Receivable

At June 30, 2015, accounts receivable of the City's major individual funds and nonmajor funds including the applicable allowance for uncollectible accounts are as follows:

<u>Governmental Activities</u>	<u>General</u>	<u>General Development Impact Fee Fund</u>	<u>Special Gas Tax Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>		
Accounts receivable	\$ 2,173,652	\$ 6,222	\$ 528,699	\$ 1,541,995	\$ 4,250,568		
Less: allowance for uncollectibles	(15,359)	-	-	(210)	(15,569)		
Total accounts receivable, net	<u>\$ 2,158,293</u>	<u>\$ 6,222</u>	<u>\$ 528,699</u>	<u>\$ 1,541,785</u>	<u>\$ 4,234,999</u>		
<u>Business-type Activities</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Drainage Operations Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u>
Accounts receivable	\$ 306,913	\$ 246,051	\$ 287,352	\$ 21,970	\$ 745,092	\$ 1,607,378	\$ -
Less: allowance for uncollectibles	(47,811)	(53,022)	(114,272)	(11,614)	-	(226,719)	-
Total accounts receivable, net	<u>\$ 259,102</u>	<u>\$ 193,029</u>	<u>\$ 173,080</u>	<u>\$ 10,356</u>	<u>\$ 745,092</u>	<u>\$ 1,380,659</u>	<u>\$ -</u>

The amount of the allowance for each fund is a management determination made by reviewing past collections received on each account. This analysis includes reviewing the aging of the receivable balance, past account write-offs and other known variables. The allowance is evaluated at the end of the year for adequacy.

Notes Receivable

Residential Rehab Special Revenue Fund

The City was awarded a \$3 million dollar federal grant from the HOME Investment Program (HOME) administered through the State of California. The proceeds of this grant were used to provide a \$3 million loan to Madera Pacific Associates (MPS) for multi-family rental housing projects serving low and very low income individuals through subordinate loans with terms up to 55 years. MPS is required to repay the loan through the net cash flow payments it receives from project operations. The loan balance at June 30, 2015 is \$2,962,234, which is recorded as a note receivable in the Residential Rehab special revenue fund.

The City was awarded a \$5 million dollar federal grant from the HOME Investment Program (HOME) administered through the State of California. The proceeds of this grant were used to provide a \$5 million loan to 100 Stadium Rd., L.P. for multi-family rental housing projects serving low and very low income individuals through subordinate loans with terms up to 55 years. 100 Stadium Rd., L.P. is required to repay the loan through the net cash flow payments it receives from project operations. The loan balance at June 30, 2015 is \$4,534,343, which is recorded as a note receivable in the Residential Rehab special revenue fund.

Low and Moderate Income Housing Asset Special Revenue Fund

The Low and Moderate Income Housing Asset special revenue fund reports \$109,932 of notes receivable. These were loans funded from the former Redevelopment Agency to developers for construction of affordable housing or rehabilitation within the boundaries of the Redevelopment Project Area. These low interest bearing loans are secured by deeds of trust. Maturities vary according to terms and disposition of property.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 – RECEIVABLES (Continued)

Notes Receivable (Continued)

Forgivable Loans

The City administers the first time homebuyer, housing rehabilitation, and small business loan programs funded with various grants (i.e. CDBG, HOME, CalHome, NSP, etc.). Under these programs, individuals with incomes below certain levels are eligible to receive low interest loans. These loans are secured by deeds of trust on the properties. Deferred payment loans receivable under the these forgivable loans are not required to be paid back unless the participating homeowner sells, transfers title to the property, or discontinues residence in the dwelling at which time the full amount of the deferred loan is due. These deferred payment loans are “nonperforming loans” and are not recorded as loans receivable in the financial statements. Loans and related items as of June 30, 2015 are summarized as follows:

<u>Loan Type</u>	<u>Outstanding Loan Balance</u>	<u>Due</u>
First time homebuyer	\$ 5,424,037	30 years
Housing rehabilitation	725,582	30 years
Small business	585,054	10 years
Total	<u>\$ 6,734,673</u>	

NOTE 4 – INTERFUND ACTIVITY

Current Interfund Receivables/Payables

Current interfund balances that arise in the normal course of business are expected to be repaid shortly after the end of the fiscal year. Due to other funds represents short-term borrowing resulting from a fund’s temporary need for additional cash. Primarily, these amounts have been recorded when funds overdraw their share of pooled cash. The following is a summary of current interfund balances as of June 30, 2015:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major funds:		
General fund	\$ 857,038	\$ 22
Drainage operations enterprise fund	-	19,000
Nonmajor funds:		
Federal Aid Urban special revenue fund	-	13,717
Street construction special revenue fund	-	226,848
Senior citizens services special revenue fund	-	40,891
Supplemental law enforcement special revenue fund	-	29,885
Rehab residential special revenue fund	-	138,507
Low and moderate income housing asset special revenue fund	22	10,747
Local transit enterprise fund	-	233,027
Golf course enterprise fund	-	144,416
Total	<u>\$ 857,060</u>	<u>\$ 857,060</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 – INTERFUND ACTIVITY (Continued)

Long-term Interfund Receivables/Payables

As of June 30, 2015, balances for interfund loans were as follows:

	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
Major funds:		
General fund	\$ 208,082	\$ -
Nonmajor funds:		
Golf course enterprise fund	<u>-</u>	<u>208,082</u>
Total	<u>\$ 208,082</u>	<u>\$ 208,082</u>

The advance for \$208,082 from the General Fund to the Golf Course Enterprise Fund was made for funding facility construction.

Transfers Between Funds

With City council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund that has made expenditures on behalf of another fund.

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
Major funds:		
General fund	\$ 4,916,541	\$ 1,539,579
General impact fee special revenue fund	-	924,754
Special gas tax special revenue fund	-	2,035,873
Water enterprise fund	-	637,077
Sewer enterprise fund	1,760,000	1,557,459
Solid waste enterprise fund	51,694	746,543
Drainage operations enterprise fund	-	60,664
Nonmajor funds:		
Parking district special revenue fund	-	312
Street construction special revenue fund	-	412,000
Senior citizens services special revenue fund	255,992	-
Landscape assessment special revenue fund	21,071	-
Intermodal building special revenue fund	-	258
Community facilities district special revenue fund	169,565	169,565
Park facilities special revenue fund	194,257	-
Rehab residential special revenue fund	-	29,399
Local transit enterprise fund	-	56,950
Golf course enterprise fund	187,083	-
Airport enterprise fund	-	5,276
Internal service fund	<u>670,000</u>	<u>50,494</u>
Total	<u>\$ 8,226,203</u>	<u>\$ 8,226,203</u>

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 – CAPITAL ASSETS

Capital assets activity of the governmental activities for the year ended June 30, 2015 is as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 7,488,789	\$ 84,731	\$ -	\$ 7,573,520
Construction in progress	<u>10,878,090</u>	<u>4,657,893</u>	<u>11,023,115</u>	<u>4,512,868</u>
Total capital assets not being depreciated	<u>18,366,879</u>	<u>4,742,624</u>	<u>11,023,115</u>	<u>12,086,388</u>
Capital assets being depreciated:				
Buildings and improvements	21,345,585	-	-	21,345,585
Equipment	10,019,305	848,453	109,292	10,758,466
Infrastructure	<u>277,832,967</u>	<u>10,564,739</u>	<u>2,079</u>	<u>288,395,627</u>
Total capital assets being depreciated	<u>309,197,857</u>	<u>11,413,192</u>	<u>111,371</u>	<u>320,499,678</u>
Less accumulated depreciation for:				
Buildings and improvements	5,339,208	426,283	-	5,765,491
Equipment	7,222,402	682,550	86,736	7,818,216
Infrastructure	<u>124,462,977</u>	<u>7,404,277</u>	<u>1,550</u>	<u>131,865,704</u>
Total accumulated depreciation	<u>137,024,587</u>	<u>8,513,110</u>	<u>88,286</u>	<u>145,449,411</u>
Governmental activities capital assets, net	<u>\$ 190,540,149</u>	<u>\$ 7,642,706</u>	<u>\$ 11,046,200</u>	<u>\$ 187,136,655</u>

Capital assets activity of the business-type activities for the year ended June 30, 2015 is as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 9,026,517	\$ -	\$ -	\$ 9,026,517
Construction in progress	<u>81,732</u>	<u>711,324</u>	<u>-</u>	<u>793,056</u>
Total capital assets not being depreciated	<u>9,108,249</u>	<u>711,324</u>	<u>-</u>	<u>9,819,573</u>
Capital assets being depreciated:				
Buildings and improvements	56,871,887	-	-	56,871,887
Equipment	5,572,667	28,178	227,870	5,372,975
Infrastructure	<u>95,033,398</u>	<u>87,992</u>	<u>-</u>	<u>95,121,390</u>
Total capital assets being depreciated	<u>157,477,952</u>	<u>116,170</u>	<u>227,870</u>	<u>157,366,252</u>
Less accumulated depreciation for:				
Buildings and improvements	23,629,801	1,743,294	-	25,373,095
Equipment	3,142,105	421,843	174,172	3,389,776
Infrastructure	<u>28,497,372</u>	<u>1,907,866</u>	<u>-</u>	<u>30,405,238</u>
Total accumulated depreciation	<u>55,269,278</u>	<u>4,073,003</u>	<u>174,172</u>	<u>59,168,109</u>
Business-type activities capital assets, net	<u>\$ 111,316,923</u>	<u>\$ (3,245,509)</u>	<u>\$ 53,698</u>	<u>\$ 108,017,716</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to the functions/programs of the governmental activities and business-type activities of the primary government as follows:

Governmental activities:

General government	\$ 6,259,674
Public protection	191,257
Social services	14,085
Public ways and facilities	725,351
Community development	18,042
Culture and recreation	947,946
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	356,755

Total depreciation expense - governmental activities \$ 8,513,110

Business-type activities:

Water	\$ 828,504
Sewer	2,259,235
Solid waste	7,836
Drainage operations	344,572
Local transit	348,476
Airport	284,380

Total depreciation expense - business-type activities \$ 4,073,003

NOTE 6 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has pension related items that qualify to be reported in deferred outflows of resources. The pension related deferred outflows of resources are described in detail in Note 8.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category and they are *unavailable revenue*, *deferred service concession agreement receipts* and *pension deferrals*.

- Unavailable revenue arises only under modified accrual basis of accounting and is reported only in the governmental funds balance sheet. Unavailable revenue is deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	General Fund	Special Gas Tax Fund	Park Development	Federal Aid Urban	Street Construction	Intermodal Building	Residential Rehab	Total
Intergovernmental	\$ 61,729	\$ 500,887	\$ 9,500	\$ 164,767	\$ 447,380	\$ 11,782	\$ 530,952	\$ 1,726,997
Charges for services	575	-	-	-	-	-	-	575
Total	\$ 62,304	\$ 500,887	\$ 9,500	\$ 164,767	\$ 447,380	\$ 11,782	\$ 530,952	\$ 1,727,572

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

- On October 7, 2009, the City entered into an operation and management lease agreement (agreement) with the Sierra Golf Management, Inc. (SGM), under which SMG will operate and collect user fees from the Madera Municipal Golf Course for the five years with an additional five years extension of the agreement. SGM will pay the City installment payment over the course of the arrangement; the present value of these installment payments is \$170,000. SGM will also pay a “per round” rate that establishes an initial rate of \$1.00 per round but increases in later years. SGM is required to operate and maintain the golf course in accordance with the agreement. The City reports the golf course and related equipment as capital assets with a carrying amount of \$2,028,861 at year-end, and reported a receivable and deferred inflow of resources in the amount of \$170,000 at year-end pursuant to the service concession arrangement.
- The City has pension related items that qualify to be reported in deferred inflows of resources. The pension related deferred inflows of resources are described in detail in Note 8.

NOTE 7 – LONG-TERM LIABILITIES

Changes in the City’s long-term liabilities for the year ended June 30, 2015 were as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Governmental Activities					
Capital Leases:					
Police Facility	\$ 1,123,700	\$ -	\$ (73,898)	\$ 1,049,802	\$ 77,730
Madera Youth Center	840,915	-	(152,205)	688,710	159,816
Police In-car Camera lease	-	157,755	(21,771)	135,984	30,023
Total capital leases	1,964,615	157,755	(247,874)	1,874,496	267,569
Loans Payable:					
California Housing Finance Agency loan	668,192	-	(143,096)	525,096	-
PG&E Energy Efficiency Retrofit loan	173,899	-	(37,943)	135,956	37,934
Total loans payable	842,091	-	(181,039)	661,052	37,934
Bonds Payable:					
CFD 2006-1 Series Special Tax Bond	2,770,000	-	(35,000)	2,735,000	40,000
Less: unamortized bond discounts	(13,069)	-	594	(12,475)	-
Total bonds payable	2,756,931	-	(34,406)	2,722,525	40,000
Compensated absences	1,347,959	1,575,197	(1,592,996)	1,330,160	1,330,160
Net other postemployment benefit obligation	1,924,382	128,177	(63,390)	1,989,169	-
Net pension liability	30,410,366	4,742,392	(10,173,314)	24,979,444	-
Total	<u>\$ 39,246,344</u>	<u>\$ 6,603,521</u>	<u>\$ (12,293,019)</u>	<u>\$ 33,556,846</u>	<u>\$ 1,675,663</u>
Business-Type Activities					
Capital leases:					
Jetrod Sewer Truck	\$ 42,089	\$ -	\$ (27,733)	\$ 14,356	\$ 14,356
Total capital leases	42,089	-	(27,733)	14,356	14,356
Loans payable:					
CIEDB loan	8,495,174	-	(277,880)	8,217,294	286,244
Airport Hanger loan	204,403	-	(18,704)	185,699	19,598
Total loans payable	8,699,577	-	(296,584)	8,402,993	305,842
Bonds payable:					
Water and Wastewater Revenue Bonds, Series 2006	31,315,000	-	(875,000)	30,440,000	910,000
Add: unamortized bond premiums	438,284	-	(20,150)	418,134	-
Water Revenue Bonds, Series 2010	11,000,000	-	(245,000)	10,755,000	290,000
Less: unamortized bond discounts	(130,138)	-	5,422	(124,716)	-
1993 Variable Rate Demand Bonds (Madera Municipal Golf Course Refinancing Project)	2,925,000	-	(240,000)	2,685,000	250,000
Total bonds payable	45,548,146	-	(1,374,728)	44,173,418	1,450,000
Compensated absences	237,691	265,001	(269,531)	233,161	219,518
Net other postemployment benefit obligation	254,490	130,251	(64,414)	320,327	-
Net pension liability	4,930,095	785,373	(1,706,997)	4,008,471	-
Total	<u>\$ 59,712,088</u>	<u>\$ 1,180,625</u>	<u>\$ (3,739,987)</u>	<u>\$ 57,152,726</u>	<u>\$ 1,989,716</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Governmental Activities Long-Term Debt

Capital Leases

Police Facility

In December 2005, the City entered into a capital lease agreement with La Salle Bank to lease a portion of the construction cost for the police facility. The entire purchase price of the police station was \$5,200,000. The leased portion of the police station was \$1,500,000 and is payable over a period of twenty years. Semi-annual payments on the contract are \$65,249. The effective interest rate on the contract is 5.120% per annum. At June 30, 2015, the outstanding balance of the police station capital lease was \$1,049,802.

The annual debt service requirements at June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 77,730	\$ 52,767	\$ 130,497
2017	81,760	48,737	130,497
2018	86,000	44,497	130,497
2019	90,459	40,038	130,497
2020	95,150	35,347	130,497
2021-2025	555,083	97,403	652,486
2026	<u>63,620</u>	<u>1,629</u>	<u>65,249</u>
Total	<u>\$ 1,049,802</u>	<u>\$ 320,418</u>	<u>\$ 1,370,220</u>

Madera Youth Center

In May 2010, the City entered into a capital lease agreement with Municipal Finance Corporation to lease a portion of the construction of the Youth Center. The lease portion of the Youth Center was \$1,500,000 and is payable over a period of ten years. Semi-annual payments on the contract are \$194,257. The effective interest rate on the contract is 5% per annum. At June 30, 2015, the outstanding balance of the Youth Center capital lease was \$688,710.

The annual debt service requirements at June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 159,816	\$ 34,441	\$ 194,257
2017	167,806	26,450	194,256
2018	176,197	18,060	194,257
2019	<u>184,891</u>	<u>9,250</u>	<u>194,141</u>
Total	<u>\$ 688,710</u>	<u>\$ 88,201</u>	<u>\$ 776,911</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Governmental Activities Long-Term Debt (Continued)

Capital Leases (continued)

Police In-Car Camera

In August 2014, the City has entered into a capital lease agreement for the police department in-car camera system under which the related equipment will become the property of the City when all terms of the lease agreements are met. The purchase price of the equipment was \$157,755 and is payable over a period of five years. Quarterly payments on the contract are \$8,713. The effective interest rate on the contract is 3.87%. At June 30, 2015, the outstanding balance of the capital lease was \$135,984.

The annual debt service requirements at June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 30,023	\$ 4,830	\$ 34,853
2017	31,202	3,651	34,853
2018	32,428	2,426	34,854
2019	33,701	1,153	34,854
2020	8,630	83	8,713
Total	<u>\$ 135,984</u>	<u>\$ 12,143</u>	<u>\$ 148,127</u>

Loans Payable

California Housing Finance Agency Loan

In September 2005, the City entered into a loan agreement with California Housing Finance Agency (CalHFA) to operate the City's housing program. The City is required to use the loan funds exclusively to facilitate a multifamily rental rehabilitation program. The maximum loan fund available to the City is \$1,500,000. The effective interest rate is 3% per annum and interest will be charged only on funds disbursed. Principal and interest payments are deferred until September 2015. At June 30, 2015, the outstanding balance of the CalHFA loan payable was \$525,096.

PG&E Energy Efficiency Retrofit Loan

In June 2012, the City entered into a loan agreement with PG&E to convert old high pressure sodium lights with new energy efficient LED streetlights. The loan amount is \$249,731 and is payable over a period of 6.7 years with zero percent interest. Monthly payments on the loan are \$3,161. At June 30, 2015, the outstanding balance of the PG&E Energy Efficiency Retrofit Loan was \$135,956.

The annual debt service requirements at June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 37,934	-	\$ 37,934
2017	37,934	-	37,934
2018	37,934	-	37,934
2019	22,154	-	22,154
Total	<u>\$ 135,956</u>	<u>\$ -</u>	<u>\$ 135,956</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Governmental Activities Long-Term Debt (Continued)

Bonds Payable

CFD 2006-1 Series Special Tax Bond

In December 2006, the City issued the 2006 Special Tax Bonds in the amount of \$2,885,000 for the purpose of constructing and acquiring certain public facilities of benefit to the District, providing for the establishment of a reserve fund, providing capitalized interest through September 1, 2008 and paying the cost of issuance of the Bond. The Bonds will be amortized with annual payments through September 2036, with interest payable semi-annually on September 1 and March 1 or each year at 3.7% to 4.7%. The Bonds are secured by and payable from a pledge of special taxes to be levied by the City on real property within the boundaries of the District, from the proceeds of any foreclosure actions brought following a delinquency in the payment of the special taxes, and from amounts held in certain funds under the Indenture, all as more fully described herein. Unpaid special taxes do not constitute a personal indebtedness to the owners of the parcels within the District. In the event of delinquency, proceedings may be conducted only against the parcel of real property securing the delinquent special tax. There is no assurance the owners will be able to pay the special tax or that they will pay a special tax even if financially able to do so. At June 30, 2015, the outstanding balance of the 2006 Special Tax Bonds was \$2,735,000.

The City has pledged a portion of future property tax revenue to repay the 2006 Special Tax Bond. The Bond required 1.8% of the property tax increment revenues. Total principal and interest remaining on the agreement is \$4,660,931 payable through 2037.

The 2006 Special Tax Bonds were issued at a discount which is being amortized over the life of the bonds resulting in an annual amortization of \$594. At June 30, 2015, the outstanding balance of the discount on the bonds was \$12,475.

The annual debt service requirements at June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 40,000	\$ 132,970	\$ 172,970
2017	45,000	131,120	176,120
2018	50,000	129,030	179,030
2019	55,000	126,693	181,693
2020	60,000	124,105	184,105
2021-2025	415,000	568,468	983,468
2026-2030	640,000	442,295	1,082,295
2031-2035	945,000	246,625	1,191,625
2036-2037	485,000	24,625	509,625
Total	<u>\$ 2,735,000</u>	<u>\$ 1,925,931</u>	<u>\$ 4,660,931</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Business-Type Activities Long-Term Debt

Capital Leases

Jetrod Sewer Truck

In December 2005, the City entered into a capital lease agreement with La Salle Bank to lease a Jetrod Sewer Truck. The purchase price of the sewer truck was \$232,435 and is payable over a period of ten years. Semi-annual payments on the contract are \$14,693. The effective interest rate on the contract is 4.690% per annum. At June 30, 2015, the outstanding balance of the Jetrod Sewer Truck capital lease was \$14,356.

The annual debt service requirements at June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 14,356	\$ 337	\$ 14,693
Total	<u>\$ 14,356</u>	<u>\$ 337</u>	<u>\$ 14,693</u>

Loans Payable

California Infrastructure and Economic Development Bank (CIEDB) Loan

Loan payable to California Infrastructure and Economic Development Bank for the regional wastewater treatment plant upgrade and expansion project; semi-annual installments of \$383,084 to \$525,788, including interest at 3.01% per annum. At June 30, 2015, the outstanding balance of the California Infrastructure and Economic Development Bank loan was \$8,217,294.

The annual debt service requirements at June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 286,244	\$ 243,033	\$ 529,277
2017	294,860	234,287	529,147
2018	303,735	225,278	529,013
2019	312,877	215,998	528,875
2020	322,295	206,439	528,734
2021-2025	1,762,964	878,424	2,641,388
2026-2030	2,044,750	592,397	2,637,147
2031-2035	2,371,577	260,651	2,632,228
2036	517,992	7,795	525,787
Total	<u>\$ 8,217,294</u>	<u>\$ 2,864,302</u>	<u>\$ 11,081,596</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Business-Type Activities Long-Term Debt (Continued)

Loans Payable (Continued)

Airport Hanger Loan

Loan payable to the Department of Transportation, Division of Aeronautics for the purchase of fourteen airplane hangars; annual installments of \$14,131 to \$27,180, including interest at 4.7829%. At June 30, 2015, the outstanding balance of the Department of Transportation, Division of Aeronautics loan was \$185,699.

The annual debt service requirements at June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 19,598	\$ 8,882	\$ 28,480
2017	20,536	7,944	28,480
2018	21,518	6,962	28,480
2019	22,547	5,933	28,480
2020	23,625	4,855	28,480
2021-2023	<u>77,875</u>	<u>7,566</u>	<u>85,441</u>
Total	<u>\$ 185,699</u>	<u>\$ 42,142</u>	<u>\$ 227,841</u>

Bonds Payable

Water and Wastewater Revenue Bonds, Series 2006

Water and Wastewater Revenue Bonds, Series 2006 were issued by the Financing Authority in March 2006 for \$35,995,000. Proceeds from the bonds were used to refund \$2,225,000 of its 1996 Sewer Revenue Refunding Bonds, Series A, and for Water and Sewer System Capital Facilities. The bonds are due in annual installments of \$50,000 to \$2,055,000 through March 1, 2036, with interest payable semiannually on September 1 and March 1 of each year at 3.5% to 4.75%. At June 30, 2015, the outstanding balance of the Water and Wastewater Revenue Bonds was \$30,440,000.

The Financing Authority has pledged a portion of future wastewater revenue to repay the 2006 Water and Wastewater Revenue Bonds. Total principal and interest remaining on the agreement is \$48,537,990 payable through 2036.

The Water and Wastewater Revenue Bonds, Series 2006 were issued at a premium which is being amortized over the life of the bonds resulting in an annual amortization of \$20,151. At June 30, 2015, the outstanding balance of the premium on the bonds was \$418,134.

The annual debt service requirements at June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 910,000	\$ 1,401,663	\$ 2,311,663
2017	945,000	1,365,263	2,310,263
2018	980,000	1,327,463	2,307,463
2019	1,025,000	1,285,813	2,310,813
2020	1,065,000	1,242,250	2,307,250
2021-2025	6,120,000	5,436,513	11,556,513
2026-2030	7,650,000	3,912,119	11,562,119
2031-2035	9,540,000	2,016,656	11,556,656
2036	<u>2,205,000</u>	<u>110,250</u>	<u>2,315,250</u>
Total	<u>\$ 30,440,000</u>	<u>\$ 18,097,990</u>	<u>\$ 48,537,990</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Business-Type Activities Long-Term Debt (Continued)

Bonds Payable (Continued)

Water Revenue Bonds, Series 2010

Water Revenue Bonds, Series 2010 were issued by the Financing Authority in November 2010 for \$11,215,000. The City will use the proceeds from the Bonds along with the changing of water and sewer rates to bring the City into compliance with State Law to have the entire City on water meters by the year 2025. The bonds are due in annual installments of \$65,000 to \$745,000 through March 1, 2038, with interest payable semi-annually on September 1 and March 1 of each year at 4.5%. At June 30, 2015, the outstanding balance was \$10,755,000.

The Financing Authority has pledged a portion of future wastewater revenue to repay the 2010 Water Revenue Bonds. Total principal and interest remaining on the agreement is \$17,928,071, payable through 2038.

The Water Revenue Bonds, Series 2010 were issued at a discount which is being amortized over the life of the bonds resulting in an annual amortization of \$5,422. At June 30, 2015, the outstanding balance of the discount on the bonds was \$124,716.

The annual debt service requirements at June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 290,000	\$ 491,113	\$ 781,113
2017	300,000	479,513	779,513
2018	315,000	467,513	782,513
2019	320,000	458,063	778,063
2020	335,000	448,463	783,463
2021-2025	1,870,000	2,037,931	3,907,931
2026-2030	2,300,000	1,593,975	3,893,975
2031-2035	2,900,000	980,250	3,880,250
2036-2037	<u>2,125,000</u>	<u>216,250</u>	<u>2,341,250</u>
Total	<u>\$ 10,755,000</u>	<u>\$ 7,173,071</u>	<u>\$ 17,928,071</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Business-Type Activities Long-Term Debt (Continued)

Bonds Payable (Continued)

1993 Variable Rate Demand Bonds

In May 1993, the Financing Authority issued Variable Rate Demand Bonds in the aggregate principal of \$5,280,000. The proceeds were used to redeem \$4,835,000 of its December 8, 1989 Lease Revenue Bonds, Series A, and \$262,450 for additional Golf Course construction. The bonds are due in annual installments of \$140,000 to \$350,000 beginning November 2001 with interest at 4.3% to 10.0% per annum payable semi-annually. Payments of principal and interest on the bonds are supported by an irrevocable direct draw letter of credit. At June 30, 2015, the outstanding balance of the Variable Rate Demand Bonds was \$2,685,000. Total principal and interest remaining on the agreement is payable through 2024.

The annual debt service requirements at June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 250,000	\$ -	\$ 250,000
2017	260,000	-	260,000
2018	275,000	-	275,000
2019	285,000	-	285,000
2020	295,000	-	295,000
2021-2024	<u>1,320,000</u>	-	<u>1,320,000</u>
Total	<u>\$ 2,685,000</u>	<u>\$ -</u>	<u>\$ 2,685,000</u>

Compensated Absences

The City's policy relating to compensated absences is described in Note 1. At June 30, 2015, the City's liability for vested and unpaid compensated absences (accrued vacation and sick pay) balance is \$1,330,160 for governmental activities and \$233,161 for business-type activities. All compensated absence amounts above are generally liquidated by the fund incurring the expense.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 – PENSION PLANS

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City of Madera’s (City) separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Plan (Misc. Plan). The City’s Misc. Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. The City’s Safety Plan is a cost-sharing multiple employer defined benefit pension plan administered by the CalPERS. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Public Employees’ Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. Pursuant to PEPRA, the Miscellaneous and Safety Police “Classic” plans are closed to new entrants as of January 1, 2013.

The Plan’s provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous 1st Tier	Miscellaneous 2nd Tier January 1, 2011	PEPRA Miscellaneous
	Prior to January 1, 2011	thru December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	2.5% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.000% to 2.500%	1.092% to 2.418%	1.000% to 2.500%
Required employee contribution rates	8.000%	7.000%	6.250%
Required employer contribution rates	18.132%	18.132%	18.132%

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8 – PENSION PLANS (Continued)

A. General Information about the Pension Plans (Continued)

	Safety 1st Tier	Safety 2nd Tier	PEPRA Safety
Hire date	Prior to January 1, 2011	January 1, 2011 thru December 31, 2012	On or after January 1, 2013
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.000%	2.400% to 3.000%	2.000% to 2.700%
Required employee contribution rates	9.000%	9.000%	11.500%
Required employer contribution rates	38.140%	21.367%	11.500%

Employees Covered – At June 30, 2015, the following employees were covered by the benefit terms for the Miscellaneous Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	177
Inactive employees entitled to but not yet receiving benefits	207
Active employee	192
Total	<u>576</u>

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Misc. Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each were as follows:

	Miscellaneous	Safety
Contributions - employer	\$ 1,397,867	\$ 1,410,505
Contributions - employee (paid by employer)	383,130	226,891

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 – PENSION PLANS (Continued)

A. Net Pension Liabilities

A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2013	June 30, 2013
Measure Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.30% - 14.20% (1)	3.30% - 14.20% (1)
Investment Rate of Return	7.50% (2)	7.50% (2)
Mortality	Derived using CalPERS' Membership data for all Funds (3)	Derived using CalPERS' Membership data for all Funds (3)

(1) Depending on age, service, and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for the each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 – PENSION PLANS (Continued)

B. Net Pension Liabilities (Continued)

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Equity	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100.0%		

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 – PENSION PLANS (Continued)

B. Net Pension Liabilities (Continued)

Agent Multiple-Employer Defined Benefit Pension Plan

Changes in the Net Pension Liability

The City's net pension liability for the Misc. Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Misc. Plan is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures.

The changes in the Net Pension Liability for the Misc. Plan follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	\$ 65,709,332	\$ 45,749,432	\$ 19,959,900
Changes in the year:			
Service cost	1,562,632	-	1,562,632
Interest on the total pension liability	4,865,000	-	4,865,000
Contributions - employer	-	1,082,023	(1,082,023)
Contributions - employee (paid by employer)	-	383,130	(383,130)
Contributions - employee	-	787,068	(787,068)
Net investment income	-	7,962,241	(7,962,241)
Administrative expenses	-	(55,556)	55,556
Benefit payments, including refunds of employee contributions	(3,247,986)	(3,247,986)	-
Net changes	3,179,646	6,910,920	(3,731,274)
Balance at June 30, 2015	\$ 68,888,978	\$ 52,660,352	\$ 16,228,626

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for the Misc. Plan, calculated using the discount rate for the Misc. Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous
1% Decrease	6.5%
Net Pension Liability	\$ 24,794,664
Current Discount Rate	7.5%
Net Pension Liability	\$ 16,228,626
1% Increase	8.5%
Net Pension Liability	\$ 9,086,684

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 – PENSION PLANS (Continued)

B. Net Pension Liabilities (Continued)

Cost-Sharing Employer Defined Benefit Pension Plan

As of June 30, 2015, the City reported net pension liabilities for its proportionate share of the net pension liability of the Safety Plan as follow:

	Safety
Proportionate Share of net pension liability	\$ 12,759,289

The City’s net pension liability for the Safety Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Safety Plans is measured as of June 30, 2014, and the total pension liability for the Safety Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Safety Plan as of June 30, 2013 and 2014 was as follows:

	Safety
Proportion - June 30, 2013	0.32%
Proportion - June 30, 2014	0.34%
Change - Increase (Decrease)	0.02%

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability for the Safety Plan, calculated using the discount rate for Safety Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Safety
1% Decrease	6.5%
Net Pension Liability	\$ 19,556,934
Current Discount Rate	7.5%
Net Pension Liability	\$ 12,759,289
1% Increase	8.5%
Net Pension Liability	\$ 7,158,320

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 – PENSION PLANS (Continued)

C. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

For the year ended June 30, 2015, the City recognized pension expense of \$3,274,871. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Pension contributions subsequent to measurement date	\$ 3,583,342	\$ -
Net differences between actual and allocated employer contributions	246,830	(46,896)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(170,286)
Net differences between projected and actual earnings on plan investments	<u>-</u>	<u>(6,238,675)</u>
Total	<u>\$ 3,830,172</u>	<u>\$ (6,455,857)</u>

\$3,583,342 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows.

Year Ended June 30	Deferred Outflows/(Inflows) of Resources
<u> </u>	<u> </u>
2016	\$ (1,552,721)
2017	(1,552,721)
2018	(1,543,914)
2019	(1,559,670)
Thereafter	-

D. Payable to the Pension Plan

At June 30, 2015, the City reported a payable of \$156,147 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) OBLIGATIONS

Plan Description

The City of Madera Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan administered by the City. The Plan provides healthcare benefits to eligible retirees. Benefit provisions are negotiated and may be amended through agreements and memorandums of understanding between the City, its management employees, and union representing City employees. Membership in the Plan at the most recent valuation date July 1, 2012 consisted of the following: Eligible active employees were 228; enrolled eligible retirees were 22.

Eligibility

Membership of the Plan at the most recent valuation date July 1, 2012 consisted of the following:

	Management*	All Other Bargaining Group**
Eligibility	Retire directly from City at age 50 and 20 years City service, including 3 years with Management***	Retire directly from City at age 50 and 5 years CalPERS service (or disability retirement)
Medical	Retiree - City pays single premium including supplemental to Medicare and prescription drug premium when Medicare eligible. Must be enrolled at retirement; cannot re-elect coverage; spouse/family - retiree-paid	Retiree pays premium (until age 65 or Medicare eligible). Spouse/family-retiree-paid (until age 65 or Medicare eligible; cannot re-elect coverage)

*Benefits consistent with individual executive contracts

**Excludes City Council

***Management with 5 years City service can participate with payment of premium

Funding Policy

There is no statutory requirement for the City to pre-fund its OPEB obligation. The City has currently chosen to pay Plan benefits on a pay-as-you-go basis. There are no employee contributions. For fiscal year 2014-15, the City contributed approximately \$37,739 on a pay-as-you-go-basis for cash subsidy benefit payments and approximately \$90,068 for implied subsidy benefit payments.

Annual Other Post-Employment Benefits (OPEB) Cost and Net OPEB Obligations

The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the City's annual required contribution (OPEB costs), for the fiscal years ended June 30, 2015, 2014, and 2013, the amount actually contributed to the plan, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation:

Year Ended	Annual OPEB Cost	Actual Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 253,016	\$ 105,631	42%	\$ 2,053,651
June 30, 2014	\$ 250,388	\$ 125,165	50%	\$ 2,178,874
June 30, 2015	\$ 258,428	\$ 127,806	49%	\$ 2,309,496

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) OBLIGATIONS (Continued)

The following table shows the components of City's annual OPEB cost for the fiscal year ended June 30, 2015, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the year.

Annual required contribution (ARC)	\$ 297,278
Interest on net OPEB obligation	87,155
Adjustment to annual required contribution	<u>(126,005)</u>
Annual OPEB cost (expense)	258,428
Contributions made	<u>(127,806)</u>
Change in net OPEB obligation	130,622
Net OPEB obligation, beginning of the year	<u>2,178,874</u>
Net OPEB obligation, end of the year	<u>\$ 2,309,496</u>

Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial valuation, July 1, 2014, was as follows:

Actuarial accrued liability (AAL)	\$ 4,817,463
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 4,817,463</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 12,466,331
UAAL as a percentage of covered payroll	39%

Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) OBLIGATIONS (Continued)

Actuarial Methods and Assumptions (continued)

The ARC for the year ended June 30, 2015 was determined as part of the July 1, 2012 actuarial valuation using the following methods and assumptions:

Actuarial cost method:	Projected unit credit with service pro-rate
Amortization method:	30-year-level dollars, open period
Remaining amortization period:	30 years
Discount rate:	4.0% per annum
Rate of return on investments:	4.0% per annum (for funding schedules)
Retirement rates:	Based on City experience
Turnover:	According to Crocker-Sarason Table T-5 less mortality, increased by 40% at all ages.
Mortality:	RP-2000 Combined Mortality, static projection to 2012 by scale AA.
Health care cost trend rate:	2014 (8.0%), 2015 (7.0%), 2016 (6.0%), 2017 (5.0%)

NOTE 10 – DEFERRED COMPENSATION

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan was amended so that the assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. Since the plan assets are administered by an outside party and not subject to the claims of the City's general creditors, their assets and related liabilities are not on the City's financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans."

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 11 – RISK MANAGEMENT

The City is a member of the Central San Joaquin Valley Risk Management Authority (CSJVRMA), a public entity risk pool for workers' compensation and general liability insurance. The CSJVRMA is a consortium of fifty-five cities located in California's San Joaquin Valley. It was established under the provisions of California Government Code Section 6500 et. seq. CSJVRMA is governed by a Board of Directors, consisting of one member appointed by each member city. The day-to-day business operations are handled by a management group employed by CSJVRMA. The relationship between the City and CSJVRMA is such that the CSJVRMA is not considered a component unit of the City for financial reporting purposes.

General Liability Insurance coverage is addressed via retention maintained by the City and participation in CSJVRMA. The City maintains a self-insured retention level of \$100,000 and participates in the CSJVRMA risk pool for coverage up to \$1,000,000. CSJVRMA participates in an excess pool, which provides coverage from \$1,000,000 to \$29,000,000.

Workers' Compensation coverage is also addressed via a retention maintained by the City and participation in CSJVRMA. The City maintains a self-insured retention level of \$100,000 and participates in the CSJVRMA risk pool for additional coverage up to \$250,000. CSJVRMA also participates in an excess pool which provides workers' compensation coverage from \$250,000 to \$500,000 and purchases excess insurance of approximately \$500,000 to the statutory limit.

The summary financial position and results of operations for CSJVRMA, as of June 30, 2015, is presented as follows:

Statement of Net Position

Current assets	\$ 20,189,506
Noncurrent assets	<u>66,440,854</u>
Total assets	<u>86,630,360</u>
Current liabilities	17,587,440
Noncurrent liabilities	<u>56,086,270</u>
Total liabilities	<u>73,673,710</u>
Total net position	<u>\$ 12,956,650</u>

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues	\$ 36,826,322
Operating expenses	<u>40,427,807</u>
Operating income (loss)	(3,601,485)
Non-operating income (loss)	<u>1,304,284</u>
Increase (decrease) in net position	(2,297,201)
Net position - beginning of year	<u>15,253,851</u>
Net position - end of year	<u>\$ 12,956,650</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 12 – CONTINGENCIES AND COMMITMENTS

Litigation

The City is currently a party to various claims and legal proceedings. In management’s opinion, the ultimate liabilities, if any, resulting from such claims and proceedings will not materially affect the financial position of the City.

Contingent Liabilities

On March 1, 1993, the City issued Certificates of Participation in the aggregate of \$10,250,000 for the benefit of Madera Community Hospital (Hospital), a California nonprofit public benefit corporation. The Hospital is not included in the City’s reporting entity. The City is obligated to make the purchase payments only from and to the extent that it receives revenue from the Hospital. They are not secured by any pledge of taxes or other revenues of the City. In addition, the purchase payments are insured by the Office of Statewide Health Planning and Development of the State of California. As of June 30, 2015, the City has not recorded revenues from the Hospital.

Federal Awards and Grants

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit act as amended. Accordingly, the City’s compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

Contractual Commitments

The City has active construction projects as of June 30, 2015. At year-end, the City’s major contractual commitments are as follows:

<u>Project</u>	<u>Contract Amount</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Pine - Pecan Improvements	\$ 2,588,817	\$ 1,230,492	\$ 1,358,325
Cleveland Dual Left Turn Lanes at Schnoor	201,955	176,178	25,777
Water Well 18	<u>606,262</u>	<u>564,081</u>	<u>42,181</u>
Total	<u>\$ 3,397,034</u>	<u>\$ 1,970,751</u>	<u>\$ 1,426,283</u>

Encumbrances

At year-end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	\$ 724,133
General development impact fund	1,152,710
Special gas tax fund	63,062
Nonmajor governmental funds	<u>438,683</u>
Total	<u>\$ 2,378,588</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 12 – CONTINGENCIES AND COMMITMENTS (Continued)

Operating Leases

In June 2014, the City entered into an operating lease agreement for computers for the City. The term of the agreement ends June 2017. Rental expense for the year ended June 30, 2015 was \$62,215.

In June 2013, the City entered into an operating lease agreement for copiers for the City. The term of the agreement ends June 2018. Rental expense for the year ended June 30, 2015 was \$33,322.

The future minimum payments anticipated under these commitments as of June 30, 2015 are as follows:

Fiscal Year Ending June 30,	Computers	Copiers	Total
2016	\$ 62,215	\$ 33,322	\$ 95,537
2017	62,215	33,322	95,537
2018	-	33,322	33,322
	<u>\$ 124,430</u>	<u>\$ 99,966</u>	<u>\$ 224,396</u>

NOTE 13 – DEFICIT FUND BALANCE

Deficit Fund Balance

The City has accumulated fund deficits in the following individual funds:

Nonmajor governmental funds

The Street Construction special revenue fund has a net fund deficit of \$265,329. The deficit will be eliminated through future revenues.

The Senior Citizen Services special revenue fund has a net fund deficit of \$46,842. The deficit will be eliminated through future revenues or transfers from other funds.

Nonmajor enterprise funds

The Golf Course Fund has a net fund deficit of \$692,244. The deficit is due primarily to the \$2,685,000 outstanding bonds for the Madera Municipal Golf Course Refinancing Project. It is anticipated that the deficit in this fund will be eliminated through future revenues or transfers from other funds.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 14 – RESTATEMENTS OF BEGINNING NET POSITIONS

Prior Period Adjustments

Governmental Activities

The beginning net position of the Governmental Activities and Business-type Activities in the Government-Wide Statement of Activities have been restated to record prior period adjustments to correct the errors in the prior year.

Fund Financial Statements

The City has determined that certain transactions were recorded incorrectly in the prior year. The beginning fund balance of the funds has been restated on the fund basis financial statements to correct prior year errors.

Change in Accounting Principle

The City implemented Governmental Accounting Standards Board (GASB) Statement 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 of GASB Statement No. 68*, in the fiscal year ending June 30, 2015. The implementation of these statements required the City to record beginning net pension liability and the effects on net position of contributions made by the City during the measurement period (fiscal year ending June 30, 2014).

A reconciliation of the prior period ending net position to the current year beginning net positions for the Governmental Activities and Business-type Activities in the Government-Wide Statement of Activities are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Beginning net position	\$ 230,391,419	\$ 79,795,960	\$ 310,187,379
Prior period adjustments:			
(Overstatement)/understatement of revenue	<u>(57,334)</u>	<u>81,394</u>	<u>24,060</u>
Total prior period adjustments	<u>(57,334)</u>	<u>81,394</u>	<u>24,060</u>
Change in accounting principle:			
Record the beginning deferred pension contributions and net pension liability	<u>(27,431,880)</u>	<u>(4,490,189)</u>	<u>(31,922,069)</u>
Total change in accounting principle	<u>(27,431,880)</u>	<u>(4,490,189)</u>	<u>(31,922,069)</u>
Beginning net position, as restated	<u>\$ 202,902,205</u>	<u>\$ 75,387,165</u>	<u>\$ 278,289,370</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 14 – RESTATEMENTS OF BEGINNING NET POSITIONS (Continued)

Reconciliation of the prior period ending to the current year beginning fund balances/net positions in the fund financial statements are as follows:

Description	Major Funds				
	General Fund	Water Fund	Sewer Fund	Solid Waste Fund	Drainage Operations Fund
Beginning fund balance/net position	\$ 12,849,813	\$ 22,090,537	\$ 21,187,705	\$ 3,329,526	\$ 20,146,185
Prior period adjustments:					
(Overstatement)/understatement of revenue	(57,334)	-	-	81,394	-
Total prior period adjustments	(57,334)	-	-	81,394	-
Change in accounting principle:					
Record the beginning deferred pension contributions and net pension liability	-	(1,327,060)	(1,726,996)	(654,440)	(381,757)
Total change in accounting principle	-	(1,327,060)	(1,726,996)	(654,440)	(381,757)
Beginning fund balance/net position, as restated	<u>\$ 12,792,479</u>	<u>\$ 20,763,477</u>	<u>\$ 19,460,709</u>	<u>\$ 2,756,480</u>	<u>\$ 19,764,428</u>

Description	Internal Service Fund	Nonmajor Funds		Successor Agency Private Purpose Trust Fund
		Local Transit Fund	Airport Fund	
Beginning fund balance/net position	\$ 1,634,201	\$ 1,976,130	\$ 12,269,189	\$ (34,831,598)
Prior period adjustments:				
Overstatement/(understatement) of expense	-	-	-	45,867
Total prior period adjustments	-	-	-	45,867
Change in accounting principle:				
Record the beginning deferred pension contributions and net pension liability	(1,617,922)	(254,505)	(145,431)	-
Total change in accounting principle	(1,617,922)	(254,505)	(145,431)	-
Beginning fund balance/net position, as restated	<u>\$ 16,279</u>	<u>\$ 1,721,625</u>	<u>\$ 12,123,758</u>	<u>\$ (34,785,731)</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 15 – SEGMENT INFORMATION

Segment information for the Water Fund, Sewer Fund, and Golf Course Fund was as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Golf Course Fund</u>
CONDENSED STATEMENT OF NET POSITION			
Assets:			
Current assets	\$ 12,029,742	\$ 9,308,500	\$ 489,507
Capital assets	<u>24,131,129</u>	<u>49,175,036</u>	<u>2,028,861</u>
Total assets	<u>36,160,871</u>	<u>58,483,536</u>	<u>2,518,368</u>
Deferred outflows of resources:			
Contributions to pension plan in current fiscal year	<u>144,327</u>	<u>187,823</u>	<u>-</u>
Total deferred outflows of resources	<u>144,327</u>	<u>187,823</u>	<u>-</u>
Liabilities:			
Current liabilities	2,188,502	2,101,895	605,612
Noncurrent liabilities	<u>13,644,134</u>	<u>37,546,577</u>	<u>2,435,000</u>
Total liabilities	<u>15,832,636</u>	<u>39,648,472</u>	<u>3,040,612</u>
Deferred inflows of resources:			
Pension deferrals	267,752	348,445	-
Deferred service concession arrangement receipts	<u>-</u>	<u>-</u>	<u>170,000</u>
Total deferred inflows of resources	<u>267,752</u>	<u>348,445</u>	<u>170,000</u>
Net position:			
Net investment in capital assets	14,456,437	12,158,638	(656,139)
Unrestricted	<u>5,748,373</u>	<u>6,515,804</u>	<u>(36,105)</u>
Total net position	<u>\$ 20,204,810</u>	<u>\$ 18,674,442</u>	<u>\$ (692,244)</u>
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Operating revenues	\$ 5,590,602	\$ 6,444,560	\$ 117,563
Depreciation expense	(828,504)	(2,259,235)	-
Other operating expenses	<u>(4,222,237)</u>	<u>(3,767,412)</u>	<u>(115,809)</u>
Operating income (loss)	539,861	417,913	1,754
Nonoperating revenue (expenses):			
Investment income	102,109	97,922	2,017
Interest expense	(591,781)	(1,578,917)	(1,207)
Other nonoperating revenue (expenses)	1,952	44,182	(5,086)
Capital contributions	26,269	30,092	-
Transfers in	-	1,760,000	187,083
Transfers out	<u>(637,077)</u>	<u>(1,557,459)</u>	<u>-</u>
Change in net position	(558,667)	(786,267)	184,561
Beginning net position	22,090,537	21,187,705	(876,805)
Change in accounting principle	<u>(1,327,060)</u>	<u>(1,726,996)</u>	<u>-</u>
Ending net position	<u>\$ 20,204,810</u>	<u>\$ 18,674,442</u>	<u>\$ (692,244)</u>
CONDENSED STATEMENT OF CASH FLOWS			
Net cash provided (used) by:			
Operating activities	\$ 1,586,168	\$ 2,890,204	\$ 58,398
Noncapital financing activities	(637,077)	208,908	187,083
Capital and related financing activities	(1,494,394)	(2,725,225)	(246,302)
Investment activities	<u>102,145</u>	<u>97,922</u>	<u>2,020</u>
Net increase (decrease)	(443,158)	471,809	1,199
Beginning cash and cash equivalents	<u>12,212,380</u>	<u>8,643,590</u>	<u>302,438</u>
Ending cash and cash equivalents	<u>\$ 11,769,222</u>	<u>\$ 9,115,399</u>	<u>\$ 303,637</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 16 – SUCCESSOR AGENCY TRUST FUND

On January 11, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with Assembly Bill 1X26 (the Bill") which dissolved all redevelopment agencies in the State of California.

Under the control of an oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution of the redevelopment agency (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies are only allocated revenue in the amount that is necessary to pay estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

After the date of the dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

Capital Assets

Capital assets activity of the Successor Agency Trust Fund as of June 30, 2015 is as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated:				
Land	\$ 389,566	\$ -	\$ -	\$ 389,566
Total capital assets not being depreciated	<u>389,566</u>	<u>-</u>	<u>-</u>	<u>389,566</u>
Capital assets being depreciated:				
Buildings and improvements	3,339,683	-	-	3,339,683
Equipment	<u>378,169</u>	<u>-</u>	<u>-</u>	<u>378,169</u>
Total capital assets being depreciated	<u>3,717,852</u>	<u>-</u>	<u>-</u>	<u>3,717,852</u>
Less accumulated depreciation for:				
Buildings and improvements	904,301	136,597	-	1,040,898
Equipment	<u>223,243</u>	<u>29,103</u>	<u>-</u>	<u>252,346</u>
Total accumulated depreciation	<u>1,127,544</u>	<u>165,700</u>	<u>-</u>	<u>1,293,244</u>
Capital assets, net	<u>\$ 2,979,874</u>	<u>\$ (165,700)</u>	<u>\$ -</u>	<u>\$ 2,814,174</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 16 – SUCCESSOR AGENCY TRUST FUND (Continued)

Long-term Debt

The following is a summary of long-term debt obligation transactions for the Successor Agency Trust Fund at June 30, 2015:

	Balance June 30, 2014	Additions	Deletions	June 30, 2015	Due Within One Year
1998 Tax Allocation Bonds	\$ 5,960,000	\$ -	\$ (130,000)	\$ 5,830,000	\$ 135,000
Less: unamortized bond discounts	(74,915)	-	5,351	(69,564)	-
2003 Tax Allocation Bonds	15,715,000	-	(550,000)	15,165,000	575,000
Add: unamortized bond premiums	8,727	-	(459)	8,268	-
2008A Series Tax Allocation Bonds	23,815,000	-	(365,000)	23,450,000	380,000
2008B Series Tax Allocation Bonds	3,655,000	-	(80,000)	3,575,000	80,000
Less: unamortized bond discounts	(639,025)	-	26,625	(612,400)	-
Compensated absences	20,182	34,695	(21,931)	32,946	21,931
Total	\$ 48,459,969	\$ 34,695	\$ (1,115,414)	\$ 47,379,250	\$ 1,191,931

1998 Tax Allocation Bonds

On October 8, 1998, the Agency issued \$7,440,000 of 1998 Tax Allocation Redevelopment Project Bonds. The proceeds of the bonds were used to finance redevelopment activities within the Madera Redevelopment Project Area, to pay costs incurred in connection with the issuance, sale and delivery of the bonds, and to fund the reserve account.

Principal payments are due annually on September 1, commencing on September 1, 1999, with the final payment due in the year 2029. Interest payments are due on September 1 and March 1 of each year until the bonds are paid off. Interest rates range from 3.15% to 4.95%. Principal and interest will be paid from tax increment revenues consisting of a portion of taxes levied upon all taxable property within the Project Area. The outstanding balance of the bonds at June 30, 2015 was \$5,830,000.

The Agency has pledged a portion of future property tax increment revenue to repay the 1998 Tax Allocation Redevelopment Bonds. The bonds required 10% of the RDA property tax increment revenue. Total principal and interest remaining on the bonds is \$8,577,708 payable through 2029.

The annual debt service requirements at June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 135,000	\$ 272,724	\$ 407,724
2017	140,000	266,468	406,468
2018	140,000	260,098	400,098
2019	150,000	253,500	403,500
2020	155,000	246,406	401,406
2021-2025	1,505,000	1,096,181	2,601,181
2026-2029	3,605,000	352,331	3,957,331
Total	\$ 5,830,000	\$ 2,747,708	\$ 8,577,708

The 1998 Tax Allocation Bonds were issued at a discount of \$160,533, which is being amortized over the 30-year life of the bonds resulting in an annual amortization of \$5,351. Unamortized bond discount as of June 30, 2015 was \$69,564.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 16 – SUCCESSOR AGENCY TRUST FUND (Continued)

Long-term Debt (Continued)

2003 Tax Allocation Bonds

On October 23, 2003, the Agency issued \$19,495,000 of 2003 Tax Allocation Refunding and Redevelopment Project Bonds. The proceeds of the bonds were used to advance refund the Agency's 1993 Bond Anticipation Notes dated July 1, 1993, in an amount of \$7,201,007, to fund the acquisition and construction of new improvements within the Madera Redevelopment Project Area, to pay Agency housing set-aside obligations, to pay costs incurred in connection with the issuance, sale and delivery of the bonds, and to fund the reserve account.

Principal payments are due annually on September 1, commencing on September 1, 2004, with the final payment due in the year 2034. Interest payments are due on September 1 and March 1 of each year until the bonds are paid off. Interest rates range from 2.00% to 5.00%. Principal and interest will be paid from tax increment revenues consisting of a portion of all taxes levied upon all taxable property within the Project Area. The outstanding balance of the bonds at June 30, 2015 was \$15,165,000.

The Agency has pledged a portion of future property tax increment revenue to repay the 2003 Tax Allocation Refunding Bonds. The bond required 34% of the RDA property tax increment revenues. Total principal and interest remaining on the bond is \$23,918,594 payable through 2033.

The annual debt service requirements at June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 575,000	\$ 729,006	\$ 1,304,006
2017	605,000	704,569	1,309,569
2018	635,000	678,856	1,313,856
2019	660,000	651,075	1,311,075
2020	690,000	622,200	1,312,200
2021-2025	3,365,000	2,582,525	5,947,525
2026-2030	2,540,000	2,005,113	4,545,113
2031-2033	<u>6,095,000</u>	<u>780,250</u>	<u>6,875,250</u>
Total	<u>\$ 15,165,000</u>	<u>\$ 8,753,594</u>	<u>\$ 23,918,594</u>

The 2003 Tax Allocation Bonds were issued at a premium of \$13,799, which is being amortized over the 30-year life of the bonds resulting in an annual amortization of \$459. Unamortized bond premium as of June 30, 2015 was \$8,268.

2008A Series Tax Allocation Bonds

On September 10, 2008, the Agency issued \$25,455,000 of 2008A Series Tax Allocation Bonds. The proceeds of the bonds were used to finance redevelopment activities within the Madera Redevelopment Project Area, to pay costs incurred in connection with the issuance of the bonds, and to fund the reserve account.

Principal payments are due annually on September 1, commencing on September 1, 2010, with the final payment due in the year 2039. Interest payments are due on September 1 and March 1 of each year until the bonds are paid off. Interest rates range from 3.50% to 5.38%. Principal and interest will be paid from tax increment revenues consisting of a portion of all taxes levied upon all taxable property within the Project Area. The outstanding balance of the bonds at June 30, 2015 was \$23,450,000.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 16 – SUCCESSOR AGENCY TRUST FUND (Continued)

Long-term Debt (Continued)

2008A Series Tax Allocation Bonds (continued)

The Agency has pledged a portion of future property tax increment revenue to repay the 2008A Series Tax Allocation Bonds. The bond required 41% of the RDA property tax increment revenue. Total principal and interest remaining on the bond is \$43,539,984 payable through 2039.

The annual debt service requirements at June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 380,000	\$ 1,206,415	\$ 1,586,415
2017	395,000	1,190,118	1,585,118
2018	415,000	1,172,768	1,587,768
2019	430,000	1,153,598	1,583,598
2020	450,000	1,132,827	1,582,827
2021-2025	2,615,000	5,294,118	7,909,118
2026-2030	3,370,000	4,500,334	7,870,334
2031-2035	5,560,000	3,401,972	8,961,972
2036-2039	<u>9,835,000</u>	<u>1,037,834</u>	<u>10,872,834</u>
Total	<u>\$ 23,450,000</u>	<u>\$ 20,089,984</u>	<u>\$ 43,539,984</u>

The 2008A Series Tax Allocation Bonds were issued at a discount of \$692,753, which is being amortized over the 30-year life of the bonds resulting in an annual amortization of \$23,092. Unamortized bond discount as of June 30, 2015 was \$531,111.

2008B Series Tax Allocation Bonds

On September 10, 2008, the Agency issued \$4,000,000 of 2008B Housing Set-Aside Subordinate Tax Allocation Bonds. The proceeds of the bonds were used to finance low and moderate-income housing within the Madera Redevelopment Project Area, to pay costs incurred in connection with the issuance of the bond, and to fund the reserve account.

Principal payments are due annually commencing on September 1, 2010, with the final payment due in the year 2038. Interest payments are due on September 1 and March 1 of each year until the bonds are paid off. Interest rates range from 3.50% to 5.38%. Principal and interest will be paid from tax increment revenues consisting of a portion of all taxes levied upon all taxable property within the Project Area. The outstanding balance of the bonds at June 30, 2015 was \$3,575,000.

The Agency has pledged a portion of future property tax increment revenue to repay the 2008B Housing Set-Aside Subordinate Tax Allocation Bonds. The bond required 7% of the RDA property tax increment revenues. Total principal and interest remaining on the bond is \$6,661,531 payable through 2039.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 16 – SUCCESSOR AGENCY TRUST FUND (Continued)

Long-term Debt (Continued)

2008B Series Tax Allocation Bonds (continued)

The annual debt service requirements at June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 80,000	\$ 185,348	\$ 265,348
2017	85,000	182,844	267,844
2018	90,000	180,179	270,179
2019	90,000	177,233	267,233
2020	95,000	174,042	269,042
2021-2025	550,000	813,364	1,363,364
2026-2030	715,000	691,410	1,406,410
2031-2035	925,000	522,663	1,447,663
2036-2039	945,000	159,448	1,104,448
Total	<u>\$ 3,575,000</u>	<u>\$ 3,086,531</u>	<u>\$ 6,661,531</u>

The 2008B Series Tax Allocation Bonds were issued at a discount of \$106,026, which is being amortized over the 30-year life of the bonds resulting in an annual amortization of \$3,534. Unamortized bond discount as of June 30, 2015 was \$81,287.

NOTE 17 – SUBSEQUENT EVENTS

Lease-Purchase Agreement

On August 17, 2015 the City is entering into a five-year lease-purchase agreement with Holman Capital Corporation located at 29883 Santa Margarita Parkway, Suite 100, Rancho Santa Margarita, CA 92668. The said lease is in the amount of \$1,535,065 and further cost of issuance in the amount of \$5,000. Semi-annual payments on the lease are \$165,715. The effective interest rate on the lease is 2.71%. The lease-purchase is provided for the Enterprise Resource Planning (ERP) System to be installed at the City Hall and a Fire Truck. The detail of the net financing amount is as follows:

<u>Description</u>	<u>Cost</u>	<u>% of Total</u>
ERP System:		
Application Software License Fees	\$ 273,675	17.77%
Implementation and Consulting Services	234,600	15.23%
Data Conversion Services	86,600	5.62%
Other Tyler (Munis) Services	219,804	14.27%
Other Hardware, Software and Services	20,386	1.32%
ERP System Total	<u>835,065</u>	<u>54.22%</u>
Fire Truck:		
Hi-Tech/Spartan 1500 GPM Pumper	564,912	36.68%
Extra Fittings	115,916	7.53%
Contingencies	19,172	1.24%
Fire Truck Total	<u>700,000</u>	<u>45.45%</u>
Total Project Cost	1,535,065	
Holman Capital Documentation Fee	<u>5,000</u>	<u>0.32%</u>
Net Financing Amount	<u>\$ 1,540,065</u>	<u>100.00%</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 17 – SUBSEQUENT EVENTS (Continued)

Madera Public Financing Authority Water Revenue Bond Refunding

On December 1, 2015, the City is entering into an agreement to Refinancing and Refunding its 2006 Revenue Bonds for Water. The 2015 Refinancing and Refunding Bond amount is \$2,025,000; the bonds mature on March 1, 2036 and bear interest of 3.7% per annum. The 2015 bond is payable semi-annually with the first payment due on March 1, 2016 and the second on September 1, 2016. The Redemption date of the new bond is as follows:

Mandatory Sinking Fund Redemption. The Series 2015 Bonds maturing on March 1, 2036 are also subject to redemption prior to their respective stated maturities, on any March 1 on or after March 1, 2016, in part by lot, from mandatory sinking account payments at a redemption price equal to the principal amount thereof and interest accrued thereon to the date fixed for redemption date, without premium, as set forth below.

Water	
Sinking Fund Redemption Date (March1)	Principal
2016	\$ 5,000
2017	70,000
2018	70,000
2019	75,000
2020	75,000
2021	80,000
2022	85,000
2023	85,000
2024	90,000
2025	95,000
2026	100,000
2027	105,000
2028	105,000
2029	105,000
2030	110,000
2031	115,000
2032	120,000
2033	130,000
2034	130,000
2035	135,000
2036	140,000

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 17 – SUBSEQUENT EVENTS (Continued)

Madera Public Financing Authority Wastewater Revenue Bond Refunding

On December 1, 2015, the City is entering into an agreement to Refinancing and Refunding its 2006 Revenue Bonds for Wastewater. The 2015 Refinancing and Refunding Bond amount is \$28,115,000; the bonds mature on March 1, 2036 and bear interest of 3.7% per annum. The 2015 bond is payable semi-annually with the first payment due on March 1, 2016 and the second on September 1, 2016. The Redemption date of the new bond is as follows:

Mandatory Sinking Fund Redemption. The Series 2015 Bonds maturing on March 1, 2036 are also subject to redemption prior to their respective stated maturities, on any March 1 on or after March 1, 2016, in part by lot, from mandatory sinking account payments at a redemption price equal to the principal amount thereof and interest accrued thereon to the date fixed for redemption date, without premium, as set forth below.

Wastewater	
Sinking Fund	
Redemption	
Date (March1)	Principal
2016	\$ 65,000
2017	970,000
2018	1,005,000
2019	1,045,000
2020	1,080,000
2021	1,120,000
2022	1,165,000
2023	1,210,000
2024	1,250,000
2025	1,300,000
2026	1,350,000
2027	1,400,000
2028	1,450,000
2029	1,500,000
2030	1,560,000
2031	1,620,000
2032	1,675,000
2033	1,740,000
2034	1,800,000
2035	1,870,000
2036	1,940,000

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF MADERA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Property taxes	\$ 2,882,000	\$ 3,149,000	\$ 3,087,520	\$ (61,480)
Sales and use taxes	5,300,000	5,300,000	5,638,847	338,847
Other taxes	1,061,379	1,061,379	1,222,063	160,684
Use of money and property	261,700	261,700	175,354	(86,346)
Franchises	590,000	590,000	612,474	22,474
Licenses and permits	394,400	394,400	595,255	200,855
Fines	778,000	778,000	960,889	182,889
Aid from governmental agencies:				
Federal	918,135	918,135	1,430,708	512,573
State	6,720,304	6,720,304	7,310,737	590,433
Other	308,487	322,987	229,984	(93,003)
Charges for current services	3,944,925	3,944,925	4,130,662	185,737
Miscellaneous	280,750	280,750	375,143	94,393
Total revenues	<u>23,440,080</u>	<u>23,721,580</u>	<u>25,769,636</u>	<u>2,048,056</u>
EXPENDITURES:				
Current:				
General government	5,079,683	5,719,683	4,873,445	846,238
Public protection	13,740,458	13,732,358	13,452,053	280,305
Public ways and facilities	2,543,800	2,543,800	1,958,448	585,352
Community development	4,074,874	4,426,582	4,046,573	380,009
Culture and recreation	3,412,552	3,414,552	3,425,208	(10,656)
Capital outlay	736,000	896,108	91,429	804,679
Debt service:				
Principal	138,227	138,227	73,898	64,329
Interest	4,000	4,000	59,614	(55,614)
Total expenditures	<u>29,729,594</u>	<u>30,875,310</u>	<u>27,980,668</u>	<u>2,894,642</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,289,514)</u>	<u>(7,153,730)</u>	<u>(2,211,032)</u>	<u>4,942,698</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	5,169,154	6,284,154	4,916,541	(1,367,613)
Transfers out	(1,319,407)	(1,665,566)	(1,539,579)	125,987
Total other financing sources (uses)	<u>3,849,747</u>	<u>4,618,588</u>	<u>3,376,962</u>	<u>(1,241,626)</u>
Net change in fund balance	<u>(2,439,767)</u>	<u>(2,535,142)</u>	<u>1,165,930</u>	<u>3,701,072</u>
Fund balance - beginning	12,849,813	12,849,813	12,849,813	-
Prior period adjustments	(57,334)	(57,334)	(57,334)	-
Fund balance - beginning (restated)	<u>12,792,479</u>	<u>12,792,479</u>	<u>12,792,479</u>	<u>-</u>
Fund balance - ending	<u>\$ 10,352,712</u>	<u>\$ 10,257,337</u>	<u>\$ 13,958,409</u>	<u>\$ 3,701,072</u>

**CITY OF MADERA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL DEVELOPMENT IMPACT FEE FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES:				
Use of money and property	\$ 5,826	\$ 5,826	\$ 178,413	\$ 172,587
Charges for current services	<u>1,724,500</u>	<u>1,724,500</u>	<u>1,842,643</u>	<u>118,143</u>
Total revenues	<u>1,730,326</u>	<u>1,730,326</u>	<u>2,021,056</u>	<u>290,730</u>
EXPENDITURES:				
Current:				
Public ways and facilities	-	-	85,313	(85,313)
Capital outlay	<u>3,319,476</u>	<u>3,903,938</u>	<u>799,043</u>	<u>3,104,895</u>
Total expenditures	<u>3,319,476</u>	<u>3,903,938</u>	<u>884,356</u>	<u>3,019,582</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,589,150)</u>	<u>(2,173,612)</u>	<u>1,136,700</u>	<u>3,310,312</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(1,325,410)</u>	<u>(924,754)</u>	<u>(924,754)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,325,410)</u>	<u>(924,754)</u>	<u>(924,754)</u>	<u>-</u>
Net change in fund balance	(2,914,560)	(3,098,366)	211,946	3,310,312
Fund balance - beginning	<u>10,931,642</u>	<u>10,931,642</u>	<u>10,931,642</u>	<u>-</u>
Fund balance - ending	<u>\$ 8,017,082</u>	<u>\$ 7,833,276</u>	<u>\$ 11,143,588</u>	<u>\$ 3,310,312</u>

CITY OF MADERA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL GAS TAX FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 15,232	\$ 15,232
Aid from governmental agencies:				
Federal	688,000	742,866	-	(742,866)
State	2,628,242	2,628,242	2,022,277	(605,965)
Other	<u>2,217,735</u>	<u>2,178,758</u>	<u>1,841,830</u>	<u>(336,928)</u>
Total revenues	<u>5,533,977</u>	<u>5,549,866</u>	<u>3,879,339</u>	<u>(1,670,527)</u>
EXPENDITURES:				
Current:				
General government	250,000	250,000	250,000	-
Capital outlay	<u>8,971,987</u>	<u>9,146,045</u>	<u>2,235,180</u>	<u>6,910,865</u>
Total expenditures	<u>9,221,987</u>	<u>9,396,045</u>	<u>2,485,180</u>	<u>6,910,865</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,688,010)</u>	<u>(3,846,179)</u>	<u>1,394,159</u>	<u>5,240,338</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(2,497,873)</u>	<u>(2,617,873)</u>	<u>(2,035,873)</u>	<u>582,000</u>
Total other financing sources (uses)	<u>(2,497,873)</u>	<u>(2,617,873)</u>	<u>(2,035,873)</u>	<u>582,000</u>
Net change in fund balance	(6,185,883)	(6,464,052)	(641,714)	5,822,338
Fund balance - beginning	<u>8,341,345</u>	<u>8,341,345</u>	<u>8,341,345</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,155,462</u>	<u>\$ 1,877,293</u>	<u>\$ 7,699,631</u>	<u>\$ 5,822,338</u>

CITY OF MADERA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 – BUDGET CONTROL AND ACCOUNTING

BUDGETARY INFORMATION

The City adheres to the following general procedures in establishing its annual budget, which is reflected in the accompanying schedules:

- Budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the General, Special Revenue and Debt Service Funds. Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various City departments.
- Reported budget amounts represent the original legally adopted budget as amended. Individual amendments were not material in relation to the original adopted budget amounts. The City Council may amend the budget to increase appropriations only by a duly adopted minute resolution during a regular meeting, providing that sufficient monies are available and that expenditures of proceeds of taxes will not be increased beyond the constitutional appropriation limit as imposed by Article XIII B of the State Constitution. Management can transfer, without City Council approval, budgeted amounts provided that they do not increase or decrease total fund appropriations adopted by the City Council.
- Unexpended budgeted amounts lapse at the end of the budget year. Spending control for the fund is established by the amount of expenditures budgeted for the fund, but management control is exercised at the budgetary line item levels.
- Expenditures may not legally exceed overall budgeted appropriations.
- The budgets of the City's capital projects are primarily "long-term" budgets which emphasize major programs and capital outlay plans extending over a number of fiscal periods. Therefore, no budget-to-actual schedules are presented for Capital Projects Funds.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2015:

General Fund

Culture and recreation	\$ 10,656
Debt service - interest	\$ 55,614

General Development Impact Fee Fund

Public ways and facilities	\$ 85,313
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The excess expenditures were covered by available fund balance in the funds.

**CITY OF MADERA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN THE NET POSITION LIABILITY AND RELATED RATIOS
LAST 10 years*
As of June 30, 2015**

	2015
Total Pension Liability	
Service cost	\$ 1,562,632
Interest on the total pension liability	4,865,000
Benefit payments, including refunds of employee contributions	(3,247,986)
Net change in total pension liability	3,179,646
Total pension liability - beginning	65,709,332
Total pension liability - ending (a)	\$ 68,888,978
 Plan Fiduciary Net Position	
Contributions - employer	\$ 1,465,153
Contributions - employee	787,068
Net investment income	7,962,241
Administrative expenses	(55,556)
Benefit payments, including refunds of employee contributions	(3,247,986)
Net change in plan fiduciary net position	6,910,920
Plan fiduciary net position - beginning	45,749,432
Plan fiduciary net position - ending (b)	\$ 52,660,352
 Net pension liability - ending (a)-(b)	\$ 16,228,626
 Plan fiduciary net position as a percentage of the total pension liability	76.44%
 Covered - employee payroll	\$ 8,873,549
 Net pension liability as percentage of covered employee payroll	182.89%

Notes to Schedule:

Benefit changes. In 2015, benefit terms were modified to base miscellaneous employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in assumptions. There were no change in assumptions.

* Schedule is intended to show information for 10 years commencing with the fiscal year ended June 30, 2015. Additional years will be displayed as they occur.

**CITY OF MADERA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
LAST 10 years*
As of June 30, 2015**

	2015
Actuarially determined contribution	\$ 1,465,153
Contributions in relation to the actuarially determined contributions	(1,465,153)
Contribution deficiency (excess)	\$ -
 Covered - employee payroll	\$ 8,873,549
 Contributions as a percentage of covered-employee payroll	16.51%

Notes to Schedule:

Valuation date: 6/30/2012

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Remaining amortization period	21 years as of the valuation date
Asset Valuation Method	15 year smoothed market
Inflation	2.75%
Salary Increases	3.30% - 14.20% Depending on age, service, and type of employment
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* Schedule is intended to show information for 10 years commencing with the fiscal year ended June 30, 2015. Additional years will be displayed as they occur.

**CITY OF MADERA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF THE CITY'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 years*
As of June 30, 2015**

	2015
Proportion of the net pension liability	0.20505%
Proportionate share of the net pension liability	\$ 12,759,289
Covered - employee payroll	\$ 4,155,214
Proportionate Share of the net pension liability as percentage of covered-employee payroll	307.07%
Plan's fiduciary net position	\$ 37,989,292
Plan fiduciary net position as a percentage of the total pension liability	74.86%

Notes to Schedule:

Benefit changes. In 2015, benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in assumptions. There were no change in assumptions.

* Schedule is intended to show information for 10 years commencing with the fiscal year ended June 30, 2015. Additional years will be displayed as they occur.

**CITY OF MADERA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
COST-SHARING EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
LAST 10 years*
As of June 30, 2015**

	2015
Actuarially determined contribution	\$ 1,405,212
Contributions in relation to the actuarially determined contributions	(1,405,212)
Contribution deficiency (excess)	\$ -
 Covered - employee payroll	\$ 4,155,214
 Contributions as a percentage of covered-employee payroll	33.82%

Notes to Schedule:

Valuation date: 6/30/2012

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Remaining amortization period	19 Years as of the valuation date
Asset Valuation Method	15 year smoothed market
Inflation	2.75%
Salary Increases	3.30% - 14.20% Depending on age, service, and type of employment
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	57 years
Mortality	Derived using CalPERS' Membership data for all Funds. The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

* Schedule is intended to show information for 10 years commencing with the fiscal year ended June 30, 2015. Additional years will be displayed as they occur.

**CITY OF MADERA
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 OTHER POSTEMPLOYMENT BENEFITS PLAN
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2015**

**Other Postemployment Benefits Plan
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2011	\$ -	\$ 4,970,000	\$ 4,970,000	0%	\$ 13,326,000	37%
July 1, 2012	\$ -	\$ 4,717,369	\$ 4,717,369	0%	\$ 12,328,640	38%
July 1, 2014	\$ -	\$ 4,817,463	\$ 4,817,463	0%	\$ 12,466,331	39%

SUPPLEMENTARY INFORMATION

**CITY OF MADERA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE
JUNE 30, 2015**

	Business Improvement District	Park Development	Parking District	Federal Aid Urban	Street Construction
ASSETS					
Cash and investments	\$ 6,695	\$ 179,897	\$ 89,029	\$ -	\$ -
Receivables:					
Accounts, net	796	9,500	2,398	382,484	447,380
Interest	-	-	-	-	-
Notes	-	-	-	-	-
Due from other funds	-	-	-	-	-
Land held for resale	-	-	-	-	-
Restricted assets:					
Cash and investments with fiscal agents	-	-	-	-	-
Total assets	<u>\$ 7,491</u>	<u>\$ 189,397</u>	<u>\$ 91,427</u>	<u>\$ 382,484</u>	<u>\$ 447,380</u>
LIABILITIES					
Accounts payable	\$ 6,551	\$ 9,518	\$ 1,073	\$ 180,142	\$ 38,481
Salaries payable	-	-	126	-	-
Due to other funds	-	-	-	13,717	226,848
Unearned revenue	-	-	-	-	-
Deposit payable	-	-	-	-	-
Total liabilities	<u>6,551</u>	<u>9,518</u>	<u>1,199</u>	<u>193,859</u>	<u>265,329</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	9,500	-	164,767	447,380
Total deferred inflows of resources	<u>-</u>	<u>9,500</u>	<u>-</u>	<u>164,767</u>	<u>447,380</u>
FUND BALANCES (DEFICITS)					
Restricted:	-	-	-	-	-
Community development	940	-	-	-	-
Park development	-	170,379	-	-	-
Parking improvements	-	-	90,228	-	-
Public works and transportation	-	-	-	23,858	-
Special assessment project	-	-	-	-	-
Social services	-	-	-	-	-
Debt service	-	-	-	-	-
Unassigned	-	-	-	-	(265,329)
Total fund balances (deficits)	<u>940</u>	<u>170,379</u>	<u>90,228</u>	<u>23,858</u>	<u>(265,329)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 7,491</u>	<u>\$ 189,397</u>	<u>\$ 91,427</u>	<u>\$ 382,484</u>	<u>\$ 447,380</u>

CITY OF MADERA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE
JUNE 30, 2015
(Continued)

	Senior Citizens Services	Senior Citizens Nutrition	Landscape Assessment	Supplemental Law Enforcement	Intermodal Building	Community Facilities District
ASSETS						
Cash and investments	\$ -	\$ 51,512	\$ 532,088	\$ -	\$ 148,653	\$ 1,323,239
Receivables:						
Accounts, net	1,268	-	2,354	136,323	13,285	15,045
Interest	-	-	-	-	-	431
Notes	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-
Restricted assets:						
Cash and investments with fiscal agents	-	-	-	-	-	252,966
Total assets	\$ 1,268	\$ 51,512	\$ 534,442	\$ 136,323	\$ 161,938	\$ 1,591,681
LIABILITIES						
Accounts payable	\$ 5,164	\$ -	\$ 13,523	\$ 15,306	\$ 1,631	\$ -
Salaries payable	2,055	-	-	-	63	-
Due to other funds	40,891	-	-	29,885	-	-
Unearned revenue	-	-	-	-	132,523	142,790
Deposit payable	-	-	-	-	-	-
Total liabilities	48,110	-	13,523	45,191	134,217	142,790
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	-	11,782	-
Total deferred inflows of resources	-	-	-	-	11,782	-
FUND BALANCES (DEFICITS)						
Restricted:						
Community development	-	-	-	-	-	-
Park development	-	-	-	-	-	-
Parking improvements	-	-	-	-	-	-
Public works and transportation	-	-	-	-	15,939	-
Special assessment project	-	-	520,919	-	-	1,195,925
Social services	-	51,512	-	-	-	-
Debt service	-	-	-	-	-	252,966
Unassigned	(46,842)	-	-	91,132	-	-
Total fund balances (deficits)	(46,842)	51,512	520,919	91,132	15,939	1,448,891
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 1,268	\$ 51,512	\$ 534,442	\$ 136,323	\$ 161,938	\$ 1,591,681

CITY OF MADERA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE
JUNE 30, 2015
(Continued)

	<u>Economic Development</u>	<u>Park Facilities</u>	<u>Residential Rehab</u>	<u>Low and Moderate Income Housing Asset</u>	<u>Total Nonmajor Special Revenue Funds</u>
ASSETS					
Cash and investments	\$ 1,028,316	\$ 65,240	\$ 87,434	\$ 1,374,134	\$ 4,886,237
Receivables:					
Accounts, net	-	-	530,952	-	1,541,785
Interest	-	-	-	-	431
Notes	-	-	7,496,577	109,932	7,606,509
Due from other funds	-	-	-	22	22
Land held for resale	-	-	-	1,110,000	1,110,000
Restricted assets:					
Cash and investments with fiscal agents	-	-	-	-	252,966
Total assets	<u>\$ 1,028,316</u>	<u>\$ 65,240</u>	<u>\$ 8,114,963</u>	<u>\$ 2,594,088</u>	<u>\$ 15,397,950</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 5,758	\$ (565)	\$ 276,582
Salaries payable	-	-	-	4,888	7,132
Due to other funds	-	-	138,507	10,747	460,595
Unearned revenue	-	-	-	-	275,313
Deposit payable	-	-	-	830	830
Total liabilities	<u>-</u>	<u>-</u>	<u>144,265</u>	<u>15,900</u>	<u>1,020,452</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	530,952	-	1,164,381
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>530,952</u>	<u>-</u>	<u>1,164,381</u>
FUND BALANCES (DEFICITS)					
Restricted:					
Community development	1,028,316	-	7,439,746	2,578,188	11,047,190
Park development	-	-	-	-	170,379
Parking improvements	-	65,240	-	-	155,468
Public works and transportation	-	-	-	-	39,797
Special assessment project	-	-	-	-	1,716,844
Social services	-	-	-	-	51,512
Debt service	-	-	-	-	252,966
Unassigned	-	-	-	-	(221,039)
Total fund balances (deficits)	<u>1,028,316</u>	<u>65,240</u>	<u>7,439,746</u>	<u>2,578,188</u>	<u>13,213,117</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,028,316</u>	<u>\$ 65,240</u>	<u>\$ 8,114,963</u>	<u>\$ 2,594,088</u>	<u>\$ 15,397,950</u>

CITY OF MADERA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2015

	Business Improvement District	Park Development	Parking District	Federal Aid Urban	Street Construction
REVENUES:					
Other taxes	\$ 24,367	\$ -	\$ 21,733	\$ -	\$ -
Use of money and property	-	-	-	-	-
Fines	1,162	-	23,118	-	-
Aid from other governmental agencies:					
Federal	-	-	-	304,646	-
State	-	67,669	-	-	1,057,866
Charges for current services	635	-	506	-	-
Miscellaneous	-	-	-	-	-
	<u>26,164</u>	<u>67,669</u>	<u>45,357</u>	<u>304,646</u>	<u>1,057,866</u>
Total revenues					
EXPENDITURES:					
Current:					
Public protection	-	-	-	-	-
Social services	-	-	-	-	-
Public ways and facilities	-	-	20,346	-	70,000
Community development	27,614	-	-	-	-
Capital outlay	-	9,500	-	511,642	957,697
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
	<u>27,614</u>	<u>9,500</u>	<u>20,346</u>	<u>511,642</u>	<u>1,027,697</u>
Total expenditures					
Excess (deficiency) of revenues over (under) expenditures	<u>(1,450)</u>	<u>58,169</u>	<u>25,011</u>	<u>(206,996)</u>	<u>30,169</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	(312)	-	(412,000)
Capital lease	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>(312)</u>	<u>-</u>	<u>(412,000)</u>
Total other financing sources (uses)					
Net change in fund balances	(1,450)	58,169	24,699	(206,996)	(381,831)
Fund balances - beginning	<u>2,390</u>	<u>112,210</u>	<u>65,529</u>	<u>230,854</u>	<u>116,502</u>
Fund balances - ending	<u>\$ 940</u>	<u>\$ 170,379</u>	<u>\$ 90,228</u>	<u>\$ 23,858</u>	<u>\$ (265,329)</u>

CITY OF MADERA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2015
(Continued)

	Senior Citizens Services	Senior Citizens Nutrition	Landscape Assessment	Supplemental Law Enforcement	Intermodal Building	Community Facilities District
REVENUES:						
Other taxes	\$ -	\$ -	\$ 308,242	\$ -	\$ -	\$ 465,556
Use of money and property	-	-	-	112	21,120	12,059
Fines	-	-	-	-	-	-
Aid from other governmental agencies:						
Federal	79,885	-	-	182,803	2,182	-
State	-	-	-	125,580	20,997	-
Charges for current services	845	-	-	-	8,234	-
Miscellaneous	31,784	-	-	-	-	-
Total revenues	<u>112,514</u>	<u>-</u>	<u>308,242</u>	<u>308,495</u>	<u>52,533</u>	<u>477,615</u>
EXPENDITURES:						
Current:						
Public protection	-	-	-	164,916	-	-
Social services	329,571	491	-	-	-	-
Public ways and facilities	-	-	323,718	-	55,750	18,603
Community development	-	-	-	-	-	-
Capital outlay	-	-	-	196,233	-	-
Debt service:						
Principal	-	-	-	21,771	-	35,000
Interest	-	-	-	4,370	-	134,565
Total expenditures	<u>329,571</u>	<u>491</u>	<u>323,718</u>	<u>387,290</u>	<u>55,750</u>	<u>188,168</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(217,057)</u>	<u>(491)</u>	<u>(15,476)</u>	<u>(78,795)</u>	<u>(3,217)</u>	<u>289,447</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	255,992	-	21,071	-	-	169,565
Transfers out	-	-	-	-	(258)	(169,565)
Capital lease	-	-	-	157,755	-	-
Total other financing sources (uses)	<u>255,992</u>	<u>-</u>	<u>21,071</u>	<u>157,755</u>	<u>(258)</u>	<u>-</u>
Net change in fund balances	38,935	(491)	5,595	78,960	(3,475)	289,447
Fund balances - beginning	<u>(85,777)</u>	<u>52,003</u>	<u>515,324</u>	<u>12,172</u>	<u>19,414</u>	<u>1,159,444</u>
Fund balances - ending	<u>\$ (46,842)</u>	<u>\$ 51,512</u>	<u>\$ 520,919</u>	<u>\$ 91,132</u>	<u>\$ 15,939</u>	<u>\$ 1,448,891</u>

CITY OF MADERA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2015
(Continued)

	Economic Development	Park Facilities	Residential Rehab	Low and Moderate Income Housing Asset	Total Nonmajor Special Revenue Funds
REVENUES:					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ 819,898
Use of money and property	12,697	-	-	48,866	94,854
Fines	-	-	-	-	24,280
Aid from other governmental agencies:					
Federal	-	-	888,310	-	1,457,826
State	-	-	368,855	-	1,640,967
Charges for current services	-	-	47,835	10,001	68,056
Miscellaneous	-	-	458,955	43,109	533,848
	<u>12,697</u>	<u>-</u>	<u>1,763,955</u>	<u>101,976</u>	<u>4,639,729</u>
EXPENDITURES:					
Current:					
Public protection	-	-	-	-	164,916
Social services	-	-	-	-	330,062
Public ways and facilities	-	-	-	-	488,417
Community development	-	-	1,213,310	93,270	1,334,194
Capital outlay	-	-	455,040	-	2,130,112
Debt service:					
Principal	-	152,205	-	143,096	352,072
Interest	-	42,052	-	18,654	199,641
	<u>-</u>	<u>194,257</u>	<u>1,668,350</u>	<u>255,020</u>	<u>4,999,414</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,697</u>	<u>(194,257)</u>	<u>95,605</u>	<u>(153,044)</u>	<u>(359,685)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	194,257	-	-	640,885
Transfers out	-	-	(29,399)	-	(611,534)
Capital lease	-	-	-	-	157,755
	<u>-</u>	<u>194,257</u>	<u>(29,399)</u>	<u>-</u>	<u>187,106</u>
Net change in fund balances	12,697	-	66,206	(153,044)	(172,579)
Fund balances - beginning	<u>1,015,619</u>	<u>65,240</u>	<u>7,373,540</u>	<u>2,731,232</u>	<u>13,385,696</u>
Fund balances - ending	<u>\$ 1,028,316</u>	<u>\$ 65,240</u>	<u>\$ 7,439,746</u>	<u>\$ 2,578,188</u>	<u>\$ 13,213,117</u>

**CITY OF MADERA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2015**

	Local Transit Fund	Golf Course Fund	Airport Fund	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ -	\$ 1,038,485	\$ 1,038,485
Accounts receivable, net	509,200	184,042	51,850	745,092
Interest receivable	-	328	-	328
Prepaid expenses	-	1,500	-	1,500
Total current assets	<u>509,200</u>	<u>185,870</u>	<u>1,090,335</u>	<u>1,785,405</u>
Noncurrent assets:				
Restricted assets:				
Cash and investments	-	303,637	-	303,637
Capital assets, not depreciated	126,921	146,933	3,243,599	3,517,453
Capital assets, net of accumulated depreciation	<u>1,643,160</u>	<u>1,881,928</u>	<u>8,058,068</u>	<u>11,583,156</u>
Total noncurrent assets	<u>1,770,081</u>	<u>2,332,498</u>	<u>11,301,667</u>	<u>15,404,246</u>
Total assets	<u>2,279,281</u>	<u>2,518,368</u>	<u>12,392,002</u>	<u>17,189,651</u>
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan in current fiscal year	<u>27,679</u>	-	<u>15,817</u>	<u>43,496</u>
Total deferred outflows of resources	<u>27,679</u>	-	<u>15,817</u>	<u>43,496</u>
LIABILITIES				
Current liabilities:				
Accounts payable	234,116	2,809	18,030	254,955
Salaries payable	4,219	-	2,167	6,386
Accrued interest payable	-	305	7,402	7,707
Due to other funds	233,027	144,416	-	377,443
Advances from other funds	-	208,082	-	208,082
Unearned revenue	2	-	-	2
Compensated absences, due within one year	11,442	-	5,463	16,905
Long-term debt, due within one year	-	250,000	19,598	269,598
Total current liabilities	<u>482,806</u>	<u>605,612</u>	<u>52,660</u>	<u>1,141,078</u>
Noncurrent liabilities:				
Compensated absences, due in more than one year	3,684	-	-	3,684
Other post employment benefits obligation	15,243	-	8,776	24,019
Net pension liability	227,201	-	129,829	357,030
Long-term debt, due in more than one year	-	2,435,000	166,101	2,601,101
Total noncurrent liabilities	<u>246,128</u>	<u>2,435,000</u>	<u>304,706</u>	<u>2,985,834</u>
Total liabilities	<u>728,934</u>	<u>3,040,612</u>	<u>357,366</u>	<u>4,126,912</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	51,350	-	29,343	80,693
Deferred service concession arrangement receipts	-	170,000	-	170,000
Total deferred inflows of resources	<u>51,350</u>	<u>170,000</u>	<u>29,343</u>	<u>250,693</u>
NET POSITION				
Net investment in capital assets	1,770,081	(656,139)	11,115,968	12,229,910
Unrestricted	<u>(243,405)</u>	<u>(36,105)</u>	<u>905,142</u>	<u>625,632</u>
Total net position	<u>\$ 1,526,676</u>	<u>\$ (692,244)</u>	<u>\$ 12,021,110</u>	<u>\$ 12,855,542</u>

**CITY OF MADERA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Local Transit Fund	Golf Course Fund	Airport Fund	Total Nonmajor Enterprise Funds
Operating revenues:				
Charges for services	\$ 128,880	\$ 117,563	\$ 531,118	\$ 777,561
Other	713	-	-	713
Total operating revenues	<u>129,593</u>	<u>117,563</u>	<u>531,118</u>	<u>778,274</u>
Operating expenses:				
Salaries and benefits	213,373	-	129,809	343,182
General and administrative	1,202,804	115,809	252,957	1,571,570
Supplies and miscellaneous	184,248	-	24,481	208,729
Parts and supplies	33,317	-	119,289	152,606
Utilities	-	-	26,639	26,639
Depreciation	348,476	-	284,380	632,856
Total operating expenses	<u>1,982,218</u>	<u>115,809</u>	<u>837,555</u>	<u>2,935,582</u>
Operating income (loss)	<u>(1,852,625)</u>	<u>1,754</u>	<u>(306,437)</u>	<u>(2,157,308)</u>
Nonoperating revenues (expenses):				
Interest income	302	2,017	12,788	15,107
Property taxes	-	-	70,353	70,353
Operating grants	1,643,140	-	22,979	1,666,119
Capital grants	38,607	-	93,185	131,792
Other revenue	-	-	16,982	16,982
Gain (loss) on disposal of property	(27,100)	-	1,809	(25,291)
Interest expense	-	(1,207)	(9,031)	(10,238)
Other nonoperating expense	-	(5,086)	-	(5,086)
Total nonoperating revenues (expenses)	<u>1,654,949</u>	<u>(4,276)</u>	<u>209,065</u>	<u>1,859,738</u>
Income (loss) before capital contributions and transfers	<u>(197,676)</u>	<u>(2,522)</u>	<u>(97,372)</u>	<u>(297,570)</u>
Capital contributions	59,677	-	-	59,677
Transfers in	-	187,083	-	187,083
Transfers out	(56,950)	-	(5,276)	(62,226)
Change in net position	<u>(194,949)</u>	<u>184,561</u>	<u>(102,648)</u>	<u>(113,036)</u>
Net position - beginning	1,976,130	(876,805)	12,269,189	13,368,514
Change in accounting principle	<u>(254,505)</u>	<u>-</u>	<u>(145,431)</u>	<u>(399,936)</u>
Net position - beginning (restated)	<u>1,721,625</u>	<u>(876,805)</u>	<u>12,123,758</u>	<u>12,968,578</u>
Net position - ending	<u>\$ 1,526,676</u>	<u>\$ (692,244)</u>	<u>\$ 12,021,110</u>	<u>\$ 12,855,542</u>

**CITY OF MADERA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Local Transit Fund	Golf Course Fund	Airport Fund	Total Nonmajor Enterprise Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 17,402	\$ 116,708	\$ 528,096	\$ 662,206
Payments to suppliers	(1,347,753)	(117,422)	(430,217)	(1,895,392)
Payments to employees	(206,440)	-	(126,679)	(333,119)
Payments to other funds	(80,376)	59,112	-	(21,264)
Net cash provided (used) by operating activities	<u>(1,617,167)</u>	<u>58,398</u>	<u>(28,800)</u>	<u>(1,587,569)</u>
Cash flows from noncapital financing activities:				
Transfers from (to) other funds	(56,950)	187,083	(5,276)	124,857
Other nonoperating revenues	-	-	18,791	18,791
Property taxes	-	-	70,353	70,353
Operating grants	1,643,138	-	22,979	1,666,117
Net cash provided (used) by noncapital financing activities	<u>1,586,188</u>	<u>187,083</u>	<u>106,847</u>	<u>1,880,118</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(34,531)	-	(39,586)	(74,117)
Capital grants	38,607	-	93,185	131,792
Principal paid on notes	-	-	(18,704)	(18,704)
Principal paid on bonds	26,601	(240,000)	-	(213,399)
Interest paid	-	(6,302)	(9,776)	(16,078)
Net cash provided (used) by capital and related financing activities	<u>30,677</u>	<u>(246,302)</u>	<u>25,119</u>	<u>(190,506)</u>
Cash flows from investing activities:				
Interest received	302	2,020	12,788	15,110
Net cash provided (used) by investing activities	<u>302</u>	<u>2,020</u>	<u>12,788</u>	<u>15,110</u>
Net increase (decrease) in cash and cash equivalents	-	1,199	115,954	117,153
Cash and cash equivalents - July 1, 2014	-	302,438	922,531	1,224,969
Cash and cash equivalents - June 30, 2015	<u>\$ -</u>	<u>\$ 303,637</u>	<u>\$ 1,038,485</u>	<u>\$ 1,342,122</u>

**CITY OF MADERA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Local Transit Fund	Golf Course Fund	Airport Fund	Total Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to cash provided (used) by operating activities:				
Operating income (loss)	\$ (1,852,625)	\$ 1,754	\$ (306,437)	\$ (2,157,308)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	348,476	-	284,380	632,856
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
(Increase) decrease in accounts receivable	(98,651)	38,145	(3,022)	(63,528)
(Increase) decrease in prepaid expense	-	(1,500)	-	(1,500)
(Increase) decrease in deferred outflows of resources from pensions	(27,679)	-	(15,817)	(43,496)
Increase (decrease) in accounts payable	72,616	(113)	(6,851)	65,652
Increase (decrease) in salaries payable	1,198	-	868	2,066
Increase (decrease) in due to other funds	(80,376)	83,592	-	3,216
Increase (decrease) in advances from other funds	-	(24,480)	-	(24,480)
Increase (decrease) in unearned revenue	(13,540)	-	-	(13,540)
Increase (decrease) in deferred inflows of resources from pensions	51,350	(39,000)	29,343	41,693
Increase (decrease) in net pension liability	(27,304)	-	(15,602)	(42,906)
Increase (decrease) in compensated absences	4,148	-	1,445	5,593
Increase (decrease) in other postemployment benefit obligations	5,220	-	2,893	8,113
	<u>5,220</u>	<u>-</u>	<u>2,893</u>	<u>8,113</u>
Net cash provided (used) by operating activities	<u>\$ (1,617,167)</u>	<u>\$ 58,398</u>	<u>\$ (28,800)</u>	<u>\$ (1,587,569)</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Cash and investments - unrestricted	\$ -	-	\$ 1,038,485	\$ 1,038,485
Cash and investments - restricted	-	303,637	-	303,637
Total cash and investments	<u>\$ -</u>	<u>\$ 303,637</u>	<u>\$ 1,038,485</u>	<u>\$ 1,342,122</u>
Noncash investing, capital, and financing activities:				
Developer and other capital contributions	<u>\$ 59,677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,677</u>

**CITY OF MADERA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS				
Cash and investments	\$ 1,319,767	\$ 24,715,815	\$ 24,474,956	\$ 1,560,626
Accounts receivable, net	11,159	16,406	15,932	11,633
Prepaid items	<u>275,678</u>	<u>-</u>	<u>275,678</u>	<u>-</u>
 Total assets	 <u>\$ 1,606,604</u>	 <u>\$ 24,732,221</u>	 <u>\$ 24,766,566</u>	 <u>\$ 1,572,259</u>
LIABILITIES				
Accounts payable	\$ 74,423	\$ 5,475,828	\$ 5,451,872	\$ 98,379
Accrued liabilities	672,018	24,403,129	24,649,603	425,544
Deposit payable	22,654	42,600	42,750	22,504
Due to other governments	<u>837,509</u>	<u>752,428</u>	<u>564,105</u>	<u>1,025,832</u>
 Total liabilities	 <u>\$ 1,606,604</u>	 <u>\$ 30,673,985</u>	 <u>\$ 30,708,330</u>	 <u>\$ 1,572,259</u>