

**CITY OF MADERA
CALIFORNIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016**

**CITY OF MADERA
CALIFORNIA**

JUNE 30, 2016

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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, 2016, 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-17, budgetary comparison information on pages 90-92, the schedules of changes in net pension liability and related ratios on page 94, schedule of contributions on pages 95 and 97, schedule of the City's proportionate share of the net pension liability on page 96, and schedule of funding progress – other postemployment benefits plan on page 98 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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.

Implementation of New Accounting Standards

As disclosed in Note 18 to the financial statements, the City of Madera implemented GASB Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 82, *Pension Issues*, during fiscal year 2016. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2017, 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
February 28, 2017

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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, 2016. 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 \$274.2 million. Of this amount, \$5.9 million is in unrestricted net position and available to meet the City's ongoing commitments to citizens and creditors. In addition, the City's restricted net position totals \$32.2 million and is dedicated to specific purposes. Lastly, net position of \$236.1 million is the City's net investment in capital assets.
- The City's total net position decreased by \$376,122 or 0.1% during 2015-2016 to \$274.2 million from \$274.6 million.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$46.7 million, a decrease of \$1,177,161 or 2.5% in comparison with the prior year. Approximately 27% of this amount (\$12.7 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 \$14.4 million, which represents a net increase of approximately \$467,537 from the previous year. The unassigned balance of \$12.8 million is available for carryover to fund future general fund expenditures.
- Net pension liability increased by \$3.0 million or 10.3% during 2015-2016 to \$31.9 million from \$28.9 million. Deferred outflows of resources related to pensions increased by \$610,794 or 17%, deferred inflows of resources related to pensions decreased by \$3.4 million or 52.9%. The changes were mainly due to a net loss of \$1.0 between projected and actual investment earnings on plan assets, and an increase of \$2.0 million to the total pension liability resulting from changes of consumptions and differences between expected and actual experience.
- During the year, 14% - 20% 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, 2016**

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 21-23 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, 2016**

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 24-27 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 28-35 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 36-37 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 38-88 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 90-93 of this report.

Individual Fund Statements. Individual fund statements in connection with non-major governmental and enterprise funds are presented immediately the required supplementary information, which can be found on pages 100-109 of this report.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Government-wide Financial Analysis

Below is a table showing the City's net position for the fiscal year ended June 30, 2016, with comparative data for the fiscal year ended June 30, 2015.

City of Madera's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 54,159,131	\$ 54,948,060	\$ 28,242,979	\$ 27,315,807	\$ 82,402,110	\$ 82,263,867
Capital assets	184,266,904	187,136,655	105,558,379	108,017,716	289,825,283	295,154,371
Total assets	238,426,035	242,084,715	133,801,358	135,333,523	372,227,393	377,418,238
Deferred outflows of resources:						
Contributions to pension plan in current fiscal year	3,695,181	3,095,002	498,955	488,340	4,194,136	3,583,342
Pension deferrals	992,871	246,830	-	-	992,871	246,830
Total deferred outflows of resources	4,688,052	3,341,832	498,955	488,340	5,187,007	3,830,172
Liabilities:						
Current and other liabilities	3,595,660	5,680,828	3,266,981	3,594,289	6,862,641	9,275,117
Long-term liabilities	37,321,820	33,556,847	55,386,782	57,152,726	92,708,602	90,709,573
Total liabilities	40,917,480	39,237,675	58,653,763	60,747,015	99,571,243	99,984,690
Deferred inflows of resources:						
Pension deferrals	2,726,958	5,549,900	316,780	905,957	3,043,738	6,455,857
Deferred service concession agreement receipts	-	-	130,000	170,000	130,000	170,000
Gain on refunding of debt	-	-	407,678	-	407,678	-
Total deferred inflows of resources	2,726,958	5,549,900	854,458	1,075,957	3,581,416	6,625,857
Net position:						
Net investment in capital assets	178,483,617	182,403,676	57,639,498	58,455,927	236,123,115	240,859,603
Restricted	32,193,071	32,671,232	-	-	32,193,071	32,671,232
Unrestricted	(11,207,039)	(14,435,936)	17,152,594	15,542,964	5,945,555	1,107,028
Total net position	\$ 199,469,649	\$ 200,638,972	\$ 74,792,092	\$ 73,998,891	\$ 274,261,741	\$ 274,637,863

As of June 30, 2016, the City's government-wide total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$274.2 million. Governmental activities finished the year with a positive net position balance of \$199.4 million, a decrease of \$1.2 million, or 1% compared to 2015. Business-type activities finished the year with a positive balance of \$74.7 million, an increase of \$8 million or 1% compared to 2015. Net position, as noted earlier, may serve over time as a useful indicator of the City's financial position. Of the total net position, \$236.1 million or 86% 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 \$4.7 million, restricted net position decreased by \$478,161 and unrestricted net position increased by \$4.8 million, accounting for the decrease in total net position of \$376,122. The decrease in net investment in capital assets is primarily due to the depreciation expense of \$12.4 million offset by additions to capital assets of \$6.5 million. The decrease to restricted net position represents the change in resource that are subject to external restrictions on their use. Net position restricted for community development decrease by \$1.7 million and net position restricted for public works and transportation increased by \$1.1 million compared to prior year. The increase to unrestricted net position is due to a change in resources available to fund City programs for citizen and debt obligations to creditors.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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.

Restricted net position represents \$32 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 \$5.9 million or 2% of the total net position, which is an increase of 4.8 million or 437% from the previous year. Governmental activities account for a negative \$11.2 million of the total unrestricted net position and increased by \$3.2 million or 22% compared to last year. Business-type activities account for \$17.1 million of the total unrestricted net position and increased by \$1.6 million or 10% compared to last year.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Governmental activities. Governmental activities account for \$199.4 million or 73% of the total government-wide net position. This is a decrease of \$1 million or 1% compared to June 30, 2015.

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

City of Madera's Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program revenues:						
Charges for services	\$ 4,939,456	\$ 4,857,124	\$ 21,723,941	\$ 19,085,229	\$ 26,663,397	\$ 23,942,353
Operating grants and contributions	15,439,777	16,113,269	1,334,299	1,741,775	16,774,076	17,855,044
Capital grants and contributions	1,330,746	550,328	1,833,671	279,462	3,164,417	829,790
General revenues:						
Property taxes	3,571,669	2,837,432	58,333	70,353	3,630,002	2,907,785
Sales and use taxes	6,506,004	5,638,847	-	-	6,506,004	5,638,847
Franchise taxes	678,438	612,474	-	-	678,438	612,474
Other taxes	2,172,574	2,035,238	-	-	2,172,574	2,035,238
Investment earnings	603,795	309,988	210,257	262,948	814,052	572,936
Gain (loss) on sale of capital assets	16,304	26,983	4,250	14,476	20,554	41,459
Miscellaneous	580,398	577,213	34,976	28,170	615,374	605,383
Total revenues	<u>35,839,161</u>	<u>33,558,896</u>	<u>25,199,727</u>	<u>21,482,413</u>	<u>61,038,888</u>	<u>55,041,309</u>
Expenses						
General government	8,890,092	9,947,352	-	-	8,890,092	9,947,352
Public safety	14,722,091	13,710,629	-	-	14,722,091	13,710,629
Public ways and facilities	6,852,731	3,400,472	-	-	6,852,731	3,400,472
Social services	182,286	331,774	-	-	182,286	331,774
Culture and recreation	4,451,155	4,149,317	-	-	4,451,155	4,149,317
Community development	5,249,438	5,089,014	-	-	5,249,438	5,089,014
Interest on long-term debt	280,037	258,764	-	-	280,037	258,764
Local transit	-	-	2,051,814	1,996,563	2,051,814	1,996,563
Water	-	-	5,590,810	5,664,873	5,590,810	5,664,873
Sewer	-	-	8,476,744	7,573,475	8,476,744	7,573,475
Golf course	-	-	74,596	122,102	74,596	122,102
Airport	-	-	852,560	871,796	852,560	871,796
Solid waste	-	-	4,936,291	4,675,782	4,936,291	4,675,782
Drainage operations	-	-	1,024,498	900,903	1,024,498	900,903
Total expenses	<u>40,627,830</u>	<u>36,887,322</u>	<u>23,007,313</u>	<u>21,805,494</u>	<u>63,635,143</u>	<u>58,692,816</u>
Increase (decrease) in net position before transfers	(4,788,669)	(3,328,426)	2,192,414	(323,081)	(2,596,255)	(3,651,507)
Transfers	1,718,751	1,065,193	(1,718,751)	(1,065,193)	-	-
Increase (decrease) in net position	<u>(3,069,918)</u>	<u>(2,263,233)</u>	<u>473,663</u>	<u>(1,388,274)</u>	<u>(2,596,255)</u>	<u>(3,651,507)</u>
Net position - beginning	200,638,972	230,391,419	73,998,891	79,795,960	274,637,863	310,187,379
Prior period adjustments	1,900,595	(57,334)	319,538	81,394	2,220,133	24,060
Change in accounting principle	-	(27,431,880)	-	(4,490,189)	-	(31,922,069)
Net position - beginning, as restated	<u>202,539,567</u>	<u>202,902,205</u>	<u>74,318,429</u>	<u>75,387,165</u>	<u>276,857,996</u>	<u>278,289,370</u>
Net position - ending	<u>\$ 199,469,649</u>	<u>\$ 200,638,972</u>	<u>\$ 74,792,092</u>	<u>\$ 73,998,891</u>	<u>\$ 274,261,741</u>	<u>\$ 274,637,863</u>

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Total governmental revenues for the year were \$35.8 million, which is \$2.2 million or 7% more than in 2015.

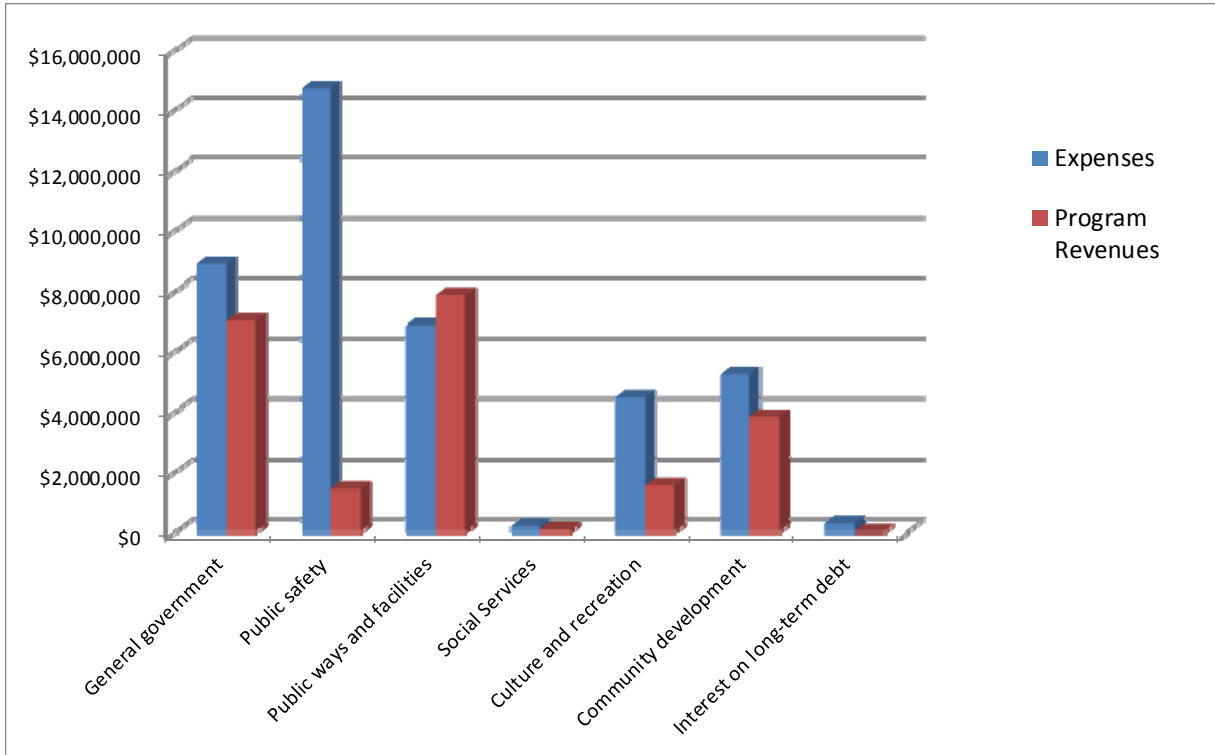
- Operating grants and contributions decreased by \$673,492 or 4% from the previous year. This is due to a decrease of activities in Community Development and an increase of activities for Capital Improvements.
- Capital grants and contributions increased by \$780,418 or 142% from the previous year, due mainly to CDBG Economic Development Grant for improvements to the Sewer system (\$700,000).
- Taxes, including property, sales, franchise, and other taxes account for approximately \$12.9 million or 36% of the City's governmental activities revenue. Total tax revenue increased \$1.8 million or 59% from the previous year primarily due to increases in property taxes, sales taxes, and property taxes in-lieu of vehicle license fees.
- Investment earnings increased by \$293,807 from the previous year due to rising interest rates.

Total governmental expenses for the year were \$40.6 million, which is \$3.7 million or 10% more than in 2015.

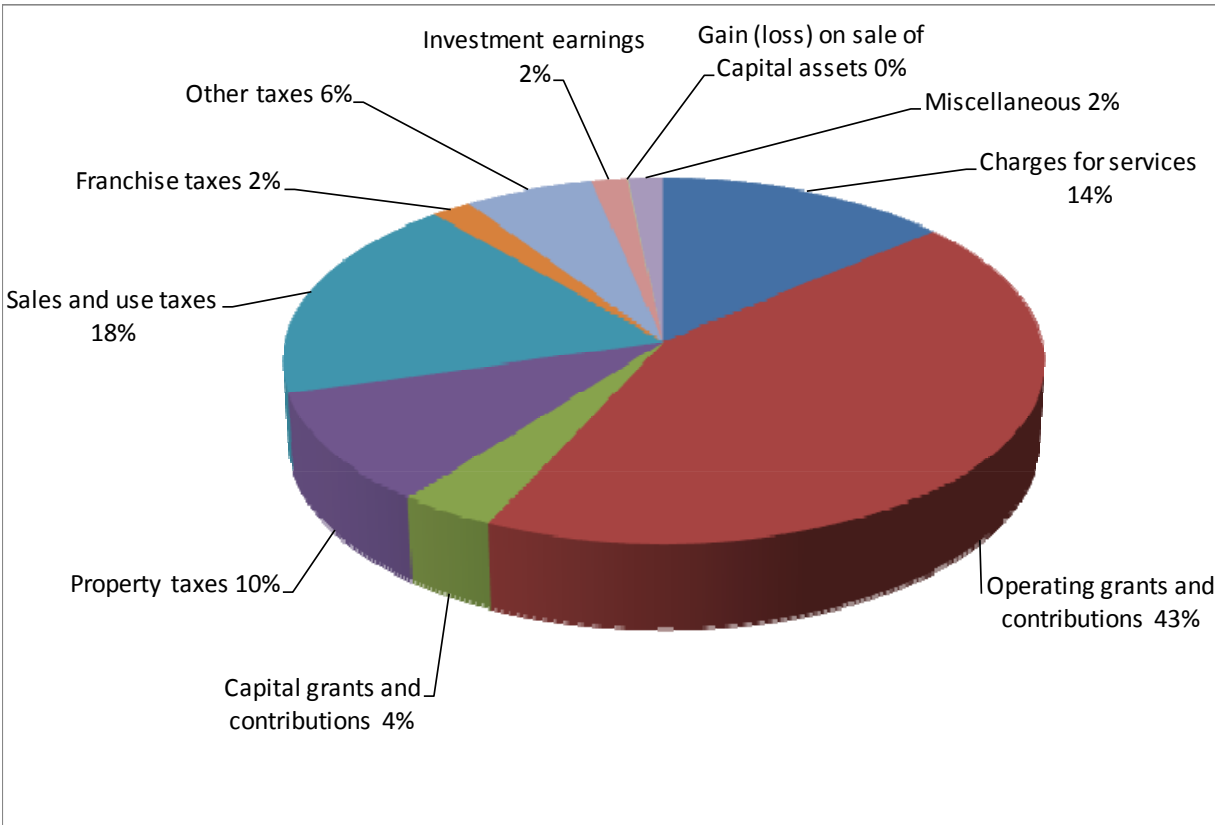
- General government decreased by \$1 million or 11% from the previous year because the City is no longer required to pay an insurance retrospective adjustment.
- Public safety increased by \$1 million or 7% from the previous year due to increases in salaries and benefits, which include hiring of new personnel for new programs.
- Public ways and facilities increased by \$3.4 million or 102% from the previous year due to increases in street and sewer improvement projects, developer reimbursement reclassification, and the construction of new transit public works facilities.
- Culture and recreation increased by \$301,838 or 7% from the previous year due to increases in salaries and benefits and an additional program for the landscape and maintenance district which was under public ways and facilities in the prior year.
- Community development increased by \$160,424 or 3% from the previous year due to increases in salaries and benefits and the hiring of a Grant Director.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Program revenues that include charges for services and grants specific to certain programs account for \$21.7 million or 61% 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.

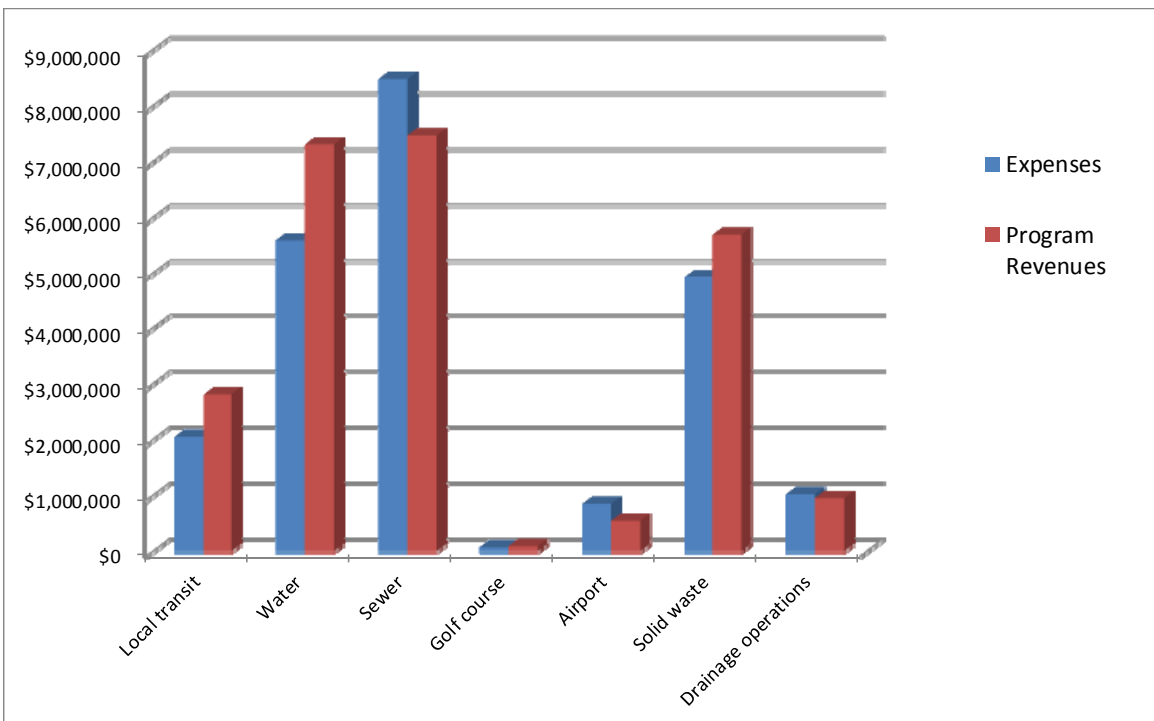
Business-type Activities. Business-type activities account for \$74.7 million or 27% of the total government-wide net position. This is an increase of \$793,201 from the prior year. Net investment in capital assets accounts for \$57.6 million or 77% of the total net position and is a decrease of \$816,429 from 2015. Unrestricted net position of \$15.5 million, or 23% of total net position, represents an increase of \$1.1 million from 2015.

Total business-type revenue for the year was \$25.1 million, which is \$3.7 million or 17% more than in 2015.

Charges for services increased by \$2.6 million or 22% from the prior year primarily due to a rate increase that took effect July 1, 2015, and newly created water violation penalties. Additional water meters were installed where there were previously no meters. This change resulted in moving some customers from flat rates to metered rates, which typically are more expensive. These changes were due in part by mandates to reduce water consumption because of extreme drought conditions.

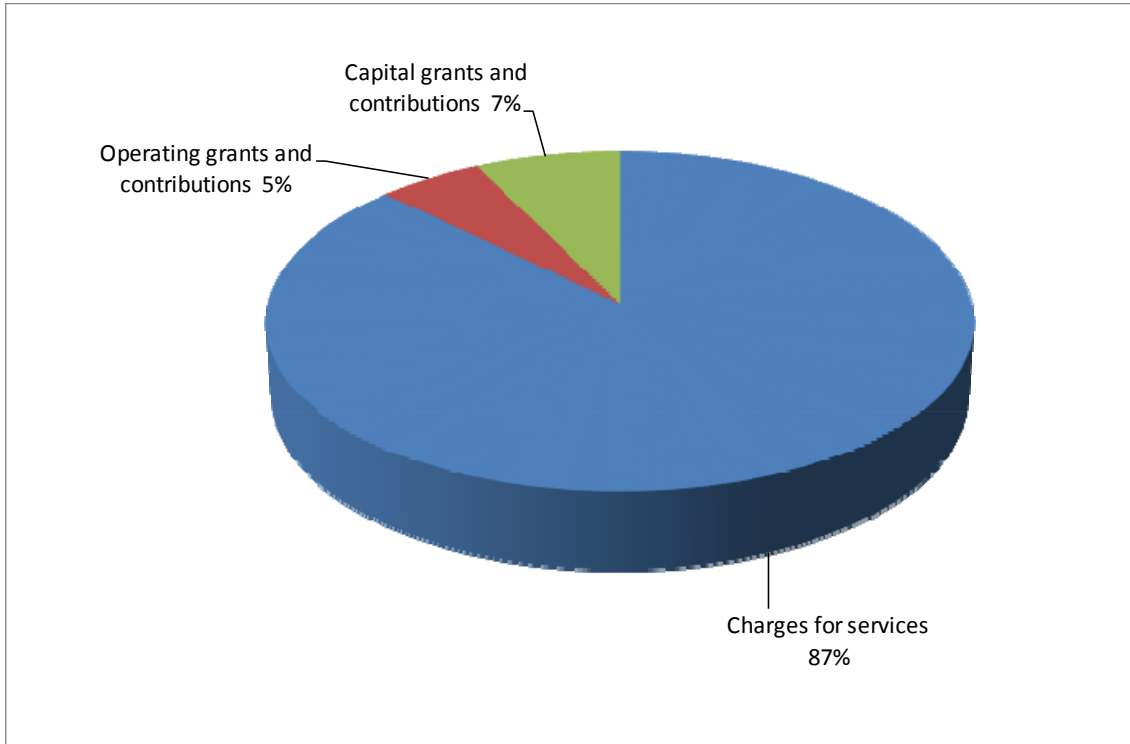
- Operating grants and contributions decreased by \$407,476 or 23% from the prior year primarily due to the near completion of the water meter project.
- Capital grants and contributions increased by \$1.5 million or 556% from the prior year.

Expenses and Program Revenues-Business-Type Activities



**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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 \$23.0 million, which is \$1.2 million or 6% more than in 2015.

Sewer increased by \$903,269 or 14% primarily due to increases in parts and supplies/interfund charges; interest expense and bond issuance cost.

Solid waste increased by \$260,590 or 6% primarily due to increases in parts and supplies/interfund charges. Drainage increased by \$123,595 or 14% primarily due to increases in personnel costs and interfund charges.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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 \$46.7 million; \$1.1 million less than the previous year. The decrease is primarily related to personnel costs as a result of a compensation study, a 3% cost of living increase from 07/01/15 through 06/30/16, and the settlement of a lawsuit. There was also an increase in unassigned fund balances of \$615,272, with included a \$553,298 increase in the General Fund and a \$10,764 increase in non-major governmental funds.

Of the total fund balance, \$12.7 million or 27% 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	\$ 50,760
Prepaid items	136,192
Long-term interfund advances	183,602
Restricted:	
Community development	1,477,187
Park development	67,349
Parking improvements	184,092
Public works and transportation	8,912,499
Special assessment project	1,542,286
Law enforcement	113,915
Capital projects and improvements	11,422,919
Debt service	254,627
Assigned:	
Golf course capital	20,000
OPEB liability	97,339
Insurance	1,082,179
Unassigned	12,647,670

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

General Fund

The General Fund is the chief operating fund of the City. As of June 30, 2016, the total fund balance (including all categories) of the general fund was \$14.4 million, up \$489,541 from June 30, 2015. The total fund balance of \$14.4 million includes non-spendable balances of \$368,959, assigned balances of \$1,199,518, and an unassigned balance of \$12.8 million.

The *restricted fund* balance decreased by \$646,823 from in 2015. The *assigned* fund balance increased by \$472,359.

The *unassigned* fund balance increased \$0.5 million when compared to June 30, 2015. The \$12.8 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 45% of total General Fund expenditures, while total fund balance represents approximately 50% of that same amount.

Other Major Funds

The General Development Impact Fee Special Revenue Fund, a major fund, had a \$279,331 decrease in fund balance during the current fiscal year. This decrease in fund balance is primarily due to a prior year adjustment and the completion of some projects. The ending fund balance of \$11.4 million is restricted for capital projects and improvements.

The Special Gas Tax Special Revenue Fund, a major fund, has a \$543,689 increase in fund balance during the current fiscal year. This increase in fund balance is due to a delay in projects that have not yet started in fiscal year 2015-16. The ending fund balance of \$8.8 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	\$7,219,638
Sewer Fund	6,728,986
Solid Waste Fund	3,207,243
Drainage Operations Fund	(105,076)
Nonmajor Enterprise Funds	545,685
Internal Service Fund	(627,582)

As noted earlier in the discussion of business-type activities and revenues for water and sewer services increased by 22% in the current year. Incremental rate increases over the next five years were approved by the City Council during the second quarter of calendar year 2015.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

General Fund Budgetary Highlights

The general fund ended fiscal year 2016 with \$207,203 in savings compared to the budget. This variance was primarily the result of stronger revenues than anticipated and savings on the OPEB Obligation and software costs. Although they are reflected as savings to the current year budget, they may be reserved for expenditures in the subsequent fiscal year.

- Actual expenditures for General Government came in \$143,540 under budget due to OPEB obligation, property/liability/fidelity insurance, conference/training, and software cost.
- Actual expenditures for Public Protection came in at \$147,738 over budget due to increases in personnel costs and additional program expenditures.
- Public Ways and Facilities were \$212,306 under budget due to savings in supplies and materials and personnel costs
- Actual expenditures for Community Development came in at \$212,412 under budget due to stronger revenues than anticipated and a delay in hiring.
- Actual expenditures for Culture and Recreation came in at \$104,690 under budget due to savings in the personnel cost category
- Actual expenditures for Capital Outlay were \$284,434 over budget due to a change of method in recording ERP system lease payments.

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, 2016, amount to \$289.8 million (net of depreciation), a decrease of \$5.3 million less compared to 2015. This decrease is primarily due the depreciation expense of \$12.4 million offset by additions to capital assets of \$6.5 million.

Major capital asset additions this year include the following:

- Road network improvements - \$4 million
 - Developer Donations (sidewalk, pavement, pipelines, and others) - \$625,000
 - Pine and Pecan streets widening project - \$1.44 million
 - Various other street improvement projects - \$410,000
 - Various parks improvement projections - \$1 million
 - Various traffic signal improvement projects - \$540,000
- Transit and Public Works Facility - \$1 million
- Equipment purchases (transit busses, vehicles, and equipment) - \$900,000

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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

- Bike lanes improvement: Laurel Street to the Fresno River Trail
- Landscaping improvement: 4th Street
- Parks improvements: Knox Park and Centennial Park
- Sewer mains replacement: various locations
- Street improvements: Pine Street and Pecan Avenue
- Trunk sewer system rehabilitation: Schnoor Avenue

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

- Jack in the Box – Howard Road
- Napa Auto – 509 S Gateway
- Will Grill Freedom Industrial Park – Pine Street and Pecan Avenue

City of Madera's Capital Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 7,573,520	\$ 7,573,520	\$ 9,026,517	\$ 9,026,517	\$ 16,600,037	\$ 16,600,037
Construction in progress	7,777,065	4,512,868	1,350,095	793,056	9,127,160	5,305,924
Buildings and improvements	15,153,811	15,580,094	30,370,674	31,498,792	45,524,485	47,078,886
Equipment	3,381,125	2,940,250	1,612,431	1,983,199	4,993,556	4,923,449
Infrastructure	150,381,383	156,529,923	63,198,662	64,716,152	213,580,045	221,246,075
	<u>\$ 184,266,904</u>	<u>\$ 187,136,655</u>	<u>\$ 105,558,379</u>	<u>\$ 108,017,716</u>	<u>\$ 289,825,283</u>	<u>\$ 295,154,371</u>

Long-term Debt. The City's long-term debt as of June 30, 2016 was \$56.7 million with governmental activities accounting for \$5.7 million or 10%, and business-type activities accounting for \$50.9 million or 90%. The total debt decreased by \$1.1 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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Capital Leases	\$ 3,002,145	\$ 1,874,496	\$ -	\$ 14,356	\$ 3,002,145	\$ 1,888,852
Loans Payable	98,022	661,052	8,097,151	8,402,993	8,195,173	9,064,045
Bonds Payable	2,683,119	2,722,525	42,850,707	44,173,418	45,533,826	46,895,943
	<u>\$ 5,783,286</u>	<u>\$ 5,258,073</u>	<u>\$ 50,947,858</u>	<u>\$ 52,590,767</u>	<u>\$ 56,731,144</u>	<u>\$ 57,848,840</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 56-64.

**CITY OF MADERA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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.

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 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.

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BASIC FINANCIAL STATEMENTS

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**CITY OF MADERA
STATEMENT OF NET POSITION
JUNE 30, 2016**

	Governmental Activities	Business-Type Activities	Total	Component Unit Housing Authority of the City of Madera
ASSETS				
Cash and investments	\$ 37,986,442	\$ 23,638,764	\$ 61,625,206	\$ 3,925,520
Receivables:				
Accounts, net	6,007,717	1,491,119	7,498,836	356,536
Interest	98,900	2,137	101,037	127,451
Prepaid items	146,916	36,919	183,835	40,168
Inventories	50,760	-	50,760	70,472
Internal balances	1,068,207	(1,068,207)	-	-
Restricted assets:				
Cash and investments with fiscal agents	254,627	4,142,247	4,396,874	1,593,983
Notes receivable	7,605,562	-	7,605,562	4,489,768
Land held for resale	940,000	-	940,000	-
Capital assets, not being depreciated	15,350,585	10,376,612	25,727,197	785,827
Capital assets, net of accumulated depreciation	168,916,319	95,181,767	264,098,086	8,422,152
Total assets	238,426,035	133,801,358	372,227,393	19,811,877
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan in current fiscal year	3,695,181	498,955	4,194,136	-
Deferred outflows of resources related to pensions	992,871	-	992,871	419,419
Total deferred outflows of resources	4,688,052	498,955	5,187,007	419,419
LIABILITIES				
Accounts payable	1,769,629	1,094,862	2,864,491	106,639
Accrued liabilities	-	-	-	70,876
Salaries payable	407,977	85,221	493,198	-
Accrued interest payable	58,216	636,790	695,006	-
Unearned revenue	313,681	38,090	351,771	8,587
Deposits payable	1,046,157	1,412,018	2,458,175	190,911
Noncurrent liabilities:				
Due within one year	1,996,282	2,150,146	4,146,428	131,302
Due in more than one year	35,325,538	53,236,636	88,562,174	5,913,634
Total liabilities	40,917,480	58,653,763	99,571,243	6,421,949
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	2,726,958	316,780	3,043,738	161,193
Deferred service concession agreement receipts	-	130,000	130,000	-
Gain on refunding of debt	-	407,678	407,678	-
Total deferred inflows of resources	2,726,958	854,458	3,581,416	161,193
NET POSITION				
Net investment in capital assets	178,483,617	57,639,498	236,123,115	5,751,098
Restricted for:				
Community development	9,950,011	-	9,950,011	-
Park development	67,349	-	67,349	-
Parking improvements	184,092	-	184,092	-
Public works and transportation	8,912,499	-	8,912,499	-
Special assessment project	1,542,286	-	1,542,286	-
Law enforcement	113,915	-	113,915	-
Capital projects and improvements	11,422,919	-	11,422,919	-
Housing services	-	-	-	1,472,296
Unrestricted	(11,207,039)	17,152,594	5,945,555	6,424,760
Total net position	\$ 199,469,649	\$ 74,792,092	\$ 274,261,741	\$ 13,648,154

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

**CITY OF MADERA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs:				
Primary government:				
Governmental activities:				
General government	\$ 8,890,092	\$ 114,346	\$ 6,882,412	\$ -
Public safety	14,722,091	769,831	644,959	-
Public ways and facilities	6,852,731	1,325,310	5,209,181	1,330,746
Social services	182,286	845	68,469	-
Culture and recreation	4,451,155	562,687	967,312	-
Community development	5,249,438	2,166,437	1,667,444	-
Interest on long-term debt	280,037	-	-	-
	<u>40,627,830</u>	<u>4,939,456</u>	<u>15,439,777</u>	<u>1,330,746</u>
Total governmental activities				
Business-type activities:				
Local transit	2,051,814	124,231	1,263,534	1,424,075
Water	5,590,810	7,265,789	-	46,725
Sewer	8,476,744	7,407,967	-	61,200
Golf course	74,596	96,542	-	-
Airport	852,560	517,506	20,000	13,499
Solid waste	4,936,291	5,644,476	50,765	-
Drainage operations	1,024,498	667,430	-	288,172
	<u>23,007,313</u>	<u>21,723,941</u>	<u>1,334,299</u>	<u>1,833,671</u>
Total business-type activities	<u>23,007,313</u>	<u>21,723,941</u>	<u>1,334,299</u>	<u>1,833,671</u>
Total primary government	<u>\$ 63,635,143</u>	<u>\$ 26,663,397</u>	<u>\$ 16,774,076</u>	<u>\$ 3,164,417</u>
Component units:				
Housing Authority of the City of Madera	\$ 8,892,060	\$ 1,611,757	\$ 6,319,277	\$ 364,184
Total component units	<u>\$ 8,892,060</u>	<u>\$ 1,611,757</u>	<u>\$ 6,319,277</u>	<u>\$ 364,184</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 (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, 2016
(Continued)

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Unit Housing Authority of the City of Madera
\$ (1,893,334)	\$ -	\$ (1,893,334)	\$ -
(13,307,301)	-	(13,307,301)	-
1,012,506	-	1,012,506	-
(112,972)	-	(112,972)	-
(2,921,156)	-	(2,921,156)	-
(1,415,557)	-	(1,415,557)	-
(280,037)	-	(280,037)	-
<u>(18,917,851)</u>	<u>-</u>	<u>(18,917,851)</u>	<u>-</u>
-	760,026	760,026	-
-	1,721,704	1,721,704	-
-	(1,007,577)	(1,007,577)	-
-	21,946	21,946	-
-	(301,555)	(301,555)	-
-	758,950	758,950	-
-	(68,896)	(68,896)	-
<u>-</u>	<u>1,884,598</u>	<u>1,884,598</u>	<u>-</u>
<u>(18,917,851)</u>	<u>1,884,598</u>	<u>(17,033,253)</u>	<u>-</u>
			<u>(596,842)</u>
			<u>(596,842)</u>
3,571,669	58,333	3,630,002	-
6,506,004	-	6,506,004	-
678,438	-	678,438	-
2,172,574	-	2,172,574	-
603,795	210,257	814,052	28,845
16,304	4,250	20,554	-
580,398	34,976	615,374	783,952
<u>1,718,751</u>	<u>(1,718,751)</u>	<u>-</u>	<u>-</u>
<u>15,847,933</u>	<u>(1,410,935)</u>	<u>14,436,998</u>	<u>812,797</u>
(3,069,918)	473,663	(2,596,255)	215,955
<u>202,539,567</u>	<u>74,318,429</u>	<u>276,857,996</u>	<u>13,432,199</u>
<u>\$ 199,469,649</u>	<u>\$ 74,792,092</u>	<u>\$ 274,261,741</u>	<u>\$ 13,648,154</u>

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

**CITY OF MADERA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue				
	General	Development Impact Fee Fund	Special Gas Tax Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 11,627,761	\$ 12,616,626	\$ 8,737,357	\$ 3,747,678	\$ 36,729,422
Receivables:					
Accounts, net	4,188,988	-	520,439	1,293,453	6,002,880
Interest	98,351	-	-	549	98,900
Notes	-	-	-	7,605,562	7,605,562
Prepaid items	134,597	-	-	1,595	136,192
Inventories	50,760	-	-	-	50,760
Due from other funds	918,517	-	-	26,680	945,197
Advances to other funds	183,602	-	-	-	183,602
Land held for resale	-	-	-	940,000	940,000
Restricted assets:					
Cash and investments with fiscal agents	-	-	-	254,627	254,627
 Total assets	 <u>\$ 17,202,576</u>	 <u>\$ 12,616,626</u>	 <u>\$ 9,257,796</u>	 <u>\$ 13,870,144</u>	 <u>\$ 52,947,142</u>
LIABILITIES					
Accounts payable	\$ 1,075,900	\$ 183,573	\$ 216,863	\$ 74,762	\$ 1,551,098
Salaries payable	372,059	-	-	4,885	376,944
Due to other funds	-	-	-	504,474	504,474
Unearned revenue	-	-	-	313,681	313,681
Deposit payable	30,949	1,010,134	-	5,074	1,046,157
 Total liabilities	 <u>1,478,908</u>	 <u>1,193,707</u>	 <u>216,863</u>	 <u>902,876</u>	 <u>3,792,354</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	1,275,718	-	155,899	984,993	2,416,610
 Total deferred inflows of resources	 <u>1,275,718</u>	 <u>-</u>	 <u>155,899</u>	 <u>984,993</u>	 <u>2,416,610</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Inventory	50,760	-	-	-	50,760
Prepaid items	134,597	-	-	1,595	136,192
Notes receivable	-	-	-	7,605,562	7,605,562
Long-term interfund advances	183,602	-	-	-	183,602
Land held for resale	-	-	-	940,000	940,000
Restricted:					
Community development	-	-	-	1,477,187	1,477,187
Park development	-	-	-	67,349	67,349
Parking improvements	-	-	-	184,092	184,092
Public works and transportation	-	-	8,885,034	27,465	8,912,499
Special assessment project	-	-	-	1,542,286	1,542,286
Law enforcement	-	-	-	113,915	113,915
Capital projects and improvements	-	11,422,919	-	-	11,422,919
Debt service	-	-	-	254,627	254,627
Assigned:					
Golf course capital	20,000	-	-	-	20,000
OPEB liability	97,339	-	-	-	97,339
Insurance	1,082,179	-	-	-	1,082,179
Unassigned	12,879,473	-	-	(231,803)	12,647,670
 Total fund balances (deficits)	 <u>14,447,950</u>	 <u>11,422,919</u>	 <u>8,885,034</u>	 <u>11,982,275</u>	 <u>46,738,178</u>
 Total liabilities, deferred inflows of resources, and fund balances (deficits)	 <u>\$ 17,202,576</u>	 <u>\$ 12,616,626</u>	 <u>\$ 9,257,796</u>	 <u>\$ 13,870,144</u>	 <u>\$ 52,947,142</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, 2016**

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

Total fund balances - governmental funds		\$	46,738,178
<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			7,642,289
Buildings and improvements			21,345,585
Equipment			7,565,638
Infrastructure			289,547,145
Accumulated depreciation			<u>(151,531,059)</u>
Total capital assets			182,143,118
<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>			
			2,416,610
<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>			
			(58,216)
<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.			3,494,905
Deferred outflow of resources			992,871
Deferred inflows of resources			<u>(2,599,804)</u>
Total pension related deferrals			1,887,972
<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			(2,683,119)
Capital leases			(3,002,145)
Compensated absences			(1,272,015)
Net other postemployment benefit obligation			(1,986,328)
Net pension liability			<u>(26,556,471)</u>
Total long-term liabilities			(35,500,078)
<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>1,842,065</u>
Net position of governmental activities		\$	<u>199,469,649</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, 2016

	Special Revenue				
	General	General Development Impact Fee Fund	Special Gas Tax	Total Nonmajor Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ 3,115,740	\$ -	\$ -	\$ -	\$ 3,115,740
Sales and use taxes	6,506,004	-	-	-	6,506,004
Other taxes	1,231,995	-	-	909,438	2,141,433
Use of money and property	551,138	121,262	25,156	70,222	767,778
Franchise taxes	678,438	-	-	-	678,438
Licenses and permits	646,800	-	-	-	646,800
Fines	912,398	-	-	22,960	935,358
Aid from other governmental agencies:					
Federal	100,298	-	-	1,522,041	1,622,339
State	7,253,592	-	1,301,489	2,599,117	11,154,198
Other	318,306	-	3,215,791	16,207	3,550,304
Charges for current services	1,155,445	1,953,482	-	131,525	3,240,452
Miscellaneous	336,475	-	-	100,830	437,305
Total revenues	<u>22,806,629</u>	<u>2,074,744</u>	<u>4,542,436</u>	<u>5,372,340</u>	<u>34,796,149</u>
EXPENDITURES:					
Current:					
General government	2,959,739	-	-	-	2,959,739
Public protection	14,549,630	-	-	71,841	14,621,471
Social services	-	-	-	357,699	357,699
Public ways and facilities	2,229,821	1,121,203	-	483,884	3,834,908
Community development	3,795,507	-	-	1,424,070	5,219,577
Culture and recreation	3,392,870	-	-	-	3,392,870
Capital outlay	1,417,918	1,969,332	869,343	2,816,526	7,073,119
Debt service:					
Principal	222,577	-	-	754,935	977,512
Interest	78,223	-	-	188,208	266,431
Total expenditures	<u>28,646,285</u>	<u>3,090,535</u>	<u>869,343</u>	<u>6,097,163</u>	<u>38,703,326</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,839,656)</u>	<u>(1,015,791)</u>	<u>3,673,093</u>	<u>(724,823)</u>	<u>(3,907,177)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	6,371,060	-	174,462	744,433	7,289,955
Transfers out	(1,613,901)	(574,755)	(2,662,152)	(1,259,165)	(6,109,973)
Sales of capital assets	9,969	-	-	-	9,969
Capital lease	1,540,065	-	-	-	1,540,065
Total other financing sources (uses)	<u>6,307,193</u>	<u>(574,755)</u>	<u>(2,487,690)</u>	<u>(514,732)</u>	<u>2,730,016</u>
Net change in fund balances	<u>467,537</u>	<u>(1,590,546)</u>	<u>1,185,403</u>	<u>(1,239,555)</u>	<u>(1,177,161)</u>
Fund balances - beginning (restated)	<u>13,980,413</u>	<u>13,013,465</u>	<u>7,699,631</u>	<u>13,221,830</u>	<u>47,915,339</u>
Fund balances - ending	<u>\$ 14,447,950</u>	<u>\$ 11,422,919</u>	<u>\$ 8,885,034</u>	<u>\$ 11,982,275</u>	<u>\$ 46,738,178</u>

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, 2016

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

Net change in fund balances - total governmental funds		\$ (1,177,161)
<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	4,357,548	
Depreciation expense	<u>(8,075,677)</u>	
Excess of depreciation expense over capital outlay		(3,718,129)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		689,039
Contributions to the pension plan in the current fiscal year are not included on the statement of activities.		3,494,905
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.		242,010
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.		(563,147)
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	(13,606)	
Decrease in compensated absences	782	
Decrease in net other postemployment benefit obligation	(98,316)	
Pension expense	<u>(2,570,717)</u>	
Total additional expenditures		(2,681,857)
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>644,422</u>
Change in net position of governmental activities		<u>\$ (3,069,918)</u>

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

**CITY OF MADERA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016**

	Business-Type Activities			
	Water Fund	Sewer Fund	Solid Waste Fund	Drainage Operations Fund
ASSETS				
Current assets:				
Cash and investments	\$ 9,175,114	\$ 9,233,008	\$ 3,818,628	\$ 352,195
Accounts receivable, net	650,330	156,675	118,027	4,700
Interest receivable	1,719	-	-	-
Prepaid expenses	10,257	8,806	4,702	2,737
Total current assets	<u>9,837,420</u>	<u>9,398,489</u>	<u>3,941,357</u>	<u>359,632</u>
Noncurrent assets:				
Restricted assets:				
Cash and investments	3,829,683	7,616	-	-
Capital assets, not depreciated	253,834	1,804,201	-	3,645,601
Capital assets, net of accumulated depreciation	23,109,299	45,217,557	14,564	15,885,766
Total noncurrent assets	<u>27,192,816</u>	<u>47,029,374</u>	<u>14,564</u>	<u>19,531,367</u>
Total assets	<u>37,030,236</u>	<u>56,427,863</u>	<u>3,955,921</u>	<u>19,890,999</u>
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan in current fiscal year	154,878	201,405	38,209	51,972
Deferred outflows of resources related to pensions	-	-	-	-
Total deferred outflows of resources	<u>154,878</u>	<u>201,405</u>	<u>38,209</u>	<u>51,972</u>
LIABILITIES				
Current liabilities:				
Accounts payable	446,295	123,512	317,604	6,888
Salaries payable	26,943	24,550	16,194	8,519
Accrued interest payable	184,751	445,419	-	-
Due to other funds	-	-	-	19,000
Advances from other funds	-	-	-	-
Deposits payable	1,411,818	-	-	200
Unearned revenue	-	-	38,090	-
Compensated absences, due within one year	71,559	90,109	30,160	21,920
Long-term debt, due within one year	370,000	1,264,860	-	-
Total current liabilities	<u>2,511,366</u>	<u>1,948,450</u>	<u>402,048</u>	<u>56,527</u>
Noncurrent liabilities:				
Compensated absences, due in more than one year	-	-	-	-
Other post employment benefits obligation	108,133	128,590	50,413	25,085
Net pension liability	1,198,191	1,558,143	295,602	402,072
Long-term debt, due in more than one year	11,995,707	34,716,190	-	-
Total noncurrent liabilities	<u>13,302,031</u>	<u>36,402,923</u>	<u>346,015</u>	<u>427,157</u>
Total liabilities	<u>15,813,397</u>	<u>38,351,373</u>	<u>748,063</u>	<u>483,684</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	98,330	127,869	24,260	32,996
Deferred service concession arrangement receipts	-	-	-	-
Gain on refunding of debt	27,346	380,332	-	-
Total deferred inflows of resources	<u>125,676</u>	<u>508,201</u>	<u>24,260</u>	<u>32,996</u>
NET POSITION				
Net investment in capital assets	14,026,403	11,040,708	14,564	19,531,367
Unrestricted	7,219,638	6,728,986	3,207,243	(105,076)
Total net position	<u>\$ 21,246,041</u>	<u>\$ 17,769,694</u>	<u>\$ 3,221,807</u>	<u>\$ 19,426,291</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, 2016
(Continued)

Business-Type Activities		Governmental Activities
Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
\$ 1,059,819	\$ 23,638,764	\$ 1,257,018
561,388	1,491,120	4,838
418	2,137	-
10,417	36,919	10,724
<u>1,632,042</u>	<u>25,168,940</u>	<u>1,272,580</u>
304,948	4,142,247	-
4,672,976	10,376,612	134,776
10,954,581	95,181,767	1,989,010
<u>15,932,505</u>	<u>109,700,626</u>	<u>2,123,786</u>
<u>17,564,547</u>	<u>134,869,566</u>	<u>3,396,366</u>
<u>52,491</u>	<u>498,955</u>	<u>200,277</u>
-	-	-
<u>52,491</u>	<u>498,955</u>	<u>200,277</u>
200,563	1,094,862	218,531
9,015	85,221	31,033
6,620	636,790	-
421,723	440,723	-
183,602	183,602	-
-	1,412,018	-
-	38,090	-
21,002	234,750	64,954
280,536	1,915,396	37,934
<u>1,123,061</u>	<u>6,041,452</u>	<u>352,452</u>
4,336	4,336	-
27,520	339,741	109,351
406,089	3,860,097	1,549,416
2,320,565	49,032,462	60,088
<u>2,758,510</u>	<u>53,236,636</u>	<u>1,718,855</u>
<u>3,881,571</u>	<u>59,278,088</u>	<u>2,071,307</u>
33,326	316,781	127,154
130,000	130,000	-
-	407,678	-
<u>163,326</u>	<u>854,459</u>	<u>127,154</u>
13,026,456	57,639,498	2,025,764
545,685	17,596,476	(627,582)
<u>\$ 13,572,141</u>	<u>75,235,974</u>	<u>\$ 1,398,182</u>
	<u>(443,882)</u>	
	<u>\$ 74,792,092</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, 2016

	Business-Type Activities			
	Water Fund	Sewer Fund	Solid Waste Fund	Drainage Operations Fund
Operating revenues:				
Charges for services	\$ 7,265,789	\$ 7,407,966	\$ 5,644,476	\$ 667,430
Other	-	-	-	-
Total operating revenues	7,265,789	7,407,966	5,644,476	667,430
Operating expenses:				
Salaries and benefits	1,154,599	1,238,016	372,383	366,259
General and administrative	1,331,933	1,493,659	4,174,035	159,130
Supplies and miscellaneous	191,190	335,555	193,426	64,546
Parts and supplies	423,026	625,444	149,866	-
Utilities	1,069,613	696,869	12,405	46,477
Amortization	4,384	(9,416)	-	-
Depreciation	857,006	2,239,355	6,189	368,979
Total operating expenses	5,031,751	6,619,482	4,908,304	1,005,391
Operating income (loss)	2,234,038	788,484	736,172	(337,961)
Nonoperating revenues (expenses):				
Interest income	94,924	66,759	36,812	3,447
Property taxes	-	-	-	-
Operating grants	-	-	50,765	-
Capital grants	-	-	-	-
Other revenue	13,630	-	-	-
Gain (loss) on disposal of property	4,250	-	-	-
Interest expense	(593,654)	(1,717,566)	(192)	-
Bond issuance costs	(14,253)	(203,816)	-	-
Other nonoperating expense	-	-	-	-
Total nonoperating revenues (expenses)	(495,103)	(1,854,623)	87,385	3,447
Income (loss) before capital contributions and transfers	1,738,935	(1,066,139)	823,557	(334,514)
Capital contributions	46,725	61,200	-	288,172
Transfers in	-	225,000	57,501	21,983
Transfers out	(744,429)	(444,347)	(828,315)	(72,163)
Change in net position	1,041,231	(1,224,286)	52,743	(96,522)
Net position - beginning (restated)	20,204,810	18,993,980	3,169,064	19,522,813
Net position - ending	\$ 21,246,041	\$ 17,769,694	\$ 3,221,807	\$ 19,426,291

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, 2016
(Continued)

Business-Type Activities		Governmental Activities
Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
\$ 738,281	\$ 21,723,942	\$ 3,375,752
<u>225</u>	<u>225</u>	<u>-</u>
<u>738,506</u>	<u>21,724,167</u>	<u>3,375,752</u>
431,980	3,563,237	1,439,294
1,575,024	8,733,781	444,059
236,326	1,021,043	674,580
34,898	1,233,234	78,088
25,751	1,851,115	394,956
-	(5,032)	-
<u>628,574</u>	<u>4,100,103</u>	<u>317,853</u>
<u>2,932,553</u>	<u>20,497,481</u>	<u>3,348,830</u>
<u>(2,194,047)</u>	<u>1,226,686</u>	<u>26,922</u>
12,180	214,122	2,317
58,333	58,333	-
1,283,534	1,334,299	-
378,761	378,761	100,000
17,257	30,887	14,676
-	4,250	-
(9,523)	(2,320,935)	-
-	(218,069)	-
<u>(9,091)</u>	<u>(9,091)</u>	<u>-</u>
<u>1,731,451</u>	<u>(527,443)</u>	<u>116,993</u>
<u>(462,596)</u>	<u>699,243</u>	<u>143,915</u>
1,058,813	1,454,910	-
191,583	496,067	571,967
<u>(71,201)</u>	<u>(2,160,455)</u>	<u>(87,561)</u>
716,599	489,765	628,321
<u>12,855,542</u>	<u>769,861</u>	<u>769,861</u>
<u>\$ 13,572,141</u>	<u>\$ 1,398,182</u>	<u>\$ 1,398,182</u>
	<u>(16,102)</u>	
	<u>\$ 473,663</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, 2016**

	Business-Type Activities			
	Water Fund	Sewer Fund	Solid Waste Fund	Drainage Operations Fund
Cash flows from operating activities:				
Receipts from customers and users	\$ 6,933,323	\$ 7,444,320	\$ 5,699,529	\$ 673,086
Receipts from other funds	-	204,425	-	-
Payments to suppliers	(2,782,770)	(3,221,888)	(4,836,644)	(277,238)
Payments to employees	(1,303,195)	(1,463,713)	(709,729)	(347,168)
Net cash provided (used) by operating activities	<u>2,847,358</u>	<u>2,963,144</u>	<u>153,156</u>	<u>48,680</u>
Cash flows from noncapital financing activities:				
Transfers from (to) other funds	(744,429)	(197,364)	(770,814)	(72,164)
Other nonoperating revenues	13,630	-	-	-
Property taxes	-	-	-	-
Operating grants	-	-	34,507	-
Net cash provided (used) by noncapital financing activities	<u>(730,799)</u>	<u>(197,364)</u>	<u>(736,307)</u>	<u>(72,164)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(42,285)	(46,861)	-	-
Capital grants	-	-	-	-
Proceeds from issuance of bonds	2,025,000	28,115,000	-	-
Principal paid on capital leases	-	(14,356)	-	-
Principal paid on notes	-	(286,244)	-	-
Principal paid on bonds	(2,340,000)	(28,460,000)	-	-
Interest paid	(618,250)	(2,014,853)	(192)	-
Net cash provided (used) by capital and related financing activities	<u>(975,535)</u>	<u>(2,707,314)</u>	<u>(192)</u>	<u>-</u>
Cash flows from investing activities:				
Interest received	94,551	66,759	36,812	3,447
Net cash provided (used) by investing activities	<u>94,551</u>	<u>66,759</u>	<u>36,812</u>	<u>3,447</u>
Net increase (decrease) in cash and cash equivalents	1,235,575	125,225	(546,531)	(20,037)
Cash and cash equivalents - July 1, 2015	<u>11,769,222</u>	<u>9,115,399</u>	<u>4,365,159</u>	<u>372,232</u>
Cash and cash equivalents - June 30, 2016	<u>\$ 13,004,797</u>	<u>\$ 9,240,624</u>	<u>\$ 3,818,628</u>	<u>\$ 352,195</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, 2016
(Continued)

	Business-Type Activities		Governmental
	Nonmajor	Total	Internal
	Enterprise	Enterprise	Service
	Funds	Funds	Fund
Cash flows from operating activities:			
Receipts from customers and users	\$ 882,208	\$ 21,632,466	\$ 3,370,914
Receipts from other funds	-	204,425	-
Payments to suppliers	(1,935,308)	(13,053,848)	(1,505,213)
Payments to employees	(428,403)	(4,252,208)	(1,527,771)
	(1,461,703)	4,550,635	337,930
Net cash provided (used) by operating activities			
Cash flows from noncapital financing activities:			
Transfers from (to) other funds	120,382	(1,664,389)	484,405
Other nonoperating revenues	17,257	30,887	14,676
Property taxes	58,333	58,333	-
Operating grants	1,283,534	1,318,041	-
	1,479,506	(257,128)	499,081
Net cash provided (used) by noncapital financing activities			
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(96,710)	(185,856)	(924,222)
Capital grants	378,761	378,761	100,000
Proceeds from issuance of bonds	-	30,140,000	-
Principal paid on capital leases	-	(14,356)	-
Principal paid on notes	(19,598)	(305,842)	(37,933)
Principal paid on bonds	(250,000)	(31,050,000)	-
Interest paid	(19,701)	(2,652,996)	-
	(7,248)	(3,690,289)	(862,155)
Net cash provided (used) by capital and related financing activities			
Cash flows from investing activities:			
Interest received	12,090	213,659	2,317
	12,090	213,659	2,317
Net cash provided (used) by investing activities			
Net increase (decrease) in cash and cash equivalents	22,645	816,877	(22,827)
Cash and cash equivalents - July 1, 2015	1,342,122	26,964,134	1,279,845
Cash and cash equivalents - June 30, 2016	\$ 1,364,767	\$ 27,781,011	\$ 1,257,018

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, 2016
(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)	\$ 2,234,038	\$ 788,484	\$ 736,172	\$ (337,961)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	857,006	2,239,355	6,189	368,979
Amortization	4,384	(9,416)	-	-
(Gain) loss on disposal of capital assets	4,250	-	-	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
(Increase) decrease in accounts receivable	(391,228)	36,354	55,053	5,656
(Increase) decrease in due from other funds	-	204,425	-	-
(Increase) decrease in prepaid expense	(10,185)	(8,733)	(4,702)	(2,737)
(Increase) decrease in deferred outflows of resources from pensions	(10,551)	(13,582)	32,966	(10,453)
Increase (decrease) in accounts payable	238,927	(61,628)	(302,210)	(4,348)
Increase (decrease) in salaries payable	10,247	7,826	9,428	3,725
Increase (decrease) in due to other funds	-	-	-	-
Increase (decrease) in advances from other funds	-	-	-	-
Increase (decrease) in deposits payable	58,762	-	-	-
Increase (decrease) in unearned revenue	-	-	-	-
Increase (decrease) in deferred inflows of resources from pensions	(169,422)	(220,576)	(107,782)	(44,029)
Increase (decrease) in net pension liability	13,501	16,424	(288,629)	61,271
Increase (decrease) in compensated absences	5,271	(15,278)	5,519	5,664
Increase (decrease) in other postemployment benefit obligations	2,358	(511)	11,152	2,913
Net cash provided (used) by operating activities	<u>\$ 2,847,358</u>	<u>\$ 2,963,144</u>	<u>\$ 153,156</u>	<u>\$ 48,680</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Cash and investments - unrestricted	\$ 9,175,114	\$ 9,233,008	\$ 3,818,628	\$ 352,195
Cash and investments - restricted	<u>3,829,683</u>	<u>7,616</u>	<u>-</u>	<u>-</u>
Total cash and investments	<u>\$ 13,004,797</u>	<u>\$ 9,240,624</u>	<u>\$ 3,818,628</u>	<u>\$ 352,195</u>
Noncash investing, capital, and financing activities:				
Developer and other capital contributions	<u>\$ 46,725</u>	<u>\$ 61,200</u>	<u>\$ -</u>	<u>\$ 310,156</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, 2016
(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)	\$ (2,194,047)	\$ 1,226,686	\$ 26,922
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	628,574	4,100,103	317,853
Amortization	-	(5,032)	-
(Gain) loss on disposal of capital assets	-	4,250	-
Changes in assets, deferred outflows of resource, liabilities and deferred inflows of resources:			
(Increase) decrease in accounts receivable	183,704	(110,461)	(4,838)
(Increase) decrease in due from other funds	-	204,425	-
(Increase) decrease in prepaid expense	(8,917)	(35,274)	(10,724)
(Increase) decrease in deferred outflows of resources from pensions	(8,995)	(10,615)	(24,316)
Increase (decrease) in accounts payable	(54,392)	(183,651)	97,194
Increase (decrease) in salaries payable	2,629	33,855	14,270
Increase (decrease) in due to other funds	44,280	44,280	-
Increase (decrease) in advances from other funds	(24,480)	(24,480)	-
Increase (decrease) in deposits payable	-	58,762	-
Increase (decrease) in unearned revenue	(2)	(2)	-
Increase (decrease) in deferred inflows of resources from pensions	(87,367)	(629,176)	(199,284)
Increase (decrease) in net pension liability	49,059	(148,374)	105,068
Increase (decrease) in compensated absences	4,750	5,926	7,591
Increase (decrease) in other postemployment benefit obligations	3,501	19,413	8,194
	<u>\$ (1,461,703)</u>	<u>\$ 4,550,635</u>	<u>\$ 337,930</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:			
Cash and Investments - unrestricted	\$ 1,059,819	\$ 23,638,764	\$ 1,257,018
Cash and Investments - restricted	304,948	4,142,247	-
Total cash and investments	<u>\$ 1,364,767</u>	<u>\$ 27,781,011</u>	<u>\$ 1,257,018</u>
Noncash investing, capital, and financing activities:			
Developer and other capital contributions	<u>\$ 1,058,813</u>	<u>\$ 1,476,894</u>	<u>\$ -</u>

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

**CITY OF MADERA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016**

	Successor Agency Private Purpose Trust Fund	Agency Fund
	<u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and investments	\$ 7,536,388	\$ 1,120,655
Receivables:		
Accounts, net	27,002	10,970
Interest	13,595	-
Prepaid items	1,430	235,949
Land held for resale	409,457	-
Restricted assets:		
Cash and investments with fiscal agents	3,043,861	-
Capital assets, not depreciated	389,566	-
Capital assets, net of accumulated depreciation	<u>2,259,737</u>	<u>-</u>
 Total assets	 <u>13,681,036</u>	 <u>1,367,574</u>
LIABILITIES		
Accounts payable	150,723	30,767
Accrued liabilities	-	524,957
Salaries and accrued liabilities	136,437	-
Accrued interest	785,595	-
Deposit payable	-	31,913
Other liabilities	4,070	-
Due to other governments	-	779,937
Long-term debt, due within one year	1,248,608	-
Long-term debt, due in more than one year	<u>44,982,821</u>	<u>-</u>
 Total liabilities	 <u>47,308,254</u>	 <u>\$ 1,367,574</u>
NET POSITION		
Net position held in trust for redevelopment dissolution and other purposes	<u>\$ (33,627,218)</u>	

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, 2016**

	Successor Agency Private Purpose Trust Fund
ADDITIONS	
Property taxes	\$ 1,951,305
Interest income	50,083
Other payment received	1,200
Total additions	2,002,588
 DEDUCTIONS	
General and administrative	305,949
Project expenses	1,214,922
Amortization	31,516
Depreciation	164,871
Loss on sale of land	75,447
Interest on debts	2,364,947
Total deductions	4,157,652
Change in net position	(2,155,064)
Net position - beginning	(31,472,154)
Net position - ending	\$ (33,627,218)

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

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016

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, 2016

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, 2016

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, 2016**

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, 2016

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

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Madera's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016**

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.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2016 are classified in the accompanying financial statements as follows:

	Government-Wide Statement of Net Position			Total
	Governmental Activities	Business-Type Activities	Fiduciary Funds	
Cash and investments	\$ 37,986,442	\$ 23,638,764	\$ 8,657,043	\$ 70,282,249
Restricted cash and investments with fiscal agents	254,627	4,142,247	3,043,861	7,440,735
Total	\$ 38,241,069	\$ 27,781,011	\$ 11,700,904	\$ 77,722,984

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Cash and investments consist of the following as of June 30, 2016:

Cash and investments:	
Petty cash	\$ 7,295
Deposits with financial institutions	12,238,351
Investments	<u>65,477,338</u>
 Total cash and investments	 <u>\$ 77,722,984</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, 2016**

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	\$ 3,810,547	\$ 3,810,547	\$ -	\$ -	\$ -
Certificates of Deposit	18,239,339	5,979,208	4,498,125	7,762,006	-
U.S. Treasury Notes	6,016,460	2,004,240	4,012,220	-	-
U.S. Government Securities:					
Federal Home Loan Banks	2,506,100	-	1,002,310	1,503,790	-
Federal Home Loan Mortgage Corporation	3,509,155	-	504,280	2,006,055	998,820
Federal National Mortgage Association	4,500,825	-	500,335	4,000,490	-
Federal Farm Credit Bank Loan	2,505,410	-	-	2,505,410	-
U.S. Corporate Bonds	7,989,592	6,224,123	1,004,890	760,579	-
Non-US Securities	2,042,695	-	501,865	1,540,830	-
Investments held by bond trustee:					
Money Market Funds	3,185,502	3,185,502	-	-	-
Federal Home Loan Mortgage Corporation	406,733	-	-	406,733	-
Federal National Mortgage Association	817,453	-	-	817,453	-
Total pooled investments in the City	<u>55,529,811</u>	<u>21,203,620</u>	<u>12,024,025</u>	<u>21,303,346</u>	<u>998,820</u>
Investments in Successor Agency Private Purpose Trust Fund:					
Local Agency Investment Fund	6,890,693	6,890,693	-	-	-
Investments held by bond trustee:					
Money Market Funds	105,427	105,427	-	-	-
Certificates of Deposit	205,070	205,070	-	-	-
Federal Home Loan Mortgage Corporation	155,663	-	155,663	-	-
Federal National Mortgage Association	2,590,674	2,144,916	445,758	-	-
Total Investments in Successor Agency Private Purpose Trust Fund	<u>9,947,527</u>	<u>9,346,106</u>	<u>601,421</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 65,477,338</u>	<u>\$ 30,549,726</u>	<u>\$ 12,625,446</u>	<u>\$ 21,303,346</u>	<u>\$ 998,820</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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	Aa1	Aa2	Aa3	A2	A3		
Pooled Investments in the City:										
Local Agency Investment Fund	\$ 3,810,547	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,810,547
Certificates of Deposit	18,239,339	-	-	-	-	-	-	-	-	18,239,339
U.S. Treasury Notes	6,016,460	6,016,460	-	-	-	-	-	-	-	-
U.S. Government Securities:	-	-	-	-	-	-	-	-	-	-
Federal Home Loan Banks	2,506,100	-	2,506,100	-	-	-	-	-	-	-
Federal Home Loan Mortgage Corporation	3,509,155	-	3,509,155	-	-	-	-	-	-	-
Federal National Mortgage Association	4,500,825	-	4,500,825	-	-	-	-	-	-	-
Federal Farm Credit Bank Loan	2,505,410	-	2,505,410	-	-	-	-	-	-	-
U.S. Corporate Bonds	7,989,592	-	-	2,892,945	113,938	760,579	219,450	4,002,680	-	-
Non-US Securities	2,042,695	-	-	-	-	2,042,695	-	-	-	-
Investments held by bond trustee:	-	-	-	-	-	-	-	-	-	-
Money Market Funds	3,185,502	-	3,185,502	-	-	-	-	-	-	-
Federal Home Loan Mortgage Corporation	406,733	-	406,733	-	-	-	-	-	-	-
Federal National Mortgage Association	817,453	-	817,453	-	-	-	-	-	-	-
Total pooled investments in the City	55,529,811	6,016,460	17,431,178	2,892,945	113,938	2,803,274	219,450	4,002,680	22,049,886	
Investments in Successor Agency Private Purpose Trust Fund:										
Local Agency Investment Fund	6,890,693	-	-	-	-	-	-	-	-	6,890,693
Investments held by bond trustee:	-	-	-	-	-	-	-	-	-	-
Money Market Funds	105,427	-	105,427	-	-	-	-	-	-	-
Certificates of Deposit	205,070	-	-	-	-	-	-	-	-	205,070
Federal Home Loan Mortgage Corporation	155,663	-	155,663	-	-	-	-	-	-	-
Federal National Mortgage Association	2,590,674	-	2,590,674	-	-	-	-	-	-	-
Total Investments in Successor Agency Private Purpose Trust Fund	9,947,527	-	2,851,764	-	-	-	-	-	7,095,763	
Total Investments	\$ 65,477,338	\$ 6,016,460	\$ 20,282,942	\$ 2,892,945	\$ 113,938	\$ 2,803,274	\$ 219,450	\$ 4,002,680	\$ 29,145,649	

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	\$ 4,002,680

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016. As of June 30, 2016, \$12,238,351 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, 2016, 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 is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight to the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The City's investments with LAIF at June 30, 2016 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgaged-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

At June 30, 2016, the City's investments in LAIF were \$3,810,547 and the Successor Agency's investments in LAIF were \$6,890,693, which was reported at fair value.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investment Valuation

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Government Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows at June 30, 2016:

Investment by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Quoted Price Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable (Level 3)
Pooled Investments in the City:				
Certificates of Deposit	\$ 18,239,338	\$ -	\$ 18,239,338	\$ -
U.S. Treasury Notes	6,016,460	6,016,460	-	-
U.S. Government Securities:	-	-	-	-
Federal Home Loan Banks	2,506,100	-	2,506,100	-
Federal Home Loan Mortgage Corporation	3,509,155	-	3,509,155	-
Federal National Mortgage Association	4,500,825	-	4,500,825	-
Federal Farm Credit Bank Loan	2,505,410	-	2,505,410	-
U.S. Corporate Bonds	7,989,592	-	7,989,592	-
Non-US Securities	2,042,695	-	2,042,695	-
Investments Held by Bond Trustee:				
Federal Home Loan Mortgage Corporation	406,733	-	406,733	-
Federal National Mortgage Association	817,453	-	817,453	-
	<u>48,533,761</u>	<u>6,016,460</u>	<u>42,517,301</u>	<u>-</u>
Investments in Successor Agency Private Purpose Trust Fund:				
Investments held by bond trustee:				
Certificates of Deposit	205,070	-	205,070	-
U.S. Government Securities:				
Federal Home Loan Mortgage Corporation	155,663	-	155,663	-
Federal National Mortgage Association	2,590,674	-	2,590,674	-
	<u>2,951,407</u>	<u>-</u>	<u>2,951,407</u>	<u>-</u>
	<u>51,485,168</u>	<u>6,016,460</u>	<u>45,468,708</u>	<u>-</u>
Unclassified Investments				
Pooled Investments in the City:				
Local Agency Investment Fund	3,810,547			
Investments Held by Bond Trustee:				
Money Market Funds	3,185,502			
Investments in Successor Agency Private Purpose Trust Fund:				
Local Agency Investment Fund	6,890,693			
Investments held by bond trustee:				
Money Market Funds	105,428			
Total Investments	<u>\$ 65,477,338</u>			

Securities categorized as Level 1 are valued based on prices quoted in active markets for those securities. Certificates of deposit categorized as Level 2 are valued based on the rates currently offered for deposits of similar remaining maturities. Government agency securities, corporate bonds, and non-US securities categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 – RECEIVABLES

Accounts Receivable

At June 30, 2016, 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>Special Gas Tax Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>			
Accounts receivable	\$ 4,203,937	\$ 520,439	\$ 1,293,663	\$ 6,018,039			
Less: allowance for uncollectibles	(14,949)	-	(210)	(15,159)			
Total accounts receivable, net	<u>\$ 4,188,988</u>	<u>\$ 520,439</u>	<u>\$ 1,293,453</u>	<u>\$ 6,002,880</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	\$ 706,116	\$ 204,047	\$ 232,299	\$ 16,314	\$ 561,388	\$ 1,720,164	\$ 4,838
Less: allowance for uncollectibles	(55,786)	(47,372)	(114,272)	(11,614)	-	(229,044)	-
Total accounts receivable, net	<u>\$ 650,330</u>	<u>\$ 156,675</u>	<u>\$ 118,027</u>	<u>\$ 4,700</u>	<u>\$ 561,388</u>	<u>\$ 1,491,120</u>	<u>\$ 4,838</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, 2016 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, 2016 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 \$108,985 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, 2016**

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 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, 2016 are summarized as follows:

<u>Loan Type</u>	<u>Outstanding Loan Balance</u>	<u>Due</u>
First-time homebuyer	\$ 5,715,695	30 years
Housing rehabilitation	776,261	30 years
Small business	<u>552,279</u>	10 years
Total	<u>\$ 7,044,235</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, 2016:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major funds:		
General fund	\$ 918,517	\$ -
Drainage operations enterprise fund	-	19,000
Nonmajor funds:		
Federal Aid Urban special revenue fund	-	364,056
Senior citizens services special revenue fund	-	44,242
Rehab residential special revenue fund	26,680	86,081
Low and moderate income housing asset special revenue fund	-	10,095
Local transit enterprise fund	-	222,013
Golf course enterprise fund	<u>-</u>	<u>199,710</u>
Total	<u>\$ 945,197</u>	<u>\$ 945,197</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4 – INTERFUND ACTIVITY (Continued)

Long-term Interfund Receivables/Payables

As of June 30, 2016, balances for interfund loans were as follows:

	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
Major funds:		
General fund	\$ 183,602	\$ -
Nonmajor funds:		
Golf course enterprise fund	<u>-</u>	<u>183,602</u>
Total	<u>\$ 183,602</u>	<u>\$ 183,602</u>

The advance for \$183,602 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	\$ 6,371,060	\$ 1,613,901
General impact fee special revenue fund	-	574,755
Special gas tax special revenue fund	174,462	2,662,152
Water enterprise fund	-	744,429
Sewer enterprise fund	225,000	444,347
Solid waste enterprise fund	57,501	828,315
Drainage operations enterprise fund	21,983	72,163
Nonmajor funds:		
Parking district special revenue fund	-	8,248
Street construction special revenue fund	126,159	525,985
Senior citizens services special revenue fund	251,047	-
Senior citizens nutrition special revenue fund	-	51,512
Intermodal building special revenue fund	-	450
Community facilities district special revenue fund	172,970	672,970
Park facilities special revenue fund	194,257	-
Local transit enterprise fund	-	62,052
Golf course enterprise fund	191,583	-
Airport enterprise fund	-	9,149
Internal service fund	<u>571,967</u>	<u>87,561</u>
Total	<u>\$ 8,357,989</u>	<u>\$ 8,357,989</u>

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – CAPITAL ASSETS

Capital assets activity of the governmental activities for the year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 7,573,520	\$ -	\$ -	\$ -	\$ 7,573,520
Construction in progress	4,512,868	4,552,059	1,287,862	-	7,777,065
Total capital assets not being depreciated	12,086,388	4,552,059	1,287,862	-	15,350,585
Capital assets being depreciated:					
Buildings and improvements	21,345,585	-	-	-	21,345,585
Equipment	10,758,466	1,095,898	313,879	204,689	11,745,174
Infrastructure	288,395,627	1,162,161	10,643	-	289,547,145
Total capital assets being depreciated	320,499,678	2,258,059	324,522	204,689	322,637,904
Less accumulated depreciation for:					
Buildings and improvements	5,765,491	426,283	-	-	6,191,774
Equipment	7,818,216	655,023	313,879	204,689	8,364,049
Infrastructure	131,865,704	7,308,135	8,077	-	139,165,762
Total accumulated depreciation	145,449,411	8,389,441	321,956	204,689	153,721,585
Governmental activities capital assets, net	<u>\$ 187,136,655</u>	<u>\$ (1,579,323)</u>	<u>\$ 1,290,428</u>	<u>\$ -</u>	<u>\$ 184,266,904</u>

Capital assets activity of the business-type activities for the year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
Business-Type Activities					
Capital assets not being depreciated:					
Land	\$ 9,026,517	\$ -	\$ -	\$ -	\$ 9,026,517
Construction in progress	793,056	1,244,669	687,630	-	1,350,095
Total capital assets not being depreciated	9,819,573	1,244,669	687,630	-	10,376,612
Capital assets being depreciated:					
Buildings and improvements	56,871,887	641,923	-	-	57,513,810
Equipment	5,372,975	45,707	240,689	(204,689)	4,973,304
Infrastructure	95,121,390	396,097	-	-	95,517,487
Total capital assets being depreciated	157,366,252	1,083,727	240,689	(204,689)	158,004,601
Less accumulated depreciation for:					
Buildings and improvements	25,373,095	1,770,041	-	-	27,143,136
Equipment	3,389,776	416,475	240,689	(204,689)	3,360,873
Infrastructure	30,405,238	1,913,587	-	-	32,318,825
Total accumulated depreciation	59,168,109	4,100,103	240,689	(204,689)	62,822,834
Business-type activities capital assets, net	<u>\$ 108,017,716</u>	<u>\$ (1,771,707)</u>	<u>\$ 687,630</u>	<u>\$ -</u>	<u>\$ 105,558,379</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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	\$ 6,173,410
Public protection	192,355
Social services	13,554
Public ways and facilities	738,669
Community development	17,026
Culture and recreation	936,574
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	317,853

Total depreciation expense - governmental activities \$ 8,389,441

Business-type activities:

Water	\$ 857,006
Sewer	2,239,355
Solid waste	6,189
Drainage operations	368,979
Local transit	345,317
Airport	283,257

Total depreciation expense - business-type activities \$ 4,100,103

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 four 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	Landscape Assessment	Law Enforcement	Intermodal Building	Residential Rehab	Facilities District	Total
Property taxes	\$ 455,929	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 455,929
Other taxes	10,992	-	-	-	-	3,701	-	-	-	16,447	31,140
Intergovernmental	720,359	155,899	15,658	427,037	113,985	-	90,101	716	317,348	-	1,841,103
Charges for services	88,438	-	-	-	-	-	-	-	-	-	88,438
Total	<u>\$ 1,275,718</u>	<u>\$ 155,899</u>	<u>\$ 15,658</u>	<u>\$ 427,037</u>	<u>\$ 113,985</u>	<u>\$ 3,701</u>	<u>\$ 90,101</u>	<u>\$ 716</u>	<u>\$ 317,348</u>	<u>\$ 16,447</u>	<u>\$ 2,416,610</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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 \$130,000. 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 \$130,000 at year-end pursuant to the service concession arrangement.
- The City has a gain on refunding of debt reported in the government-wide statement of net position and the proprietary fund statement of net position. A gain on refunding of debt results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources for gain on refunding of debt reported in the business-type activities of the government-wide statement of net position and the proprietary fund statement of net position are \$407,678.
- 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, 2016 were as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Governmental Activities					
Capital Leases:					
Police Facility	\$ 1,049,802	\$ -	\$ (77,729)	\$ 972,073	\$ 81,760
Madera Youth Center	688,710	-	(159,817)	528,893	167,807
Police In-car Camera lease	135,984	-	(30,023)	105,961	31,202
ERP System and Fire Truck	-	1,540,065	(144,847)	1,395,218	295,610
Total capital leases	1,874,496	1,540,065	(412,416)	3,002,145	576,379
Loans Payable:					
California Housing Finance Agency loan	525,096	-	(525,096)	-	-
PG&E Energy Efficiency Retrofit loan	135,956	-	(37,934)	98,022	37,934
Total loans payable	661,052	-	(563,030)	98,022	37,934
Bonds Payable:					
CFD 2006-1 Series Special Tax Bond	2,735,000	-	(40,000)	2,695,000	45,000
Less: unamortized bond discounts	(12,475)	-	594	(11,881)	-
Total bonds payable	2,722,525	-	(39,406)	2,683,119	45,000
Compensated absences	1,330,160	1,764,886	(1,758,077)	1,336,969	1,336,969
Net other postemployment benefit obligation	1,989,169	218,585	(112,075)	2,095,679	-
Net pension liability	24,979,444	3,297,795	(171,353)	28,105,886	-
Total	\$ 33,556,846	\$ 6,821,331	\$ (3,056,357)	\$ 37,321,820	\$ 1,996,282

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Business-Type Activities					
Capital leases:					
Jetrod Sewer Truck	\$ 14,356	-	\$ (14,356)	-	-
Total capital leases	14,356	-	(14,356)	-	-
Loans payable:					
CIEDB loan	8,217,294	-	(286,244)	7,931,050	294,860
Airport Hanger loan	185,699	-	(19,598)	166,101	20,536
Total loans payable	8,402,993	-	(305,842)	8,097,151	315,396
Bonds payable:					
Water and Wastewater Revenue Bonds, Series 2006	30,440,000	-	(30,440,000)	-	-
Add: unamortized bond premiums	418,134	-	(418,134)	-	-
Water Revenue Bonds, Series 2010	10,755,000	-	(290,000)	10,465,000	300,000
Less: unamortized bond discounts	(124,716)	-	5,423	(119,293)	-
1993 Variable Rate Demand Bonds (Madera Municipal Golf Course Refinancing Project)	2,685,000	-	(250,000)	2,435,000	260,000
Water and Wastewater Refunding Revenue Bonds, Series 2015	-	30,140,000	(70,000)	30,070,000	1,040,000
Total bonds payable	44,173,418	30,140,000	(31,462,711)	42,850,707	1,600,000
Compensated absences	233,161	333,338	(327,413)	239,086	234,750
Net other postemployment benefit obligation	320,327	39,842	(20,428)	339,741	-
Net pension liability	4,008,471	416,451	(564,825)	3,860,097	-
Total	\$ 57,152,726	\$ 30,929,631	\$ (32,695,575)	\$ 55,386,782	\$ 2,150,146

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, 2016, the outstanding balance of the police station capital lease was \$972,073.

The annual debt service requirements at June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 81,760	\$ 52,767	\$ 134,527
2018	86,000	48,737	134,737
2019	90,459	44,497	134,956
2020	95,150	40,038	135,188
2021	100,084	35,347	135,431
2022-2026	518,620	1,629	520,249
Total	\$ 972,073	\$ 223,015	\$ 1,195,088

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Governmental Activities Long-Term Debt (Continued)

Capital Leases (Continued)

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, 2016, the outstanding balance of the Youth Center capital lease was \$528,893.

The annual debt service requirements at June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 167,807	\$ 26,450	\$ 194,257
2018	176,197	18,060	194,257
2019	184,889	9,250	194,139
Total	<u>\$ 528,893</u>	<u>\$ 53,760</u>	<u>\$ 582,653</u>

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, 2016, the outstanding balance of the capital lease was \$105,961.

The annual debt service requirements at June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 105,961</u>	<u>\$ 7,313</u>	<u>\$ 113,274</u>

ERP and Fire Truck

In August 2015, the City has entered into a five-year equipment lease-purchase agreement for the purchase of Enterprise Resource Planning (ERP) system to be installed at the City Hall and a fire truck with Holman Capital Corporation. Holman Capital Corporation deposited \$1,540,065 into the Escrow Fund, which the Community Business Bank is the escrow agent, for the acquisition of the equipment and for the payment of issuance costs. 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 \$1,540,065 and is payable over a period of five years. Semi-monthly payments on the agreement are \$165,715. The effective interest rate on the contract is 2.71%. At June 30, 2016, the outstanding balance of the capital lease was \$1,395,218. The cash balance in the Escrow Fund held at the Community Business Bank as of June 30, 2016 is \$1,041,819. This remaining fund in the Escrow Fund account will be used to fund the acquisition of the equipment in the following fiscal year.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Governmental Activities Long-Term Debt (Continued)

Capital Leases (Continued)

ERP and Fire Truck (continued)

The annual debt service requirements at June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 295,610	\$ 35,821	\$ 331,431
2018	303,675	27,756	331,431
2019	311,960	19,470	331,430
2020	320,472	10,959	331,431
2021	163,501	2,215	165,716
Total	<u>\$ 1,395,218</u>	<u>\$ 96,221</u>	<u>\$ 1,491,439</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. The City paid off the CalHFA loan payable during fiscal year 2016.

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, 2016, the outstanding balance of the PG&E Energy Efficiency Retrofit Loan was \$98,022.

The annual debt service requirements at June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 37,934	\$ -	\$ 37,934
2018	37,934	-	37,934
2019	22,154	-	22,154
Total	<u>\$ 98,022</u>	<u>\$ -</u>	<u>\$ 98,022</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016, the outstanding balance of the 2006 Special Tax Bonds was \$2,695,000.

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, 2016, the outstanding balance of the discount on the bonds was \$11,881.

The annual debt service requirements at June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	70,000	121,145	191,145
2022-2026	455,000	547,733	1,002,733
2027-2031	690,000	409,385	1,099,385
2032-2036	1,020,000	197,500	1,217,500
2037	250,000	6,250	256,250
Total	<u>\$ 2,695,000</u>	<u>\$ 1,792,961</u>	<u>\$ 4,487,961</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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. The City paid off the Jetrod Sewer Truck capital lease during fiscal year 2016.

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, 2016, the outstanding balance of the California Infrastructure and Economic Development Bank loan was \$7,931,050.

The annual debt service requirements at June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	331,996	196,592	528,588
2022-2026	1,816,029	824,561	2,640,590
2027-2031	2,106,297	529,923	2,636,220
2032-2036	2,442,961	188,193	2,631,154
Total	<u>\$ 7,931,050</u>	<u>\$ 2,621,271</u>	<u>\$ 10,552,321</u>

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, 2016, the outstanding balance of the Department of Transportation, Division of Aeronautics loan was \$166,101.

The annual debt service requirements at June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	24,755	3,725	28,480
2022-2023	53,120	3,841	56,961
Total	<u>\$ 166,101</u>	<u>\$ 33,260</u>	<u>\$ 199,361</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Business-Type Activities Long-Term Debt (Continued)

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%. The City has issued the Water and Wastewater Refunding Revenue Bonds, Series 2015 in December 2015 to refund the Water and Wastewater Revenue Bonds, Series 2006.

Water and Wastewater Refunding Revenue Bonds, Series 2015

Water and Wastewater Refunding Revenue Bonds, Series 2015 were issued by the Financing Authority in December 2015 for \$30,140,000. Proceeds from the bonds were used to refund \$30,440,000 of its Water and Wastewater Refunding Revenue Bonds, Series 2015. The bonds are due in annual installments of \$70,000 to \$2,080,000 through March 1, 2036, with interest payable semiannually on September 1 and March 1 of each year at 3.700%. At June 30, 2016, the outstanding balance of the Water and Wastewater Revenue Bonds was \$30,070,000.

The Financing Authority has pledged a portion of future water and wastewater revenue to repay the 2015 Water and Wastewater Revenue Bonds. Total principal and interest remaining on the agreement is \$43,091,780 payable through 2036.

The annual debt service requirements at June 30, 2016 are as follows:

Year Ending June 30,	Water			Sewer			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 70,000	\$ 74,740	\$ 144,740	\$ 970,000	\$ 1,037,850	\$ 2,007,850	\$ 1,040,000	\$ 1,112,590	\$ 2,152,590
2018	70,000	72,150	142,150	1,005,000	1,001,960	2,006,960	1,075,000	1,074,110	2,149,110
2019	75,000	69,560	144,560	1,045,000	964,775	2,009,775	1,120,000	1,034,335	2,154,335
2020	75,000	66,785	141,785	1,080,000	926,110	2,006,110	1,155,000	992,895	2,147,895
2021	80,000	64,010	144,010	1,120,000	886,150	2,006,150	1,200,000	950,160	2,150,160
2022-2026	455,000	273,060	728,060	6,275,000	3,776,220	10,051,220	6,730,000	4,049,280	10,779,280
2027-2031	540,000	182,040	722,040	7,530,000	2,525,805	10,055,805	8,070,000	2,707,845	10,777,845
2032-2036	655,000	74,370	729,370	9,025,000	1,026,195	10,051,195	9,680,000	1,100,565	10,780,565
Total	<u>\$ 2,020,000</u>	<u>\$ 876,715</u>	<u>\$ 2,896,715</u>	<u>\$ 28,050,000</u>	<u>\$ 12,145,065</u>	<u>\$ 40,195,065</u>	<u>\$ 30,070,000</u>	<u>\$ 13,021,780</u>	<u>\$ 43,091,780</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016, the outstanding balance was \$10,465,000.

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 \$17,153,659, 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 \$5,423. At June 30, 2016, the outstanding balance of the discount on the bonds was \$119,293.

The annual debt service requirements at June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	345,000	441,763	786,763
2022-2026	1,945,000	1,963,369	3,908,369
2027-2031	2,405,000	1,484,725	3,889,725
2032-2036	3,045,000	835,250	3,880,250
2037	<u>1,455,000</u>	<u>110,000</u>	<u>1,565,000</u>
Total	<u>\$ 10,465,000</u>	<u>\$ 6,688,659</u>	<u>\$ 17,153,659</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016, the outstanding balance of the Variable Rate Demand Bonds was \$2,435,000. Total principal and interest remaining on the agreement is payable through 2024.

The annual debt service requirements at June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 260,000	\$ -	\$ 260,000
2018	275,000	-	275,000
2019	285,000	-	285,000
2020	295,000	-	295,000
2021	310,000	-	310,000
2022-2024	<u>1,010,000</u>	<u>-</u>	<u>1,010,000</u>
Total	<u>\$ 2,435,000</u>	<u>\$ -</u>	<u>\$ 2,435,000</u>

Compensated Absences

The City's policy relating to compensated absences is described in Note 1. At June 30, 2016, the City's liability for vested and unpaid compensated absences (accrued vacation and sick pay) balance is \$1,336,969 for governmental activities and \$239,086 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, 2016**

NOTE 8 – PENSION PLANS

AGENT MULTIPLE EMPLOYER PLANS

A. General Information

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plan, agent multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan is 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 Miscellaneous Plan is 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 Plan is closed to new entrants as of January 1, 2013.

The Plans' provisions and benefits in effect at June 30, 2016 are summarized as follows:

	Miscellaneous		
	1st Tier	2nd Tier	PEPRA
	Prior to January 1, 2011	January 1, 2011 thru December 31, 2013	On or after January 1, 2013
Hire Date			
Benefit formula	2.5% @ 55	2% @ 60	2% @ 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 annual salary	2.000% to 2.500%	1.092% to 2.418%	1.000% to 2.500%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	19.97%	19.97%	19.97%

Employees Covered – At June 30, 2016, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	190
Inactive employees entitled to but not yet receiving benefits	202
Active employees	191
Total	583

Contributions – Section 20814c 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 both Plans are 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.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 – PENSION PLANS (Continued)

AGENT MULTIPLE EMPLOYER PLANS (Continued)

B. Net Pension Liability

The City's net pension liability for its Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Miscellaneous Plan is measured as of June 30 2014, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2015, using standard update procedures. 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, 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% ⁽¹⁾
Investment Rate of Return	7.65% ⁽²⁾
Mortality	Derived from 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 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, 2014 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 be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the 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 of the plans, the test revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 – PENSION PLANS (Continued)

AGENT MULTIPLE EMPLOYER PLANS (Continued)

B. Net Pension Liability (Continued)

Discount Rate (Continued)

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 PERF cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) 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. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1-10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.5%	5.13%
Infrastructure and Forestland	2.0%	4.5%	5.09%
Liquidity	2.0%	(0.55)%	(1.05)%
Total	100%		

^(a) An expected inflation of 2.5% used for this period

^(b) An expected inflation of 3.0% used for this period

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 – PENSION PLANS (Continued)

AGENT MULTIPLE EMPLOYER PLANS (Continued)

C. Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Liability	Net Pension Liability/(Asset)
Balance at 6/30/2014	\$68,888,978	\$52,660,352	\$16,228,626
Changes in the year:			
Service cost	1,515,655	-	1,515,655
Interest on total pension liability	5,085,808	-	5,085,808
Changes in benefit terms	-	-	-
Changes of assumptions	(1,189,492)	-	(1,189,492)
Differences between expected and actual experience	(269,941)	-	(269,941)
Plan to plan resource movement	-	-	-
Contributions - employer	-	1,603,067	(1,603,067)
Contributions - employees	-	705,875	(705,875)
Net investment income	-	1,164,130	(1,164,130)
Benefit payment, including refunds of employee contributions	(3,412,481)	(3,412,481)	-
Administrative expenses	-	(59,277)	59,277
Net changes	1,729,549	1,314	1,728,235
Balance at 6/30/2015	\$70,618,527	\$52,661,666	\$17,956,861

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net position liability of the City for the Miscellaneous Plan, calculated using the discount rate for the Miscellaneous 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:

Discount Rate -1%	Current Discount Rate	Discount Rate +1%
6.65%	7.65%	8.65%
\$ 26,971,089	\$ 17,956,861	\$ 10,475,520

Pension Plan Fiduciary Net Position - Detailed information about the 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, 2016**

NOTE 8 – PENSION PLANS (Continued)

AGENT MULTIPLE EMPLOYER PLAN (Continued)

D. Pension Expenses Deferred Outflows/Inflows of Resources Related to Pensions

The City recognized pension expense, deferred outflows or resources and deferred inflows of resources included a portion attributable to superior court employees. These employees are not employees of the City of Madera, however, disaggregated information was not available from CalPERS. The effect of this liability was deemed immaterial to the overall Net Pension Liability by City management.

For the year ended June 30, 2016, the City recognized pension expense of \$1,678,580. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 2,321,097	\$ -
Changes of Assumptions	-	817,774
Differences between actual and expected experience	-	185,584
Net differences between projected and actual earnings on plan investments	-	470,275
Change in employer's proportion	-	-
Differences between the employer's actual contributions and the employer's proportionate share of contributions	-	-
Total	\$ 2,321,097	\$ 1,473,633

\$2,321,097 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, 2017. 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	
2017	\$ (799,951)
2018	(799,951)
2019	(435,093)
2020	561,362
2021	-
Therafter	-

E. Payable to the Pension Plan

The City did not have and outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 – PENSION PLANS (Continued)

COST SHARING MULTIPLE-EMPLOYER PLAN

A. General Information about the Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost Sharing Multiple-Employer Plan (Plan) administered by the California Public Employees’ Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City of Madera (City) sponsors three safety rate plans (three police) Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan 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 the Plan are applied as specified by the Public Employees’ Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2016 are summarized as follows:

	Safety		
	1st Tier	2nd Tier	PEPRA
Hire date	Prior to January 1, 2011	January 1, 2011 thru December 31, 2012	On or after January 1, 2013
Benefit formula	3% @ 50	3% @ 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 annual salary	3.000%	2.400% to 3.000%	2.000% to 2.700%
Required employee contribution rates	9%	9%	11.5%
Required employer contribution rates	18.524%	15.627%	11.153%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund, if applicable. The dollar amounts are billed on a monthly basis. The City’s required contribution for the unfunded liability was \$899,308 for the fiscal year ended June 30, 2016.

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 Plan are 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.

The City’s contributions to the plan for the year ended June 30, 2016 were \$1,873,039.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 – PENSION PLANS (Continued)

COST SHARING MULTIPLE-EMPLOYER PLAN (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2016, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$14,009,122.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

Proportion - June 30, 2014	0.3375%
Proportion - June 30, 2015	0.3400%
Change - Increase (Decrease)	0.0025%

For the year ended June 30, 2016, the City recognized pension expense of \$892,136. At June 30, 2016, 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
Pension contributions subsequent to the measurement date	\$ 1,873,039	\$ -
Changes of Assumptions	-	847,125
Differences between actual and expected experience	-	184,183
Net differences between projected and actual earnings on plan investments	-	429,328
Change in employer's proportion	760,547	109,469
Differences between the employer's actual contributions and the employer's proportionate share of contributions	232,324	-
Total	\$ 2,865,910	\$ 1,570,105

\$1,873,039 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, 2017. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2017	\$ (361,845)
2018	(367,312)
2019	(375,106)
2020	527,029
2021	-
Therafter	-

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 – PENSION PLANS (Continued)

COST SHARING MULTIPLE-EMPLOYER PLAN (Continued)

C. Actuarial Assumptions

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% ⁽¹⁾
Investment Rate of Return	7.65% ⁽²⁾
Mortality	Derived from 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 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, 2014 valuation were based on the results of January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experiences Study can be found on the CalPERS website.

Change of Assumptions – GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expenses but without reduction for pension plan administrative expenses. The discount rate of 7.50 percent used the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expenses.

D. Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the 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 of the plans, the test revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB 68 section.

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.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 – PENSION PLANS (Continued)

COST SHARING MULTIPLE-EMPLOYER PLAN (Continued)

D. Discount Rate (Continued)

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 PERF cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) 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. The target allocation shown was adopted by the Board effective on July 1, 2014

Asset Class	New Strategic Allocation	Real Return Years 1-10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.5%	5.13%
Infrastructure and Forestland	2.0%	4.5%	5.09%
Liquidity	2.0%	(0.55)%	(1.05)%
Total	100%		

^(a) An expected inflation of 2.5% used for this period

^(b) An expected inflation of 3.0% used for this period

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 Plan, calculated using the discount rate for the 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:

Discount Rate -1%	Current Discount Rate	Discount Rate +1%
6.65%	7.65%	8.65%
\$ 21,123,482	\$ 14,009,122	\$ 8,175,479

E. Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

F. Payable to the Pension Plan

The City did not have an outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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 2015-16, the City contributed approximately \$38,503 on a pay-as-you-go-basis for cash subsidy benefit payments and approximately \$91,673 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, 2014, 2015, and 2016, 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, 2014	\$ 250,388	\$ 125,165	50%	\$ 2,178,874
June 30, 2015	\$ 258,428	\$ 127,806	49%	\$ 2,309,496
June 30, 2016	\$ 256,100	\$ 130,176	51%	\$ 2,435,420

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016, 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	92,380
Adjustment to annual required contribution	<u>(133,558)</u>
Annual OPEB cost (expense)	256,100
Contributions made	<u>(130,176)</u>
Change in net OPEB obligation	125,924
Net OPEB obligation, beginning of the year	<u>2,309,496</u>
Net OPEB obligation, end of the year	<u>\$ 2,435,420</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%

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, 2016

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

Actuarial Methods and Assumptions (continued)

The ARC for the year ended June 30, 2016 was determined as part of the July 1, 2014 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."

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.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11 – RISK MANAGEMENT (Continued)

The summary financial position and results of operations for CSJVRMA, as of June 30, 2016, is presented as follows:

Statement of Net Position	
Current assets	\$ 21,243,721
Noncurrent assets	<u>71,499,441</u>
Total assets	<u>92,743,162</u>
Current liabilities	17,853,047
Noncurrent liabilities	<u>59,455,283</u>
Total liabilities	<u>77,308,330</u>
Total net position	<u>\$ 15,434,832</u>

Statement of Revenues, Expenses and Changes in Net Position	
Operating revenues	\$ 37,945,462
Operating expenses	<u>37,742,471</u>
Operating income (loss)	202,991
Non-operating income (loss)	<u>2,275,191</u>
Increase (decrease) in net position	2,478,182
Net position - beginning of year	<u>12,956,650</u>
Net position - end of year	<u>\$ 15,434,832</u>

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, 2016, the City has not recorded revenues from the Hospital.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12 – CONTINGENCIES AND COMMITMENTS (Continued)

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, 2016. At year-end, the City's major contractual commitments are as follows:

Project	Contract Amount	Spent-to-Date	Remaining Commitment
Commercial Water Meter Installations	\$ 1,393,691	\$ 202,426	\$ 1,191,265
Sanitary Sewer and Storm Drain Improvements at Various Locations	1,201,814	1,141,723	60,091
Riverwalk Drive Improvement Project	1,383,025	1,144,107	238,918
Centennial Park Inclusive Playground	345,308	140,749	204,559
Fourth Street Medians Landscape & Irrigation Improvements, Sunset to Lake	<u>279,169</u>	<u>242,197</u>	<u>36,972</u>
Total	<u>\$ 4,603,007</u>	<u>\$ 2,871,202</u>	<u>\$ 1,731,805</u>

In addition, the City has various contracts with developers for the cost of public improvements made through construction of new developments within the City. The agreements are for the reimbursement of reasonable costs for the construction of public improvements within the planned developments. The City agrees to reimburse developers for the City's proportionate share of the costs of improvements as determined by the City Engineer. The City will not reimburse any expenses beyond the actual and reasonable costs of installing the improvements.

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	\$ 280,167
General development impact fund	65,366
Special gas tax fund	166,616
Nonmajor governmental funds	<u>639,201</u>
Total	<u>\$ 1,151,350</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016 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, 2016 was \$33,322.

The future minimum payments anticipated under these commitments as of June 30, 2016 are as follows:

Fiscal Year Ending June 30,	Computers	Copiers	Total
2017	\$ 62,215	\$ 33,322	\$ 95,537
2018	62,215	33,322	95,537
	<u>\$ 124,430</u>	<u>\$ 66,644</u>	<u>\$ 191,074</u>

NOTE 13 – DEFICIT FUND BALANCE

Deficit Fund Balance

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

Nonmajor governmental funds

The Federal Aid Urban special revenue fund has a net fund deficit of \$107,929. The deficit will be eliminated through future revenues.

The Senior Citizen Services special revenue fund has a net fund deficit of \$49,736. 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 \$476,664. The deficit is due primarily to the \$2,435,000 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, 2016**

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.

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 Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Beginning net position	\$ 200,638,972	\$ 73,998,891	\$ 274,637,863
Prior period adjustments:			
Overstatement of accounts payable	30,718	115,113	145,831
Overstatement of due to developers	2,074,302	-	2,074,302
Understatement of due to other funds	(204,425)	-	(204,425)
Understatement of due from other funds	-	204,425	204,425
Total prior period adjustments	<u>1,900,595</u>	<u>319,538</u>	<u>2,220,133</u>
Beginning net position, as restated	<u>\$ 202,539,567</u>	<u>\$ 74,318,429</u>	<u>\$ 276,857,996</u>

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			Nonmajor Fund	Total
	General Fund	General Development Impact Fees Fund	Sewer Fund	Supplemental Law Enforcement Fund	
Beginning fund balance/net position	\$ 13,958,409	\$ 11,143,588	\$ 18,674,442	\$ 91,132	\$ 19,522,813
Prior period adjustments:					
Overstatement of accounts payable	22,004	-	115,113	8,713	145,830
Overstatement of due to developers	-	2,074,302	-	-	2,074,302
Understatement of due to other funds	-	(204,425)	-	-	(204,425)
Understatement of due from other funds	-	-	204,425	-	204,425
Total prior period adjustments	<u>22,004</u>	<u>1,869,877</u>	<u>319,538</u>	<u>8,713</u>	<u>2,220,132</u>
Beginning fund balance/net position, as restated	<u>\$ 13,980,413</u>	<u>\$ 13,013,465</u>	<u>\$ 18,993,980</u>	<u>\$ 99,845</u>	<u>\$ 21,742,945</u>

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 15 – SEGMENT INFORMATION

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

	Water Fund	Sewer Fund	Golf Course Fund
CONDENSED STATEMENT OF NET POSITION			
Assets:			
Current assets	\$ 13,667,103	\$ 9,406,105	\$ 446,287
Capital assets	<u>23,363,133</u>	<u>47,021,758</u>	<u>2,028,861</u>
Total assets	<u>37,030,236</u>	<u>56,427,863</u>	<u>2,475,148</u>
Deferred outflows of resources:			
Contributions to pension plan in current fiscal year	<u>154,878</u>	<u>201,405</u>	-
Total deferred outflows of resources	<u>154,878</u>	<u>201,405</u>	-
Liabilities:			
Current liabilities	2,511,366	1,948,450	646,812
Noncurrent liabilities	<u>13,302,031</u>	<u>36,402,923</u>	<u>2,175,000</u>
Total liabilities	<u>15,813,397</u>	<u>38,351,373</u>	<u>2,821,812</u>
Deferred inflows of resources:			
Pension deferrals	98,330	127,869	-
Deferred service concession arrangement receipts	-	-	130,000
Gain on refunding of debt	<u>27,346</u>	<u>380,332</u>	-
Total deferred inflows of resources	<u>125,676</u>	<u>508,201</u>	<u>130,000</u>
Net position:			
Net investment in capital assets	14,026,403	11,040,708	(406,139)
Unrestricted	<u>7,219,638</u>	<u>6,728,986</u>	<u>(70,525)</u>
Total net position	<u>\$ 21,246,041</u>	<u>\$ 17,769,694</u>	<u>\$ (476,664)</u>
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Operating revenues	\$ 7,265,789	\$ 7,407,966	\$ 96,542
Depreciation expense	(857,006)	(2,239,355)	-
Other operating expenses	<u>(4,174,745)</u>	<u>(4,380,127)</u>	<u>(64,083)</u>
Operating income (loss)	2,234,038	788,484	32,459
Nonoperating revenue (expenses):			
Investment income	94,924	66,759	2,052
Interest expense	(593,654)	(1,717,566)	(1,423)
Bond issuance costs	(14,253)	(203,816)	-
Other nonoperating revenue (expenses)	17,880	-	(9,091)
Capital contributions	46,725	61,200	-
Transfers in	-	225,000	191,583
Transfers out	<u>(744,429)</u>	<u>(444,347)</u>	-
Change in net position	1,041,231	(1,224,286)	215,580
Beginning net position	<u>20,204,810</u>	<u>18,993,980</u>	<u>(692,244)</u>
Ending net position	<u>\$ 21,246,041</u>	<u>\$ 17,769,694</u>	<u>\$ (476,664)</u>
CONDENSED STATEMENT OF CASH FLOWS			
Net cash provided (used) by:			
Operating activities	\$ 2,847,358	\$ 2,963,144	\$ 68,857
Noncapital financing activities	(730,799)	(197,364)	191,583
Capital and related financing activities	(975,535)	(2,707,314)	(260,819)
Investment activities	<u>94,551</u>	<u>66,759</u>	<u>1,962</u>
Net increase (decrease)	1,235,575	125,225	1,583
Beginning cash and cash equivalents	<u>11,769,222</u>	<u>9,115,399</u>	<u>303,637</u>
Ending cash and cash equivalents	<u>\$ 13,004,797</u>	<u>\$ 9,240,624</u>	<u>\$ 305,220</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016 is as follows:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
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	378,169	-	-	378,169
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	1,040,898	136,598	-	1,177,496
Equipment	252,346	28,273	-	280,619
Total accumulated depreciation	<u>1,293,244</u>	<u>164,871</u>	<u>-</u>	<u>1,458,115</u>
Capital assets, net	<u>\$ 2,814,174</u>	<u>\$ (164,871)</u>	<u>\$ -</u>	<u>\$ 2,649,303</u>

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
1998 Tax Allocation Bonds	\$ 5,830,000	\$ -	\$ (135,000)	\$ 5,695,000	\$ 140,000
Less: unamortized bond discounts	(69,564)	-	5,351	(64,213)	-
2003 Tax Allocation Bonds	15,165,000	-	(575,000)	14,590,000	605,000
Add: unamortized bond premiums	8,268	-	(459)	7,809	-
2008A Series Tax Allocation Bonds	23,450,000	-	(380,000)	23,070,000	395,000
2008B Series Tax Allocation Bonds	3,575,000	-	(80,000)	3,495,000	85,000
Less: unamortized bond discounts	(612,400)	-	26,625	(585,775)	-
Compensated absences	32,946	35,095	(44,433)	23,608	23,608
Total	\$ 47,379,250	\$ 35,095	\$ (1,182,916)	\$ 46,231,429	\$ 1,248,608

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, 2016 was \$5,695,000.

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 \$8,169,985 payable through 2029.

The annual debt service requirements at June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	165,000	238,806	403,806
2022-2026	2,180,000	1,008,663	3,188,663
2027-2029	2,765,000	201,044	2,966,044
Total	\$ 5,695,000	\$ 2,474,985	\$ 8,169,985

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, 2016 was \$64,213.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016 was \$14,590,000.

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 \$22,614,588 payable through 2033.

The annual debt service requirements at June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	720,000	587,700	1,307,700
2022-2026	2,925,000	2,423,588	5,348,588
2027-2031	3,675,000	1,881,100	5,556,100
2032-2033	4,680,000	475,500	5,155,500
Total	<u>\$ 14,590,000</u>	<u>\$ 8,024,588</u>	<u>\$ 22,614,588</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, 2016 was \$7,809.

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, 2016 was \$23,070,000.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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 \$41,953,569 payable through 2039.

The annual debt service requirements at June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	475,000	1,110,983	1,585,983
2022-2026	2,745,000	5,155,036	7,900,036
2027-2031	3,550,000	4,310,196	7,860,196
2032-2036	7,040,000	3,064,579	10,104,579
2037-2039	<u>7,570,000</u>	<u>593,464</u>	<u>8,163,464</u>
Total	<u>\$ 23,070,000</u>	<u>\$ 18,883,569</u>	<u>\$ 41,953,569</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, 2016 was \$508,021.

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, 2016 was \$3,495,000.

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 \$6,314,183 payable through 2039.

**CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	100,000	170,686	270,686
2022-2026	580,000	791,996	1,371,996
2027-2031	750,000	662,198	1,412,198
2032-2036	980,000	470,828	1,450,828
2037-2039	725,000	9,177	734,177
Total	<u>\$ 3,495,000</u>	<u>\$ 2,819,183</u>	<u>\$ 6,314,183</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 \$3,533. Unamortized bond discount as of June 30, 2016 was \$77,754.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 28, 2017, the date the financial statements were available to be issued. Except as described above, no other events requiring recognition or disclosure in the financial statements were identified.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 18 – PRONOUNCEMENTS

(1) New Accounting Pronouncements 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. This statement was adopted by the City during the current fiscal year.

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 of this statement were considered but had no effect on the City’s current fiscal year.

Governmental Accounting Standards Board Statement No. 79

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this statement. The requirements of this statement were considered but had no effect on the City’s current fiscal year.

Governmental Accounting Standards Board Statement No. 82

In March 2016, GASB issued Statement No. 82, *Pension Issues—an Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement was adopted by the City during the current fiscal year. The effects of the adoption of this statement included a change in the manner covered payroll is reported in the following required supplementary schedules: Proportionate Share of Net Pension Liability (Asset) and Schedule of Contributions. These changes were required to be applied retroactively and, accordingly, the covered payroll for fiscal year 2015 was restated.

CITY OF MADERA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 18 – PRONOUNCEMENTS (Continued)

(2) New Accounting Pronouncements Not Yet Adopted

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.

Governmental Accounting Standards Board Statement No. 77

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The requirements of this statement are effective for the City's fiscal year ending June 30, 2017.

Governmental Accounting Standards Board Statement No. 80

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an Amendment of GASB Statement No. 14*. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this statement are effective for the City's fiscal year ending June 30, 2017.

Governmental Accounting Standards Board Statement No. 81

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement are effective for the City's fiscal year ending June 30, 2018, and should be applied retroactively.

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, 2016

	Budgeted Amounts		Actual	Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Property taxes	\$ 3,143,680	\$ 3,143,680	\$ 3,115,740	\$ (27,940)
Sales and use taxes	6,555,021	6,555,021	6,506,004	(49,017)
Other taxes	1,131,379	1,131,379	1,231,995	100,616
Use of money and property	520,920	520,920	551,138	30,218
Franchises	592,000	592,000	678,438	86,438
Licenses and permits	602,500	602,500	646,800	44,300
Fines	759,000	759,000	912,398	153,398
Aid from governmental agencies:				
Federal	942,952	942,952	100,298	(842,654)
State	6,576,638	6,576,638	7,253,592	676,954
Other	298,487	298,487	318,306	19,819
Charges for current services	1,216,947	1,216,947	1,155,445	(61,502)
Miscellaneous	245,600	245,600	336,475	90,875
Total revenues	<u>22,585,124</u>	<u>22,585,124</u>	<u>22,806,629</u>	<u>221,505</u>
EXPENDITURES:				
Current:				
General government	3,064,215	3,103,279	2,959,739	143,540
Public protection	14,401,892	14,401,892	14,549,630	(147,738)
Public ways and facilities	2,442,127	2,442,127	2,229,821	212,306
Community development	3,880,430	4,007,919	3,795,507	212,412
Culture and recreation	3,497,560	3,497,560	3,392,870	104,690
Capital outlay	1,064,788	1,133,484	1,417,918	(284,434)
Debt service:				
Principal	263,227	263,227	222,577	40,650
Interest	4,000	4,000	78,223	(74,223)
Total expenditures	<u>28,618,239</u>	<u>28,853,488</u>	<u>28,646,285</u>	<u>207,203</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,033,115)</u>	<u>(6,268,364)</u>	<u>(5,839,656)</u>	<u>428,708</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	6,567,290	6,567,290	6,371,060	(196,230)
Transfers out	(1,613,787)	(1,613,787)	(1,613,901)	(114)
Sales of capital assets	-	-	9,969	9,969
Capital lease	-	-	1,540,065	1,540,065
Total other financing sources (uses)	<u>4,953,503</u>	<u>4,953,503</u>	<u>6,307,193</u>	<u>1,353,690</u>
Net change in fund balance	(1,079,612)	(1,314,861)	467,537	1,782,398
Fund balance - beginning (restated)	<u>13,980,413</u>	<u>13,980,413</u>	<u>13,980,413</u>	<u>-</u>
Fund balance - ending	<u>\$ 12,900,801</u>	<u>\$ 12,665,552</u>	<u>\$ 14,447,950</u>	<u>\$ 1,782,398</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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ 10,156	\$ 10,156	\$ 121,262	\$ 111,106
Charges for current services	<u>1,866,940</u>	<u>1,866,940</u>	<u>1,953,482</u>	<u>86,542</u>
Total revenues	<u>1,877,096</u>	<u>1,877,096</u>	<u>2,074,744</u>	<u>197,648</u>
EXPENDITURES:				
Current:				
Public ways and facilities	365,000	365,000	1,121,203	(756,203)
Capital outlay	<u>3,946,010</u>	<u>3,946,010</u>	<u>1,969,332</u>	<u>1,976,678</u>
Total expenditures	<u>4,311,010</u>	<u>4,311,010</u>	<u>3,090,535</u>	<u>1,220,475</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,433,914)</u>	<u>(2,433,914)</u>	<u>(1,015,791)</u>	<u>1,418,123</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(574,754)</u>	<u>(574,754)</u>	<u>(574,755)</u>	<u>(1)</u>
Total other financing sources (uses)	<u>(574,754)</u>	<u>(574,754)</u>	<u>(574,755)</u>	<u>(1)</u>
Net change in fund balance	(3,008,668)	(3,008,668)	(1,590,546)	1,418,122
Fund balances - beginning (restated)	<u>13,013,465</u>	<u>13,013,465</u>	<u>13,013,465</u>	<u>5,609,631</u>
Fund balance - ending	<u>\$ 10,004,797</u>	<u>\$ 10,004,797</u>	<u>\$ 11,422,919</u>	<u>\$ 7,027,753</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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 25,156	\$ 25,156
Federal	740,846	740,846	-	(740,846)
State	2,153,336	2,153,336	1,301,489	(851,847)
Other	<u>1,860,972</u>	<u>1,860,972</u>	<u>3,215,791</u>	<u>1,354,819</u>
Total revenues	<u>4,755,154</u>	<u>4,755,154</u>	<u>4,542,436</u>	<u>(212,718)</u>
EXPENDITURES:				
Capital outlay	<u>8,531,659</u>	<u>8,583,659</u>	<u>869,343</u>	<u>7,714,316</u>
Total expenditures	<u>8,531,659</u>	<u>8,583,659</u>	<u>869,343</u>	<u>7,714,316</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,776,505)</u>	<u>(3,828,505)</u>	<u>3,673,093</u>	<u>7,501,598</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	174,462	174,462
Transfers out	<u>(2,920,044)</u>	<u>(2,920,044)</u>	<u>(2,662,152)</u>	<u>257,892</u>
Total other financing sources (uses)	<u>(2,920,044)</u>	<u>(2,920,044)</u>	<u>(2,487,690)</u>	<u>432,354</u>
Net change in fund balance	(6,696,549)	(6,748,549)	1,185,403	7,933,952
Fund balance - beginning	<u>7,699,631</u>	<u>7,699,631</u>	<u>7,699,631</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,003,082</u>	<u>\$ 951,082</u>	<u>\$ 8,885,034</u>	<u>\$ 7,933,952</u>

CITY OF MADERA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2016

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 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, 2016:

General Fund

Public protection	\$ 147,738
Capital outlay	284,434
Debt service - interest	74,223

General Development Impact Fee Fund

Public ways and facilities	756,203
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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, 2016**

	2015	2016
Total Pension Liability		
Service cost	\$ 1,562,632	\$ 1,515,655
Interest on the total pension liability	4,865,000	5,085,808
Differences between actual and expected experience	-	-
Changes in assumptions	-	(1,189,492)
Changes in benefit terms	-	(269,941)
Benefit payments, including refunds of employee contributions	(3,247,986)	(3,412,481)
Net change in total pension liability	3,179,646	1,729,549
Total pension liability - beginning	65,709,332	68,888,978
Total pension liability - ending (a)	\$ 68,888,978	\$ 70,618,527
 Plan Fiduciary Net Position		
Contributions - employer	\$ 1,465,153	\$ 1,603,067
Contributions - employee	787,068	705,875
Net investment income	7,962,241	1,164,130
Administrative expenses	(55,556)	(59,277)
Benefit payments, including refunds of employee contributions	(3,247,986)	(3,412,481)
Net change in plan fiduciary net position	6,910,920	1,314
Plan fiduciary net position - beginning	45,749,432	52,660,352
Plan fiduciary net position - ending (b)	\$ 52,660,352	\$ 52,661,666
 Net pension liability - ending (a)-(b)	\$ 16,228,626	\$ 17,956,861
 Plan fiduciary net position as a percentage of the total pension liability	76.44%	74.57%
 Covered payroll	\$ 8,601,515	\$ 8,841,088
 Net pension liability as percentage of covered payroll	188.67%	203.11%

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. The discount rate was changed for 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**CITY OF MADERA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
LAST 10 years*
As of June 30, 2016**

	<u>2015</u>	<u>2016</u>
Actuarially required contribution (actuarially determined)	\$ 1,397,058	\$ 1,603,067
Contributions in relation to the actuarially determined contributions	<u>(1,397,058)</u>	<u>(1,603,067)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,601,515	\$ 8,841,088
Contributions as a percentage of covered payroll	16.24%	18.13%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**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, 2016**

	2015	2016
Proportion of the net pension liability	0.33750%	0.34000%
Proportionate share of the net pension liability	\$ 12,759,288	\$ 14,009,122
Covered payroll	\$ 3,916,737	\$ 3,797,547
Proportionate share of the net pension liability as percentage of covered payroll	325.76%	368.90%
Plan fiduciary net position as a percentage of the total pension liability	74.86%	72.97%

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**CITY OF MADERA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
COST-SHARING EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
LAST 10 years*
As of June 30, 2016**

	2015	2016
Actuarially determined contribution	\$ 1,405,797	\$ 1,388,656
Contributions in relation to the actuarially determined contributions	(1,405,797)	(1,388,656)
Contribution deficiency (excess)	\$ -	\$ -
 Covered payroll	 \$ 3,916,737	 \$ 3,797,547
 Contributions as a percentage of covered payroll	 35.89%	 36.57%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**CITY OF MADERA
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 OTHER POSTEMPLOYMENT BENEFITS PLAN
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2016**

**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, 2016**

	Business Improvement District	Park Development	Parking District	Federal Aid Urban	Street Construction
ASSETS					
Cash and investments	\$ 6,067	\$ 101,173	\$ 98,058	\$ -	\$ 24,238
Receivables:					
Accounts, net	3,509	15,658	7,509	683,170	113,985
Interest	-	-	-	-	-
Notes	-	-	-	-	-
Prepaid items	-	-	-	-	-
Due from other funds	-	-	-	-	-
Land held for resale	-	-	-	-	-
Restricted assets:					
Cash and investments with fiscal agents	-	-	-	-	-
 Total assets	<u>\$ 9,576</u>	<u>\$ 116,831</u>	<u>\$ 105,567</u>	<u>\$ 683,170</u>	<u>\$ 138,223</u>
LIABILITIES					
Accounts payable	\$ 5,864	\$ 33,824	\$ 1,421	\$ 6	\$ 9,426
Salaries payable	-	-	106	-	-
Due to other funds	-	-	-	364,056	-
Unearned revenue	-	-	-	-	-
Deposit payable	-	-	-	-	-
 Total liabilities	<u>5,864</u>	<u>33,824</u>	<u>1,527</u>	<u>364,062</u>	<u>9,426</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	15,658	-	427,037	113,985
 Total deferred inflows of resources	<u>-</u>	<u>15,658</u>	<u>-</u>	<u>427,037</u>	<u>113,985</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Prepays items	-	-	-	-	-
Land held for resale	-	-	-	-	-
Notes receivable	-	-	-	-	-
Restricted:					
Community development	3,712	-	-	-	-
Park development	-	67,349	-	-	-
Parking improvements	-	-	104,040	-	14,812
Public works and transportation	-	-	-	-	-
Special assessment project	-	-	-	-	-
Law enforcement	-	-	-	-	-
Debt service	-	-	-	-	-
Unassigned	-	-	-	(107,929)	-
 Total fund balances (deficits)	<u>3,712</u>	<u>67,349</u>	<u>104,040</u>	<u>(107,929)</u>	<u>14,812</u>
 Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 9,576</u>	<u>\$ 116,831</u>	<u>\$ 105,567</u>	<u>\$ 683,170</u>	<u>\$ 138,223</u>

CITY OF MADERA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE
JUNE 30, 2016
(Continued)

	Senior Citizens Services	Senior Citizens Nutrition	Landscape Assessment	Supplemental Law Enforcement	Intermodal Building	Community Facilities District
ASSETS						
Cash and investments	\$ -	\$ -	\$ 517,677	\$ 86,202	\$ 198,636	\$ 1,158,820
Receivables:						
Accounts, net	-	-	3,701	120,101	12,025	16,447
Interest	-	-	-	-	-	549
Notes	-	-	-	-	-	-
Prepaid items	1,400	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-
Restricted assets:						
Cash and investments with fiscal agents	-	-	-	-	-	254,627
Total assets	\$ 1,400	\$ -	\$ 521,378	\$ 206,303	\$ 210,661	\$ 1,430,443
LIABILITIES						
Accounts payable	\$ 2,989	\$ -	\$ 877	\$ 2,287	\$ 1,732	\$ 808
Salaries payable	3,905	-	-	-	142	-
Due to other funds	44,242	-	-	-	-	-
Unearned revenue	-	-	-	-	180,606	133,075
Deposit payable	-	-	-	-	-	-
Total liabilities	51,136	-	877	2,287	182,480	133,883
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	3,701	90,101	716	16,447
Total deferred inflows of resources	-	-	3,701	90,101	716	16,447
FUND BALANCES (DEFICITS)						
Nonspendable						
Prepays items	1,400	-	-	-	-	-
Land held for resale	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Restricted:						
Community development	-	-	-	-	-	-
Park development	-	-	-	-	-	-
Parking improvements	-	-	-	-	-	-
Public works and transportation	-	-	-	-	27,465	-
Special assessment project	-	-	516,800	-	-	1,025,486
Law enforcement	-	-	-	113,915	-	-
Debt service	-	-	-	-	-	254,627
Unassigned	(51,136)	-	-	-	-	-
Total fund balances (deficits)	(49,736)	-	516,800	113,915	27,465	1,280,113
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 1,400	\$ -	\$ 521,378	\$ 206,303	\$ 210,661	\$ 1,430,443

CITY OF MADERA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE
JUNE 30, 2016
(Continued)

	Economic Development	Park Facilities	Residential Rehab	Low and Moderate Income Housing Asset	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and investments	\$ 615,278	\$ 65,240	\$ -	\$ 876,289	\$ 3,747,678
Receivables:					
Accounts, net	-	-	317,348	-	1,293,453
Interest	-	-	-	-	549
Notes	-	-	7,496,577	108,985	7,605,562
Prepaid items	-	-	-	195	1,595
Due from other funds	-	-	26,680	-	26,680
Land held for resale	-	-	-	940,000	940,000
Restricted assets:	-	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-	254,627
Total assets	<u>\$ 615,278</u>	<u>\$ 65,240</u>	<u>\$ 7,840,605</u>	<u>\$ 1,925,469</u>	<u>\$ 13,870,144</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 13,337	\$ 2,191	\$ 74,762
Salaries payable	-	-	-	732	4,885
Due to other funds	-	-	86,081	10,095	504,474
Unearned revenue	-	-	-	-	313,681
Deposit payable	-	-	-	5,074	5,074
Total liabilities	<u>-</u>	<u>-</u>	<u>99,418</u>	<u>18,092</u>	<u>902,876</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	317,348	-	984,993
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>317,348</u>	<u>-</u>	<u>984,993</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Prepays items	-	-	-	195	1,595
Land held for resale	-	-	-	940,000	940,000
Notes receivable	-	-	7,496,577	108,985	7,605,562
Restricted:					
Community development	615,278	-	-	858,197	1,477,187
Park development	-	-	-	-	67,349
Parking improvements	-	65,240	-	-	184,092
Public works and transportation	-	-	-	-	27,465
Special assessment project	-	-	-	-	1,542,286
Law enforcement	-	-	-	-	113,915
Debt service	-	-	-	-	254,627
Unassigned	-	-	(72,738)	-	(231,803)
Total fund balances (deficits)	<u>615,278</u>	<u>65,240</u>	<u>7,423,839</u>	<u>1,907,377</u>	<u>11,982,275</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 615,278</u>	<u>\$ 65,240</u>	<u>\$ 7,840,605</u>	<u>\$ 1,925,469</u>	<u>\$ 13,870,144</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, 2016**

	Business Improvement District	Park Development	Parking District	Federal Aid Urban	Street Construction
REVENUES:					
Other taxes	\$ 24,825	\$ -	\$ 27,560	\$ -	\$ -
Use of money and property	57	1,241	-	-	-
Fines	2,430	-	20,530	-	-
Aid from other governmental agencies:					
Federal	-	-	-	939,350	-
State	-	731,250	-	-	1,169,835
Other	-	-	-	-	-
Charges for current services	554	-	876	-	-
Miscellaneous	-	-	-	-	-
	<u>27,866</u>	<u>732,491</u>	<u>48,966</u>	<u>939,350</u>	<u>1,169,835</u>
Total revenues					
EXPENDITURES:					
Current:					
Public protection	-	-	-	-	-
Social services	-	-	-	-	-
Public ways and facilities	-	-	26,906	-	-
Community development	25,094	-	-	-	-
Capital outlay	-	835,521	-	1,071,137	489,868
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
	<u>25,094</u>	<u>835,521</u>	<u>26,906</u>	<u>1,071,137</u>	<u>489,868</u>
Total expenditures					
Excess (deficiency) of revenues over (under) expenditures	<u>2,772</u>	<u>(103,030)</u>	<u>22,060</u>	<u>(131,787)</u>	<u>679,967</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	126,159
Transfers out	-	-	(8,248)	-	(525,985)
	<u>-</u>	<u>-</u>	<u>(8,248)</u>	<u>-</u>	<u>(399,826)</u>
Total other financing sources (uses)					
Net change in fund balances	2,772	(103,030)	13,812	(131,787)	280,141
Fund balances - beginning (restated)	<u>940</u>	<u>170,379</u>	<u>90,228</u>	<u>23,858</u>	<u>(265,329)</u>
Fund balances - ending	<u>\$ 3,712</u>	<u>\$ 67,349</u>	<u>\$ 104,040</u>	<u>\$ (107,929)</u>	<u>\$ 14,812</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, 2016
(Continued)

	Senior Citizens Services	Senior Citizens Nutrition	Landscape Assessment	Supplemental Law Enforcement	Intermodal Building	Community Facilities District
REVENUES:						
Other taxes	\$ -	\$ -	\$ 346,317	\$ -	\$ -	\$ 510,736
Use of money and property	-	-	-	301	21,120	10,685
Fines	-	-	-	-	-	-
Aid from other governmental agencies:						
Federal	68,468	-	-	20,463	2,689	-
State	-	-	-	100,000	65,297	-
Other	-	-	-	-	-	-
Charges for current services	845	-	-	-	12,183	-
Miscellaneous	34,445	-	-	-	-	-
Total revenues	<u>103,758</u>	<u>-</u>	<u>346,317</u>	<u>120,764</u>	<u>101,289</u>	<u>521,421</u>
EXPENDITURES:						
Current:						
Public protection	-	-	-	71,841	-	-
Social services	357,699	-	-	-	-	-
Public ways and facilities	-	-	350,436	-	89,313	17,229
Community development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	30,023	-	40,000
Interest	-	-	-	4,830	-	132,970
Total expenditures	<u>357,699</u>	<u>-</u>	<u>350,436</u>	<u>106,694</u>	<u>89,313</u>	<u>190,199</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(253,941)</u>	<u>-</u>	<u>(4,119)</u>	<u>14,070</u>	<u>11,976</u>	<u>331,222</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	251,047	-	-	-	-	172,970
Transfers out	-	(51,512)	-	-	(450)	(672,970)
Total other financing sources (uses)	<u>251,047</u>	<u>(51,512)</u>	<u>-</u>	<u>-</u>	<u>(450)</u>	<u>(500,000)</u>
Net change in fund balances	(2,894)	(51,512)	(4,119)	14,070	11,526	(168,778)
Fund balances - beginning (restated)	<u>(46,842)</u>	<u>51,512</u>	<u>520,919</u>	<u>99,845</u>	<u>15,939</u>	<u>1,448,891</u>
Fund balances - ending	<u>\$ (49,736)</u>	<u>\$ -</u>	<u>\$ 516,800</u>	<u>\$ 113,915</u>	<u>\$ 27,465</u>	<u>\$ 1,280,113</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, 2016
(Continued)

	Economic Development	Park Facilities	Residential Rehab	Low and Moderate Income Housing Asset	Total Nonmajor Special Revenue Funds
REVENUES:					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ 909,438
Use of money and property	6,962	-	-	29,856	70,222
Fines	-	-	-	-	22,960
Aid from other governmental agencies:					
Federal	-	-	491,071	-	1,522,041
State	-	-	532,735	-	2,599,117
Other	-	-	-	16,207	16,207
Charges for current services	-	-	117,067	-	131,525
Miscellaneous	-	-	-	66,385	100,830
Total revenues	<u>6,962</u>	<u>-</u>	<u>1,140,873</u>	<u>112,448</u>	<u>5,372,340</u>
EXPENDITURES:					
Current:					
Public protection	-	-	-	-	71,841
Social services	-	-	-	-	357,699
Public ways and facilities	-	-	-	-	483,884
Community development	-	-	1,156,780	242,196	1,424,070
Capital outlay	420,000	-	-	-	2,816,526
Debt service:					
Principal	-	159,816	-	525,096	754,935
Interest	-	34,441	-	15,967	188,208
Total expenditures	<u>420,000</u>	<u>194,257</u>	<u>1,156,780</u>	<u>783,259</u>	<u>6,097,163</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(413,038)</u>	<u>(194,257)</u>	<u>(15,907)</u>	<u>(670,811)</u>	<u>(724,823)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	194,257	-	-	744,433
Transfers out	-	-	-	-	(1,259,165)
Total other financing sources (uses)	<u>-</u>	<u>194,257</u>	<u>-</u>	<u>-</u>	<u>(514,732)</u>
Net change in fund balances	(413,038)	-	(15,907)	(670,811)	(1,239,555)
Fund balances - beginning (restated)	<u>1,028,316</u>	<u>65,240</u>	<u>7,439,746</u>	<u>2,578,188</u>	<u>13,221,830</u>
Fund balances - ending	<u>\$ 615,278</u>	<u>\$ 65,240</u>	<u>\$ 7,423,839</u>	<u>\$ 1,907,377</u>	<u>\$ 11,982,275</u>

**CITY OF MADERA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2016**

	Local Transit Fund	Golf Course Fund	Airport Fund	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 272	\$ 1,059,547	\$ 1,059,819
Accounts receivable, net	354,656	140,649	66,083	561,388
Interest receivable	-	418	-	418
Prepaid expenses	1,897	-	8,520	10,417
Total current assets	<u>356,553</u>	<u>141,339</u>	<u>1,134,150</u>	<u>1,632,042</u>
Noncurrent assets:				
Restricted assets:				
Cash and investments	-	304,948	-	304,948
Capital assets, not depreciated	1,197,944	146,933	3,328,099	4,672,976
Capital assets, net of accumulated depreciation	1,297,842	1,881,928	7,774,811	10,954,581
Total noncurrent assets	<u>2,495,786</u>	<u>2,333,809</u>	<u>11,102,910</u>	<u>15,932,505</u>
Total assets	<u>2,852,339</u>	<u>2,475,148</u>	<u>12,237,060</u>	<u>17,564,547</u>
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan in current fiscal year	35,297	-	17,194	52,491
Total deferred outflows of resources	<u>35,297</u>	<u>-</u>	<u>17,194</u>	<u>52,491</u>
LIABILITIES				
Current liabilities:				
Accounts payable	90,919	3,500	106,144	200,563
Salaries payable	5,880	-	3,135	9,015
Accrued interest payable	-	-	6,620	6,620
Due to other funds	222,013	199,710	-	421,723
Advances from other funds	-	183,602	-	183,602
Compensated absences, due within one year	14,814	-	6,188	21,002
Long-term debt, due within one year	-	260,000	20,536	280,536
Total current liabilities	<u>333,626</u>	<u>646,812</u>	<u>142,623</u>	<u>1,123,061</u>
Noncurrent liabilities:				
Compensated absences, due in more than one year	4,336	-	-	4,336
Other post employment benefits obligation	18,022	-	9,498	27,520
Net pension liability	273,069	-	133,020	406,089
Long-term debt, due in more than one year	-	2,175,000	145,565	2,320,565
Total noncurrent liabilities	<u>295,427</u>	<u>2,175,000</u>	<u>288,083</u>	<u>2,758,510</u>
Total liabilities	<u>629,053</u>	<u>2,821,812</u>	<u>430,706</u>	<u>3,881,571</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	22,409	-	10,917	33,326
Deferred service concession arrangement receipts	-	130,000	-	130,000
Total deferred inflows of resources	<u>22,409</u>	<u>130,000</u>	<u>10,917</u>	<u>163,326</u>
NET POSITION				
Net investment in capital assets	2,495,786	(406,139)	10,936,809	13,026,456
Unrestricted	(259,612)	(70,525)	875,822	545,685
Total net position	<u>\$ 2,236,174</u>	<u>\$ (476,664)</u>	<u>\$ 11,812,631</u>	<u>\$ 13,572,141</u>

**CITY OF MADERA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Local Transit Fund	Golf Course Fund	Airport Fund	Total Nonmajor Enterprise Funds
Operating revenues:				
Charges for services	\$ 124,233	\$ 96,542	\$ 517,506	\$ 738,281
Other	225	-	-	225
Total operating revenues	124,458	96,542	517,506	738,506
Operating expenses:				
Salaries and benefits	276,298	-	155,682	431,980
General and administrative	1,222,780	64,083	288,161	1,575,024
Supplies and miscellaneous	196,884	-	39,442	236,326
Parts and supplies	-	-	34,898	34,898
Utilities	-	-	25,751	25,751
Depreciation	345,317	-	283,257	628,574
Total operating expenses	2,041,279	64,083	827,191	2,932,553
Operating income (loss)	(1,916,821)	32,459	(309,685)	(2,194,047)
Nonoperating revenues (expenses):				
Interest income	762	2,052	9,366	12,180
Property taxes	-	-	58,333	58,333
Operating grants	1,263,534	-	20,000	1,283,534
Capital grants	365,262	-	13,499	378,761
Other revenue	-	-	17,257	17,257
Interest expense	-	(1,423)	(8,100)	(9,523)
Other nonoperating expense	-	(9,091)	-	(9,091)
Total nonoperating revenues (expenses)	1,629,558	(8,462)	110,355	1,731,451
Income (loss) before capital contributions and transfers	(287,263)	23,997	(199,330)	(462,596)
Capital contributions	1,058,813	-	-	1,058,813
Transfers in	-	191,583	-	191,583
Transfers out	(62,052)	-	(9,149)	(71,201)
Change in net position	709,498	215,580	(208,479)	716,599
Net position - beginning	1,526,676	(692,244)	12,021,110	12,855,542
Net position - ending	\$ 2,236,174	\$ (476,664)	\$ 11,812,631	\$ 13,572,141

**CITY OF MADERA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Local Transit Fund	Golf Course Fund	Airport Fund	Total Nonmajor Enterprise Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 279,000	\$ 99,935	\$ 503,273	\$ 882,208
Payments to suppliers	(1,564,758)	(61,892)	(308,658)	(1,935,308)
Payments to employees	(258,524)	-	(169,879)	(428,403)
Payments to other funds	(11,014)	30,814	-	19,800
Net cash provided (used) by operating activities	<u>(1,555,296)</u>	<u>68,857</u>	<u>24,736</u>	<u>(1,461,703)</u>
Cash flows from noncapital financing activities:				
Transfers from (to) other funds	(62,052)	191,583	(9,149)	120,382
Other nonoperating revenues	-	-	17,257	17,257
Property taxes	-	-	58,333	58,333
Operating grants	1,263,534	-	20,000	1,283,534
Net cash provided (used) by noncapital financing activities	<u>1,201,482</u>	<u>191,583</u>	<u>86,441</u>	<u>1,479,506</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(12,210)	-	(84,500)	(96,710)
Capital grants	365,262	-	13,499	378,761
Principal paid on notes	-	-	(19,598)	(19,598)
Principal paid on bonds	-	(250,000)	-	(250,000)
Interest paid	-	(10,819)	(8,882)	(19,701)
Net cash provided (used) by capital and related financing activities	<u>353,052</u>	<u>(260,819)</u>	<u>(99,481)</u>	<u>(7,248)</u>
Cash flows from investing activities:				
Interest received	762	1,962	9,366	12,090
Net cash provided (used) by investing activities	<u>762</u>	<u>1,962</u>	<u>9,366</u>	<u>12,090</u>
Net increase (decrease) in cash and cash equivalents	-	1,583	21,062	22,645
Cash and cash equivalents - July 1, 2015	-	303,637	1,038,485	1,342,122
Cash and cash equivalents - June 30, 2016	<u>\$ -</u>	<u>\$ 305,220</u>	<u>\$ 1,059,547</u>	<u>\$ 1,364,767</u>

**CITY OF MADERA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	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)	\$ (1,916,821)	\$ 32,459	\$ (309,685)	\$ (2,194,047)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	345,317	-	283,257	628,574
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
(Increase) decrease in accounts receivable	154,544	43,393	(14,233)	183,704
(Increase) decrease in prepaid expense	(1,897)	1,500	(8,520)	(8,917)
(Increase) decrease in deferred outflows of resources from pensions	(7,618)	-	(1,377)	(8,995)
Increase (decrease) in accounts payable	(143,197)	691	88,114	(54,392)
Increase (decrease) in salaries payable	1,661	-	968	2,629
Increase (decrease) in due to other funds	(11,014)	55,294	-	44,280
Increase (decrease) in advances from other funds	-	(24,480)	-	(24,480)
Increase (decrease) in unearned revenue	(2)	-	-	(2)
Increase (decrease) in deferred inflows of resources from pensions	(28,941)	(40,000)	(18,426)	(87,367)
Increase (decrease) in net pension liability	45,868	-	3,191	49,059
Increase (decrease) in compensated absences	4,025	-	725	4,750
Increase (decrease) in other postemployment benefit obligations	2,779	-	722	3,501
	<u>2,779</u>	<u>-</u>	<u>722</u>	<u>3,501</u>
Net cash provided (used) by operating activities	<u>\$ (1,555,296)</u>	<u>\$ 68,857</u>	<u>\$ 24,736</u>	<u>\$ (1,461,703)</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Cash and investments - unrestricted	\$ -	\$ 272	\$ 1,059,547	\$ 1,059,819
Cash and investments - restricted	-	304,948	-	304,948
Total cash and investments	<u>\$ -</u>	<u>\$ 305,220</u>	<u>\$ 1,059,547</u>	<u>\$ 1,364,767</u>
Noncash investing, capital, and financing activities:				
Developer and other capital contributions	<u>\$ 1,058,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,058,813</u>

**CITY OF MADERA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<u>Payroll Tax/Withholding Trust</u>				
ASSETS				
Cash and investments	\$ 454,997	\$ 26,186,018	\$ 26,343,211	\$ 297,804
Accounts receivable, net	11,633	3,343	4,006	10,970
Prepaid items	-	237,090	1,141	235,949
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 466,630</u>	<u>\$ 26,426,451</u>	<u>\$ 26,348,358</u>	<u>\$ 544,723</u>
LIABILITIES				
Accounts payable	\$ 41,899	\$ 6,447,815	\$ 6,469,135	\$ 20,579
Accrued liabilities	424,731	26,406,941	26,307,528	524,144
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 466,630</u>	<u>\$ 32,854,756</u>	<u>\$ 32,776,663</u>	<u>\$ 544,723</u>
<u>General Trust Fund</u>				
ASSETS				
Cash and investments	\$ 1,078,274	\$ 718,415	\$ 996,782	\$ 799,907
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,078,274</u>	<u>\$ 718,415</u>	<u>\$ 996,782</u>	<u>\$ 799,907</u>
LIABILITIES				
Accounts payable	\$ 53,932	\$ 948,577	\$ 992,648	\$ 9,861
Accrued liabilities	813	-	-	813
Deposit payable	22,504	43,559	34,150	31,913
Due to other governments	1,001,025	398,120	641,825	757,320
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 1,078,274</u>	<u>\$ 1,390,256</u>	<u>\$ 1,668,623</u>	<u>\$ 799,907</u>
<u>Madera Groundwater JPA Comm</u>				
ASSETS				
Cash and investments	\$ 27,355	\$ 633	\$ 5,044	\$ 22,944
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 27,355</u>	<u>\$ 633</u>	<u>\$ 5,044</u>	<u>\$ 22,944</u>
LIABILITIES				
Accounts payable	\$ 2,548	\$ 2,823	\$ 5,044	\$ 327
Due to other governments	24,807	810	3,000	22,617
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 27,355</u>	<u>\$ 3,633</u>	<u>\$ 8,044</u>	<u>\$ 22,944</u>

**CITY OF MADERA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<u>Total - All Agency Funds</u>				
ASSETS				
Cash and investments	\$ 1,560,626	\$ 26,905,066	\$ 27,345,037	\$ 1,120,655
Accounts receivable, net	11,633	3,343	4,006	10,970
Prepaid items	<u>-</u>	<u>237,090</u>	<u>1,141</u>	<u>235,949</u>
Total assets	<u>\$ 1,572,259</u>	<u>\$ 27,145,499</u>	<u>\$ 27,350,184</u>	<u>\$ 1,367,574</u>
LIABILITIES				
Accounts payable	\$ 98,379	\$ 7,399,215	\$ 7,466,827	\$ 30,767
Accrued liabilities	425,544	26,406,941	26,307,528	524,957
Deposit payable	22,504	43,559	34,150	31,913
Due to other governments	<u>1,025,832</u>	<u>398,930</u>	<u>644,825</u>	<u>779,937</u>
Total liabilities	<u>\$ 1,572,259</u>	<u>\$ 34,248,645</u>	<u>\$ 34,453,330</u>	<u>\$ 1,367,574</u>