



COMPREHENSIVE
ANNUAL
DEBT
REPORT

CADR

FISCAL YEAR

2016

City of Fresno
State of California

FISCAL YEAR ENDED JUNE 30, 2016

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I. Overview

This section of the report provides an overview of the Debt Management Program, Debt Management Policies, Rating Agency Relations and Credit Maintenance, Composition of the Debt Financing Team, and Trustee activity during the year.

The City has a variety of financing tools at its disposal, with each one having its own benefits that may work best for a particular financing. Short-term debt options include Tax and Revenue Anticipation Notes, Commercial Paper, Bond Anticipation Notes and Lines of Credit. Long-term debt options included voter approved General Obligation Bonds, Revenue Bonds, Loans and Capital Leases. Each tool is discussed in detail in the City's Debt Management Policies. The Annual Debt Report does not include discussions on City's obligation for pension and other postemployment benefits.

A. Debt Management Program

Debt Management, a section within the Finance Department, is responsible for managing both the debt issuance process and subsequent debt administration for all City borrowings. This section of the report provides an overview of debt issuance in FY 2016, the debt program work plan in FY 2017, debt administration, debt management projects that have been completed, are currently underway, or are planned for FY 2017.

1. Debt Issued During FY2016

On July 15, 2015, the City entered into a 30-year agreement to borrow \$195,489,000 from the California State Water Resources Control Board for construction of a new surface water treatment facility in southeast Fresno. The interest rate is fixed at 1.663% for the term of the loan. Principal and interest due in semiannual installments will begin once the project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount received by the City through the interest payment date. As of June 30, 2016, the City has received \$8,897,728 in proceeds. The note will be funded from revenues of the Water Enterprise. Once construction is completed, annual debt service is estimated to be \$8,190,836.

On September 14, 2015, the City entered into a 30-year agreement to borrow \$52,475,049 from the California State Water Resources Control Board's Clean Water State Revolving Fund for construction of a recycled water distribution system in the southwest quadrant of the City. The interest rate is fixed at 1.0% for the term of the loan. Principal and interest due in semiannual installments will begin once the project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount received by the City through the interest payment date. As of June 30,

2016, the City has received no proceeds. The note will be funded from revenues of the Wastewater Enterprise.

On December 10, 2015, the City amended the Master Fire Equipment Lease Purchase Agreement with Community First National Bank for an additional \$15 million. Funds from this amendment were used to acquire additional fire vehicles budgeted in FY2016 and FY2017, and to acquire additional police vehicles that were budgeted in FY2017. No debt is incurred by entering into a Master Lease until an item is purchased and paid for by the lender. The Master Lease is simply a mechanism to provide for financing once authority to purchase and authority to finance has been established by the City Council.

On June 8, 2016, the City entered into a 30-year agreement to borrow \$26,520,000 from the California State Water Resources Control Board for construction of a raw water pipeline to replace the Enterprise Canal as a primary conveyance system for the Northeast Surface Water Treatment Facility. The interest rate is fixed at 1.6% for the term of the loan. Principal and interest due in semiannual installments will begin once the project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount received by the City through the interest payment date. As of June 30, 2016, the City has received no proceeds. The note will be funded from revenues of the Water Enterprise.

FY 2016 debt issuance totaled \$42.8 million, composed of equipment lease purchases of \$9.2 million for police and fire vehicles and equipment placed directly with Kansas State Bank and Community First National Bank, \$8.9 million drawn down from the Drinking Water State Revolving Loan Fund for the Raw Pipeline to replace the Enterprise Canal as the primary supply for the Northeast Surface Water Treatment Facility and \$24.7 drawn down from the Clean Water State Revolving Loan Fund for the Tertiary Treatment Facility.

2. Debt Program Work Plan for FY2017

On July 19, 2016, the City entered into a 30-year agreement to borrow \$65,875,669 from the California State Water Resources Control Board for construction of a raw water pipeline to the 80 MGD Southeast Surface Water Treatment Facility in order to allow for decreased reliance on groundwater pumping. The interest rate is fixed at 1.6% for the term of the loan. Principal and interest due in semiannual installments will begin once the project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount received by the City through the interest payment date. The note will be funded from revenues of the Water Enterprise.

On July 27, 2016, the City published on Planet Bids a Request for Proposals (RFP) for a new Citywide Master Equipment Lease Purchase Agreement to provide financing for any new and/or replacement equipment needed over the next three years. The City estimates it will need approximately \$9.8 million for fire equipment and approximately \$11 million for police and public works equipment. The line of credit that is expected to be provided will be \$25 million to allow for these and any other unanticipated needs over the next three years. Once the City enters into such an agreement, any equipment financed would need to go through the approval procedures dictated by the Municipal Code and City policies. The Master Equipment Lease Purchase Agreement would simply provide a mechanism to simplify and expedite what the Council approves. Six (6) proposals were submitted, and Banc of America Public Capital Corporation (BAPCC) was selected on January 12, 2017.

On October 2, 2016, the City paid off the remaining 2002 Judgment Obligation Bonds. A portion of the settlement property was sold, resulting in a surplus that was required to be used to pay down the bonds.

On November 3, 2016, the City Council gave its approval to transfer \$116 million of surplus Sewer revenues into an escrow that may be used to defease a large portion of the 2008 Sewer revenue bonds when they become callable on September 1, 2018.

New Loans – Debt Management staff assisted Water Division and Sewer Division staff with a detailed review of the documentation relating to the loans that will be issued in FY2017.

New Bonds – The City is currently working on a new lease-revenue bond transaction that would refinance several existing lease-revenue bonds for economic savings. It is estimated to save the City approximately \$500,000 in annual debt service.

3. Debt Administration

After debt has been issued, Debt Management is responsible for administering the debt portfolio. Section I.E of this report, Debt Financing Team, provides a detailed discussion of debt administration tasks performed by Debt Management staff.

New reporting requirements were established in FY2015 by the California Debt and Investment Advisory Commission (CDIAC) of the California State Department of the Treasury requiring any agency that is increasing debt must file a Report of Proposed Debt Issuance, followed up with a Report of Final Sale. In the past, issuers of the original debt instruments were required to file these reports, and borrowers of the debt from the issuer were not required to report. This change makes it imperative that Debt Management staff be involved in any and all loan transactions that the City is considering. Planned projects that are anticipated to benefit from this financing are a

Southeast Surface Water Treatment Facility, a Recycled Water Distribution System for the Southwest Quadrant of the City, and improvements to pipelines to service the Southeast Surface Water Treatment Facility.

4. Debt Management Projects

In addition to debt issuance and administration, Debt Management staff serves in a financial advisory role to other City departments and works on other projects as necessary. Various projects and administration efforts are described on the next page:

TEFRA Hearings for Conduit Financings – A Tax Equity and Financial Reform Act (TEFRA) hearing is mandated by the IRS to provide a reasonable opportunity for interested individuals to express their views, either orally or in writing, on the issuance of bonds and the nature of the improvements and projects for which bond funds will be allocated. The TEFRA hearing is held in the jurisdiction in which the bonds are to be issued.

A Notice of Public Hearing must be published in the daily newspaper of largest circulation in the project location at least 14 days prior to the hearing date. In addition, the TEFRA hearing date must be held prior to approval by the agency issuing the bonds.

The City of Fresno held two TEFRA hearings for conduit financing during FY 2016 and another one within 30 days of the year-end. The City does not issue debt for these projects, but assists other agencies that are formed for this specific type of financing by holding a public hearing to hear public comments regarding the project as required by the Act.

Trinity Health Corporation, operating as Saint Agnes Medical Center located at 1303 East Herndon Avenue, 1111 East Spruce Avenue, 1201 East Herndon Avenue, 1245 East Herndon Avenue, 1360 East Herndon Avenue, 7130 North Millbrook Avenue, 7202 North Millbrook Avenue, and 1313 E. Herndon Street applied for a \$25 million bond issuance with Michigan Finance Authority for the purpose of refinancing capital facilities and improvements previously constructed. This transaction will assist Saint Agnes Medical Center in the continuance of quality health care to the residents of Fresno and the surrounding service area.

Redwood Housing Partners applied for a \$15 million bond issuance with California Statewide Communities Facilities Authority (CSCDA) for the purpose of acquisition and rehabilitation of El Cazador Apartments, located at 4851 North Cedar Avenue.

Fruit Avenue Housing Associates, LP applied for a \$38 million bond issuance with CSCDA for the purpose of acquisition, rehabilitation, furnishing and equipping of

Parks at Fig Garden Apartments, a 366-unit multifamily rental housing project located at 4085 North Fruit Avenue.

Municipal Continuing Disclosure Cooperation (“MCDC”) Initiative – In an effort to address potentially widespread violations of the federal securities laws by municipal issuers and underwriters of municipal securities in connection with certain representations in bond offering documents regarding compliance with prior continuing disclosure obligations, the U.S. Securities and Exchange Commission (“SEC”) offered settlement terms to issuers and underwriters if they self-report possible violations involving material inaccurate statements relating to prior compliance with continuing disclosure obligations. As background, Rule 15(c) 2-12, which was promulgated by the SEC under the Securities Exchange Act of 1934, requires that before a municipality can issue municipal bonds to investors in a public sale, the bond underwriters must reasonably determine that the issuer or the party responsible for repaying the bonds has undertaken to provide certain updated disclosure information to the Municipal Securities Rulemaking Board (the “MSRB”) after the issuance of the bonds. This information includes annual financial and operating data, audits and notices of certain listed events. In addition, under Rule 15(c) 2-12, final official statements must disclose any material failure to comply with a continuing disclosure undertaking during the previous five years. Typically, the continuing disclosure undertaking is in the form of an agreement or a certificate entered into by the party responsible for repayment of the bonds.

The MCDC spurred underwriters and issuers, including the City, to engage in the detailed review of continuing disclosures filings made to the market through electronic/web-based dissemination sources in order to ascertain whether or not past bond offering documents were accurate in their representation about the completeness and timeliness of continuing disclosures.

Debt Management staff conducted an analysis of the City’s historical compliance with their respective continuing disclosure obligations from Fiscal Year 2006 through Fiscal Year 2013. While the City believes that it is in compliance with all significant limitations, restrictions and covenants, the City missed the 270 day continuing disclosure filing deadline by several days with respect to its Airport 2007, Tax Allocation 2001 and Water 2003 bonds for Fiscal Years 2010, 2011 and 2012. The Continuing Disclosure Certificate requires an Annual Report to be disseminated within 270 days after the end of the City’s fiscal year. The City’s fiscal year ends on June 30th. The City disseminated its Annual Report for Fiscal Year 2015 on March 21, 2016, and disseminated a revision on June 16, 2016.

B. Debt Management Policies

On December 3, 2009, City Council adopted, by Resolution No. 2009-249, the Taxpayer Protection Act in order to institute formal debt financial management policies. The Act was amended on February 25, 2010 by Resolution No. 2010-35. The Debt Management Policies (“Policies”) establish parameters for when and how the City may enter into debt obligations. The Policies permit sufficient flexibility to allow the City to take advantage of opportunities that may arise. Objectives of the Policy are:

- Minimize debt service and issuance costs;
- Provide a scheduling component (planning);
- Maintain access to cost-efficient borrowing;
- Achieve the highest practical credit rating;
- Full and timely repayment of debt;
- Balance use of pay-as-you-go and debt financing;
- Maintain full and complete financial disclosure and reporting; and
- Ensure compliance with applicable State and Federal laws.

The primary goal of the Policies is to achieve the highest practical credit ratings and strive to elevate and maintain those ratings in order to sustain cost-effective access to capital markets. In order to fulfill this goal and these objectives, certain ratios have been identified to quantify the City’s performance relative to direct debt. These measurements are as follows:

- Net Direct Debt (tax-supported General Fund debt, net of self-supporting and revenue anticipation debt) to Assessed Value shall not exceed 3%;
- Percentage of Principal on Net Direct Debt Retired in ten years shall average 35%; and
- Net Direct Debt as a percentage of General Fund Appropriation shall be less than 10%.

The table on the next page is an update of the table in Section 6 of the Debt Policies. In addition to this table, an additional quantitative goal stated in the Debt Policies is that the average Percentage of principal on Net Direct Debt Retired in 15 years should be at least 40%. During FY 2016, this percentage was 37.8% on GF Backed Principal and 45.0% on GF Paid Principal.

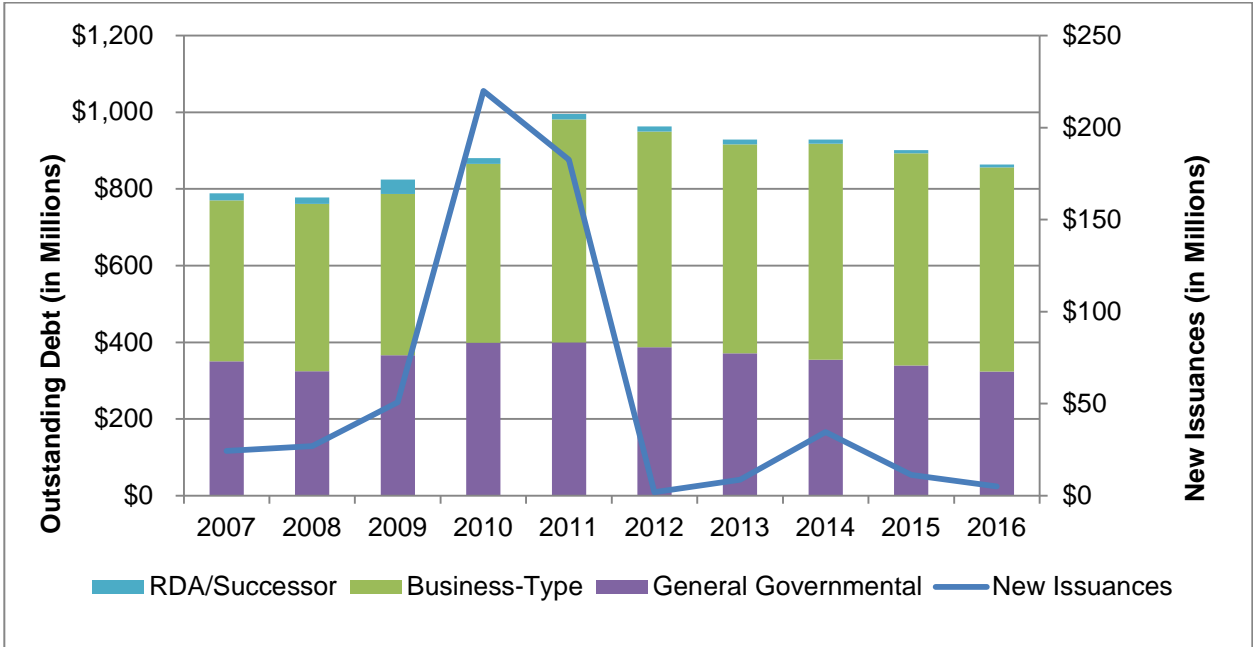
Key Debt Ratios Description/Trend	City of Fresno FY 2016 Debt Ratios
Net Direct Debt to Assessed Property Value % (Favorable Trend=Lower than 3%)	0.07%
% of Principal Net Direct Debt Retired in Ten Years GF Backed (2015 – 2016)	34.6%
(Favorable Trend = Greater than 35%) GF Paid (2015 – 2016)	41.2%
Net Direct Debt Service as % of General Fund Appropriations (Favorable Trend = Less than 10%)	8.88%

C. Citywide Debt Service

The following graph illustrates the size of the City’s debt portfolio and the dollar volume of debt issued in each of the last ten years. It should be noted that the focus has been on paying down debt in the last few years, and not the issuance of new bond debt.

City Debt Portfolio and Debt Issuance History

FY 2005-06 through FY 2015-16



General Governmental includes debt that is not Business-Type (paid out of the Water, Sewer and Airports enterprise funds), but is paid by either the General Fund or under special circumstances, Special Revenue Funds like the Gas Tax Fund specifically designated for the payment of debt service.

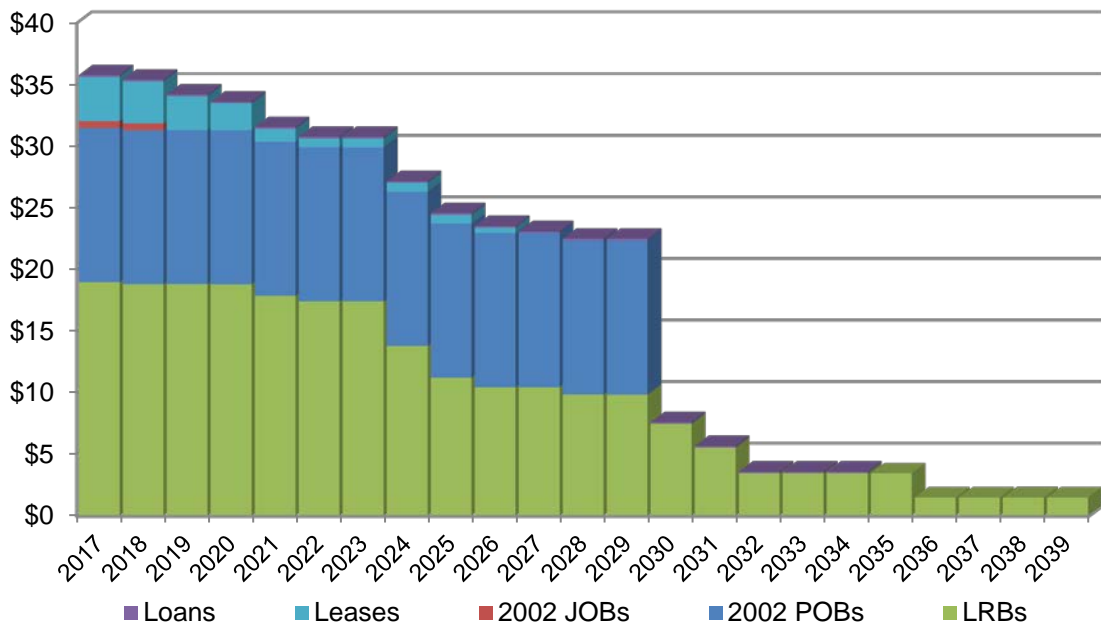
The City of Fresno’s general obligation debt capacity is spelled out in the City charter, Article XII, Section 1213. The capacity is 20% of the assessed valuation of all property within the boundaries of the City of Fresno. The capacity for FY 2016 is calculated as follows:

Assessed valuation as of 06/30/2016	\$31.5 billion
Debt limit	<u>X 20%</u>
City’s Debt Limit	\$6.30 billion

The Debt Limit is specifically related to general obligation debt, which is debt that is issued as a result of an election (voter-approved debt). Debt Limit defines voter-approved debt that could legally be outstanding rather than what the City can afford to issue. The City of Fresno has no voter-approved debt. However as displayed in the chart above, the City has never had total debt outstanding of more than \$1 billion.

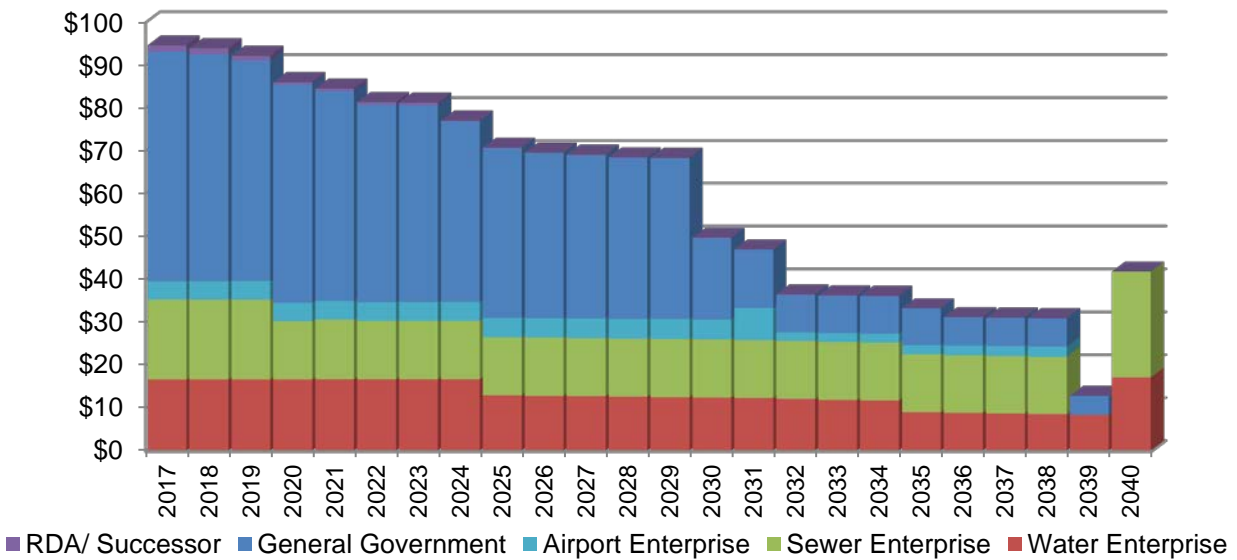
The City has two obligation bonds and several Lease Revenue Bonds (LRBs), capital loans and capital leases outstanding that are paid in whole or part by the General Fund. The chart below shows only General Fund debt service:

General Fund Debt Service (in Millions)



The chart below shows all of the City’s debt and the source of funding that backs it:

Citywide Debt Service (in Millions)



Payments in 2040 include new loan principal from the State Water Resources Control Board which have been drawn down in part, but cannot be amortized until after all loan proceeds have been drawn or the project has been deemed complete.

D. Rating Agency Overview/Actions

The City’s debt is rated by the three primary rating agencies (Moody’s, Standard & Poor’s, and Fitch). Below is a scale of the ratings by each agency:

CATEGORY	MOODY’S	CATEGORY	FITCH/S&P
Strongest	Aaa	Highest	AAA
Very Strong	Aa1, Aa2, Aa3	Very High	AA+, AA, AA-
Above Average	A1, A2, A3	High	A+, A, A-
Average	Baa1, Baa2, Baa3	Good	BBB+, BBB, BBB-
Below Average	Ba1, Ba2, Ba3	Speculative	BB+, BB, BB-
Weak	B1, B2, B3	Highly Speculative	B+, B, B-
Very Weak	Caa1, Caa2, Caa3	High Default Risk	CCC+, CCC, CCC-

The ratings for the City's General obligation, lease revenue, enterprise debt and the Agency's tax allocation bonds are summarized in the Appendix. A brief overview of the City's current general ratings (equivalent to a general obligation bond) is provided in the section below.

Year	Moody's	S&P	Fitch
2016	A3 Stable	BBB- Stable	A ↑ Stable
2015	A3 ↑ Stable	BBB- Stable	BBB+ Neg
2014	Baa1 ↓ Stable	BBB- Stable	BBB+ Neg
2013	A3 Neg	BBB- ↓ Stable	BBB+ ↓ Neg
2012	A3 ↓ Neg	BBB ↓ Neg	A- ↓ Stable
2011	A2 ↓ Neg	A ↓ Neg	A ↓ Stable

Arrows indicate an increase (↑) or decrease (↓) from the prior rating.

E. Debt Financing Team

The City of Fresno uses several individuals/organizations with expertise in their specific function to manage and administer the debt. Day-to-day administration is completed in-house by City staff, including the Controller, Assistant Controller, a Principal Accountant in charge of debt administration and a Senior Accountant/Auditor. The debt administration section of the Finance Department manages day-to-day activities as well as monthly, semi-annual and annual reporting requirements, such as reconciling trustee statements, monitoring arbitrage calculations and continuing disclosure, preparing debt sections of the Comprehensive Annual Financial Report, budgeting for debt, preparing and reporting to state and federal agencies, and ensuring compliance with all reporting requirements specifically cited in the bond documents.

The City contracts with various banks to provide trustee and paying agent services. Selection of the trustee is done through a Request for Qualifications (RFQ) at the time new debt is being considered. Currently, the City uses Bank of New York Mellon Corporate Trust, Wells Fargo Corporate Trust Services and Zions Bank. Annual reporting requirements such as arbitrage calculations and continuing disclosure requirements are completed by contract with Willdan Financial Services under the supervision of the Principal Accountant in charge of debt administration. Although these functions could be done in-house, the City has chosen to use outside consultants with

up-to-date expertise in these areas to ensure accuracy and integrity of the reports and calculations.

The issuance of new debt can be very complex with many different areas of expertise needed, so the City of Fresno has chosen to use financing teams consisting of in-house City staff with expertise relating to the projects which are to be funded along with Finance Department and City Attorney’s Office staff with expertise in their respective fields.

In addition to internal staff, the City engages KNN Public Finance as its expert financial advisor, Orrick Herrington & Sutcliff as its bond counsel, and Schiff Hardin as its disclosure counsel. Underwriters are selected by putting together an underwriting pool through an RFQ process conducted by the financial advisor, and when needed, a selection is made from that pool which has the best expertise in the projects that will be financed.

F. Trustee Activity

Trustees provide banking services for debt and act as a conduit between the City of Fresno and their client, the bondholders and/or investors. Debt documentation typically requires that a trustee be selected to hold funds on behalf of the investor in order to ensure that the debt is used for its intended purpose. Although selected and paid for by the City of Fresno, the trustee works for the investors.

Below is a list of each trustee and the debt instruments for which they provide services:

Trustee	Debt Instrument	Fees Paid to Trustee in FY2016	Interest/ Dividends Earned in FY2016
Bank of New York Mellon Corporate Trust	Fresno JPFA 1998 Lease Revenue Bonds	\$46,319	\$980,249
	1999 Community Facilities District #4		
	Fresno JPFA 2001 TARB		
	2001 Community Facilities District #5		
	2002 Pension Obligation Bonds		
	2002 Judgment Obligation Bonds		

	Fresno Redevelopment Agency 2003 TARB		
	2003 Community Facilities District #7		
	Fresno JPFA 2004 Lease Revenue Bonds		
	Fresno JPFA 2008 Lease Revenue Bonds		
	All City of Fresno Airport Bonds		
	All City of Fresno Sewer Bonds		
	All City of Fresno Water Bonds		
Wells Fargo Corporate Trust	Fresno JPFA 2001 Lease Revenue Bonds	\$4,150	\$22,448
	Fresno JPFA 2006 Lease Revenue Bonds		
	State Water Resources Control Board Loans		
Zions Bank	Fresno JPFA 2009 Lease Revenue Bonds	\$0	\$49,663

JPFA = Fresno Joint Powers Financing Authority; TARB = Tax Allocation Revenue Bonds

G. Investment Activity

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

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

In February 2014, staff determined that rates were favorable to lock in for periods of one to three years under a ladder approach to investing, allowing for reinvestment in the short-term until rates begin to improve. Staff believes that investing in the long-term at this time would commit the City into low earnings instead of taking advantage of opportunities as rates begin to rise. In November 2014, staff expanded this approach to all previously liquid reserve funds.

During fiscal year 2016, interest was earned from the following instruments:

Guaranteed Investment Contracts - \$605,508.76

Federal Agency Bonds - \$388,091.06

Repurchase Agreements - \$44,388.11

Money Market Funds – \$14,372.07

All earnings were used to pay a portion of the debt service on City bonds.

II. Debt Detail Report

Below is a schedule of debt outstanding as of June 30, 2016:

Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	FY2016 Debt Service Payment	
Governmental												
Revenue and Other Bonds												
Judgment Obligation Refunding Bonds 2002	\$5,370,000 tax-exempt	Refund 1994 & 1998 Judgment Obligation Bonds (Blosser Settlement)	4.60% to 4.70%	05/23/2002	08/15/2017	Repayment of bonds not limited to any special source of City funds. Principal due annually, interest due semiannually. General Fund revenues of \$538,475 was equal to debt service in 2016.	\$500,000 to \$525,000	\$1,023,791	\$1,209	\$1,025,000	\$1,073,513	\$538,475
Taxable Pension Obligation Bonds 2002	\$205,335,000 taxable	Refund 2000 Taxable Pension Obligation Bonds	6.46% to 6.55%	02/21/2002	06/01/2029	Repayment of bonds not limited to any special source of City funds. Principal due annually, interest due semiannually. City uses funds throughout the City based on full-time employees assigned to funds. For the General Fund, the City uses dedicated Property Tax Override (PTO) revenue first, and then other General Fund revenues to make its portion of the bond payment. Other citywide revenues make up the difference between total debt service and the General Fund portion. During 2016 \$11,102,406 of PTO revenue was used. In addition to PTO revenue, \$1,637,600 of General Fund and \$3,450,375 of Enterprise Fund/Internal Service Fund revenues were used to make the 2016 debt service payment of \$16,190,381.	\$7,135,000 to \$15,195,000	\$138,975,000	\$0	\$138,975,000	\$210,474,701	\$16,190,381
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 2008 A, No Neighborhood Left Behind (NNLB)	A = \$38,210,000 tax-exempt	Refund 2005A Lease Revenue Bonds (No Neighborhood Left Behind Project)	4.25% to 5.25%	04/29/2008	04/01/2023	Repayment payable solely by revenues pledged in trust agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$3,513,863 was equal to debt service in 2016.	\$2,500,000 to \$3,350,000	\$20,937,542	(\$522,542)	\$20,415,000	\$24,597,800	\$3,513,863
Fresno Joint Powers Financing Authority: Lease Revenue Bonds (Chiller) 2008 E, City Hall	E = \$3,405,000 tax-exempt	Replace City Hall chiller	4.50% to 4.60%	08/14/2008	04/01/2024	Repayment payable solely by revenues pledged in trust agreement, primarily Base Rental Payments under Facility Lease. Principal due annually, interest due semiannually. Lease revenue of \$155,680 was equal to debt service in 2016.	\$950,000 to \$2,455,000	\$3,376,926	\$28,074	\$3,405,000	\$4,607,690	\$155,680
Fresno Joint Powers Financing Authority: Lease Financing 2010, City Hall Refunding, Bee Building & Granite Park	A = \$25,450,000 tax-exempt; B = \$21,045,000 taxable	Refinance and improvements to City Hall & Parking Garage #7 and to acquire the Fresno Bee Building and Granite Park	3.47% to 7.30%	06/04/2010	02/01/2031	(Bank of America Public Capital Corp. - Private Placement) Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$4,609,621 was equal to debt service in 2016.	\$1,395,000 to \$2,975,000	\$34,405,000	\$0	\$34,405,000	\$51,231,123	\$4,634,814
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 2004 A,B,C, Various Capital Projects	A = \$15,810,000 tax-exempt; B = \$8,100,000 tax-exempt; C = \$28,870,000 taxable	Calcut Project, Fire Department Projects, Downtown Parking Projects, Santa Fe Depot Project, Roeding Business Park Project Area, other capital projects	5.00% to 5.90%	04/28/2004	10/01/2034	Repayment payable solely by revenues pledged in trust agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$2,763,861 was equal to debt service in 2016.	\$1,180,000 to \$1,905,000	\$29,001,897	(\$46,897)	\$28,955,000	\$44,409,520	\$2,763,861
Fresno Joint Powers Financing Authority: Lease Revenue Bonds (Parks Projects) 2008 C & D, Parks Impact Fee Projects	C = \$33,675,000 tax-exempt; D = \$1,530,000 taxable	Improvements to various park facilities	3.75% to 5.00%	06/12/2008	04/01/2038	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$2,191,150 was equal to debt service in 2016.	\$830,000 to \$2,090,000	\$29,385,129	\$269,871	\$29,655,000	\$48,211,675	\$2,191,150
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 2009 A, Police and Fire/Public Safety	A = \$43,385,000 tax-exempt	Various police and fire capital improvement projects	5.00% to 6.375%	04/09/2009	04/01/2039	Repayment payable solely by revenues pledged under Master Facilities Sublease agreement, primarily Base Rental Payments. Principal due annually, interest due semiannually. Lease revenue of \$3,442,681 was equal to debt service in 2016.	\$950,000 to \$2,765,000	\$36,172,485	\$537,515	\$36,710,000	\$69,220,830	\$3,442,681
Revenue and Other Bonds Total								\$293,277,770	\$267,230	\$293,545,000	\$453,826,852	\$33,430,905
Notes Payable												
Energy Conservation Assistance Act	\$2,661,000 Loaned	Loaned from the California Energy Commission to be used for solar energy enhancements at the Municipal Service Yard	3.950%	07/12/2004	06/22/2017	24 annual principal and interest installments of \$143,964. Repayment comes from actual savings in energy costs resulting from the project or other available Division funds.		\$276,441	\$0	\$276,441	\$284,633	\$287,891

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	FY2016 Debt Service Payment
HUD: Regional Medical Center (RMC)	\$3,000,000 Loaned	Section 108 Notes to be used for improvements to Regional Medical Center	2.660% to 2.910%	10/28/1997	08/01/2017	Annual principal payments, semiannual interest payments.	\$255,000 to \$270,000	\$525,000	\$0	\$525,000	\$540,177	\$252,225
HUD: Fresno/Madera Area Agency on Aging (FMAAA)	\$1,500,000 Loaned	Section 108 Notes to be used to acquire and improve FMAAA facilities	2.660% to 3.300%	06/14/2000	08/01/2019	Annual principal payments, semiannual interest payments.	\$105,000 to \$135,000	\$470,000	\$0	\$470,000	\$501,151	\$115,293
HUD: Neighborhood Streets/Parks	\$1,500,000 Loaned	Section 108 Note to be used for improvements to various neighborhood streets & parks	5.670% to 6.120%	08/08/2002	08/01/2022	Annual principal payments, semiannual interest payments.	\$88,000 to \$130,000	\$754,000	\$0	\$754,000	\$924,353	\$129,029
Roeding Business Park	\$2,441,000 Loaned	Loaned from the California Infrastructure and Economic Development Bank to be used to complete the Roeding Business Park	3.530%	03/18/2004	08/01/2033	Secured by Facility Lease on City Hall Annex. Annual principal payments, semiannual interest payments.	\$72,752 to \$131,212	\$1,787,287	\$0	\$1,787,287	\$2,413,641	\$134,603
Notes Payable Total								\$3,812,728	\$0	\$3,812,728	\$4,663,955	\$919,041
Governmental Total								\$297,090,498	\$267,230	\$297,357,728	\$458,490,807	\$34,349,946

Business-type												
Revenue and Other Bonds												
Water System Revenue Refunding Bonds 2003 A	A = \$16,155,000 tax-exempt	Refund 1993 Water Bonds & finance improvements to the Water System	5.25%	04/23/2003	06/01/2020	Repayment of bonds solely from all revenues derived from the operation of the City Water System, except connection fees and charges, refundable deposits and capital contributions. Pledged in parity with the pledge securing the 2010 Bonds and State loans for Water. Principal payable annually, interest semiannually.	\$1,125,000 to \$1,310,000	\$4,925,718	(\$65,718)	\$4,860,000	\$5,514,150	\$1,381,325
Water System Revenue Bonds (Non-Taxable) 2010 A-1, Water	A-1 = \$66,810,000 tax-exempt	Current Refund 1998 Water Bonds & improvements to the Water System	4.00% to 5.00%	02/03/2010	06/01/2024	Repayment of bonds solely from all revenues derived from the operation of the City Water System, except connection fees and charges, refundable deposits and capital contributions. Pledged in parity with the pledge securing the 2003 Bonds and State loans for Water. Principal payable annually, interest semiannually.	\$4,080,000 to \$7,455,000	\$47,422,437	(\$2,227,437)	\$45,195,000	\$57,078,175	\$6,433,975
Water System Revenue Bonds (Taxable Build America Bonds) 2010 A-2, Water	A-2 = \$91,340,000 taxable	Improvements to the Water System	6.50% to 6.75%	02/03/2010	06/01/2040	Repayment of bonds solely from all revenues derived from the operation of the City Water System, except connection fees and charges, refundable deposits and capital contributions. Pledged in parity with the pledge securing the 2003 Bonds and State loans for Water. Principal payable annually, interest semiannually. During Fiscal Year 2016, a federal Build America Bonds subsidy of \$1,988,927 was received.	\$4,090,000 to \$7,715,000	\$89,800,368	\$1,539,632	\$91,340,000	\$197,796,338	\$6,097,263
Sewer System Revenue Bonds 1993 A	A = \$196,280,000 tax-exempt	Rehabilitation and expansion of the City's Wastewater Treatment Facility	4.50% to 5.25%	10/06/1993	09/01/2023	Repayment of bonds solely from all revenues derived from the operation of the City Sewer System, except connection fees and charges, refundable deposits and capital contributions. Principal payable annually, interest semiannually.	\$45,000 to \$10,090,000	\$35,751,963	\$18,037	\$35,770,000	\$39,648,981	\$10,723,231
Sewer System Revenue Bonds 2008 A, Sewer	A = \$159,845,000 tax-exempt	Refund 1995 & 2000 Sewer Bonds; Improvements to the City's Wastewater Reclamation Facility	4.625% to 5.00%	07/24/2008	09/01/2037	Repayment of bonds solely from all revenues derived from the operation of the City Sewer System, except connection fees and charges, refundable deposits and capital contributions. Pledged subordinate to the pledge securing the 1993 Bonds. Principal payable annually, interest semiannually.	\$5,410,000 to \$13,090,000	\$162,683,661	(\$2,838,661)	\$159,845,000	\$273,449,385	\$7,948,844
Fresno Joint Powers Financing Authority: Lease Revenue Bonds (Conv. Ctr.) 2008 - Convention Center	F = \$21,410,000 taxable	Refund a portion of 2006 Convention Center Bonds & finance various Convention Center improvements	6.30% to 6.70%	08/14/2008	04/01/2023	Repayment of bonds is made by the Authority solely from revenues received from the City that are pledged under the Master Facilities Sublease Agreement. Principal Due annually, interest due semiannually. During 2016, the City chose to make these lease payments from the General Fund in the amount of \$2,412,080, which was equal to the debt service payment. While the City has the right to use any unencumbered funding source it wishes to use for future lease payments, it is anticipated that General Fund revenues will be used to make future lease payments, which the Authority will then use to make the debt service payment.	\$1,370,000 to \$2,175,000	\$12,493,175	\$41,825	\$12,535,000	\$15,929,265	\$2,412,080

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	FY2016 Debt Service Payment
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 2006 - Convention Center	A = \$15,420,000 tax-exempt; B = \$3,305,000 taxable	Acquisition & Improvements to the Convention Center facilities	4.00% to 4.50%	06/28/2006	10/01/2026	Repayment of bonds is made by the Authority solely from revenues received from the City that are pledged under the Master Facilities Sublease Agreement. Principal Due annually, interest due semiannually. During 2016, the City chose to make these lease payments from the General Fund in the amount of \$586,671, which was equal to the debt service payment. While the City has the right to use any unencumbered funding source it wishes to use for future lease payments, it is anticipated that General Fund revenues will be used to make future lease payments, which the Authority will then use to make the debt service payment.	\$375,000 to \$575,000	\$5,153,307	\$1,693	\$5,155,000	\$6,472,684	\$586,671
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 1998, Exhibit Hall Expansion Project	\$32,609,535 tax-exempt	Construction of an exhibit hall.	4.75%	09/01/1998	09/01/2028	Current Interest Serial Bonds (\$25,395,000) and Capital Appreciation Serial Bonds (\$7,214,535). Repayment of bonds is made by the Authority solely from revenues received from the City that are pledged under the Master Facilities Sublease Agreement. Principal Due annually, interest due semiannually. During 2016, the City chose to make these lease payments from the General Fund in the amount of \$2,377,125, which was equal to the debt service payment. While the City has the right to use any unencumbered funding source it wishes to use for future lease payments, it is anticipated that General Fund revenues will be used to make future lease payments, which the Authority will then use to make the debt service payment.	\$1,206,892 to \$1,737,405	\$22,613,446	(\$3,945,316)	\$18,668,130	\$30,807,575	\$2,377,125
Fresno Joint Powers Financing Authority: Lease Revenue Bonds 2001 A & B, Stadium Project	A = \$23,615,000 tax-exempt; B = \$22,235,000 taxable	Acquire and construct a multipurpose outdoor stadium	5.00% to 7.03%	05/15/2001	06/12/2031	Repayment payable solely by revenues pledged in trust agreement, primarily Base Rental Payments pursuant to a Facilities Lease. Principal due annually, interest due semiannually. Lease revenue of \$3,448,666 recognized in 2016, equal to debt service in 2016.	\$1,410,000 to \$3,250,000	\$33,134,695	(\$44,695)	\$33,090,000	\$51,677,724	\$3,448,666
Fresno Joint Powers Financing Authority: Lease Revenue Bonds (Riverside Golf Course) 2008 C & D, Riverside Golf Course	C = \$2,375,000 tax-exempt; D = \$105,000 taxable	Improvements to Riverside Golf Course	3.75% to 5.00%	06/12/2008	04/01/2038	Repayment of bonds is made by the Authority solely from revenues received from the City that are pledged under the Master Facilities Sublease Agreement. Principal Due annually, interest due semiannually. During 2016, the City chose to make these lease payments from the Riverside Golf Course Enterprise Fund in the amount of \$155,375, which was equal to the debt service payment. While the City has the right to use any unencumbered funding source it wishes to use for future lease payments, it is anticipated that Riverside Golf Course Enterprise Fund revenues will be used to make future lease payments, which the Authority will then use to make the debt service payment.	\$60,000 to \$150,000	\$2,070,869	\$19,131	\$2,090,000	\$3,449,869	\$155,375
Airport Revenue Refunding Bonds 2013, Concourse Expansion	A = \$10,810,000 Non-AMT; B = \$22,820,000 AMT (Subject to Alternative Minimum Tax)	Refund 2000 Airport Revenue Bonds	4.00% to 5.125%	08/06/2013	07/01/2030	Repayment of bonds solely from operation of the City Airport System. Bond Indenture requires a minimum \$1,600,000 of PFC Contribution toward annual debt service from Passenger Facility Charges (PFC). During Fiscal Year 2016 \$1,600,000 of PFC and \$1,179,044 of eligible Airports operation revenues were used to make the debt service payment.	\$1,370,000 to \$5,335,000	\$31,377,702	(\$467,702)	\$30,910,000	\$44,123,234	\$2,779,044
Airport Revenue Bonds 2007, Consolidated Rental Car Facility	\$22,000,000 taxable	Construction of a consolidated rental car facility and related improvements	5.833%	06/14/2007	07/01/2037	Repayment of bonds solely from operation of the City Airport System. While not required under the Bond Indenture, Airpors uses Customer Facility Charge (CFC) revenues first to meet the debt payment, and then uses other permitted revenues to cover any difference between CFC's and the debt payment. Principal due annually, interest due semiannually. During Fiscal Year 2016, \$1,395,573 of CFC revenue was used to fully cover the debt service payment.	\$170,000 to \$2,265,000	\$21,720,000	\$0	\$21,720,000	\$40,681,625	\$1,395,573
Revenue and Other Bonds Total								\$469,147,341	(\$7,969,211)	\$461,178,130	\$766,629,005	\$45,739,172

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	FY2016 Debt Service Payment
Notes Payable												
Water: Prop 82 Loan	\$1,753,567 Loaned	Loan under the Water Conservation Bond Law of 1988 to construct and improve ground water recharge facilities		02/22/1993	04/01/2016	Repayment of loan solely from all revenues derived from the operation of the City Water System, except connection fees and charges, refundable deposits and capital contributions. Pledged in parity with the pledge securing the 2003 Bonds, the 2010 Bonds and State loans for Water. Principal and interest due in semiannual installments of \$59,982.	\$111,964	\$0	\$0	\$0	\$0	\$119,963
Water: Safe-Drinking Water Program	\$51,405,432 Loaned	Contract between the State Water Resources Control Board and the City for installation of water meters throughout the City of Fresno	.000%	04/10/2012	10/01/2022	No interest loan. Repayment of the loan is funded from revenues of the Water Fund. Pledged in parity with the pledge securing the Water Bonds and other State loans for Water. Principal due in semiannual installments of \$1,285,136.	\$1,285,136 to \$2,570,272	\$46,264,888	\$0	\$46,264,888	\$46,264,889	\$2,570,271
Water: Safe Drinking Water Program	\$2,210,000 Loaned	Contract between the State Water Resources Control Board and the City to protect the City's drinking water supplies from possible contaminating activities (PCAs)	2.292% to 2.292%	07/01/2009	07/01/2031	Repayment of loan solely from all revenues derived from the operation of the City Water System, except connection fees and charges, refundable deposits and capital contributions. Pledged in parity with the pledge securing the 2003 Bonds, the 2010 Bonds and State loans for Water. Principal and interest due in semiannual installments of \$61,014.	\$122,028	\$1,584,365	\$0	\$1,584,365	\$1,891,433	\$122,028
Water: Safe Drinking Water Program	\$1,968,136 Loaned	Contract between the State Water Resources Control Board and the City for improvements on the Enterprise and Jefferson Canals	2.292%	07/01/2009	01/01/2032	Repayment of loan solely from all revenues derived from the operation of the City Water System, except connection fees and charges, refundable deposits and capital contributions. Pledged in parity with the pledge securing the 2003 Bonds, the 2010 Bonds and State loans for Water. Principal and interest due in semiannual installments of \$38,993.	\$77,986	\$1,012,547	\$0	\$1,012,547	\$1,208,789	\$77,986
Water: Drinking Water State Revolving Fund Project 1010007-029C	\$26,520,000 Loaned; \$0 Drawn to Date	Contract between the State Water Resources Control Board and the City for construction of a raw water pipeline to replace the Enterprise Canal as a primary conveyance system for the Northeast Surface Water Treatment Facility.	1.600%	04/05/2016	07/01/2048	Repayment of loan solely from all revenues derived from the operation of the City Water System, except connection fees and charges, refundable deposits and capital contributions. Pledged in parity with the pledge securing the 2003 Bonds, the 2010 Bonds and State loans for Water. Principal and interest due in semiannual installments to begin once project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount drawn down through the interest payment date. Repayment of the note is funded from revenues of the Water Fund.	Estimated at \$570,240 to \$1,104,867	\$0	\$0	\$0	\$0	\$0
Water: Drinking Water State Revolving Fund Project 1010007-028C	\$195,489,000 Loaned; \$8,897,728 Drawn to Date	Contract between the State Water Resources Control Board and the City for construction of a Southeast Surface Water Treatment Facility.	1.663%	07/15/2015	01/01/2049	Repayment of loan solely from all revenues derived from the operation of the City Water System, except connection fees and charges, refundable deposits and capital contributions. Pledged in parity with the pledge securing the 2003 Bonds, the 2010 Bonds and State loans for Water. Principal and interest due in semiannual installments to begin once the project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount drawn down through the interest payment date. Repayment of the note is funded from revenues of the Water Fund.	Estimated at \$4,609,453 to \$8,088,544	\$8,897,728	\$0	\$8,897,728	\$8,897,728	\$15,779
Sewer: Clean Water State Revolving Fund Project	\$33,138,638 Loaned; \$24,686,282 Drawn to Date	Contract between the State Water Resources Control Board and the City for construction of a tertiary treatment facility	1.000%	10/17/2014	07/12/2046	Repayment of loan solely from all revenues derived from the operation of the City Sewer System, except connection fees and charges, refundable deposits and capital contributions. Pledged subordinate to the pledge securing the 1993 Bonds, and in parity with the pledge securing the 2008 Bonds and State loans for Sewer. Principal and interest due in semiannual installments will begin once the project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount drawn down through the interest payment date. Repayment of the note is funded from revenues of the Wastewater Fund.	Estimated at \$762,029 to \$1,281,653	\$24,686,282	\$0	\$24,686,282	\$24,753,219	\$0

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	FY2016 Debt Service Payment
Sewer: Clean Water State Revolving Fund Project No. 8061-110	\$52,475,049 Loaned; \$0 Drawn to Date	Contract between the State Water Resources Control Board and the City for construction of a recycled water distribution system in the southwest quadrant of the City	1.000%	08/19/2015	05/30/2047	Repayment of loan solely from all revenues derived from the operation of the City Sewer System, except connection fees and charges, refundable deposits and capital contributions. Pledged subordinate to the pledge securing the 1993 Bonds, and in parity with the pledge securing the 2008 Bonds and State loans for Sewer. Principal and interest due in semiannual installments will begin once the project is completed and continue for 30 years. Until completion, interest is due semiannually on the amount drawn down through the interest payment date. Repayment of the note is funded from revenues of the Wastewater Fund.	Estimated at \$1,236,077 to \$2,027,329	\$0	\$0	\$0	\$0	\$0
Convention Center: Management Agreement	\$781,000 Loaned	Management Agreement between the City of Fresno and SMG to settle a conflict with employee benefits costs incurred by SMG	3.423%	01/01/2009	12/31/2018	Principal and interest due in monthly installments of \$4,167 through 12/31/2018 with an additional payment of \$250,000 to be paid no later than 12/31/2018. Repayment of the note is funded from revenues of the Convention Center operating fund. During 2015, only ten payments were made. The additional two payments were subsequently caught up and are reflected in the 2016 debt service payment and one additional payment was prepaid in 2016 (15 payments in 2016).	\$50,000	\$349,162	\$0	\$349,162	\$375,000	\$58,333
Notes Payable Total								\$82,794,972	\$0	\$82,794,972	\$83,391,058	\$2,964,361
Business-type Total								\$551,942,313	(\$7,969,211)	\$543,973,102	\$850,020,063	\$48,703,533

Fiduciary

Tax Allocation Bonds												
Fresno Joint Powers Financing Authority: Tax Allocation Revenue Bonds 2001, Redevelopment Agency Merger 2	\$10,000,000 tax-exempt	Redevelopment purposes within the Agency's Merger No. 2 Project Area	5.25%	02/01/2012	08/01/2018	Principal is due in annual installments, interest is due semiannually. Repayment of bonds is payable solely from tax increment revenues allocated by the Successor Agency to the City of Fresno Redevelopment Agency's Merger No. 2 Project area. All such revenues are pledged. Tax increment in Merger Area No. 2 of \$872,963 was equal to debt service in 2016.	\$535,000 to \$825,000	\$2,152,304	(\$7,304)	\$2,145,000	\$2,300,794	\$872,963
Tax Allocation Refunding Bonds 2003, Mariposa Project Area	\$5,005,000 tax-exempt	Refund the Agency's 1993 Tax Allocation Bonds (Mariposa Project Area)	5.25% to 5.625%	02/01/2012	02/01/2023	Principal is due in annual installments, interest is due semiannually. Repayment of bonds is payable solely from tax increment revenues allocated to the Successor Agency to the City of Fresno Redevelopment Agency's Mariposa Project area. All such revenues are pledged. Tax increment in Mariposa Project area of \$435,195 was equal to debt service in 2016.	\$296,000 to \$418,000	\$2,469,376	\$8,624	\$2,478,000	\$3,062,100	\$435,195
Tax Allocation Bonds Total								\$4,621,680	\$1,320	\$4,623,000	\$5,362,894	\$1,308,158
Notes Payable												
RDA: Roeding Business Park	\$2,118,000 Loaned	Loaned from the California Infrastructure and Economic Development Bank to be used to complete the Roeding Business Park	3.530%	03/18/2004	08/01/2033	Principal and interest due in semiannual installments. Secured by Tax Increment revenue received into the Roeding Business Park Project area.	\$63,123 to \$113,845	\$1,550,725	\$0	\$1,550,725	\$2,094,176	\$116,788
Notes Payable Total								\$1,550,725	\$0	\$1,550,725	\$2,094,176	\$116,788
Fiduciary Total								\$6,172,405	\$1,320	\$6,173,725	\$7,457,070	\$1,424,946

Discretely Presented Component Unit

Notes Payable												
Clearinghouse NMTC LLC	N/A	Proceeds used to purchase the Fresno Bee Building and associate properties; to be operated as a qualified active low-income community business in a manner consistent with the New Market Tax Credit requirements	1.00%	03/31/2010	03/01/2040	The COFCAP is required to make monthly interest payments to the lenders involved in the NMTC transaction. The funding source for the interest payments is the base rental payment made by the City of Fresno on a monthly basis in the amount of \$31,250 pursuant to Master Lease Agreement with the City of Fresno. Annual payments on the note reflect interest only. Principal to be repaid upon the sale of Property.	\$0	\$12,690,500	\$0	\$12,690,500	\$12,819,168 through 2017 when the NMTC deal is anticipated to be unwound	Interest only \$128,668

	Series	Purpose	Rate Range	Issue Date	Maturity Date	Note	Annual Principal	Outstanding Principal	Issuance Disc/(Prem) Accreted Int	Net Principal Due	Payments to Maturity	FY2016 Debt Service Payment
Clearinghouse NMTC LLC	N/A	Proceeds used to purchase the Fresno Bee Building and associate properties; to be operated as a qualified active low-income community business in a manner consistent with the New Market Tax Credit requirements	2.42%	03/31/2010	03/01/2040	The COFCAP is required to make monthly interest payments to the lenders involved in the NMTC transaction. The funding source for the interest payments is the base rental payment made by the City of Fresno on a monthly basis in the amount of \$31,250 pursuant to Master Lease Agreement with the City of Fresno. Annual payments on the note reflect interest only. Principal to be repaid upon the sale of Property.	\$0	\$3,969,500	\$0	\$3,969,500	\$4,066,896 through 2017 when the NMTC deal is anticipated to be unwound	Interest only \$97,396
Discretely Presented Component Unit Total								\$16,660,000	\$0	\$16,660,000	\$16,886,064	\$226,064
Grand Total								\$871,865,216	(\$7,700,661)	\$864,164,555	\$1,332,854,002	\$84,704,489

III. Comparative Statistics

Municipal Financial Ratio Analysis: Fresno vs. California Top 10 by Population

Selected Medians	Group Medians (Most Recent Available)		
	Moody's Ratings		
	Aa – CA 10	A3–Fresno	A – CA 10
General Fund Balance as % of Revenues	25.70	15.73	18.27
Direct Net Debt as % of Full Value	0.85	0.62	0.38
Total Full Value (in thousands)	\$142,876,528	\$30,083,476	\$27,343,994
Full Value Per Capita	\$128,116	\$57,835	\$61,748
Population Estimates	1,115,213	520,159	442,832
Per Capital Income (Estimated)	\$58,880	\$35,785	\$35,975

Peer Analysis to Largest 10 Cities

Metric	Median	City of Fresno	Ranking
General Fund Balance % of Revenues	25.4%	15.7%	10 th
Unassigned General Fund Balance % of Revenues	8.1%	8.7%	8 th
Direct Net Debt	\$989,254	\$186,860	9 th
Direct Net Debt Per Capita	\$1,009	\$359	9 th
Debt Burden	73.6%	66.0%	6 th
Per Capital Income	\$54,299	\$35,785	10 th
Assessed Value Per Capita	\$122,123	\$57,835	10 th

Ranking: 1st is the highest and 10th is the lowest of the largest 10 cities in California.

Glossary of Terms

Direct Net Debt: Total Debt less any Pension Bonds Outstanding.

Full Value: Total Assessed Valuation within the boundaries of the City.

Debt Burden: Net Direct Debt as a percentage of Revenues.

IV. Debt Coverage

Airport Enterprise

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Operating Revenues ⁽¹⁾	\$14,629,495	\$15,677,749	\$15,875,415	\$17,276,414	\$17,564,886	\$18,804,163	\$19,876,016	\$21,215,550	\$21,802,324	\$22,976,398
Less Operating Expenses	11,926,320	12,623,046	13,800,587	13,444,745	13,339,598	14,199,920	14,321,512	14,261,785	14,428,056	14,933,842
Other Available Funds ⁽²⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,992	\$ 95,014	\$ 349,805	\$ 359,232
Net Revenues	\$ 2,703,175	\$ 3,054,703	\$ 2,074,829	\$ 3,831,670	\$ 4,225,288	\$ 4,604,242	\$ 5,605,496	\$ 7,048,779	\$ 7,724,073	\$ 8,401,788
Adjusted Debt Service										
Series 2000 Bonds	\$ 2,721,843	\$ 2,850,401	\$ 2,872,002	\$ 3,011,580	\$ 3,012,614	\$ 3,011,470	\$ 3,012,060	\$ -	\$ -	\$ -
Series 2013 Bonds	-	-	-	-	-	-	-	3,288,321	2,805,144	2,807,944
Less										
Minimum PFC Contribution ⁽³⁾	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,600,000)	(1,600,000)	(1,600,000)
Bond proceeds	-	-	(338,300)	-	-	(70,077)	-	-	-	-
Additional PFC Contribution	(638,500)	(946,000)	(869,400)	(1,118,005)	(796,600)	(321,100)	(500,000)	(230,600)	-	-
Net Series 2000/2013 Debt Service	\$ 983,343	\$ 804,401	\$ 564,302	\$ 793,575	\$ 1,116,014	\$ 1,520,293	\$ 1,412,060	\$ 1,457,721	\$ 1,205,144	\$ 1,207,944
Series 2007 Bonds	-	-	640,013	1,283,260	1,283,260	1,298,260	1,332,385	1,369,469	1,399,219	1,436,928
Annual Adjusted Debt Service	\$ 983,343	\$ 804,401	\$ 1,204,315	\$ 2,076,835	\$ 2,399,274	\$ 2,818,553	\$ 2,744,445	\$ 2,827,190	\$ 2,604,363	\$ 2,644,872
Annual Adjusted Debt Service Coverage ⁽⁴⁾	2.75	3.80	1.72	1.84	1.76	1.63	2.04	2.49	2.97	3.44

Notes:

⁽¹⁾ State of California law requires the exclusion of Customer Facility Charge (CFC) Revenues from the calculation of Debt Service coverage in excess of annual Debt Service on the Series 2007 Bonds.

⁽²⁾ Per the indenture, unencumbered CFC funds equal to 25% of Adjusted Debt Service may be designated by the City as Other Available Funds prior to the beginning of any fiscal year, and be transferred to the Revenue Fund at the beginning of such fiscal year.

⁽³⁾ Under the Supplemental Indenture, the Minimum Passenger Facility Charge (PFC) Contribution is increased from \$1.1 million to \$1.6 million.

⁽⁴⁾ Numbers used for debt coverage calculated as required by the bond indenture and reflect pledged revenues and expenses in the Airports Debt Coverage Ratio.

Water Enterprise

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues										
Charges for Services	\$45,136,898	\$56,359,824	\$65,596,663	\$67,721,598	\$67,921,933	\$69,268,830	\$71,667,204	\$90,095,940	\$74,284,899	\$77,959,326
Less: Connection Fee Charges for Services	(3,120,060)	(3,403,075)	(2,230,192)	(1,662,536)	(1,218,217)	(1,083,555)	(1,330,539)	(1,666,977)	(1,495,691)	(1,562,867)
Net Charges for Services ⁽¹⁾	42,016,838	52,956,749	63,366,471	66,059,062	66,703,716	68,185,275	70,336,665	88,428,963	72,789,208	76,396,459
Other Operating Revenues and Interest Income	2,202,335	2,210,155	1,409,468	773,820	1,450,861	1,533,394	720,443	328,907	573,475	1,146,779
Total Revenues	44,219,173	55,166,904	64,775,939	66,832,882	68,154,577	69,718,669	71,057,108	88,757,870	73,362,683	77,543,238
Expenses										
Labor and Benefits			9,707,563	11,234,598	12,432,877	12,517,445	12,678,961	13,524,886	11,377,958	12,436,520
Pumping Power			9,114,867	8,890,968	8,849,543	8,986,181	9,112,975	9,292,005	8,500,975	8,149,532
Source of Supply			6,129,477	8,044,508	7,144,620	7,748,205	6,317,505	1,779,813	5,612,816	6,629,834
All Other Operating and Maintenance	36,786,028	39,754,832	16,776,763	15,613,196	17,999,120	18,385,535	16,820,809	18,151,285	17,473,391	17,165,711
Total Operating Expenses ⁽²⁾	36,786,028	39,754,832	41,728,670	43,783,270	46,426,160	47,637,366	44,930,251	42,747,989	42,965,140	44,381,597
Net Current Revenues	\$ 7,433,145	\$15,412,072	\$23,047,269	\$23,049,612	\$21,728,417	\$22,081,303	\$26,126,857	\$46,009,881	\$30,397,543	\$33,161,641
2003A Senior Bond Debt Service	3,738,540	3,734,142	3,736,222	2,934,114	1,374,750	1,374,350	1,375,750	1,378,350	1,356,105	1,381,325
State Loans Debt Service	265,103	265,103	265,103	272,971	291,220	265,031	259,483	119,963	119,963	119,963
Total Senior Debt	4,003,643	3,999,245	4,001,325	3,207,085	1,665,970	1,639,381	1,635,233	1,498,313	1,476,068	1,501,288
Senior Coverage Ratio	1.86	3.85	5.76	7.19	13.04	13.47	15.98	30.71	20.59	22.09
Net Revenue Available for Parity Debt Service	\$ -	\$ -	\$ -	\$19,842,527	\$20,062,447	\$20,441,922	\$24,491,624	\$44,511,568	\$28,921,475	\$31,660,353
2010 Series A Bond Debt Service	\$ -	\$ -	\$ -	\$ 3,235,943	\$12,509,988	\$12,515,238	\$12,507,038	\$12,508,838	\$12,509,238	\$12,531,238
State Loans Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,235	\$ 265,998	\$ 337,893	\$ 2,770,285	\$ 2,786,065
Total Parity Debt Service	\$ -	\$ -	\$ -	\$ 3,235,943	\$12,509,988	\$12,590,473	\$12,773,036	\$12,846,731	\$15,279,523	\$15,317,303
Parity Coverage Ratio	-	-	-	6.13	1.60	1.62	1.92	3.46	1.89	2.07

Notes:

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

⁽²⁾ 1993 Indenture defines "Maintenance and Operation Costs" as all expenses incurred for maintaining and operating the Water System except for Debt Service, Depreciation, and Amortization.

Wastewater Enterprise

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Charges for Services ⁽¹⁾	\$50,362,926	\$60,798,990	\$62,521,061	\$74,157,961	\$76,628,147	\$76,725,785	\$76,324,086	\$76,201,220	\$81,954,830	\$78,185,599
Interest Income	6,521,538	6,121,535	4,511,947	3,955,335	1,618,632	3,797,207	485,084	1,546,508	1,786,614	2,779,309
Less: Wastewater Facility Connection Fee	(3,120,060)	(4,386,213)	(1,439,343)	(2,336,689)	(1,463,172)	(1,133,247)	(1,852,524)	(1,981,327)	(1,708,801)	(1,843,957)
Total Senior Lien Revenues	53,764,404	62,534,312	65,593,665	75,776,607	76,783,607	79,389,745	74,956,646	75,766,401	82,032,643	79,120,951
Operating Expenses ⁽²⁾	39,753,076	31,909,771	31,646,468	30,714,505	31,422,980	36,857,808	36,431,161	36,339,200	37,390,529	35,935,135
Net Income Before Debt Service	\$14,011,328	\$30,624,541	\$33,947,197	\$45,062,102	\$45,360,627	\$42,531,937	\$38,525,485	\$39,427,201	\$44,642,114	\$43,185,816
Senior Lien Debt Service ⁽³⁾	-	-	13,391,850	13,530,713	10,754,019	10,736,988	10,724,331	10,714,175	10,359,173	10,387,403
Coverage Ratio ⁽⁴⁾	-	-	2.53	3.33	4.22	3.96	3.59	3.68	4.31	4.16
100% Coverage-Subordinate Lien: Net Current Revenue after Senior Lien Debt (before Connection Fees)	\$14,011,328	\$30,624,541	\$20,555,347	\$31,531,389	\$34,606,608	\$31,794,949	\$27,801,154	\$28,713,026	\$34,282,941	\$32,798,413
Available from Senior Lien Revenues	\$14,011,328	\$30,624,541	\$20,555,347	\$31,531,389	\$34,606,608	\$31,794,949	\$27,801,154	\$28,713,026	\$34,282,941	\$32,798,413
Subordinate Lien Debt Service ⁽⁵⁾	\$15,071,225	\$15,060,888	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844
Coverage Ratio	0.93	2.03	2.59	3.97	4.35	4.00	3.50	3.61	4.31	4.13
120% & 125% Coverage Subordinate Lien: Net Current Revenue (Excluding Connection Fees)	\$14,011,328	\$ 30,624,541	\$20,555,347	\$31,531,389	\$34,606,608	\$31,794,949	\$27,801,154	\$28,713,026	\$34,282,941	\$32,798,413
Wastewater Facility Connection Fee	3,120,060	4,386,213	1,439,343	2,336,689	1,463,172	1,133,247	1,852,524	1,981,327	1,708,801	1,843,957
Transfers From/To Rate Stabilization Fund	-	-	16,200,000	-	-	-	-	-	-	-
Net Current Revenue (Including Connection Fees)	\$17,131,388	\$35,010,754	\$38,194,690	\$33,868,078	\$36,069,780	\$32,928,196	\$29,653,678	\$30,694,353	\$35,991,742	\$34,642,370
Portion Pledged to Senior Lien Coverage ⁽⁶⁾ Available From Senior Lien Revenues	\$17,131,388	\$35,010,754	\$38,194,690	\$33,868,078	\$36,069,780	\$32,928,196	\$29,653,678	\$30,694,353	\$35,991,742	\$34,642,370
Subordinate Lien Debt Service ⁽⁵⁾	\$15,071,225	\$15,060,888	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844	\$ 7,948,844
Coverage Ratio	1.14	2.32	4.81	4.26	4.54	4.14	3.73	3.86	4.53	4.36
Net Income After Debt Service ⁽⁷⁾	\$ 2,060,163	\$19,949,866	\$30,245,846	\$25,919,234	\$28,120,936	\$24,979,352	\$21,704,834	\$22,745,509	\$28,042,898	\$26,693,526

Notes:

- (1) Includes revenue paid by the City of Clovis for Operations and Maintenance pursuant to the 1977 Fresno-Clovis Sewerage System Joint Powers Agreement.
- (2) The 1993 Indenture specifically excludes from Operating Expenses Debt Service, Amortization and Depreciation.
- (3) 1993 Sewer System Revenue Bonds, Series A.
- (4) Coverage Ratio is calculated by dividing Net Income before Debt Service by Senior Lien Debt Service.
- (5) 2008 Sewer System Revenue Refunding Bonds, Series A.
- (6) The 1991 Sewer System Revenue Bonds (1991 Series A) matured in August 2003; Repayment of the bonds were funded from revenues of the Sewer System.
- (7) Net Income after Debt Service and before cash financed capital expenses and any other expenses for lawful purposes.

Appendix - Ratings History

Lease Revenue Bonds

Year	Moody's	S&P	Fitch
2016	Baa2/Baa3 ↑ Pos	BB+ Stable	A- ↑ Stable
2015	Ba1/Ba2 ↑ Stable	BB+ Stable	BBB- Stable
2014	Ba2/Ba3 ↓ Pos	BB+ Stable	BBB- Stable
2013	Ba1/Ba2 Neg	BB+ ↓ Stable	BBB- ↓ Neg
2012	Ba1/Ba2 ↓ Neg	BBB- ↓ Neg	BBB/BBB- ↓ Neg
2011	Baa1 ↓ Neg	A- ↓ Neg	A- ↓ Stable

Airport Revenue Bonds

Year	Moody's	S&P	Fitch
2016	Baa1 Pos	BBB Pos	BBB Pos
2015	Baa1 Stable	BBB Pos	BBB Stable
2014	Baa1 Stable	BBB Stable	BBB Stable
2013	Baa1 Stable	BBB Stable	BBB Stable
2012	Baa1 Stable	BBB Stable	BBB Stable
2011	Baa1 Stable	BBB Stable	BBB Stable

Water Revenue Bonds

Year	Moody's	S&P	Fitch
2016	A3 Pos	AA- ↑ Stable	AA/A+ Stable
2015	A3 Pos	A+/A Stable	AA/A+ Stable
2014	A3 Stable	A+/A Stable	AA/A+ Stable
2013	A3	A+/A Stable	AA/A+ ↓ Neg
2012	A3 ↓ Neg	A+/A Neg	AA/AA- Neg
2011	A2 ↓ Neg	A+/A Neg	AA/AA- ↑ Stable

Arrows indicate an increase (↑) or decrease (↓) from the prior rating.

Wastewater (Sewer) Revenue Bonds

Year	Moody's	S&P	Fitch
2016	A1 Pos	AA+/AA Stable	AA/AA- Stable
2015	A1 Pos	AA+/AA Stable	AA/AA- Neg
2014	A1 Stable	AA+/AA ↑Stable	AA/AA- Neg
2013	A1 Neg	AA+/AA- ↓Stable	AA/AA- Neg
2012	A1 ↓	AA+/AA Neg	AA/AA- Neg
2011	Aa3 Neg	AA+/AA ↑Stable	AA/AA- Stable

Arrows indicate an increase (↑) or decrease (↓) from the prior rating.



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