

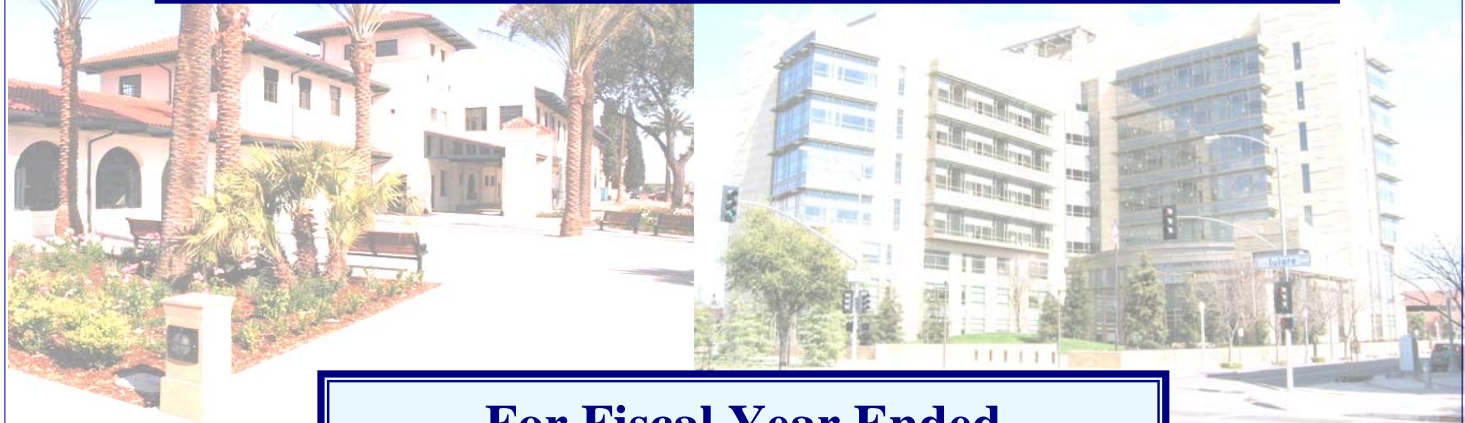


Redevelopment Agency of the City of Fresno

A Component Unit of the City of Fresno, California



3rd Comprehensive Annual Financial Report



**For Fiscal Year Ended
June 30, 2007**



**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO**

**FOR THE YEAR ENDED JUNE 30, 2007
TABLE OF CONTENTS**

	<i>Page(s)</i>
<u>INTRODUCTORY SECTION</u>	
Letter to the Redevelopment Agency Board and Citizens of the City of Fresno	i-xxv
Organization Chart	xxvi
Directory of Officials	xxvii
Certificate of Award – Outstanding Financial Reporting	xxviii
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR’S REPORT	1-2
MANAGEMENT’S DISCUSSION AND ANALYSIS (Required Supplementary Information)	3-7
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Assets – Governmental Activities	8
Statement of Activities – Governmental Activities	9
Fund Financial Statements:	
Balance Sheet – Governmental Funds	10-11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13-14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Notes to the Financial Statements	16-30
COMBINING STATEMENTS:	
Combining Balance Sheet – Nonmajor Governmental Funds	31-33
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	34-36
<u>STATISTICAL SECTION (Unaudited)</u>	
Required Information	
Contents	37
Financial Trends	
Net Assets – Last Six Fiscal Years	38
Change in Net Assets – Last Six Fiscal Years	39
General Government Expenditures by Function – Last Ten Fiscal Years	40
General Government Revenues by Source – Last Ten Fiscal Years	41
Revenue Capacity	
Direct Property Tax Rates	42
Property Tax Levies and Collections	43
Summary of Assessed Value, Property Taxes and Debt Service by Project Area - Last Ten Fiscal Years	44-46
Debt Capacity	
Outstanding Debt by Type	47
Ratios of Bond Debt Outstanding	48

	Page(s)
Demographic and Economic Information	
Ten Largest Assesses by Project Area:	
Central Business District	49
Chinatown	50
Convention Center	51
Fulton	52
Jefferson	53
Mariposa	54
South Van Ness	55
West Fresno One	56
West Fresno Two	57
Fruit/Church	58
Southwest Fresno	59
Airport Area Revitalization	60
Central City	61
Freeway 99/Golden State Boulevard	62
Fresno Air Terminal	63
Roeding Business Park	64
South Fresno Industrial	65
Southeast Fresno	66
Operating Information	
Full Time Equivalent Redevelopment Government Employees by Function – Last Ten Fiscal Years	67
Plan Time and Financial Information and Limitations	68-70
 OTHER REPORT:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and other Matters (Including the Provisions Contained in the Guidelines for Compliance Audits of Redevelopment Agencies) Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	71-72

INTRODUCTORY SECTION

This page intentionally left blank.

REDEVELOPMENT AGENCY OF THE CITY OF FRESNO

2344 Tulare Street, Suite 200
Fresno, California 93721
(559) 621-7600 * FAX (559) 498-1870

December 22, 2007

The Honorable Members of the Redevelopment Agency Board
Distinguished Citizens of the City of Fresno
Fresno, California

THE 3RD COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO

I am pleased to submit to you the third Comprehensive Annual Financial Report (CAFR) of the Redevelopment Agency of the City of Fresno for the year ended June 30, 2007, with the Independent Auditor's Report. The CAFR has been prepared by the Agency in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Agency. I believe that the data, as presented, is accurate in all material respects, that its presentation fairly shows the financial position and the results of the Agency's operations as measured by the financial activity of its various funds and, that the included disclosures will provide the reader with an understanding of the Agency's financial affairs.

Brown Armstrong Paulden McCown Starbuck Thornburgh & Keeter Accountancy Corporation has audited the basic financial statements and issued their unqualified (clean) opinion that the basic financial statements of the Agency for the year ended June 30, 2007 are fairly presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The Independent Auditors' Report on the Basic Financial Statements is located at the front of the financial section of this report.

FINANCIAL REPORTING AND FORMATS

The Agency has prepared its CAFR using the financial reporting requirements as prescribed by GASB Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments (GASB 34). This GASB Statement requires that Management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of a Management's Discussion & Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.



Our CAFR is divided into the following sections:

The Introductory Section includes information about the organizational structure of the Agency, project area activity and information useful in assessing the Agency's financial condition.

The Financial Section is prepared in accordance with GASB 34 requirements by including the MD&A, the Basic Financial Statements including notes, and the Required Supplementary Information. Also included in this section is the Independent Auditors' Report on the Basic Financial Statements and schedules.

The Statistical Section includes tables containing historical financial data, debt statistics, and miscellaneous economic data of the Agency that is of interest to potential bond investors and other readers.

THE PROFILE OF THE AGENCY

The Agency's financial statements are included in the comprehensive annual report of the City of Fresno as a component unit because of the operational and financial relationship that exists between the City and the Agency. In March 1997, the City Council acting as the Agency Board adopted the restructuring of the Redevelopment Agency. The restructuring allowed the City Council to appoint an Executive Director of its choosing. In addition, the restructuring allowed any Council Member to be appointed Chair to the Redevelopment Agency by selection of Agency Board Majority.

In April 1997, the Redevelopment Agency adopted new By-Laws and entered into a cooperative agreement with the City of Fresno in order to establish a new approach for the redevelopment program that would have a more focused mission for carrying out its redevelopment objectives. All planning, engineering, project implementation and financial efforts were centralized under an Executive Director appointed by the Agency Board. The day-to-day business and staff operations for the Agency involve a combination of personnel that include full-time City personnel assigned through the Redevelopment Support Division, full-and part-time personnel hired by the Agency and several individuals and companies providing services on a contract basis. In 2000, the Agency entered into a multi-year contract with the Housing Authorities of the City and County of Fresno to administer the Agency's 20% Low and Moderate Income Housing Set Aside program.

The Agency's focus is on bringing about major projects and neighborhood improvements that will have a positive effect on the shape and future of Fresno's inner city neighborhoods, downtown and industrial areas. The Redevelopment Agency currently has 19 project areas encompassing a total of 14,034 acres.



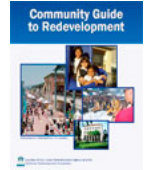
THE PURPOSE OF REDEVELOPMENT

Redevelopment is a tool created by state law to assist local governments in eliminating blight, as well as to achieve the goals of development, reconstruction and rehabilitation of residential, commercial, industrial and retail districts. It is one of Fresno's most effective ways to breathe new life into deteriorated areas beset by a variety of social, physical, environmental and economic conditions which act as a barrier to new investment by private enterprise.



Redevelopment enables communities to grow inward, not just outward. Redevelopment enhances and expands local businesses, renovates declining housing stock and improves public infrastructure systems and facilities. Redevelopment helps encourage new housing and businesses to locate within already developed areas. It helps reduce crime and long commutes, promotes affordable housing and preserves the environment.

Redevelopment encourages new development, creates jobs and generates tax revenues in declining urbanized areas by developing partnerships between local governments and private entities. Without the initial investment from redevelopment agencies, many important community projects simply would not take place, leaving communities to suffer from deteriorations, crime and poor economic and social conditions.



FINANCING REDEVELOPMENT

Tax increment is the primary source of revenue that redevelopment agencies have to undertake redevelopment projects. It is based on the assumption that a revitalized project area will generate more property taxes than were being produced before redevelopment. When a redevelopment project area is adopted, the current assessed values of the property within the project area are designated as the base year value. Tax increment comes from the increased assessed value of property, not from an increase in tax rate. Any increases in property value, as assessed because of change of ownership or new construction, will increase tax revenue generated by the property. This increase in tax revenue is the tax increment that goes to the Agency.

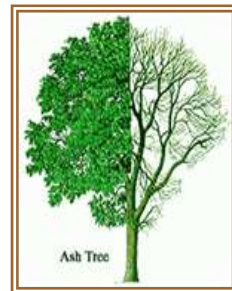
THE CITY AND ITS SERVICES



The City of Fresno (City) was incorporated in 1885 and is located in the Central San Joaquin Valley of California. The City's powers are exercised under the strong-Mayor form of government. Under this system, the Mayor serves as the City's Chief Executive Officer and is responsible for appointing and overseeing the City Manager, recommending legislation, and presenting the annual budget to the City Council. The Mayor does not participate in Council deliberations, except by exercising veto power. The City Council serves as the legislative authority and the Mayor and other independent elected officials serve as the executive authority. The City Council is represented by seven elected council members, one of whom is elected President by the Council for a term of one year. The President is the presiding officer of the Council and will fill any vacancy in the Office of the Mayor. The services provided by the City are the full range of services contemplated in the City Charter. These include public protection (police and fire), construction and maintenance of all public facilities (public works), parks and recreation, public health systems (water, sewer, community sanitation and solid waste utilities), development and planning, tax collection, transportation and many others.

FRESNO'S GOVERNMENT, ECONOMY AND OUTLOOK

Fresno is the county seat of Fresno County and is the economic and cultural hub of the fertile Central San Joaquin Valley, a metropolitan region with more than 481,035 residents in the City proper, and over 917,515 in Fresno County. Named after the Fresno Creek, “Fresno” in Spanish signifies “ash tree” and it was because of the abundance of mountain ash or ash trees in the county that it received its name. The first European settlers in the early 1800’s found the Yokuts tribe living in the valley floor and in the foothills along the major rivers of the area, the San Joaquin and the Kings Rivers. The Monache Tribe lived further up the rivers. After the initial Spanish explorers came, others began to arrive including trappers and hunters. The county was part of the mining boom of California from its early years until the mid 1860’s. Once gold fever subsided, the county experienced substantial growth in livestock raising and general farming and from there it made the transition to orchards and vineyards. Fresno began as a station for the Central Pacific Railroad in 1872 and was made the county seat in 1874.



The City of Fresno is the thirty-sixth largest city in the United States and the sixth largest in California, with Fresno County encompassing approximately 6,000 square miles. The population of the County has grown by approximately 20% in the past ten years, and boasts more than 90 different nationalities. Over half of all county residents live in the City of Fresno, making it the largest city in the county. The 2000 Federal census showed that racial and ethnic diversity continues to be robust in the City, with all minority groups combined representing nearly a majority of the City’s population. The City currently has a land area of 104.4 square miles and has the power by State statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the Council.



Fresno serves as the economic hub of Fresno County and Fresno’s Central Valley. While the unincorporated area and rural cities surrounding Fresno remain predominantly tied to large-scale agricultural productions, urban/suburban Fresno has undergone significant economic transformation in recent years. While Fresno continues as a leading agribusiness center, with approximately 250 different crops produced by nearly 7,500 farmers on 1.9 million irrigated acres, worth about \$4 billion a year, its decreasing role in the urban economy is reflected in the decreasing reliance on agricultural employment. Just 13% of employment results from agriculture, a significant decrease from just 20 years ago.

Fresno County’s top agricultural products are grapes, cotton, tomatoes, cattle and calves, and turkeys; however, its current economy is led by Fresno’s position as the hub for education, healthcare, government and professional services for the Central Valley. Construction employment has rapidly expanded as well. Food processing has led the manufacturing sector with such notable companies as Sun-Maid, David Sunflower Seeds, Kraft Foods, Foster Farms Dairy, and Foster Farms Poultry Company. Distribution has many centers in the city, led by the 80 acre site of the Gap Pacific Distribution Center. Companies specializing in machinery manufacturing, medical devices and water technology are also present. Public sector employment is also a major contribution to the city’s economy.

Fresno's location, very near the geographical centre of California, places the city a comfortable distance from several major recreation areas and urban centers in the state. Just 60 miles south of Yosemite National Park, it is the nearest major city to the park. Likewise, Kings Canyon National Park is 60 miles and Sequoia National Park is just 75 miles away. Fresno County is subject to a Mediterranean climate. Low elevations are hot but dry with little humidity in the summer and in the winter; the temperatures are moderate with relatively light precipitation. Yearly annual rainfall is approximately 12 inches.



Under the leadership of Mayor Alan Autry over the past seven years, the City continues to focus on the basis tenets of his Administration and the covenant he made to the citizens of the City of Fresno, to be a good steward of their hard earned tax dollars. His philosophy and that of all City employees, is driven by prudence, accountability and common sense and is focused on three outcomes: (1) to return most of the tax dollars in essential services so as to deliver a high quality of life; (2) to invest in the future and (3) to maintain a rainy day fund so as to save for unforeseen events. This philosophy has been highly effective in the past seven years. The City of Fresno's strategic planning process began with an examination of the organizational Mission, Vision, Key Objectives, Values and Key Result Areas (KRA's) and ended with the development of a course of action that translated these concepts into actions that aligned with the organizational philosophy. The Mission of the City of Fresno is to build and preserve a city that creates and protects equal access to opportunities, education and quality of life for every Fresnan in every neighborhood. The "NEW NORMAL" is an internal cornerstone for that foundation that has allowed the City to fulfill many of the Mayor's goals while still providing stability for continued momentum.

FOUR CORNERSTONES

The City of Fresno has not wavered from the long ranged planning it implemented in 2001, which has served as the basis for the Key Result Areas within the "NEW NORMAL". The four cornerstones have allowed the City to not only weather the many economic challenges that faced the City and State, but to also continue to move the City forward.

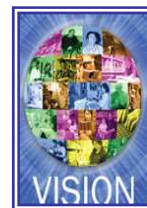
That emphasis has always been and continues to be:

- ✓ Public Safety
- ✓ Economic Development
- ✓ Smart Growth
- ✓ Education Reform

In addition and all the while, deliberately building and protecting the Reserve.

Over the years, through sound fiscal management and prudent policies, Fresno has cultivated the financial strength to weather economic downturns, create a positive atmosphere for economic development and provide flexibility on budgetary issues.

Mayor Alan Autry and his administration are convinced that the City is better than ever equipped to over come the challenges that arise in managing a large city. Despite the downturn in the economy and the annual loss of \$8.5 million to the General Fund, due to the loss of the In-Lieu fee ruling, the Mayor has not let conditions dictate his vision. Through strong leadership and use of available tools, the proper balance between enhancing services, keeping pace with growth in the community and choosing between necessities and issues while addressing future needs the Mayor pursues his unyielding adherence to the priorities that comprise the foundation of his Key Result Areas.



RECENT ECONOMIC DEVELOPMENT AND REDEVELOPMENT PROJECTS

The Redevelopment Agency continues to encourage development, promote public/private partnerships, improve neighborhoods and increase housing stock

Major Construction in Downtown Fresno has created 4,230 jobs

- New ballpark
- \$250 million Fresno Regional Medical Center
- \$130 million Federal Courthouse
- State Fifth District Court of Appeals
- \$18 million renovation of Guarantee Building for IRS and INS
- \$48 million privately funded 11-story office building and parking for IRS and Caltrans
- \$35 million 6 story office building and parking garage for IRS
- \$30 million Civic Center Square – 80,000 sq ft project privately financed and constructed
- \$6 million mixed use “Vagabond” project



Roeding Business Park

- \$3 million in Federal Funding
- \$4.5 million low interest loan from the CIEDB
- Completed park will produce over 20,000 jobs

Redevelopment of Santa Fe Railroad Depot

- \$7.35 million project creates multi-modal transportation hub for downtown
- Links downtown restaurants and businesses with buses, taxis and AMTRAK
- Includes 775 parking stalls to accommodate more downtown business



Marketing and Promotion

- The Agency developed a state of the art website that attractively provides information on redevelopment programs and projects
- Promoted Fresno for the 3rd consecutive year at the Spring International Council of Shopping Centers (ICSC) Conference in Las Vegas in cooperation with the City of Fresno



MAJOR INITIATIVES AND ACHIEVEMENTS

The Redevelopment Agency's work program for fiscal year 2006-2007 continued to focus on the implementation and follow-through of major projects and neighborhood improvements that will have a positive effect on the shape and future of Fresno's inner city neighborhoods, downtown and industrial areas. The objectives of the work program address the "new generation" of high



CITY OF FRESNO
REDEVELOPMENT AGENCY

DOWNTOWN FRESNO
VISION 2010



priority projects intended to extend the Agency's tools for blight removal and job creation into parts of the downtown, inner city neighborhoods and industrial areas that had not been addressed before. Providing low and moderate housing is another important component of redevelopment. The Agency has actively worked to create and advance several low and moderate housing projects as well as a number of major projects in the Downtown, Southwest Fresno, South Fresno Industrial and Southeast Fresno project areas, including several involving policy and financial commitments in place prior to April 1997. The major priorities included:

- Regional Medical Center Development
- Federal, State, and County Downtown Office Developments
- Vision 2010 Plan Implementation
- Roeding Business Park Phase II & III Infrastructure, and promotion/marketing of sites
- Support industrial and commercial development in the five new redevelopment areas; Airport Area Revitalization, Central City Commercial, Freeway 99/Golden State Blvd. Corridor, South Fresno Industrial and Southeast Fresno
- Hope VI Neighborhood/Mixed Use Project
- State Fifth DCA Courthouse/Old Armenian Town Mixed-Use Project
- Historic Armenian Town Mixed Use Project
- Commercial Facade Improvements
- South Stadium Project - Mixed Use Housing and Retail Commercial Development
- Historic Chinatown Mixed Use Project
- Kings Canyon Streetscape Project
- Kings Canyon LLC Mixed Use Project (formerly Asian Village)
- Uptown Cultural and Entertainment District, Streetscape, and related Metropolitan Museum Expansion
- Elm Avenue Corridor Blight Removal, Streetscape and Business Attraction
- Fresno Air Terminal Redevelopment Area Site Clearance and Environmental Remediation
- Housing Rehabilitation, New Housing Infill and Neighborhood Improvements

REDEVELOPMENT PROJECT AREAS AND HOUSING

GENERAL

Public Information and Marketing

The Redevelopment Agency, in cooperation with the City of Fresno, jointly promoted Fresno for the third consecutive year at the Spring International Council of Shopping Centers (ICSC) Conference in Las Vegas. The conference, which highlights retail real estate, registered over

45,000 attendees for the May 20 - 23, 2007 exhibition. Due to the large conference attendance and demand for additional exhibitor space, ICSC expanded the show's exhibitor space to 2 million square feet. The additional space allowed the Agency and City to expand and redesign their 600' square foot exhibit area.

The Agency produced an updated flash drive featuring "Fresno, Come Join Our World" for distribution at the conference and other events. In addition to the media presentation, updated newsletters and other informational items were prepared and distributed.



In January 2007, the Agency hosted the California Redevelopment Association Regional Meeting drawing redevelopment professionals from Bakersfield to Sacramento. The meeting was followed by a tour of new federal courthouse.

In FY 2006-2007, a state of the art, high quality website was developed that attractively provides information on Agency programs and projects. The website provides visitors with highlights of current and future projects, collaborative partnerships and maps of redevelopment area boundaries.

[Commercial Façade Improvement Program](#)



The Agency approved twenty commercial storefront rehabilitation loans. Ten storefront improvements were completed in FY06/07 with ten underway. The ten completed storefronts were facilitated by the Agency's funding of approximately \$31,000 that generated \$3,468,176 in privately funded improvements. The law firm of Marderosian Runyon Cercone Lehman & Armo invested \$3 million to remodel their 20,000 square foot, nearly century old Fulton Mall Building representing the largest private match. In addition, the Agency provided program assistance for improvements to the Cosmopolitan Tavern located in Chinatown on Fresno Street, a major entryway leading from Freeway 99 to downtown.

The Commercial Storefront Rehabilitation Program is experiencing increasing receptiveness from small business owners seeking to improve their storefronts, thereby benefiting commercial neighborhoods.

[Review of Development Entitlements Within Redevelopment Project Areas](#)

Between July 1, 2006, and June 30, 2007, staff reviewed and made recommendations on 48 Site Plan Review Applications, 61 Conditional Use Permit Applications, 7 Alcoholic Beverage Conditional Use Permit Applications, 18 Rezoning Applications, 17 Tentative Parcel Map Reviews, 6 Amendments Reviews, 143 Plan Review and Sign Offs, and 11 Variance Applications. The review of these 311 entitlements by staff and the Agency's citizen committees helps guide development in accordance with plan goals and design guidelines.

[Prospective Business and Industrial Development](#)

The Agency continues to work with a number of developers, businesses and industries to attract new development to the area and to foster retention and expansion of existing businesses through assistance with development needs such as site selection or assembly.

[Senate Bill 53 - Adoption of Ordinance](#)

Pursuant to California Health and Safety Code Section 33342.7, added by the State Legislature through adoption of Senate Bill 53, the Agency completed and adopted an ordinance relative to the Agency's program to acquire real property by eminent domain, including any prohibitions on acquiring by eminent domain specified types of property or property within specified locations of redevelopment project areas. The ordinance applies to all the Agency's existing project areas

except Fresno Air Terminal Redevelopment Area (FATRA).

Merger 1 and Merger 2 Project Area Plan Amendments

The Agency continued to work with consultants, Keyser Marston Associates, Inc., to evaluate plan time and financial limits and identify a strategy for updating the plan limits in the Merger 1 and Merger 2 Project Areas to meet the Agency's needs and commitments for current and new project activities including the Regional Medical Center Expansion, Old Armenian Town, South Stadium Project and Historic Chinatown Mixed Use Project.

AIRPORT AREA REVITALIZATION

The Airport Area Revitalization Redevelopment Project Area, adopted in August 1999, incorporates 1,119 acres around the Fresno Yosemite International Airport. The focus of the redevelopment project has been to eliminate blight and seek the reuse of underutilized areas adjacent to or in the vicinity of the Fresno Yosemite International Airport for commercial and industrial uses as identified in the City's General Plan. The new redevelopment project area was adopted with priorities on the retention and expansion of existing and new businesses in order to increase the availability of jobs.

Street and Infrastructure Improvements

In FY 06/07, the Agency funded the construction of San Joaquin Railroad grade crossing improvements at Cedar, Maple, Chestnut and Shields Avenues generally along the Floradora Avenue alignment. The improvements addressed traffic and safety issues and enhanced the visual quality of the project area.

Streetscape

Airport Beautification Project - McKinley/Peach to Clovis Avenue - Engineering and landscape plans for the Airport Beautification Project were completed and the bid awarded in FY 06/07. The project, designed to enhance Fresno's gateway between the Airport and central area, has two components. The first component provides for an extensive greenbelt on the south side of McKinley Avenue along Mill Ditch between Peach and Clovis Avenues. The second component includes new wrought iron fencing and landscaping consisting of trees, shrubs and ground cover near the intersection of McKinley and Clovis Avenue frontages. The project will also include a new monument sign for Fresno Yosemite International Airport (FYI) at the corner of Clovis and McKinley Avenues and new landscaping in the median island to match the new landscape proposed for the east side of Clovis Avenue.



In addition, the Agency is providing for a right turn lane at the northwest corner of McKinley and Clovis Avenues to improve the safety and flow of traffic that as part of the City's future planned reconstruction of Clovis Avenue. The Agency has advanced construction timing of the turn lane, including it within the scope of this project, in order to prevent the need to remove and replace landscaping and related improvements during the construction of future phases.

CENTRAL CITY COMMERCIAL REVITALIZATION

In August of 1999, the City Council and Redevelopment Agency Board adopted the 809 acre Central City Commercial Revitalization Redevelopment Project Area. The concept has been to focus on blighted and underutilized areas that have been identified in the City's General Plan for commercial and industrial uses. The redevelopment project area was adopted with priorities on the retention and expansion of existing and new businesses in order to increase the availability of jobs.

Street and Infrastructure Improvements

Belmont area businesses and residents, in a series of community meetings, identified street light improvements along Belmont as their number one priority. This project has been set out in two phases based upon available funding. In FY 06/07, engineering and design plans were completed for the first phase of the project to upgrade and add lighting along Belmont Avenue from Freeway 41 to Cedar Avenue. The contract for the improvements was awarded on June 5, 2007. The project will remove sporadic, unsightly overhead feed and wood pole installations and install new underground lines to City standards on both sides of Belmont Avenue. The second phase will extend along Belmont from Cedar to Chestnut Avenues.



Streetscape

Design plans have been prepared for the landscaping median islands in both Blackstone and Belmont Avenues and will be put out to bid for construction in FY 07/08.

CONSOLIDATED LOW AND MODERATE INCOME HOUSING FUNDS

Community Housing Partnership Program (CHPP)

In June 2000, the Agency and the Housing Authorities of the City and County of Fresno developed the *Community Housing Partnership Program* (CHPP) and entered into a three year contract (with two option years) whereby the Housing Authorities assumed certain responsibilities on behalf of the Agency for the management of the Agency's housing program within and adjacent to the Agency's adopted redevelopment project areas.



During FY 2002-2003, the Council/Agency approved amendments to the contract with the Housing Authorities that extended the contract for three additional years beginning July 1, 2003 with the option to extend the agreement on an annual basis for up to two additional years. The



contract provided for an annual housing rehabilitation budget of \$2,340,860 and a revolving fund of \$750,000 for boarded up/vacant property acquisition.

The program involves a comprehensive, multi-year housing program within six core areas of the City based upon a "target area" approach that emphasizes minor and major rehabilitation as well as the infill of single family homes.

The Community Housing Partnership Program (CHPP) administered by the Housing Authorities continues to meet with very positive response. During FY 06/07, the CHPP processed and completed rehabilitation of 165 homes for low income families. An additional 33 applications were reviewed and approved and are in the process of bid development or construction. As of June 30, 2007, 1,455 homes have been rehabilitated for low-income families since the inception of the program.

Housing Authorities - Boarded Up/Lot Purchase Program/Infill Housing



The first "green" home was completed on an infill lot. The vacant lot at 2254 S. Lotus Avenue, purchased through the CHPP in FY 05/06, now features a 1,681 square foot, four bedroom, two bath home with a 1 car detached garage. The home includes solar panels and service box, energy efficient high performance low "e" dual pane vinyl windows, all wool carpeting to discourage bacterial growth, exterior walls and flooring of structural insulated panels (SIPs), low flow shower heads, faucets and toilets. Front yard landscaping consists of drought resistant

plants native to the Central Valley's climate.

Through the Agency's housing program, Community Housing Partnership Program (CHPP) completed the purchase of four boarded up homes at 3404 N. Woodson, 1046 E. Calwa, 1235 E. Calwa and 4629 E. Nevada for rehabilitation in FY 06/07.

A vacant lot in the 300 block of North Valeria, purchased in FY 05/06 for the construction of a four-bedroom, two-bath home, was completed in FY 06/07 and is currently on the market. Another large vacant property at 1500 "B" Street in Southwest Fresno, also purchased in FY 05/06, was re-parceled into two lots and construction of the two homes will commence in July 2007.



General Housing Administration Activities

From July 1997 through June 2000, the City's Housing Department administered the Agency's Low and Moderate Income Housing Program under a contract with the Agency. A major component of the program consisted of loans for major and minor rehabilitation. Agency staff continues to work with the City's Housing and Finance Departments to implement policies for the ongoing administration of the Agency's existing loan portfolio. The policies include a monthly report to the Agency with the loan balances of the portfolio and loan payments received. Although the Agency assumed administration of the housing program in July 2000, the City's Finance Department continues to provide billing and collection services for the outstanding loans. As of June 30, 2007, there are approximately 241 loans with a total loan balance in excess of \$1.7 million.

California Triangle



The Agency, through its Community Housing Partnership Program with the Housing Authority, has completed the acquisition of 11 of the 13 properties for the California Triangle project located along California Avenue between Kern Street and Waterman Avenue. Eleven families within the project boundaries were relocated to improved housing. This project will provide approximately 15 new affordable single family homes.

Casa San Miguel

The Agency negotiated completion of the Casa San Miguel project and amended its contract with the Farmworker's Service Center for the construction of three new affordable homes on the remaining parcels. The financing plan providing construction loan funding was coordinated by the Agency. This completed project provides 44 new affordable homes and helps implement the Agency's replacement housing goals.

Downtown Housing and Mixed-Use Development

In FY 06/07, the Agency directed substantial resources to further the goal of downtown housing development. In the past year, approximately 219 units have been completed, are underway or planned with the assistance of the Agency. Downtown housing projects are highlighted below:



Berkeley Building - To facilitate new mixed use development at the south end of the Fulton Mall, the Agency purchased a key property at 887 Fulton Mall. The property, located at the southwest corner of Fulton Mall and Kern Street, is a key component for several proposed projects.

Fulton Park Plaza - The Agency's purchase of four properties in the Uptown area completed site assembly for the Fulton Park Plaza project. The Agency also completed a Disposition and Development Agreement (DDA) with the Developer for a \$10 million mixed-use development consisting of 80 residential units and 16,000 square feet of commercial/professional office

space. Sixteen units will have 55 year affordable housing covenants. The Agency coordinated funding commitments from various sources including the Agency, City of Fresno, Better Opportunities Builder, Inc. and Developer. In addition to providing mixed income infill housing, the project helps revitalize the Divisadero/Fulton entryway into the Uptown area.

“H” Street Lofts - The Agency completed an Owner Participation Agreement (OPA) with Pyramid A-One, LLC for the development of a \$3.5 million project with 26 residential units in a live/work lofts concept at 1830 “H” Street, complementing the adjacent Vagabond Lofts. Six of the units will be affordable housing secured by covenants. The Agency’s participation leverages private and non-profit funding sources.



Next Generation Group, LLC - In FY 06/07, the Agency Board approved an Exclusive Negotiation Agreement (ENA) between the Redevelopment Agency of the City of Fresno and the Next Generation Group, LLC which will lead to the development of a mixed use housing and commercial development in the Fulton Redevelopment Project Area/Uptown Arts District. The agreement represents the culmination of many months of Agency discussions with the various property stakeholders to find creative approaches for improving the neighborhood and further the development of much needed housing for the downtown area.

[HOPE VI Infill Housing](#)

The Agency purchased two parcels in the HOPE VI area predominately planned for housing between California, Church, West and Walnut Avenues for infill housing development.

[Martin Luther King Square Rehabilitation Project](#)

The Agency’s Disposition and Development Agreement (DDA) with A.F. Evans provided funding for acquisition and rehabilitation of the Martin Luther King Square Apartments, a 92-unit family rental property located at 816 East Florence Avenue in Southwest Fresno. The developer completed upgrades to the property including extensive renovations to the exteriors and interiors of each unit. Exterior improvements included replacement of all asphalt parking lots, landscape upgrades, replacement/repair of all exterior fencing and gates, construction of two laundry facilities, installation of children’s play area surrounded by picnic areas and complete renovation of the multi-purpose room to function as a computer lab, community center and management and leasing offices. The Agency provided matching funds along with the City to finance a portion of the \$8.4 million needed for the project.

[South Clara and West North Housing Project](#)

The Agency Board approved an Owner Participation Agreement (OPA) to provide funding for a ponding basin and public improvements enabling development of a \$2.4 million 11 unit single family home project at Santa Clara and North Avenue. The project provides for 45 year affordability covenants on all of the homes.

FREEWAY 99-GOLDEN STATE BOULEVARD CORRIDOR

In July 2003, the City Council and Redevelopment Agency Board adopted the 2,790 acre Freeway 99-Golden State Boulevard Corridor Redevelopment Project Area. The focus of the redevelopment project is the elimination of blight and economic stagnation and the promotion of the redevelopment of underutilized industrial and commercial areas, and neighborhoods that were identified in the City’s General Plan for industrial, commercial and residential uses within the project area. The redevelopment project area was adopted with priorities on the retention and expansion of existing and new businesses in order to increase the availability of jobs.

[Real Property Acquisition and Blight Removal](#)

In FY 06/07, the Agency purchased a boarded-up property at the northeast corner of Olive and

Weber Avenues and also secured a purchase agreement for the adjacent property to remove blight and provide for development of a maintenance facility for the Parks, Recreation and Community Service Department.

Golden State Boulevard Improvements

Preparation of engineering and design plans are nearing completion for the reconstruction of Golden State Boulevard between Ashlan and Shaw Avenues. This is a multi-year project with the first phase anticipated to go out to bid in August 2007. The proposed street improvements will consist of curbs, gutters, paving, street lights, street trees, bike lanes and traffic signals. Additional improvements will include the extension of water, sewer and storm drains.

FRESNO AIR TERMINAL REDEVELOPMENT AREA

Environmental Cleanup

Environmental clean-up activity for the airport area continued to be a priority and the majority of the project area resources are allocated to this purpose or debt service.

MERGER PROJECT NO. 1—Central Area and South Van Ness Industrial Area

On June 30, 1998, the Council and Agency approved the Merger No. 1 Project for eight existing Project Areas in the City's Central Area (Central Business District, Chinatown, Convention Center, Jefferson, Mariposa, West Fresno I, West Fresno II and West Fresno III) and two new Redevelopment Projects for the Fulton and South Van Ness Industrial Areas. This Project provided for the financial merger of all ten of the above cited project areas; the updating of the redevelopment plans and extending the plan limits for the eight existing Project Areas; and adoption of redevelopment plans for the two new Project Areas.

Merger Project No. 1 encompasses the majority of Fresno's traditional downtown area. Following is a Summary of Accomplishments for the ten Project Areas in Merger No. 1.

Central Business District

The Agency worked with the owners to facilitate the sale of the long vacant hotel on Van Ness Avenue across from Courthouse Park. In November 2006, the new owner showcased upcoming renovation plans for the nine-story, 190 room downtown property estimated at \$7 to \$10 million in value. Now well underway, the renovation will bring a new full-service Holiday Inn that will provide jobs and additional room accommodations for visitors to Fresno.

Chinatown Expanded

Fresno Historic Chinatown LLC

The Agency's Exclusive Negotiation Agreement (ENA) with Historic Chinatown, LLC for a proposed mixed-use housing, retail/commercial and public facilities development emphasizes participation by existing property owners and businesses. Following the May 2006 Agency



Board approval of 35 owner participation candidates, Agency staff met with the selected candidates, negotiated and completed terms of Owner Participation Agreements (OPA) including schedules and descriptions of the improvements for 28 of the designated properties. The California Environmental Quality Act (CEQA) process for the OPA is underway.

The Chinatown site south of Ventura Street to San Benito Street between the BNSF Railroad and Freeway 99 was identified as the preferred location for a public safety building. The Agency obtained appraisals for properties within the project footprint. Further, the Agency and Developer began discussions with the Poverello House for its potential relocation and obtained appraisals for the site identified by Poverello House.



In support of Council action to provide a temporary homeless encampment, the Agency obtained appraisals and secured purchase agreements for a vacant parcel south of Freeway 41 proximate to available services.

[Hobbs-Parsons Project](#)

The Agency negotiated a Disposition and Development Agreement (DDA) for the adaptive reuse of the historic Hobbs-Parsons Warehouse. The Hobbs-Parsons project includes parking and landscape improvements that will additionally benefit the evolving Stadium and Chinatown areas.



The Agency assisted the developer in identifying an office tenant that is expected to take occupancy by December 2007.

The tenant's relocation to the Hobbs-Parsons building from its Old Armenian Town project site has the additional benefit of assisting the Old Armenian Town Project meet its goals and schedule timeline.

[Ventura Widening and Downtown Entryway Beautification Project](#)

To advance the Ventura Widening Beautification Project, the Agency obtained appraisals for designated properties between the BNSF Railroad and Freeway 99. To further advance the project, the Agency purchased one of the most blighted properties in the future right-of-way.

[Convention Center Area](#)

[Old Armenian Town Project and the Fifth District Court of Appeal](#)

Properties in the Phase 1A area, bounded by "O" Street, Ventura Street, "N" Street and Freeway 41 were acquired and cleared for construction. The Agency has begun the process to acquire the necessary properties for Phase 1B and deposited funds for the purchase of 505 and 525 "N" Street.

The construction of the \$24 million, 60,000 square foot, three-story 5th District Court of Appeal building in Phase 1A is underway and expected to be completed by the fall of this year.



The Agency is nearing completion of substantial infrastructure to support the Courthouse and the overall project. These improvements include installing the surface parking lot on the south side of Santa Clara Street between "O" and "N" Streets, a water main along "O" Street south of Ventura Street, curbs, gutters and sidewalk from "N" to "O" Streets, a storm drain, communication lines and utilities.

The courthouse and surrounding improvements have significantly advanced the goals of the project and enhanced a major entryway into downtown Fresno from Freeway 41.



In connection with this major project, the Agency and Master Developer negotiated an amendment to the Old Armenian Town Master Disposition and Development Agreement approved on December 6, 2006. The first amendment to the DDA provides for a contingent reimbursement related to timing of property conveyance.

[Old Armenian Town Historic Properties](#) - The Agency has maintained and followed the guidelines from the Secretary of the Interior for the maintenance of five historic homes identified through the CEQA process. In FY 06/07, the Agency retained an architect to prepare an historic resources assessment report and an updated storage maintenance plan to further ensure maintenance efforts. Agency staff has compiled a complete record of maintenance activities with supporting documentation which is continuously updated.

During the year, the Agency worked with the City and outside counsel to address litigation relating to the environmental impact report and historic homes. The Agency, through its consultants, is preparing a Subsequent Environmental Impact Report (SEIR), Receiver Sites Assessment Study and Economic Feasibility Study. These studies will provide an assessment of potential sites within the boundary of the Old Armenian Town Settlement Area to identify the best “Final Receiver Site” for the historic homes; evaluate the feasibility of adaptively reusing the historic houses and impact on adjacent uses; and the potential impact of utilizing off-site parking on the marketability of office space being proposed in the Old Armenian Town Project.



[South Stadium Area Project](#)

On December 12, 2006, the Agency Board approved Amendment No. 2 to the Exclusive Negotiating Agreement (ENA) with Forest City Development, extending the negotiating period to January 2008. This action was partly in recognition of the delay in the project schedule resulting from Proposition 90. The amendment included a revised approach, due to market research, which replaces a retail destination center with a project focused on housing with associated retail uses. The ENA was further modified to acknowledge the City's desire to develop a river walk feature. The Developer engaged Peter Calthorpe, a renowned urbanist, to prepare a “river walk” design and an alternative “district of fountains” design option. In an Agency sponsored design “charrette” held on April 16, 2007, a consensus on the river alignment was reached by city staff. Both design plans reflect the revised focus on housing. The current design also incorporates a “pocket tank park” at the southwest quadrant of the Inyo-Fulton intersection that will accommodate a 2-million gallon underground water tank and associated park designed to connect with the proposed river. Agency staff obtained appraisals of the effected properties. In addition to preparing modifications to the plan, Forest City has initiated an historic resources inventory analysis and utilities study.

[Jefferson/Mariposa](#)

[Community Medical Center Project](#)

The Agency and Community Medical Center (CMC) completed negotiations and finalized a second amendment to the 1995 Development Agreement and Land Sale Contract. The amendment fixed the project funding amount, sales price of the land and term of the agreement to ten additional years. This amendment provided year to year funding consistency enabling improved financial planning for both parties.

The remaining 15 parcels acquired by the Agency were conveyed to CMC, completing land assembly for Phase II. The Agency's work enabled CMC to meet its April 2007 deadline to relocate University Medical Center (UMC) Trauma and Emergency facilities to the CMC Campus, a major objective of the 1995 Agreement.



Community Medical Center Project - Nottoli

To address their growing needs, the Agency negotiated an agreement to rent additional space to Sequoia Health in the CMC Office Complex. The lease achieved full occupancy of the office building.

Community Medical Center Project - Office Building

Agency staff worked with CMC through a Request for Proposals (RFP) process to select a developer for a Class "A" Medical Office Building. The selected developer has completed architectural plans for a \$30 million, 100,000 square foot office building to be located between the UCSF Education Building and the existing physician's building that is planned for construction in 2008.

South Van Ness Industrial Area

Final Receiver Site

The Agency purchased the third of six parcels required for the relocation of five historic structures from the Old Armenian Town project to the south side of Freeway 41 in the South Van Ness Industrial Project Area.

The final receiver site is part of the conceptual plan for an attractive mixed-use environment incorporating existing and relocated structures on the receiver site.

Foundry Park

The Agency, through a community facilities district, facilitated Valley Foundry Industrial Development. The project continues to grow with the construction of a new 32,000 square foot retail sales and service facility.

MERGER PROJECT NO. 2—Fruit/Church and Southwest Fresno Redevelopment Project Areas

On October 20, 1998, the Council and Agency approved the Merger No. 2 Project for two existing redevelopment project areas in the City's southwest area (Fruit/Church and Southwest Fresno). This project provided for the financial merger of both of the above cited project areas, updated the redevelopment plans and extended the plan limits for the two project areas.

Following is a Summary of Accomplishments for the two Project Areas in Merger No. 2.

Fruit/Church Area

The Fruit/Church area was included in the Hope VI Project which is reported in detail in the following report for the Southwest Fresno GNRA.

Southwest Fresno GNRA

Elm Avenue Reconstruction and Beautification

The Agency completed work on the reconstruction and beautification of Elm Avenue between Jensen and North Avenues that includes concrete, landscape, lighting and overlay improvements. Funded by the Agency, the improvements to Elm Avenue have helped generate over one million square feet of industrial development. This project is located within boundaries of both the Southwest Fresno and South Fresno Industrial project areas.



HOPE VI

The Agency is supporting the \$20 million HOPE VI grant fund award through multi-year contributions that include: assembly of approximately 16 acres for a mixed-use project (between California, Church, Walnut and Plumas Avenues); financial assistance for development of an Aquatic Center and parking facility; and various street improvements.

The Agency completed the Disposition and Development Agreement draft for the proposed mixed-use element within the HOPE VI project that includes a government one-stop center for various social services. The Developer has completed the site plan, elevations and floor plans for the County's One-Stop Center of approximately 40,000 square feet currently under review by the County of Fresno.



The Agency has acquired 19 of the 20 parcels needed for the mixed-use area development and assisted the residents in relocating to improved housing.

In addition, the Agency purchased two parcels in the HOPE VI area predominately planned for housing between California, Church, West and Walnut Avenues for infill housing development.

Park Development/Improvements

In furtherance of the Hope VI Project, the Agency purchased a 7.94 acre vacant parcel at 146 E. Florence Avenue located within the Hope VI project area. Acquisition of this parcel was essential to provide for the realignment of Walnut Avenue and aquatic center planned for the project.

California Avenue Improvements and Land Acquisition

The Agency's commitment of \$600,000 to widen California Avenue enabled the HOPE VI project to proceed with site plan approvals for the proposed Yosemite Village on the south side of California Avenue between West and Fruit Avenues.

Sequoia Community Health Center (SCHC)

In 1993, the Agency entered into a Disposition and Development Agreement (DDA) with Sequoia Community Health Center (SCHC) to assemble and convey ten acres of land for expanded health care services to low and moderate income persons. Due to changing medical service trends and funding, SCHC was unable to complete the required conditions. The Agency negotiated a draft DDA in which the remaining 7.5 acres of undeveloped land is returned to the Agency in exchange for a one acre parcel to be developed as a dental center by SCHC through an approved state grant. The Agency plans to issue a Request for Proposals (RFP) for affordable housing on the 7.5 acres.

Streetscape and Street Improvements

Implementation of the West Fresno Community Vision Plan moved forward in FY 06/07 with the award of a bid for construction of two landscaped median islands on Tulare Street at "B" and "C"

Streets. The West Fresno Community Vision Plan with over 300 community participants was prepared for the Council of Fresno County Governments (COG), Fresno West Coalition for Economic Development and Local Government Commission and adopted by the City Council.

ROEDING BUSINESS PARK

Infrastructure and Improvements

The multi-year construction project of Marks Avenue along the west boundary of Roeding Business Park as well as a new water service well on West Avenue just north of Freeway 180 have helped stimulate and attract business development.

The Agency helped facilitate the relocation of Helados La Tapitia, an ice cream maker, from its 8,800 square foot plant to a four acre site in the Roeding Business Park. The company will construct a 20,000 square foot facility on West Avenue south of Nielsen Avenue and employ up to 100 people.

New businesses in the Roeding Business Park in FY 06/07 include:

- Right-Now-Couriers constructed a 20,000 square foot building at 188 West Avenue;
- Delta Rubber Products, a wholesale-distributor of rubber products, recently purchased and moved into a 25,860 foot building within the West Commerce Center at the northwest corner of West Avenue and Dan Ronquillo Drive;
- Woodworking Specialties, a cabinet and millwork operation, recently moved into the existing 18,992 square foot building located at 411 S. West Avenue adjacent to Freeway 180 West;
- Specialty Branded Products, a premium meat processor, purchased a vacant 6-acre parcel for the construction of a 100,000 square foot concrete tilt-up building at the southwest corner of Nielsen and Hughes Avenues;



Additional new business development, expansion of existing businesses or relocations since formation of the project area through June 30, 2006 include:

- Horizon Enterprises constructed two 25,860 square foot office-warehouse buildings at the northwest corner of West Avenue and Dan Ronquillo Drive with additional construction planned for future phases of development;
- Central Sanitary Supply Company constructed a 50,000 square foot building at 1149 Nielsen Avenue;
- Pleasant Mattress, Inc. completed construction of its new 102,000 square foot manufacturing plant consisting of a tilt-up masonry building with extensive landscaping on the east side of West Avenue at Dan Ronquillo Drive;
- Certified Ad Services added 30,000 square feet in warehouses to its existing plant located at 909 West Nielsen Avenue;
- The Central California SPCA constructed a new 10,676 square foot animal shelter, 2,400 square foot barn and free standing snack bar on the 11 acre site located at 103 South Hughes Avenue;
- MVP Hydratech, located at 1331 South West Avenue, added 10,700 square foot of floor area to the existing 34,498 square foot building for assembly operations and storage;
- Lorena Restaurant added a new kitchen and scullery to the existing restaurant and a 410 square foot patio cover to an existing outdoor dining area. The restaurant is located at 435 West Belmont Avenue;
- Cliff Hangers, Ltd, constructed an approximately \$2 million, 81,300 square foot aircraft hanger which accommodates 66 aircraft at the Fresno-Chandler Downtown Airport;

- The Whirlwind Car Wash, located at 225 North “H” Street expanded and remodeled its facilities. The exterior of the existing carwash was remodeled to match the new mini-mart and pump island canopy. A new canopy providing for the staging and vacuuming area and a new office and mini-mart facility were added;
- Calaveras Materials Inc., located at 410 West Thorne Avenue, replaced an existing batch plant with a new 90-foot high batch plant;
- The Sprint Corporation added 3,000 square feet of floor area to its fiber optics transmission center at 233 West Voorman Avenue;
- Producers Dairy located at 144 West Belmont added a new office building at the southwest of Palm and Belmont. Producers also added a 925 square foot orange off loading station, a 2,000 square foot milk off loading station, a 10,960 square foot bottle warehouse and a 12,375 square foot cold storage building;
- La Tapatia Tortillera, expanded into an existing building to the west of its existing plant located at 102 East Belmont Avenue. The site was expanded with the vacation of Harrison Avenue to consolidate the existing plant and the added building. La Tapatia has also made new facade improvements to integrate the design and enhance the appearance of the buildings;
- A 20,169 square foot office building constructed for the California State Department of Corrections at 405 East Divisadero;
- American Paper Conversions constructed a 19,960 square foot warehouse at 2290 G just north of Nielsen Avenue;
- U.S. Food Service Distribution Company (formerly Hestbecks), located in the old Rykoff warehouse added a 37, 790 square foot cold storage unit to the existing facilities located at 302 North Thorne Avenue. Approximately 50 new jobs were created by this business;
- Mygrant Glass constructed a new warehouse-distribution center at 485 West Nielsen;
- Patton Air Conditioning expanded its facilities located at 272 Palm Avenue adding 2,557 square feet and a parking lot for employees and customers;
- Level (3) Communications, a Fiber Optics Internet Service Provider, renovated an existing 72,000 square foot building at 310 West Napa to house an unmanned switching station with an estimated cost of improvements and equipment between \$2 to \$3 million.



SOUTH FRESNO INDUSTRIAL REVITALIZATION

Elm Avenue Reconstruction and Beautification

This project is located within boundaries of both the Southwest Fresno and South Fresno Industrial project areas and is described under Merger Project No. 2-Southwest Fresno.

Orange Avenue/Freeway 99 Improvements

The Agency Board awarded the contract for the reconstruction of Orange Avenue between North Avenue and Freeway 99. The scope of work includes curbs, gutters, sidewalks, paving, street lights, street trees, extension of water and sewer mains and a storm line. Construction began March 26, 2007 and is anticipated to be completed by July 31, 2007.

Industrial and Commercial Development

The Orange/99 Improvements served to induce East Bay Tire's site selection for its expansion. The ten acre site at the northeast corner of North and Orange Avenues satisfied the company's need for frontage on and access to Freeway 99. East Bay Tire's groundbreaking ceremony on

June 7, 2007 celebrated the first phase of development consisting of the construction of an 83,174 square foot concrete building of which 45,538 square feet will be occupied by East Bay Tire. East Bay Tire will employ approximately 20 employees. Additional future development may include a 31,000 square foot warehouse, restaurants, a coffee house and a mini mart and gas station. This project will improve an extremely blighted parcel of land.

SOUTHEAST FRESNO REVITALIZATION

California-Orange Project

The California-Orange Housing Project was completed in FY 06/07. The Agency partnered with Spradling Construction, Inc. to assemble land for a 35 unit neighborhood of new single family homes, nine of which are affordable for low-to-moderate income families. The energy efficient homes include features such as 6,000 square foot fully landscaped lots with sprinklers and backyard fencing, dual pane windows, granite countertops, ceiling fans, oak cabinets and roll up garage doors.

Commercial Neighborhood Center Revitalization



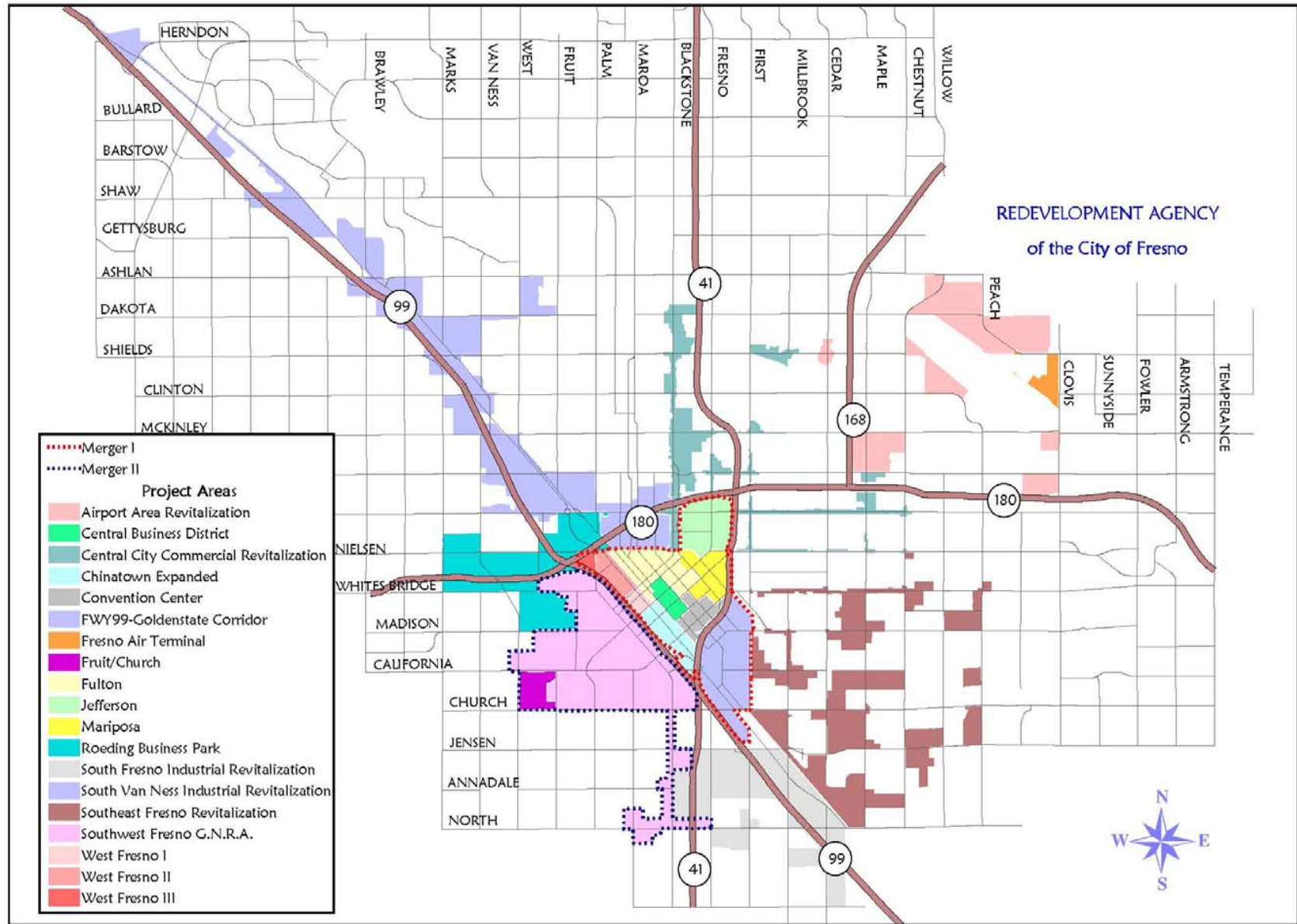
The Agency completed site assembly for the proposed police substation on the southwest corner of Kings Canyon and Backer including the relocation of businesses and the demolition of three buildings. Kings Canyon Development LLC (Developer) made substantial progress in preparing a preliminary site plan and performing its due diligence in accordance with the June 2005 Exclusive Negotiating Agreement (ENA). Following Agency Board authorization in December 2006, staff completed a draft Development and Disposition Agreement (DDA) for the project.

Kings Canyon Street Improvements

The installation of street lights along Kings Canyon between Maple and Willow Avenues was completed in November 2006. This project eliminates blight through the undergrounding of overhead power lines and the replacement of wooden poles. The Agency's \$365,000 contribution to this project leveraged a \$2 million investment by PG&E.

Street and Infrastructure Improvements

Installation of traffic signals and a protected left turn lane at Peach and Jensen Avenues as well as traffic signal modifications providing for protected left hand turns at the Cedar and Jensen Bypass were completed in FY 06/07. The improvement projects addressed traffic and safety issues in the area.



OTHER FINANCIAL INFORMATION

Internal Controls

In developing and evaluating the Agency's accounting system, consideration was given to the adequacy of internal accounting controls. Internal accounting controls were designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and, (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and, (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the Agency's internal accounting controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

Budgetary Process

The Redevelopment Agency is required by Section 33606 of the California Health and Safety Code to adopt an annual budget containing all of the following information including all activities to be financed by the Low and Moderate Income Housing Fund:

- (a) The proposed expenditures of the agency.
- (b) The proposed indebtedness to be incurred by the agency.
- (c) The anticipated revenues of the agency.
- (d) The work program for the coming year, including goals.
- (e) An examination of the previous year's achievements and a comparison of the achievements with the goals of the previous year's work program.

All expenditures and indebtedness of the agency shall be in conformity with the adopted or amended budget.

The Agency's budget is an operating plan which identifies estimated costs and results in relation to estimated revenues. The budget includes: (1) the programs, projects, and activities to be carried out during the fiscal year; (2) the estimated revenue available to finance the operating plan; and, (3) the estimated spending requirements of the operating plan. Activities of the Capital Projects, Debt Service and Low-and Moderate Housing Funds are included in the annual appropriated budget by redevelopment project area. The budget is the result of a process wherein policy decisions by the Agency Board are made, implemented and controlled. The Agency maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Agency Board. The approved budget serves as the foundation for the Agency's financial planning and control.



The Agency also uses encumbrance accounting as another technique to accomplish budgetary control for all fund types. This consists of a commitment for expenditures that are earmarked for a particular purpose and are spent when funds become available. Appropriations that are not encumbered lapse at the end of the fiscal year. Certain year-end encumbrances that fulfill a spending commitment are carried forward and become part of the following year's budget. The Agency continues to meet its responsibilities in making sound financial management decisions, as demonstrated by the statements and schedules included in the financial section of this report.

Cash Management

The Agency's pooled temporary idle funds and deposits are invested pursuant to policies established by the governing board. The Agency seeks the preservation of capital, safety, liquidity and yield, in that order of priority. The Agency's policy addresses soundness of financial institutions holding our assets and the types of investments permitted by the California Government Code Section 53601. The Agency seeks to minimize credit and market risk while maintaining a competitive yield on its portfolio. Accordingly, the Policy permits investments in certificates of deposit, obligations of the U.S. Treasury and U.S. Government sponsored corporations and agencies, commercial paper, medium-term notes, banker's acceptances, repurchase and reverse repurchase agreements, mutual funds invested in U.S. Government and Treasury obligations, and the State Treasurer's Investment Pool. The earned yield for the fiscal year 2006/2007 was 4.75% as compared to 2005/2006 which was 3.87%.



All of the Agency's investments, which are categorized according to credit risk as defined by the Governmental Accounting Standards Board, are classified in the category of lowest risk. All categorized investments are held by a third-party custodian in the Agency's name.

With regard to investment style, the Agency employs a semi-active strategy in managing the portfolio. First, all prospective investments are reviewed from the standpoint of the risk of loss of principal. Once safety concerns have been addressed, all investments are purchased with the intention of holding them until maturity. They are purchased at a point in time and with a particular maturity date judged to be the most advantageous in terms of meeting the Agency's liquidity needs and maximizing the return on the portfolio.

However, as time passes and market conditions change, opportunities often arise in which funds can be repositioned into other assets offering even greater advantages to the portfolio. In these circumstances, one investment may be sold or swapped for another. Occasionally this may result in a capital gain from the sale and at other times it may result in a loss. In all cases however, the gains or losses combined with returns from the newly acquired investment result, in a net added return to the portfolio.



In March 2003, the GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures*. This Statement amends GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* to address common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The Agency's investments are not subject to custodial credit risk.

Risk Management

It is the policy of the Agency to use a combination of self-insurance through the City's Risk Management Department and purchased commercial insurance against property or liability risks. The Agency believes it is more economical to manage its risks through the City and set aside funds as needed for estimated current claim settlements and unfavorable judgments through annual and supplemental appropriations. The Risk Management Division of the City of Fresno investigates and manages all liability claims and property losses, evaluates risk exposure and insurance needs, protects against contractual loss by reviewing and preparing insurance and indemnification portions of construction contracts, leases and agreements, emphasizes ongoing operational loss control, and purchases the majority of insurance coverage for the Agency.



The City is self-funded for general liability exposures with limits of \$10 million. There is a \$2.5 million deductible or self-insured retention (SIR). The City also maintains airport owners and operators' general liability insurance and aviation (Aircraft Liability) insurance with limits of liability of \$60 million and \$20 million per occurrence, respectively. There is no deductible or self-insured retention. The City also maintains property insurance and boiler and machinery insurance with total insured values of \$963,168,436 and limits of \$1 billion and \$100 million per occurrence, respectively with a \$25,000 deductible.

The City's Workers' Compensation Program consists of \$2,000,000 self-insured retention with purchased excess insurance layers up to the statutory limits.

INDEPENDENT AUDIT

The Agency is required by California Community Redevelopment Law to undergo an annual Audit of the Agency's financial records, transactions and reports by an independent Certified Public Accounting (CPA) firm. These records, summarized in the Comprehensive Annual Financial Report (CAFR), have been audited by Certified Public Accounting firm, Brown Armstrong Paulden McCown Starbuck Thornburgh & Keeter Accountancy Corporation. The Independent Auditor's Report on our current financial statements is presented in the Financial Section.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Redevelopment Agency of the City of Fresno for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2006. This was the second consecutive year that the Redevelopment Agency has achieved this prestigious award. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. In order to be awarded a Certificate of Achievement, the Redevelopment Agency must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. The CAFR must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.



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

ACKNOWLEDGMENTS

This 2007 Comprehensive Annual Financial Statement presents the Agency's stable financial condition made possible by our sound fiscal financial plan. It is adherence to this prudent fiscal policy that has helped the Agency maintain its service commitment to our citizens and to the programs and policies established by the Agency Board. We continue to be resolute in our financial discipline that has allowed us to manage through the current economic challenges.

This continued course of action and the Agency's managerial leadership will guide us through the challenges that lie ahead.

I would like to express my appreciation to the staff of the Redevelopment Agency and the City of Fresno Finance Department for their cooperative efforts in responding to the many questions and requests for detailed information that accompanies each annual audit. Your invaluable contribution made the preparation of this report possible.

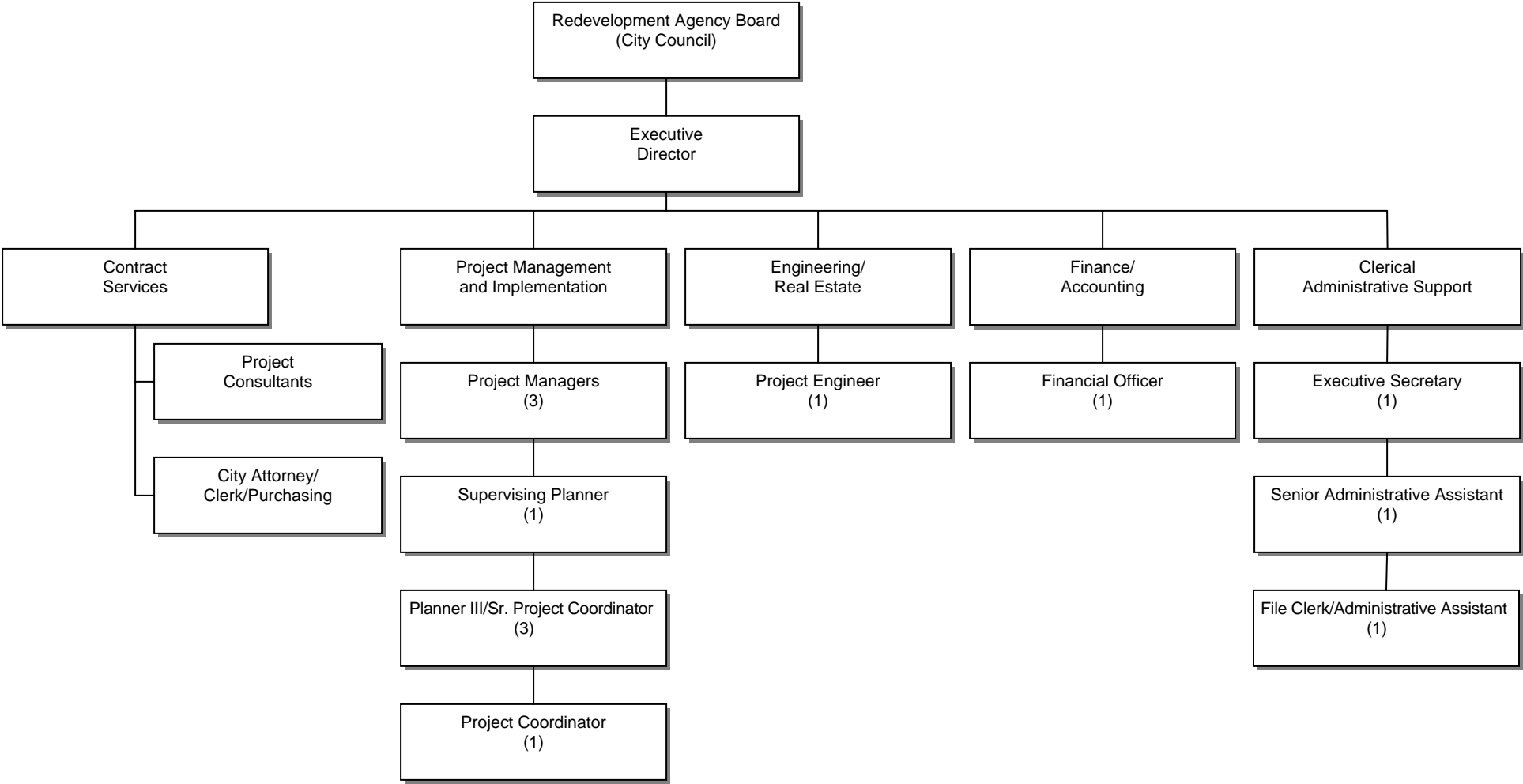
In addition, I would like to acknowledge the role of Brown Armstrong Paulden McCown Starbuck Thornburgh & Keeter Accountancy Corporation for their professional support in the preparation of the CAFR. Finally, I want to thank the Mayor, the City Council members and the City Manager for their continued interest, leadership and support in planning and conducting the Agency's financial operations.

Respectfully submitted,

A handwritten signature in black ink that reads "Lora J. Kutka, CPA". The signature is written in a cursive, flowing style.

Lora Kutka, CPA
Financial Officer

Redevelopment Agency of the City of Fresno
Organization Chart



**Redevelopment Agency of the City of Fresno
A Component Unit of the City of Fresno
Directory of Officials**

Member	Term Expires
AGENCY BOARD	
Blong Xiong, District 1	January 2011
Brian Calhoun, District 2	January 2009
Cynthia Sterling, District 3 – Chair	January 2011
Larry Westerlund, District 4	January 2009
Mike Dages , District 5 – Vice-Chair	January 2011
Jerry Duncan, District 6	January 2009
Henry T. Perea, District 7	January 2011

AGENCY OFFICIALS

Marlene Murphey, Executive Director
James Sanchez, Ex-Officio Attorney
Rebecca E. Klisch, Ex-Officio Clerk
Lora Kutka, Financial Officer

Elected officials as of the date of this report.

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Redevelopment Agency
of the City of Fresno
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Thomas J. Hain".

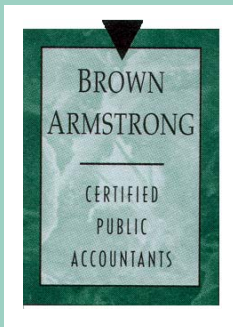
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enos".

Executive Director

FINANCIAL SECTION

This page intentionally left blank.



BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK THORNBURGH & KEETER
Certified Public Accountants

Main Office
4200 Truxtun Ave., Suite 300
Bakersfield, California 93309
Tel 661.324.4971 Fax 661.324.4997
e-mail: info@bacpas.com

Shafter Office
560 Central Avenue
Shafter, California 93263
Tel 661.746.2145 Fax 661.746.1218

Andrew J. Paulden, CPA
Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Harvey J. McCown, CPA
Steven R. Starbuck, CPA
Aileen K. Keeter, CPA
Chris M. Thornburgh, CPA
Eric H. Xin, MBA, CPA
Richard L. Halle, CPA, MST

Lynn R. Krausse, CPA, MST
Rosalva Flores, CPA
Connie M. Perez, CPA
M. Sharon Adams, CPA, MST
Diana H. Branthoover, CPA
Thomas M. Young, CPA
Alicia Montgomery, CPA, MBA
Matthew R. Gilligan, CPA
Hanna J. Sheppard, CPA
Ryan J. Nielsen, CPA
Jian Ou-Yang, CPA
Ryan S. Johnson, CPA
Michael C. Olivares, CPA
Jialan Su, CPA
Ariadne S. Prunes, CPA
Samuel O. Newland, CPA
Richard A. Gammel, CPA
Brooke N. DeCuir, CPA

INDEPENDENT AUDITOR'S REPORT

Members of the Board of the
Redevelopment Agency
City of Fresno, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Redevelopment Agency of the City of Fresno, California (Agency), a component unit of the City of Fresno, California, as of and for the year ended June 30, 2007, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Agency as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2007 on our consideration of the Agency'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK THORNBURGH & KEETER
ACCOUNTANCY CORPORATION



Bakersfield, California
December 22, 2007

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

The following discussion provides a narrative overview and analysis of the financial activities of the Redevelopment Agency of the City of Fresno (Agency) for the fiscal year ended June 30, 2007. Readers are encouraged to consider the information presented here in conjunction with the Agency's financial statements, which begin on page 8.

Financial Highlights

- The liabilities of the Agency exceeded its assets at the close of the most recent fiscal year by \$61,638,177 (net assets (deficit)).
- The Agency's net assets increased by \$9,624,973.
- As of the close of the current fiscal year, the Agency's governmental funds reported ending fund balance of \$50,143,265, an increase of \$6,010,114 in comparison with the prior year. The Agency has a negative unreserved fund balance of \$928,866.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the Agency's net assets changed during the most recent fiscal year. All changes in net assets 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 in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements report on the function of the Agency, which is to improve, rehabilitate and develop certain areas within the City by eliminating blight and encouraging private investment. These activities are primarily funded with incremental property tax revenue (tax increment) and intergovernmental revenues.

The government-wide financial statements can be found on pages 8 and 9 of this report.

FUND FINANCIAL STATEMENTS

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. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The capital projects and debt service funds are governmental funds used to account for essentially the same function reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The Agency reports the following major governmental funds: Merger One, Merger Two, Housing Project and Roeding capital projects funds and Merger One, Merger Two, Airport, Airport Revitalization, and Roeding debt service funds.

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 in 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 financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and *governmental activities*. The basic governmental fund financial statements can be found on pages 10-15 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-30 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets Governmental Activities June 30, 2007

	2007	2006
Assets:		
Current and other	\$ 56,529,338	\$ 51,112,577
Capital assets	2,011,012	2,125,643
Total assets	58,540,350	53,238,220
Liabilities:		
Long-term liabilities outstanding	74,260,508	79,884,236
Other liabilities	45,918,019	44,617,133
Total liabilities	120,178,527	124,501,369
Net assets (deficit):		
Invested in capital assets, net of related debt	(417,818)	(355,029)
Unrestricted	(61,220,359)	(70,908,120)
Total net assets (deficit)	\$ (61,638,177)	\$ (71,263,149)

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, liabilities exceeded assets by \$61,638,177 at the close of the most recent fiscal year, creating a negative net asset balance. Redevelopment agencies typically have a negative net asset balance as redevelopment agencies are structured to receive property tax revenue only when debts exceed available resources, i.e., cash and cash equivalents. In accordance with Generally Accepted Accounting Principles and Government Accounting Standards Board Statement 34, the government-wide statement of net assets reflects the Agency's total debt at year-end but the future tax increment revenue expected to be received for payment of the debt is not.

**Statement of Activities
Governmental Activities
For the Year Ended June 30, 2007**

	2007	2006
Revenues:		
General revenues:		
Incremental property taxes	\$ 17,547,137	\$ 14,768,911
Use of money and property	1,309,122	1,709,287
Lease income from the City	196,602	593,905
Intergovernmental	238,715	1,910,492
Forgiveness of debt	6,416,674	-
Miscellaneous	521,710	239,500
Total revenues	26,229,960	19,222,095
Expenses:		
General government	6,613,547	5,152,492
Redevelopment	5,941,304	16,964,874
Interest and fiscal charges	4,050,136	3,988,526
Total expenses	16,604,987	26,105,892
Increase (decrease) in net assets before special item	9,624,973	(6,883,797)
Net assets (deficit), beginning of year	(71,263,150)	(64,567,151)
Restatement of prior year	-	187,798
Net assets, beginning of year, as restated	(71,263,150)	(64,379,353)
Net assets (deficit), end of year	<u>\$ (61,638,177)</u>	<u>\$ (71,263,150)</u>

The net assets of the Agency increased by \$9,624,973 during the current fiscal year, primarily due to forgiveness of debt and the prior year restatement of property held for resale. The Agency's primary source of revenue is property tax, referred to in the accompanying basic financial statements as "incremental property taxes". Property taxes allocated to the Agency are computed in the following manner:

- a. The assessed valuation of all property within each Agency project area is determined on the date of adoption of the Redevelopment Plan by a designation of a fiscal year assessment roll.
- b. Property taxes related to the incremental increase in assessed values after the adoption of the Redevelopment Plan are allocated to the Agency. Taxes on the "frozen" assessed valuation of the property are allocated to the City and other districts receiving taxes from the project area.

FUND FINANCIAL ANALYSIS

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's governmental funds are discussed below:

GOVERNMENTAL FUNDS

The focus of the Agency's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

As of the end of the current fiscal year, the Agency's governmental funds reported an ending fund balance of \$50,143,265. The fund balance primarily represents the accumulation of incremental property tax and interest income in excess of expenditures. The fund balance is reserved for non-current receivables, deposits, property held for resale, debt service, capital projects and encumbrances.

	2007	2006	Total \$ Change	Total % Change
Revenues:				
Incremental property taxes	\$ 17,547,137	\$ 14,768,911	\$ 2,778,226	18.81%
Use of money and property	1,318,434	1,748,540	(430,106)	-24.60%
Lease income	1,165,689	1,146,583	19,106	1.67%
Intergovernmental	238,715	1,910,492	(1,671,777)	-87.51%
Other revenue	521,710	239,500	282,210	117.83%
Total revenues	20,791,685	19,814,026	977,659	4.93%
Expenditures:				
General government	4,572,422	5,044,561	(472,139)	-9.36%
Redevelopment	5,941,304	16,964,874	(11,023,570)	-64.98%
Debt service	9,435,730	3,245,632	6,190,098	190.72%
Total expenditures	19,949,456	25,255,067	(5,305,611)	-21.01%
Excess (deficiency) before other financing sources	842,229	(5,441,041)	6,283,270	-115.48%
Gain (loss) on sale of property	(1,924,026)	(2,512)	(1,921,514)	76493.39%
Forgiveness of indebtedness	6,416,674	-	6,416,674	100.00%
Proceeds of long-term debt	675,237	908,996	(233,759)	-25.72%
Increase (decrease) in fund balance	<u>\$ 6,010,114</u>	<u>\$ (4,534,557)</u>	<u>\$ 10,544,671</u>	<u>-232.54%</u>

Explanation of Significant Variances:

- Overall, incremental property taxes in the Debt Service Funds increased \$2,778,225 due to higher property values from new development and property sales. The decline in the housing market has had little impact on the Agency's revenue so far. This is partly due to the timing of revenue received. Property values are assessed on January 1 for the following fiscal year beginning July 1. The Agency receives two checks per year from the County; the first in February and the second in June. In other words, the tax increment revenue for fiscal year July 1, 2006 through June 30, 2007 was based upon assessed values as of January 1, 2006. Another factor contributing to the increase in incremental property taxes relates to the types of properties in the project areas. The Agency's redevelopment areas primarily consist of commercial and industrial properties and, as such, have not been affected by the decline in the housing market.
- Use of money and property decreased \$430,106 in 2007 primarily due to a decrease in the number and amount of loan repayments in the Capital Projects Housing Fund.
- Intergovernmental revenues in the Debt Service Funds received in fiscal year 2007 consisted of \$238,715 in lease interest income in the Convention Center Debt Service Fund received from the City of Fresno for the 1996 Conference Center Refinancing Project. The decrease from fiscal year 2006 was due to a one time receipt of \$1,666,397 received from the City of Fresno for the Roeding Business Park Infrastructure Improvement Project in the Roeding Business Park Debt Service Fund.
- Other revenue increased \$282,210 primarily due to an increase in UGM refunds and reimbursements from the City of Fresno for completed infrastructure projects in the Southeast Fresno, Airport Revitalization and South Fresno Industrial Capital Project Funds.

- Capital Project Fund redevelopment expenditures decreased in 2007 primarily due to the transfer of \$11.6 million in Agency costs to the City of Fresno for the Roeding Business Park Infrastructure Improvement Project in fiscal year 2006 in the Roeding Business Park Capital Project Fund.
- Gain (loss) on sale of property in the Capital Project Funds is net of costs and consisted primarily of the sale of 15 parcels to Community Medical Center for a multi-year expansion project in the Jefferson Capital Project Fund. The remaining gain (loss) on sale of property was due to sales of boarded up and infill homes in the Housing Capital Project Fund. The cost of property acquisition is commonly higher than the sales price for redevelopment agencies as acquisition costs include not only the purchase price of the property but also legal fees, relocation costs and demolition costs. The expectation is that any initial loss on sale of the property will be recovered from future tax increment received as new development takes place.
- General government expenses in all Debt Service Funds decreased in 2007 as the Agency's requirement to the State's Educational Revenue Augmentation Fund (ERAF) ended in fiscal year 2006.
- The decrease in redevelopment expenses in the Capital Project Funds was primarily due to the reclassification of property held for resale to redevelopment expenses in 2006 in the Roeding Business Park Capital Project Fund.
- Debt service decreased in the current fiscal year primarily due to a reduction in debt payments to the City of Fresno from the Convention Center Debt Service Fund.
- The decrease in proceeds of long-term debt in the Debt Service Funds is due to the receipt in 2006 of the remaining loan funds from the California Infrastructure and Economic Development Bank for the Roeding Business Park project area.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of June 30, 2007 the Agency's investment in capital assets for its governmental activities was \$2,011,012 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements and equipment.

There were no major capital asset transactions during the current fiscal year.

Additional information on the Agency's capital assets can be found in note 7 in the notes to the basic financial statements.

LONG-TERM DEBT

Agency loan proceeds during the fiscal year 2007 totaled \$675,237. Of this amount, \$515,237 was from a Convention Center Project Area repayment agreement with the City of Fresno. Loan proceeds of \$160,000 were also received from the City of Fresno for the Southwest Fresno project area.

For additional information, see Notes 4 and 8 in the notes to the basic financial statements.

ECONOMIC FACTORS

On August 5, 2004, SB 1096 was signed into law requiring redevelopment agencies statewide to shift \$250 million in fiscal years 2005 and 2006 to the State's Educational Revenue Augmentation Fund as a way to reduce the State's 2004-2006 budget deficit. The Agency's share of this revenue shift in fiscal year 2006 was \$949,449. At this time, there is no ERAF shift requirement for years beyond 2006.

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Financial Officer, Lora Kutka of the Redevelopment Agency.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
JUNE 30, 2007**

ASSETS

Cash and investments	\$ 6,942,571
Restricted assets - cash and investments	6,994,165
Due from the City of Fresno	670,075
Net direct financing leases	5,335,000
Loans and notes receivable	2,338,889
Property held for resale	33,098,442
Deferred charges	263,553
Other assets	886,643
Capital assets, net of depreciation	<u>2,011,012</u>
Total assets	<u>58,540,350</u>

LIABILITIES

Accounts payable and accrued liabilities	403,997
Due to other governments	80,045
Security deposits	22,509
Interest payable	43,800,658
Long-term liabilities:	
Due within one year	1,610,810
Due in more than one year	<u>74,260,508</u>
Total liabilities	<u>120,178,527</u>

NET ASSETS (DEFICIT)

Invested in capital assets, net of related debt	(417,818)
Unrestricted	<u>(61,220,359)</u>
Total net assets (deficit)	<u><u>\$ (61,638,177)</u></u>

See notes to the financial statements.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

Program expenses:	
General government	\$ 6,706,762
Redevelopment	5,941,304
Interest and fiscal charges	<u>4,050,136</u>
Total program expenses	<u>16,698,202</u>
General revenues:	
Incremental property taxes	17,547,137
Use of money and property	1,402,337
Lease income from the City	196,602
Intergovernmental	238,715
Forgiveness of debt	6,416,674
Miscellaneous	<u>521,710</u>
Total general revenues	<u>26,323,175</u>
Change in net assets	9,624,973
Net assets (deficit), beginning of year	<u>(71,263,150)</u>
Net assets (deficit), end of year	<u><u>\$ (61,638,177)</u></u>

See notes to the financial statements.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	Capital Projects				Debt Service	
	Merger One	Merger Two	Housing Project	Roeding	Merger One	Merger Two
ASSETS						
Cash and investments	\$ 2,709	\$ 466,846	\$ -	\$ -	\$ 1,902,433	\$ 1,337,689
Restricted assets:						
Cash and investments with fiscal agents	-	-	3,397,404	-	2,674,448	922,313
Receivables:						
Loans	-	-	1,477,530	-	64,317	-
Notes	-	-	728,016	-	69,026	-
Lease interest	-	-	-	-	66,884	-
Due from other funds	4,708,600	2,140,635	-	-	-	-
Due from the City of Fresno	-	-	112,161	-	248,945	28,000
Net direct financing leases	-	-	-	-	5,335,000	-
Other assets	674,877	-	211,766	-	-	-
Property held for resale	11,663,338	12,821,570	6,717,918	94,302	-	-
Total assets	\$ 17,049,524	\$ 15,429,051	\$ 12,644,795	\$ 94,302	\$ 10,361,053	\$ 2,288,002
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable and accrued liabilities	\$ -	\$ 26,654	\$ 377,343	\$ -	\$ -	\$ -
Due to other funds	7,556,435	-	-	1,177,973	-	-
Due to the City of Fresno	-	-	-	-	-	-
Deferred revenue	-	-	-	-	5,401,884	-
Security deposits	-	-	-	-	22,509	-
Total liabilities	7,556,435	26,654	377,343	1,177,973	5,424,393	-
FUND BALANCES:						
Reserved for noncurrent receivables	-	-	2,205,546	-	133,343	-
Reserved for other assets	674,877	-	211,766	-	-	-
Reserved for property held for resale	11,663,338	12,821,570	6,717,918	94,302	-	-
Reserved for debt service	-	-	-	-	4,803,317	2,288,002
Reserved for capital projects	-	2,389,109	3,132,222	-	-	-
Reserved for encumbrances	22,805	191,718	-	-	-	-
Unreserved	(2,867,931)	-	-	(1,177,973)	-	-
Total fund balances	9,493,089	15,402,397	12,267,452	(1,083,671)	4,936,660	2,288,002
Total liabilities and fund balances	\$ 17,049,524	\$ 15,429,051	\$ 12,644,795	\$ 94,302	\$ 10,361,053	\$ 2,288,002

(Continued)

See notes to the financial statements.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
BALANCE SHEET (Continued)
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	<u>Debt Service</u>			<u>All Other</u>	<u>Total</u>
	<u>Airport Revitalization</u>	<u>Roeding</u>	<u>Airport Project</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
ASSETS					
Cash and investments	\$ 157,394	\$ 92,708	\$ 3,146	\$ 2,979,646	\$ 6,942,571
Restricted assets:					
Cash and investments with fiscal agents	-	-	-	-	6,994,165
Receivables:					
Loans	-	-	-	-	1,541,847
Notes	-	-	-	-	797,042
Lease interest	-	-	-	-	66,884
Due from other funds	-	-	-	1,900,000	8,749,235
Due from the City of Fresno	-	-	-	214,085	603,191
Net direct financing leases	-	-	-	-	5,335,000
Other assets	-	-	-	-	886,643
Property held for resale	-	-	-	1,801,314	33,098,442
Total assets	<u>\$ 157,394</u>	<u>\$ 92,708</u>	<u>\$ 3,146</u>	<u>\$ 6,895,045</u>	<u>\$ 65,015,020</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 403,997
Due to other funds	-	-	-	14,827	8,749,235
Due to the City of Fresno	-	-	-	80,045	80,045
Deferred revenue	-	-	-	214,085	5,615,969
Security deposits	-	-	-	-	22,509
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,957</u>	<u>14,871,755</u>
FUND BALANCES:					
Reserved for noncurrent receivables	-	-	-	-	2,338,889
Reserved for other assets	-	-	-	-	886,643
Reserved for property held for resale	-	-	-	1,801,314	33,098,442
Reserved for debt service	157,394	92,708	3,146	275,091	7,619,658
Reserved for capital projects	-	-	-	3,888,510	9,409,841
Reserved for encumbrances	-	-	-	621,173	835,696
Unreserved	-	-	-	-	(4,045,904)
Total fund balances	<u>157,394</u>	<u>92,708</u>	<u>3,146</u>	<u>6,586,088</u>	<u>50,143,265</u>
Total liabilities and fund balances	<u>\$ 157,394</u>	<u>\$ 92,708</u>	<u>\$ 3,146</u>	<u>\$ 6,895,045</u>	<u>\$ 65,015,020</u>

See notes to the financial statements.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007**

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

Total fund balances - total governmental	\$ 50,143,265
--	---------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.

Depreciable	2,929,049
Accumulated depreciation on depreciable capital assets	(918,037)

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.

Lease interest receivable due from the City of Fresno	66,884
Expenditure reimbursements due from the City of Fresno	214,085
Net direct financing leases	5,335,000
Deferred charges	263,553

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Long-term obligations	(75,871,318)
Accrued interest payable	(43,800,658)

Net assets (deficit) of governmental activities	<u>\$ (61,638,177)</u>
---	------------------------

See notes to the financial statements.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	Capital Projects				Debt Service	
	Merger One	Merger Two	Housing Project	Roeding	Merger One	Merger Two
REVENUES:						
Incremental property taxes	\$ -	\$ -	\$ -	\$ -	\$5,418,020	\$ 3,342,140
Use of money and property	-	90,495	411,962	-	548,589	213,100
Lease income	-	-	-	-	1,059,700	105,989
Intergovernmental	-	-	-	-	238,715	-
Miscellaneous	-	-	-	-	-	-
Total revenues	-	90,495	411,962	-	7,265,024	3,661,229
EXPENDITURES:						
Current:						
General government	257,749	378,875	24,959	73,231	1,147,338	419,493
Redevelopment	739,783	144,307	2,863,832	21,381	-	-
Debt service:						
Principal repayments	-	-	-	-	1,142,017	510,000
Interest and fiscal charges	-	-	-	-	875,735	374,228
Total expenditures	997,532	523,182	2,888,791	94,612	3,165,090	1,303,721
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(997,532)	(432,687)	(2,476,829)	(94,612)	4,099,934	2,357,508
OTHER FINANCING SOURCES (USES):						
Loss on sale of property	(1,871,662)	-	(52,364)	-	-	-
Loan proceeds	-	-	-	-	515,237	160,000
Forgiveness of indebtedness	-	-	-	-	-	-
Transfers in	3,115,000	1,700,000	3,509,428	310,000	-	-
Transfers out	-	-	-	-	(4,198,605)	(2,368,428)
Total other financing sources (uses)	1,243,338	1,700,000	3,457,064	310,000	(3,683,368)	(2,208,428)
NET CHANGE IN FUND BALANCES	245,806	1,267,313	980,235	215,388	416,566	149,080
FUND BALANCES, BEGINNING OF YEAR	9,247,283	14,135,084	11,287,217	(1,299,059)	4,520,094	2,138,922
FUND BALANCES (DEFICITS), END OF YEAR	\$9,493,089	\$ 15,402,397	\$ 12,267,452	\$ (1,083,671)	\$4,936,660	\$ 2,288,002

(Continued)

See notes to the financial statements.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Debt Service</u>			<u>All Other</u>	<u>Total</u>
	<u>Airport Revitalization</u>	<u>Roeding Project</u>	<u>Airport Project</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
REVENUES:					
Incremental property taxes	\$ 2,229,561	\$ 724,726	\$ 136,888	\$ 5,695,802	\$ 17,547,137
Use of money and property	4,600	3,069	2,173	137,661	1,411,649
Lease income	-	-	-	-	1,165,689
Intergovernmental	-	-	-	-	238,715
Miscellaneous	-	-	-	521,710	521,710
Total revenues	<u>2,234,161</u>	<u>727,795</u>	<u>139,061</u>	<u>6,355,173</u>	<u>20,884,900</u>
EXPENDITURES:					
Current:					
General government	539,806	148,043	56,258	1,619,885	4,665,637
Redevelopment	-	-	-	2,172,001	5,941,304
Debt service:					
Principal repayments	-	44,620	2,977,515	-	4,674,152
Interest and fiscal charges	-	72,456	3,439,159	-	4,761,578
Total expenditures	<u>539,806</u>	<u>265,119</u>	<u>6,472,932</u>	<u>3,791,886</u>	<u>20,042,671</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,694,355</u>	<u>462,676</u>	<u>(6,333,871)</u>	<u>2,563,287</u>	<u>842,229</u>
OTHER FINANCING SOURCES (USES):					
Loss on sale of property	-	-	-	-	(1,924,026)
Loan proceeds	-	-	-	-	675,237
Forgiveness of indebtedness	-	-	6,416,674	-	6,416,674
Transfers in	-	-	-	4,770,000	13,404,428
Transfers out	(1,645,912)	(454,944)	(202,378)	(4,534,161)	(13,404,428)
Total other financing sources (uses)	<u>(1,645,912)</u>	<u>(454,944)</u>	<u>6,214,296</u>	<u>235,839</u>	<u>5,167,885</u>
NET CHANGE IN FUND BALANCES	48,443	7,732	(119,575)	2,799,126	6,010,114
FUND BALANCES, BEGINNING OF YEAR	<u>108,951</u>	<u>84,976</u>	<u>122,721</u>	<u>3,786,962</u>	<u>44,133,151</u>
FUND BALANCES, END OF YEAR	<u>\$ 157,394</u>	<u>\$ 92,708</u>	<u>\$ 3,146</u>	<u>\$ 6,586,088</u>	<u>\$ 50,143,265</u>

See notes to the financial statements.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

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

Net change in fund balances - total governmental	\$ 6,010,114
--	--------------

Governmental funds report capital outlays as expenditures in the amount of \$36,165. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$150,796 exceeded capital outlays in the current period.	(114,631)
--	-----------

Governmental funds recognize revenues 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 Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. However, in the statement of activities revenues are recognized when earned regardless of when received. Revenues earned but not received within 60 days of the end of the fiscal year are as follows:

Change in interest revenue due from the City of Fresno	(9,312)
--	---------

Certain lease revenue collected from the City of Fresno during the year was recognized at the inception of the lease and, therefore, is reported as revenue only in the governmental funds.	(745,000)
---	-----------

The impact of the net investment in direct financing lease, as a result of the advance refunding, is recorded as a special item, and represents a reduction of net assets, as the revenue was previously recognized at the inception of the lease.	(224,087)
--	-----------

Long-term debt provides current financials resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financials resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, 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.	3,996,447
--	-----------

Other expenses in the statement of activities that do not use current financial resources are not reported as expenditures in the governmental funds.

Change in accrued interest	711,442
Change in net assets of governmental activities	\$ 9,624,973

See notes to the financial statements.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A) *Reporting Entity*** – The Redevelopment Agency (Agency) of the City of Fresno was established pursuant to provisions of the Health and Safety Code of the State of California. Although a separate legal entity, the Agency is subject to the oversight responsibility of the City Council of the City of Fresno (“City”) and, accordingly, is a component unit of the City for financial reporting purposes. The Agency’s governing board is the City Council. The primary purpose of the Agency is to eliminate blighted areas within the City by encouraging development of residential, commercial, industrial, recreational, and public facilities.
- B) *Government-wide and fund financial statements*** – The government-wide financial statements (i.e., the statement of net assets and statement of activities) report information on all of the activities of the Agency. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

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*. All of the Agency’s revenues are considered general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

- C) *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*** – 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures are recorded only when payment is due.

All major revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Such revenues include incremental property taxes, grants and contributions not restricted to specific programs, which are virtually unrestricted as to purpose of expenditure and revocable only for failure to meet prescribed compliance requirements, and lease income from the City of Fresno. All other revenue items, such as intergovernmental and miscellaneous are considered to be measurable and available only when cash is received by the Agency.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Agency reports the following major governmental funds:

Merger One Capital Projects Fund accounts for the acquisition, relocation, demolition and sale of land for the Mariposa, West Fresno I, West Fresno II, Central Business District, Convention Center, Jefferson, Chinatown, Fulton/Uptown and South Van Ness projects, financed from the proceeds of bonds sold, loans from the City, and incremental property tax revenue.

Merger Two Capital Projects Fund accounts for the acquisition, relocation, demolition and sale of capital facilities for the Southwest Fresno and Fruit/Church projects, financed from the proceeds of bonds sold, loans from the City, and incremental property tax revenue.

Housing Project Capital Projects Fund accounts for the activities of low-and- moderate-income housing. Pursuant to Health and Safety Code Section 33334.2, the Agency has designated twenty percent of its incremental tax allocation for the purpose of increasing the supply of low-and-moderate-income housing.

Roeding Capital Projects Fund accounts for the acquisition, relocation, demolition and sale of capital facilities financed from the proceeds of bonds sold, loans from the City, and incremental property tax revenue.

Merger One Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs related to the Merger One Capital Projects Fund.

Merger Two Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs related to the Merger Two Capital Projects Fund.

Airport Revitalization Debt Service Fund accounts for accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs related to the Airport Area Revitalization Capital Projects Fund.

Roeding Project Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs related to the Roeding Capital Projects Fund.

Airport Debt Service Fund accounts for accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs related to the Airport Capital Projects Fund.

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

D) Assets, liabilities, and net assets or equity

Cash and Investments –The Agency's investments are stated at fair value.

Cash and Investments with Fiscal Agents – Cash and investments held with fiscal agents are held with trustees in accordance with applicable guidelines set out in the debt indenture agreements for the Merger One and Merger Two Debt Service Funds.

Interfund Receivables/Payables – Short-term receivables and payables between funds are reported as “due from other funds” and “due to other funds,” respectively, in the governmental fund financial statements.

Capital Assets – Capital assets, which include buildings, are reported in the government-wide financial statements. Capital assets are defined by the Agency as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Assets are depreciated using lives of 20 years for buildings and 5 years for equipment.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings of the Agency are depreciated using the straight-line method over 5-25 years related to the length of the related debt used to acquire the assets.

Property Held for Resale – Real property expected to be resold in the near future is recorded as “property held for resale” in both the statement of net assets and balance sheet. Property held for resale is reported at lower of cost or estimated realizable value at the date of a disposition and development agreement being executed.

Reserved Fund Balances – Reserves are portions of the fund balance that are not available for appropriation for expenditures under the current financial resources measurement focus or amounts that are legally segregated for specific future use. A summary of reported reserves at June 30, 2007, follows:

- **Noncurrent receivables** - The reserve for noncurrent receivables represents a segregation of a portion of the fund balance to indicate that assets equal to the amount of the reserve are related to certain long-term receivables and do not constitute "available spendable resources" since they are not a component of net current assets.
- **Other assets** – The reserve for other assets represents a segregation of a portion of fund balance to indicate that other assets does not represent expendable available financial resources.
- **Property held for resale** – The reserve for property held for resale represents a segregation of a portion of fund balance to indicate that property held for resale does not represent expendable available financial resources.
- **Debt service** - The reserve for debt service represents a segregation of a portion of fund balance for the debt service funds required to be reserved by agreement for repayment of principal and interest on long-term debt.
- **Capital projects** – The reserve for capital projects represents the remaining fund balance of the capital project funds required to be used for the project for which the fund was created.
- **Encumbrances** - The reserve for encumbrances represents purchase orders, contracts, and other commitments for the expenditure of monies in the capital projects funds.

Property Taxes – The Agency receives incremental property tax money from the County of Fresno, which is responsible for the assessment, collection, and apportionment of property taxes for all taxing jurisdictions within the County. Secured property tax payments are levied in two equal installments; the first is generally due November 1, and delinquent with penalties after December 10; the second is generally due on February 1 and delinquent with penalties after April 10. Secured property taxes become a lien on the property on January 1. Property taxes on the unsecured roll are due on the March 1 lien date and become delinquent if unpaid on August 31.

Property taxes are recognized as revenue in the fiscal year during which they are levied and collected, adjusted for any amounts expected to be collected more than 60 days after the fiscal year end.

Interfund Transfers In/(Out) - During the course of normal operations, the Agency has numerous transactions between funds, which are inflows and outflows from and to other funds that are not classified as interfund services provided and used, reimbursements or loans. Such transfers include transfers to debt service funds for debt payment, and transfers to various capital projects funds for the acquisition of capital assets, and other capital outlay expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances – The Agency utilizes an encumbrance system to assist in controlling expenditures. Under this system, governmental funds are encumbered when purchase orders, contracts and other commitments are signed or approved. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. All unencumbered appropriations lapse at year-end. Encumbrances outstanding at year-end are reported as reservations of fund balance.

Use of Estimates – In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**A) Deficit fund equity**

The Roeding capital projects fund had a deficit fund balance of \$1,083,671 as of June 30, 2007. The Agency anticipates that this deficit will be eliminated in fiscal year 2008 through receipt of tax increment revenues, intergovernmental revenues and UGM fee refunds. Tax increment has been increasing in the project area while expenditures have been decreasing. Intergovernmental revenue consisting of loan proceeds from the City of Fresno's California Infrastructure and Economic Development Bank loan will be used to reimburse the Agency for infrastructure costs incurred by the Agency. In addition, the Agency is anticipating refunds of UGM fees paid on the project. The Airport capital projects had a deficit fund balance of \$94,872 that will be eliminated in fiscal year 2008 through receipt of tax increment revenues.

NOTE 3 – CASH AND INVESTMENTS**A. Authorized Investments**

The table below identifies the investment types that are authorized by the Agency's investment policy and California Government Code Section 53601. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Agency, rather than the general provisions of the Agency's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating
U.S. Treasury Securities	5 years	100%	--	None
U.S. Agency Securities	5 years	100%	--	None
State and Local Agency Obligations	5 years	100%	5%	None
Bankers' Acceptances	180 days	40%	--	None
Commercial Paper	270 days	40%	5%	A
Negotiable Certificates of Deposit	5 years	30%	--	None
Repurchase Agreements	1 year	None	--	None
Reverse Repurchase Agreements	92 days	20%	--	None
Securities Lending Agreements	92 days	20%	--	None
Medium Term Notes	5 years	30%	5%	A
Money Market Mutual Funds (that invest in allowable securities)	N/A	20%	10%	AAA
Collateralized Bank Deposits	5 years	None	--	None
Mortgage Pass-Through Securities	5 years	20%	--	AA
Time Deposits	5 years	None	--	None
County Pooled Investment Funds	N/A	None	--	None
Joint Powers Authority Pool	N/A	None	--	None
Local Agency Investment Fund	N/A	None	--	None

NOTE 3 – CASH AND INVESTMENTS (Continued)**B. 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 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 Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, except that 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 depository regulated under stated law. 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. The Agency's investments are not subject to custodial credit risk.

C. Interest Rate and Credit 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 is to changes in market interest rates. The Agency does not have a formal policy for managing its exposure to interest rate risk.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Agency does not have a formal policy for managing its exposure to credit risk. As of June 30, 2007, the Agency's investments and credit ratings are as follows:

	Credit Rating (S & P/)	Maturity		Fair Value
		Under 30 Days	More than 5 Years	
Investment type				
Money Market Mutual Funds	AAA	\$ 1,050,909	\$ -	\$ 1,050,909
Guaranteed Investment Contract	Not Rated	-	1,052,823	1,052,823
Repurchase Agreement	Not Rated	-	899,228	899,228
Total Investments				<u>\$ 3,002,960</u>

D. Concentration of Credit Risk

Investments in any one issuer (other than U.S. Treasury Notes, mutual funds and external investment pools) that represent 5% or more of the total investments of the Agency are as follows:

\$1,052,823 in cash and investments with fiscal agent reported in the Merger One Debt Service Fund is held in an unrated guaranteed investment contract issued by MBIA Inc., maturing on April 1, 2013.

\$899,288 in cash and investments with fiscal agent reported in the Merger Two Debt Service Fund is invested in a repurchase agreement issued by CDC Funding Corporation, maturing on July 31, 2018.

Cash and investments are reported in the basic financial statements as follows:

Cash and investments	\$ 6,942,571
Restricted assets:	
Cash and investments with fiscal agent	<u>6,994,165</u>
Total cash and investments	<u>\$ 13,936,736</u>

NOTE 3 – CASH AND INVESTMENTS (Continued)

Cash and investments consist of the following:

Deposits	\$ 2,510,927
Investments	11,425,809
	<hr/>
Total cash and investments	\$ 13,936,736
	<hr/>

The Agency maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the statement of net assets and the balance sheet as "cash and investments."

Cash and investments with fiscal agents are invested in "Permitted Investments" (as defined in the bond agreements) and are reported in the statement of net assets and balance sheet as restricted assets. Such permitted investments include: direct obligations of the U.S. Treasury, obligations of certain federal agencies not guaranteed by the U.S. Treasury, interest-bearing demand or time deposits, obligations of corporations, guaranteed investment contracts, repurchase agreements, money market funds, commercial paper, bonds or other obligations of any state or agency or local governmental unit.

NOTE 4 – LOANS AND NOTES RECEIVABLE

Loans and notes receivable comprise the following at June 30, 2007:

Debt Service Fund, Merger One:

Huntington Park Condominiums mortgage loan, interest at 8.25%, due in varying monthly installments through April 1, 2018, secured by a deed of trust on real property, proceeds pledged for repayment of mortgage revenue bonds.	\$ 64,317
--	-----------

Capital Projects Fund, Housing Reserve:

Redevelopment loans to property owners, various rates of interest, due in varying monthly installments, both active and deferred, secured by deed of trust on real property, or unsecured.	1,477,530
--	-----------

Total Loans Receivable	1,541,847
------------------------	-----------

Debt Service Funds:

Merger One -

West Fresno Project #1 - Note secured by deed of trust from Fresno and "E" Street Partner, interest at 3% annually due in monthly installments for years one through five, principal and interest monthly installments of \$1,036 due in years six through twenty.	69,026
--	--------

Capital Projects Fund:

Housing Project -

Southwest Fresno Housing Project - Residual receipts note, interest at 3.00%, principal and interest due in annual installments of \$12,755 commencing on May 15, 2004.	228,016
---	---------

Housing Project -

Southwest Fresno Housing Project - Residual receipts note, interest at 3.00%, principal and interest due in annual installments of \$31,751 commencing on May 31, 2007.	500,000
---	---------

Total Notes Receivable	797,042
------------------------	---------

Total Loans and Notes Receivable	\$ 2,338,889
----------------------------------	--------------

NOTE 5 – NET DIRECT FINANCING LEASES RECEIVABLE

Net direct financing leases for debt service funds consist of one long-term direct financing lease from the City. At termination of the lease, title to all assets under the lease will be conveyed to the City. Direct financing leases receivable for debt service funds consist of the following at June 30, 2007:

<u>Merger One Debt Service Fund</u>	<u>Net Direct Financing Lease</u>
Convention and Conference Center Project: 30 year lease that expires in 2013.	\$ 5,335,000
	<u>\$ 5,335,000</u>

Future minimum lease payments to be received under the terms of the lease agreements subsequent to June 30, 2007 are as follows:

<u>Year Ending June 30,</u>	<u>Total Receivable</u>	<u>Deferred Lease Revenue</u>	<u>Net Lease Receivable</u>
2008	\$ 1,042,526	\$ 257,526	\$ 785,000
2009	1,042,188	217,188	825,000
2010	1,040,438	175,438	865,000
2011	1,036,688	131,688	905,000
2012	1,040,813	85,813	955,000
Thereafter	1,037,500	37,500	1,000,000
Total	<u>\$ 6,240,153</u>	<u>\$ 905,153</u>	<u>\$ 5,335,000</u>

The terms of the Convention Center Project lease are structured to cover the principal and interest payments on certificates of participation payable related to costs of capital improvements and conference center refinancing projects. In addition, the City is responsible for all taxes and assessments, administrative costs and insurance premiums related to the lease.

NOTE 6 – INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS

The composition of interfund balances as of June 30, 2007, is as follows:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Merger One Capital Projects	\$ 4,708,600	Merger One Capital Projects	\$ 7,556,435
Merger Two Capital Projects	2,140,635	Roeding Capital Projects	1,177,973
Airport Revitalization Capital Projects	1,600,000	Aggregate Remaining Funds	14,827
Aggregate Remaining Funds	300,000		-
Total	<u>\$ 8,749,235</u>		<u>\$ 8,749,235</u>

All balances reported as “due to other funds” and “due from other funds” resulted from short-term loans to cover temporary fund cash shortages as of June 30, 2007, and are expected to be repaid early in fiscal year 2008.

NOTE 6 – INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS (Continued)

Transfers Out:	Transfers In					Total
	Merger One Capital Projects	Merger Two Capital Projects	Housing Project Capital Projects	Roeding Capital Projects	Other Nonmajor	
Merger One Debt Service	\$3,115,000	\$ -	\$1,083,605	\$ -	\$ -	\$ 4,198,605
Merger Two Debt Service	-	1,700,000	668,428	-	-	2,368,428
Airport Revitalization DS	-	-	445,912	-	175,000	620,912
Roeding Debt Service	-	-	144,945	310,000	-	454,945
Other Nonmajor	-	-	1,166,538	-	4,595,000	5,761,538
Total	<u>\$3,115,000</u>	<u>\$1,700,000</u>	<u>\$3,509,428</u>	<u>\$ 310,000</u>	<u>\$4,770,000</u>	<u>\$13,404,428</u>

Funds were transferred into the Housing Project Capital Projects Fund as the required 20% set-aside to fund the Low/Mod Income Housing Fund.

Funds were transferred into the Merger One and Merger Two Capital Projects Funds from the respective Merger One and Merger Two Debt Service Funds and into the Roeding Capital Projects Fund from the Aggregate Remaining Funds in order to fund the administrative and redevelopment functions of the Agency.

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007, was as follows:

	Beginning Balance	Additions	Dispositions	Ending Balance
Capital assets, being depreciated:				
Buildings	\$ 2,855,000	\$ -	\$ -	\$ 2,855,000
Equipment	37,884	36,165	-	74,049
Total capital assets, being depreciated	2,892,884	36,165	-	2,929,049
Less accumulated depreciation				
Buildings	(764,500)	(139,000)	-	(903,500)
Equipment	(2,741)	(11,796)	-	(14,537)
Capital assets, net	<u>\$ 2,125,643</u>	<u>\$ (114,631)</u>	<u>\$ -</u>	<u>\$ 2,011,012</u>

Depreciation expense of \$150,796 was charged to the redevelopment function on the statement of activities.

NOTE 8 – LONG-TERM DEBT

Long-term debt at June 30, 2007 consists of the following:

Bonds/certificates of participation payable	\$ 17,774,785
Loans payable	2,030,282
Capital lease obligations payable	2,428,829
Notes payable to the City of Fresno	10,168,754
Advances from the City of Fresno	43,468,666
	<u>\$ 75,871,316</u>

Bonds and Certificates of Participation Payable

The following is a description of the bonds and certificates of participation payable:

Merger One – Mariposa Project tax allocation refunding bonds, Series 2003, issued August 22, 2003, interest at 2% to 5.375% with varying annual principal installments ranging from \$80,000 to \$418,000 through February 1, 2023, interest due semi-annually, secured by a pledge of tax revenues. \$ 4,570,000

Conference Center Refinancing Project certificates of participation issued March 1, 1996, interest at 3.30% to 5.00% with varying annual principal installments ranging from \$495,000 to \$1,000,000 through April 1, 2013, interest due annually, secured by insurance coverage purchased through a private insurer and payable from a lease to the City of Fresno (Note 4). 5,335,000

2001 Southwest Fresno tax allocation revenue bonds, issued March 1, 2001, interest at 4.0% to 5.25% with varying annual principal installments ranging from \$115,000 to \$535,000 through August 1, 2018, interest due semi-annually secured by a pledge of tax revenues. 7,790,000

Total Bonds and Certificates of Participation Payable \$ 17,695,000

The following is a schedule of annual debt service requirements to maturity on the above as of June 30, 2007:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 1,508,000	\$ 854,761	\$ 2,362,761
2009	1,580,000	785,981	2,365,981
2010	1,647,000	714,131	2,361,131
2011	1,720,000	638,684	2,358,684
2012	1,808,000	558,821	2,366,821
2013-2017	5,890,000	1,708,293	7,598,293
2018-2022	3,124,000	487,735	3,611,735
2023	418,000	23,513	441,513
	<u>\$ 17,695,000</u>	<u>\$ 5,771,919</u>	<u>\$ 23,466,919</u>

Loans Payable

The following is a summary of loans payable as of June 30, 2007:

Payable by the Agency to the California Infrastructure and Economic Development Bank (CIEDB) for funds loaned to the Agency under the Tax Allocation Loan Agreement for street and public utility improvements, principal and interest at a fixed rate of 3.53% due in semi-annual installments through 2033.

\$ 2,030,282

The following is a schedule of annual debt service requirements to maturity on the above as of June 30, 2007 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 46,195	\$ 70,854	\$ 117,049
2009	47,825	69,194	117,019
2010	49,514	67,476	116,990
2011	51,261	65,697	116,958
2012	53,071	63,856	116,927
2013-2017	294,814	289,301	584,115
2018-2022	350,654	232,475	583,129
2023-2027	417,071	165,786	582,857
2028-2032	496,068	84,494	580,562
2033-2034	223,809	7,969	231,778
	<u>\$ 2,030,282</u>	<u>\$ 1,117,102</u>	<u>\$ 3,147,384</u>

Capital Lease Obligations

Capital leases are used for financing purchase of buildings in the amount of \$2,855,000 reported in capital assets. The following is a summary of capital lease obligations payable as of June 30, 2007:

Payable to Nottoli C.M.C. \$2,569,500 starting January 1, 2001, principal and interest at fixed rate of 8.5% due in monthly installments of \$22,429.

\$ 2,185,946

Payable to Motschieder, Michaelides & Wishon, LLP, \$285,500 starting January 1, 2001, principal and interest at fixed rate of 8.5% due in monthly installments of \$2,492.

242,883

\$ 2,428,829

NOTE 8 – LONG-TERM DEBT (Continued)Capital Lease Obligations (Continued)

The following is a schedule of annual debt service requirements to maturity on the above as of June 30, 2007:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 56,615	\$ 204,279	\$ 260,894
2009	61,619	199,274	260,893
2010	67,066	193,828	260,894
2011	72,994	187,900	260,894
2012	79,446	181,448	260,894
2013-2017	515,830	788,638	1,304,468
2018-2022	787,827	516,641	1,304,468
2023-2025	787,432	125,695	913,127
	<u>\$ 2,428,829</u>	<u>\$ 2,397,703</u>	<u>\$ 4,826,532</u>

Notes Payable to the City of Fresno

The following is a summary of notes payable to the City as of June 30, 2007:

Payable by the Central Business District to the Parking Authority of the City of Fresno. Secured by and payable from the incremental property tax revenues of the redeveloped properties. Payments on the notes and related interest expenses are based on budgetary priority as approved by the Agency. Incremental property tax revenues will continue to be received during the period the debt remains outstanding. Because these notes do not have a set repayment schedule, they are not included in the schedule of future payments:

\$2,378,809 advance at October 30, 1969 bearing interest at 5%.	\$ 2,378,809
\$3,937,011 advance at July 15, 1968, bearing interest at 5%.	3,937,011
\$606,363 advance at December 1, 1964, bearing interest at 5%.	606,363
\$238,160 advance at November 1, 1961, bearing interest at 5%.	238,160
	<u>7,160,343</u>

Payable by the Redevelopment Agency Roeding Business Park Project to the City of Fresno from the incremental property taxes of the redeveloped properties. Principal and interest is due at completion of each project and therefore, is not included in the schedule of future payments:

\$944,000 advance on February 8, 2001, principal and interest at variable rate of 5.88% to 5.61%.	944,000
\$621,000 advance on February 8, 2001, principal and interest at variable rate of 5.88% to 5.61%.	621,000
\$1,414,818 advance on December 16, 2004, and a \$28,593 advance on January 10, 2006, principle and interest at variable rate base upon the City of Fresno's pooled investment rate, fixed monthly.	1,443,411
	<u>3,008,411</u>
Total Notes Payable to the City of Fresno	<u>\$ 10,168,754</u>

NOTE 8 – LONG-TERM DEBT (Continued)Advances from the City of Fresno

The following are descriptions of the advances from the City:

	Principal	Unpaid Interest Accumulated	Total
Merger One:			
Mariposa Project - \$8,603,994 interest bearing advances from June 1980 through June 1997, bearing interest ranging from 0.0% - 8.31%.	\$ 8,473,930	\$ 2,508,807	\$ 10,982,737
West Fresno I Project - advances at June 30, 1992, bearing interest at 0.0% to 9.0%	700,000	1,207,586	1,907,586
West Fresno II Project - advances from October 27, 1976 through June 30, 1996, bearing interest at 6.06%.	4,455,777	1,621,600	6,077,377
Chinatown Expanded Project - \$1,017,200 interest bearing advances from June 1979 through June 1997, bearing interest at 5.49% - 8.0%.	917,794	1,277,295	2,195,089
Convention Center Project - \$9,614,569 interest bearing advances from July 1982 through June 2005, bearing interest at 4.5% - 8.5%.	10,672,946	6,969,168	17,642,114
Jefferson Project - \$6,890,916 interest bearing advances from June 1986 through June 2005, bearing interest at 4.5% - 8.53%.	7,288,067	4,592,950	11,881,017
Fulton Project - \$2,244,800 interest bearing advances from June 1988 through April 2001, bearing interest at 6.84%.	2,012,300	790,500	2,802,800
Central Business District - \$2,023,800 interest bearing advances from June 30, 1991 through April 2001, bearing interest at 4.8% - 7.82%.	1,712,941	302,801	2,015,742
South Van Ness Project - \$10,000 advance at June 30, 1988, bearing interest of 6.84%.	10,000	12,092	22,092
Total Merger One	36,243,755	19,282,799	55,526,554 (Continued)

NOTE 8 – LONG-TERM DEBT (Continued)Advances from the City of Fresno (Continued)

	Principal	Unpaid Interest Accumulated	Total
Merger Two:			
Fruit/Church Project - \$21,000 advance at June 30, 1992, bearing interest at 6.42%.	2,196	1,833	4,029
Southwest Fresno Project - \$8,205,838 interest bearing advances from June 1978 through 1994, bearing interest at 0.0% - 6.0%.	5,244,115	9,498,354	14,742,469
Total Merger Two	<u>5,246,311</u>	<u>9,500,187</u>	<u>14,746,498</u>
Roeding Business Park:			
Roeding Business Park - \$1,603,100 interest bearing advances from March 1995 through May 1996, bearing interest at 5.49% - 6.0%.	1,603,100	429,635	2,032,735
Total Roeding Business Park	<u>1,603,100</u>	<u>429,635</u>	<u>2,032,735</u>
Other Nonmajor Funds:			
Highway City Project - \$34,100 interest bearing advances from June 1988 through June 1994, bearing interest at 4.8% - 6.84%.	34,100	24,134	58,234
Pinedale Project - \$132,000 advance at June 30, 1988, bearing interest at 6.84%.	132,000	152,357	284,357
Airport Project - \$3,620,400 interest bearing advances from June 1989 through June 1991, bearing interest at 8.31% - 8.53%.*	109,400	111,873	221,273
Southeast Fresno Project - \$50,000 advance at June 30, 1997, bearing interest at 6.0%.	50,000	30,000	80,000
Corridor 99 - \$50,000 advance at June 30, 1997, bearing interest at 6.0%.	50,000	30,000	80,000
Total Other Nonmajor Funds	<u>375,500</u>	<u>348,364</u>	<u>723,864</u>
Total All Funds	<u>\$ 43,468,666</u>	<u>\$ 29,560,985</u>	<u>\$ 73,029,651</u>

NOTE 8 – LONG-TERM DEBT (Continued)**Advances from the City of Fresno** (Continued)

The above advances are payable on demand and secured by and payable from the incremental property tax revenues of the redeveloped properties. Payments on the advances and related interest are based on budgetary priority as approved by the Redevelopment Agency. Incremental property tax revenues will continue to be received during the period the debt remains outstanding.

Long-term liability activity for the year ended June 30, 2007, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and Certificates of Participation	\$19,135,000	\$ -	\$ (1,440,000)	\$17,695,000	\$ 1,508,000
Less deferred amounts:					
For issuance premiums/ (discounts)	93,789	-	(14,004)	79,785	-
	19,228,789	-	(1,454,004)	17,774,785	1,508,000
Loans Payable	2,074,902	-	(44,620)	2,030,282	46,195
Capital Lease Obligations	2,480,847	-	(52,018)	2,428,829	56,615
Note Payable to the City	10,168,754	-	-	10,168,754	-
Advances from City	45,930,945	675,236	(3,137,515) *	43,468,666	-
Governmental activities long-term debt	\$79,884,237	\$ 675,236	\$ (4,688,157)	\$75,871,316	\$ 1,610,810

* Reduction in Advance from the City Relating to Fresno Yosemite International Airport Project:

In early calendar year 2006, the Airports Compliance Division of the U.S. Department of Transportation, Federal Aviation Administration (FAA), performed an on-site review of the Fresno Yosemite International Airport (Airport). In August 2006 the review report was issued and several corrective actions were suggested which the FAA believed to be necessary in order for the City of Fresno to avoid adverse impact on the availability of future airport improvement grants and approval of new Passenger Facility Charges.

In August, 2006, the FAA submitted an audit letter outlining certain conditions they believe the City should comply with as a consequence of a transfer of airport property in the late 1990's. The FAA believed, based upon their understanding of the facts, that the City's General Fund should transfer certain sums to the Airport enterprise fund for past financial and real estate transactions. The City negotiated with the FAA and in May 2007 a tentative agreement was reached which was subsequently approved in concept by the City Council on July 24, 2007.

Part of the settlement agreement consisted of acknowledgment between the City and the FAA that various capital projects were constructed that benefited the Airport area and as such the value was recognized as offsets against amounts that the FAA initially believed the City owed the Airport from its sale of the airport land for a nominal sales price.

NOTE 8 – LONG-TERM DEBT (Continued)**Advances from the City of Fresno** (Continued)

In addition, the Airport has loaned monies to the Fresno RDA for two redevelopment project areas that impact the Airport, the Fresno Air Terminal Redevelopment Area (FATRA) and the Airport Revitalization Redevelopment Project (Airport Revitalization Area). The Airport has loaned over \$6 million of its funds to the FATRA. The City demonstrated that all of the revenue or loan proceeds were invested back into the above redevelopment areas.

The agreement reached with the FAA consists of the City (General Fund) repaying the Airport Enterprise Fund approximately \$5.8 million plus interest of approximately \$1.2 million over a period of ten years. The first payment was made in mid-November 2007 with each subsequent payment to be made on November 1 of each subsequent year.

The FAA and the City also agreed that the loans made to the RDA are not required to be repaid to the Airport due to the nature and extent of the reinvestment of those proceeds into the Airport area. The City was able to demonstrate that the RDA loan proceeds were effectively reinvested back into the Airport area. As a result, RDA notes receivable and related accrued interest totaling \$6,416,674 have been removed from both the Airport and RDA books.

NOTE 9 – RISK MANAGEMENT

The Agency maintains a program of self and purchased excess insurance for health, workers' compensation and general liability through the City's self-insurance program which is accounted for in an internal service fund of the City.

The City purchases commercial insurance for claims in excess of the coverage provided by the fund and for all other risks of loss for workers' compensation and health claims in excess of \$250,000 and \$190,000, respectively. The City joined the California Joint Powers Insurance Authority (CJPIA), a public entity risk pool currently operating as a risk management and insurance program for various entities.

The City pays an annual premium to CJPIA for its general liability excess insurance coverage for claims over \$1,000,000.

The amount of settlements have not exceeded insurance coverage in each of the past three years.

This page intentionally left blank.

COMBINING STATEMENTS

This page intentionally left blank.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

	Capital Projects				
	Pinedale Project	Airport Project	SE Fresno	Corridor 99	Airport Revitalization
ASSETS					
Cash and investments	\$ 59,232	\$ -	\$ 10,045	\$1,416,778	\$ 485,230
Due from other funds	-	-	-	-	1,600,000
Due from the City of Fresno	-	-	214,085	-	-
Property held for resale	-	-	1,020,131	-	-
Total assets	<u>\$ 59,232</u>	<u>\$ -</u>	<u>\$1,244,261</u>	<u>\$1,416,778</u>	<u>\$ 2,085,230</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	14,827	-	-	-
Due to City of Fresno	-	80,045	-	-	-
Deferred revenue	-	-	214,085	-	-
Total liabilities	<u>-</u>	<u>94,872</u>	<u>214,085</u>	<u>-</u>	<u>-</u>
FUND BALANCES:					
Reserved for property held for resale	-	-	1,020,131	-	-
Reserved for debt service	-	-	-	-	-
Reserved for capital projects	59,232	(94,872)	10,045	1,391,941	2,081,594
Reserve for encumbrances	-	-	-	24,837	3,636
Total fund balances	<u>59,232</u>	<u>(94,872)</u>	<u>1,030,176</u>	<u>1,416,778</u>	<u>2,085,230</u>
Total liabilities and fund balances	<u>\$ 59,232</u>	<u>\$ -</u>	<u>\$1,244,261</u>	<u>\$1,416,778</u>	<u>\$ 2,085,230</u>

(Continued)

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

	<u>Capital Projects</u>		<u>Debt Service</u>		
	<u>Central City</u>	<u>S Fresno Industrial</u>	<u>Pinedale Project</u>	<u>Highway City</u>	<u>SE Fresno</u>
ASSETS					
Cash and investments	\$ 584,228	\$ 149,042	\$ 10,454	\$ 5	\$ 108,998
Due from other funds	-	300,000	-	-	-
Due from the City of Fresno	-	-	-	-	-
Property held for resale	-	781,183	-	-	-
Total assets	<u>\$ 584,228</u>	<u>\$1,230,225</u>	<u>\$ 10,454</u>	<u>\$ 5</u>	<u>\$ 108,998</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Due to City of Fresno	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:					
Reserved for property held for resale	-	781,183	-	-	-
Reserved for debt service	-	-	10,454	5	108,998
Reserved for capital projects	(8,472)	449,042	-	-	-
Reserve for encumbrances	592,700	-	-	-	-
Total fund balances	<u>584,228</u>	<u>1,230,225</u>	<u>10,454</u>	<u>5</u>	<u>108,998</u>
Total liabilities and fund balances	<u>\$ 584,228</u>	<u>\$1,230,225</u>	<u>\$ 10,454</u>	<u>\$ 5</u>	<u>\$ 108,998</u>

(Continued)

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

	<u>Corridor 99</u>	<u>Central City</u>	<u>S Fresno Industrial</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 68,730	\$ 37,430	\$ 49,474	\$ 2,979,646
Due from other funds	-	-	-	1,900,000
Due from the City of Fresno	-	-	-	214,085
Property held for resale	-	-	-	1,801,314
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 68,730</u>	<u>\$ 37,430</u>	<u>\$ 49,474</u>	<u>\$ 6,895,045</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	14,827
Due to City of Fresno	-	-	-	80,045
Deferred revenue	-	-	-	214,085
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,957</u>
FUND BALANCES:				
Reserved for property held for resale	-	-	-	1,801,314
Reserved for debt service	68,730	37,430	49,474	275,091
Reserved for capital projects	-	-	-	3,888,510
Reserve for encumbrances	-	-	-	621,173
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>68,730</u>	<u>37,430</u>	<u>49,474</u>	<u>6,586,088</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 68,730</u>	<u>\$ 37,430</u>	<u>\$ 49,474</u>	<u>\$ 6,895,045</u>

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	Capital Projects				
	Pinedale Project	Airport Project	SE Fresno	Corridor 99	Airport Revitalization
REVENUES:					
Incremental property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	2,011	-	525	37,913	57,600
Miscellaneous	-	-	354,945	-	100,000
Total revenues	2,011	-	355,470	37,913	157,600
EXPENDITURES:					
General government	-	82,567	33,758	44,555	190,114
Redevelopment	-	-	597,621	530,103	332,234
Debt service:					
Principal repayments	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	82,567	631,379	574,658	522,348
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,011	(82,567)	(275,909)	(536,745)	(364,748)
OTHER FINANCING SOURCES (USES):					
Forgiveness of indebtedness	-	-	-	-	-
Transfers in	-	175,000	1,175,000	1,175,000	1,200,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	175,000	1,175,000	1,175,000	1,200,000
NET CHANGE IN FUND BALANCES	2,011	92,433	899,091	638,255	835,252
FUND BALANCES (DEFICITS), BEGINNING OF YEAR, AS RESTATED	57,221	(187,305)	131,085	778,523	1,249,978
FUND BALANCES, END OF YEAR	\$ 59,232	\$ (94,872)	\$ 1,030,176	\$ 1,416,778	\$ 2,085,230

(Continued)

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Capital Projects</u>		<u>Debt Service</u>		
	<u>Central City</u>	<u>S Fresno Industrial</u>	<u>Pinedale Project</u>	<u>Highway City</u>	<u>SE Fresno</u>
REVENUES:					
Incremental property taxes	\$ -	\$ -	\$ -	\$ -	\$2,002,295
Use of money and property	15,596	14,394	355	-	4,311
Miscellaneous	-	66,765	-	-	-
	<u>15,596</u>	<u>81,159</u>	<u>355</u>	<u>-</u>	<u>2,006,606</u>
Total revenues					
EXPENDITURES:					
General government	47,575	43,075	-	-	462,794
Redevelopment	122,637	589,406	-	-	-
Debt service:					
Principal repayments	-	-	-	-	-
Interest	-	-	-	-	-
	<u>170,212</u>	<u>632,481</u>	<u>-</u>	<u>-</u>	<u>462,794</u>
Total expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(154,616)</u>	<u>(551,322)</u>	<u>355</u>	<u>-</u>	<u>1,543,812</u>
OTHER FINANCING SOURCES (USES):					
Forgiveness of indebtedness	-	-	-	-	-
Transfers in	420,000	625,000	-	-	-
Transfers out	-	-	-	-	(1,575,459)
	<u>420,000</u>	<u>625,000</u>	<u>-</u>	<u>-</u>	<u>(1,575,459)</u>
Total other financing sources (uses)					
NET CHANGE IN FUND BALANCES	<u>265,384</u>	<u>73,678</u>	<u>355</u>	<u>-</u>	<u>(31,647)</u>
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	<u>318,844</u>	<u>1,156,547</u>	<u>10,099</u>	<u>5</u>	<u>140,645</u>
FUND BALANCES, END OF YEAR	<u>\$ 584,228</u>	<u>\$1,230,225</u>	<u>\$ 10,454</u>	<u>\$ 5</u>	<u>\$ 108,998</u>

(Continued)

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Corridor 99</u>	<u>Central City</u>	<u>S Fresno Industrial</u>	<u>Total</u>
REVENUES:				
Incremental property taxes	\$1,893,499	\$ 692,743	\$1,107,265	\$5,695,802
Use of money and property	2,129	1,243	1,584	137,661
Miscellaneous	-	-	-	521,710
	<u>1,895,628</u>	<u>693,986</u>	<u>1,108,849</u>	<u>6,355,173</u>
EXPENDITURES:				
General government	327,744	132,555	255,148	1,619,885
Redevelopment	-	-	-	2,172,001
Debt service:				
Principal repayments	-	-	-	-
Interest	-	-	-	-
	<u>327,744</u>	<u>132,555</u>	<u>255,148</u>	<u>3,791,886</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,567,884</u>	<u>561,431</u>	<u>853,701</u>	<u>2,563,287</u>
OTHER FINANCING SOURCES (USES):				
Forgiveness of indebtedness	-	-	-	-
Transfers in	-	-	-	4,770,000
Transfers out	(1,553,700)	(558,549)	(846,453)	(4,534,161)
	<u>(1,553,700)</u>	<u>(558,549)</u>	<u>(846,453)</u>	<u>235,839</u>
NET CHANGE IN FUND BALANCES	<u>14,184</u>	<u>2,882</u>	<u>7,248</u>	<u>2,799,126</u>
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	<u>54,546</u>	<u>34,548</u>	<u>42,226</u>	<u>3,786,962</u>
FUND BALANCES, END OF YEAR	<u>\$ 68,730</u>	<u>\$ 37,430</u>	<u>\$ 49,474</u>	<u>\$6,586,088</u>

STATISTICAL SECTION
(Unaudited)

This page intentionally left blank.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
STATISTICAL SECTION**

This section of the Redevelopment Agency's comprehensive annual financial report (CAFR) presents detailed information specific to the Agency's as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Agency's financial health. As a component unit of the City of Fresno, required statistical information that relates to the City only can be found in the City's CAFR.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Agency's financial performance and well-being have changed over time. (Pages 38 to 41)

Revenue Capacity

These schedules contain information to help the reader assess the Agency's primary revenue source, the property tax. (Pages 42 to 46)

Debt Capacity

These schedules present information to help the reader assess the affordability of the Agency's current levels of outstanding debt and the Agency's ability to issue additional debt in the future. (Pages 47 to 48)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Agency's financial activities take place. (Pages 49 to 66)

Operating Information

These schedules contain information about the Agency's operations and resources to help the reader understand how the Agency's financial information relates to the services the Agency provides and the activities it performs. (Pages 67 to 70)

Sources:

Unless otherwise noted, the information in these schedules is derived from the basic financial statements or comprehensive annual financial reports for the relevant year. The Agency implemented Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* in 2002; schedules presenting the government-wide data include information beginning in that year.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
FINANCIAL TRENDS
NET ASSETS
LAST SIX FISCAL YEARS**

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Governmental activities						
Invested in capital assets, net of related debt	\$ (119)	\$ (207)	\$ (273)	\$ (333)	\$ (355)	\$ (418)
Unrestricted	(43,176)	(61,769)	(63,110)	(64,234)	(70,908)	(61,220)
Total governmental activities, net assets	<u>\$ (43,295)</u>	<u>\$ (61,976)</u>	<u>\$ (63,383)</u>	<u>\$ (64,567)</u>	<u>\$ (71,263)</u>	<u>\$ (61,638)</u>

Source: Redevelopment Agency of the City of Fresno Annual Reports

Notes: Accounting requirements changed in 2002 due to GASB Statement 34

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
FINANCIAL TRENDS
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS**

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Expenses						
Governmental activities:						
General government	\$ 1,142,169	\$ 5,365,268	\$ 4,737,583	\$ 4,861,856	\$ 5,152,493	\$ 6,613,547
Redevelopment	8,154,662	4,942,684	8,751,056	6,909,436	16,964,874	5,941,304
Interest and fiscal charges	3,633,186	5,294,289	4,587,815	5,006,982	3,988,526	4,050,136
 Total governmental activities expenses	 12,930,017	 15,602,241	 18,076,454	 16,778,274	 26,105,893	 16,604,987
 Total governmental net expenses	 (12,930,017)	 (15,602,241)	 (18,076,454)	 (16,778,274)	 (26,105,893)	 (16,604,987)
 General Revenues and Other Changes in Net Assets						
Governmental activities:						
Incremental property taxes	6,310,866	9,125,270	11,042,505	13,055,207	14,768,911	17,547,137
Use of money and property	2,946,716	1,294,157	974,483	770,078	1,709,288	1,309,122
Lease income from the City	-	541,389	667,411	874,232	593,905	196,602
Intergovernmental	25,000	932,561	3,137,662	-	1,910,492	238,715
Miscellaneous	53,080	98,145	846,883	2,194,555	239,500	6,416,674
Grants	1,057,914	-	-	-	-	-
Special item	-	-	-	(1,590,000)	-	521,710
 Total governmental activities	 10,393,576	 11,991,522	 16,668,944	 15,304,072	 19,222,096	 26,229,960
 Change in Net Assets						
Governmental activities	<u><u>\$(2,536,441)</u></u>	<u><u>\$(3,610,719)</u></u>	<u><u>\$(1,407,510)</u></u>	<u><u>\$(1,474,202)</u></u>	<u><u>\$(6,883,797)</u></u>	<u><u>\$ 9,624,973</u></u>

Source: Redevelopment Agency of the City of Fresno Annual Reports

Notes: Accounting requirements changed in 2002 due to GASB Statement 34

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
FINANCIAL TRENDS
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS
(In Thousands)**

<u>Fiscal Year</u>	<u>Total Expenditures</u>	<u>General Government</u>	<u>Redevelopment</u>	<u>Debt Service</u>
1998	\$ 11,727	\$ 1,496	\$ 4,601	\$ 5,630
1999	13,189	996	6,659	5,534
2000	12,994	869	5,862	6,263
2001	24,703	1,269	13,026	10,408
2002	13,628	1,003	5,333	7,292
2003	13,501	2,194	5,811	5,496
2004	21,377	3,845	8,453	9,079
2005	17,419	4,862	6,770	5,787
2006	25,255	5,045	16,965	3,245
2007	16,605	6,614	5,941	4,050

Source: Redevelopment Agency of the City of Fresno Annual Reports

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
FINANCIAL TRENDS
GENERAL GOVERNMENT REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(In Thousands)**

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Incremental Property taxes</u>	<u>Use of Money and Property</u>	<u>Lease Income and Miscellaneous</u>
1998	\$ 8,085	\$ 5,389	\$ 1,312	\$ 1,384
1999	8,080	4,828	1,818	1,434
2000	7,579	4,994	1,539	1,046
2001	8,348	5,710	1,739	899
2002	8,361	6,311	1,243	807
2003	13,344	9,125	1,198	3,021
2004	14,756	11,043	1,281	2,432
2005	18,097	13,055	830	4,212
2006	19,814	14,769	1,749	3,296
2007	26,230	17,547	1,309	7,374

Source: Redevelopment Agency of the City of Fresno Annual Reports

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
DIRECT PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	County-Wide Property Tax Rate
1998	1.0%
1999	1.0%
2000	1.0%
2001	1.0%
2002	1.0%
2003	1.0%
2004	1.0%
2005	1.0%
2006	1.0%
2007	1.0%

The Direct Property Tax Rate for the Redevelopment Agency is 1% for all years. The Agency's incremental property tax revenue is based only on the incremental value of the 1% County-Wide property tax. The incremental rate is the difference between the assessed values as of the date the project area was established and the current values.

Notes: On June 6, 1978, California voters approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, which limits the taxing power of California public agencies. Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIII A of \$1.00 per \$100.00 of full cash value. Assessed value is equal to full cash value, pursuant to Senate Bill 1656, Statutes of 1978.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Total Net Tax Levy	Amount Collected	Percent of Collection of Net Tax Levy
1998	\$ 4,917,528	\$ 4,917,528	100.00%
1999	4,828,535	4,828,535	100.00%
2000	4,993,802	4,993,802	100.00%
2001	5,709,966	5,709,966	100.00%
2002	6,310,866	6,310,866	100.00%
2003	9,125,270	9,125,270	100.00%
2004	11,042,508	11,042,508	100.00%
2005	13,055,206	13,055,206	100.00%
2006	14,768,911	14,768,911	100.00%
2007	17,547,136	17,547,136	100.00%

Source: County of Fresno

Notes: Four new project areas added in 2000. 2002 first year received incremental taxes for new areas.

One new project added in 2003. 2005 first year received incremental taxes for new area.

In 1949, the California Legislature enacted an alternative method for the distribution of secured property taxes to local agencies. This method, known as the Teeter Plan, is set forth in the Revenue and Taxation Code of the State of California (the "Law"). Generally, the Teeter Plan provides for a tax distribution procedure by which secured roll taxes are distributed to taxing agencies within the County included in the Teeter Plan on the basis of the tax levy, rather than on the basis of actual tax collections. The county assumes the risk of delinquencies, in return for which it retains the penalties and accrued interest thereon. As the County of Fresno participates in the Teeter Plan for calculating tax increment due to the Agency, collections equal levies.

On June 6, 1978, California voters approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, which limits the taxing power of California public agencies. Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIII A of \$1.00 per \$100.00 of full cash value. Assessed value is equal to full cash value, pursuant to Senate Bill 1656, Statutes of 1978.

**REDEVELOPMENT AGENCY OF THE CITY OF FRESNO
REVENUE CAPACITY
SUMMARY OF ASSESSED VALUE, PROPERTY TAXES AND DEBT SERVICE BY PROJECT AREA
FOR THE TEN FISCAL YEARS ENDED JUNE 30, 2007**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<u>Merger Project No. 1</u>										
Central Business District										
Date Project Merged 8/6/1998										
Assessed Values	38,092,009	36,584,747	38,677,890	38,750,540	42,196,729	42,045,867	86,583,670	95,443,038	98,968,227	114,830,292
Property Taxes Received	-	7,252	5,076	-	18,499	20,670	502,621	598,489	637,875	809,569
Debt Service					18,499	20,670	102,483	175,983	175,107	141,131
Coverage					1.00	1.00	4.90	3.40	3.64	5.74
Chinatown Expanded										
Date Project Merged 8/6/1998										
Assessed Values	54,940,067	53,547,264	57,825,665	54,678,307	52,751,951	54,639,837	52,790,165	44,971,996	50,658,747	50,086,247
Property Taxes Received	305,591	287,603	335,503	299,210	275,860	269,658	245,234	157,508	220,050	210,134
Debt Service										
Coverage										
Convention Center										
Date Project Merged 8/6/1998										
Assessed Values	48,039,792	46,693,303	52,605,134	54,083,535	55,136,722	55,202,997	59,194,213	92,527,182	100,237,601	105,633,294
Property Taxes Received	287,637	269,696	333,959	347,552	377,841	362,695	425,406	772,510	856,477	915,019
Debt Service	222,596	210,048	252,293	278,042	294,693	311,600	296,041	309,064	250,000	-
Coverage	1.29	1.28	1.32	1.25	1.28	1.16	1.44	2.50	3.43	
Fulton										
Date Project Merged 8/6/1998										
Assessed Values			63,456,898	62,175,714	68,565,263	72,278,571	72,543,269	75,342,561	79,029,671	94,950,031
Property Taxes Received			86,201	72,333	144,756	185,826	188,216	219,392	259,436	431,765
Debt Service					60,610	68,831	68,831	142,331	141,781	141,131
Coverage					2.39	2.70	2.73	1.54	1.83	3.06
Jefferson										
Date Project Merged 8/6/1998										
Assessed Values	157,374,851	59,473,311	57,492,813	57,846,307	59,134,127	57,203,867	57,935,572	74,528,636	106,335,509	94,013,506
Property Taxes Received	339,481	241,798	226,565	227,911	235,233	133,696	143,808	346,901	694,296	557,434
Debt Service										
Coverage										
Mariposa										
Date Project Merged 8/6/1998										
Assessed Values	85,297,822	79,667,709	75,953,342	77,024,972	79,490,382	81,452,983	89,023,583	89,141,221	96,316,479	127,220,178
Property Taxes Received	731,521	657,119	618,430	625,353	649,482	674,087	753,017	757,953	836,422	1,171,239
Debt Service	417,294	417,794	422,994	422,594	421,894	425,894	326,177	329,486	242,361	424,811
Coverage	1.75	1.57	1.46	1.48	1.54	1.58	2.31	2.30	3.45	2.76
South Van Ness Industrial										
Date Project Merged 8/6/1998										
Assessed Values			161,636,265	111,744,665	109,738,460	136,702,687	152,207,063	152,287,681	156,814,961	162,426,334
Property Taxes Received			216,108	122,236	37,906	-	107,850	113,424	159,664	226,328
Debt Service										
Coverage										

REDEVELOPMENT AGENCY OF THE CITY OF FRESNO
REVENUE CAPACITY
SUMMARY OF ASSESSED VALUE, PROPERTY TAXES AND DEBT SERVICE BY PROJECT AREA (Continued)
FOR THE TEN FISCAL YEARS ENDED JUNE 30, 2007

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<u>Merger Project No. 1 (continued)</u>										
West Fresno I										
Date Project Merged 8/6/1998										
Assessed Values	17,042,017	19,075,206	18,280,455	18,048,058	18,935,254	20,056,032	22,042,127	21,514,314	21,372,982	21,431,916
Property Taxes Received	155,343	177,351	168,748	166,234	174,765	187,970	208,392	203,754	202,326	202,917
Debt Service										
Coverage										
West Fresno II										
Date Project Merged 8/6/1998										
Assessed Values	93,793,897	80,552,681	79,604,738	80,151,860	77,463,432	81,825,644	68,661,937	86,623,465	81,777,878	84,050,747
Property Taxes Received	1,001,525	856,279	656,522	660,103	629,529	678,669	534,283	920,799	869,049	893,615
Debt Service	569,896	575,189	580,174	608,440	589,389	506,418				
Coverage	1.76	1.49	1.13	1.08	1.07	1.34				
<u>Merger Project No. 2</u>										
Fruit/Church										
Date Project Merged 11/16/1998										
Assessed Values	26,778,103	27,089,834	21,444,076	26,032,093	26,681,000	34,757,550	34,486,412	37,567,782	37,565,118	41,402,649
Property Taxes Received	267,495	270,849	208,790	259,081	263,864	349,798	347,183	381,271	374,688	421,365
Debt Service	216,990	216,190	215,028	218,503						
Coverage	1.23	1.25	0.97	1.19						
Southwest Fresno GNRA										
Date Project Merged 11/16/1998										
Assessed Values	179,861,942	183,291,055	180,123,852	192,456,768	203,957,108	211,411,325	217,462,771	235,002,822	262,006,135	298,891,895
Property Taxes Received	1,648,949	1,697,598	1,671,472	1,779,625	1,902,357	1,959,570	2,055,516	2,274,071	2,503,494	2,920,775
Debt Service	79,804	79,804	99,804	79,804	590,892	821,631	744,528	888,728	889,328	884,228
Coverage	20.66	21.27	16.75	22.30	3.22	2.38	2.76	2.56	2.82	3.30
Airport Area Revitalization										
Date Project Established 7/19/1999										
Assessed Values				186,333,026	216,763,245	255,635,771	334,959,124	311,521,455	310,640,641	326,806,963
Property Taxes Received				718,594	1,043,046	1,459,148	2,318,730	2,061,856	2,055,486	2,229,561
Debt Service										
Coverage										
Central City Commercial Revitalization										
Date Project Established 8/24/1999										
Assessed Values				266,319,565	288,209,667	289,287,822	310,620,688	312,534,454	329,279,194	348,365,479
Property Taxes Received				-	29,650	43,767	289,457	310,422	485,000	692,743
Debt Service										
Coverage										

**REDEVELOPMENT AGENCY OF THE CITY OF FRESNO
REVENUE CAPACITY
SUMMARY OF ASSESSED VALUE, PROPERTY TAXES AND DEBT SERVICE BY PROJECT AREA (Continued)
FOR THE TEN FISCAL YEARS ENDED JUNE 30, 2007**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Freeway 99-Golden State Blvd.										
Date Project Established 7/5/2003										
Assessed Values								422,647,502	492,136,157	558,098,175
Property Taxes Received								430,184	1,182,064	1,893,498
Debt Service										
Coverage										
Fresno Air Terminal										
Date Project Established 7/18/1988										
Assessed Values	32,118,032	35,642,662	35,903,321	37,286,039	47,710,966	60,348,870	57,626,993	85,857,927	39,932,094	29,569,708
Property Taxes Received	175,115	211,851	319,186	226,261	231,830	473,028	442,581	746,057	250,590	136,888
Debt Service										
Coverage										
Roeding Business Park										
Date Project Established 7/16/1996										
Assessed Values	76,920,821	90,490,922	90,130,653	95,195,306	97,858,312	104,978,949	107,637,198	106,914,153	121,806,190	131,495,502
Property Taxes Received	4,871	151,140	147,242	205,473	258,889	332,580	378,702	358,369	515,018	724,726
Debt Service								65,004	117,103	117,076
Coverage								5.51	4.40	6.19
South Fresno Industrial Revitalization										
Date Project Established 7/12/1999				113,636,247	134,621,450	159,509,271	167,734,630	217,148,204		
Assessed Values				-	730	510,130	431,079	943,771	215,152,084	233,136,641
Property Taxes Received									910,022	1,107,266
Debt Service										
Coverage										
Southeast Fresno Revitalization										
Date Project Established 7/12/1999										
Assessed Values				288,125,751	300,846,252	372,512,224	418,410,329	400,432,133	428,656,662	451,337,696
Property Taxes Received				-	36,629	1,483,978	1,670,432	1,458,475	1,756,954	2,002,295
Debt Service										
Coverage										

Coverage calculation is Property Taxes divided by Debt Service. Debt Service consists of debt paid from tax increment funds and does not include debt obligations paid from other sources of revenue.

Merger One West Fresno III statistics are not shown as the project area has no tax increment revenue for the past ten years due to current values less than the frozen base values.

Sources:

Assessed values are from the County of Fresno
Property Taxes and Debt Service are from Agency Annual Reports.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEBT CAPACITY
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities		
	Tax Allocation Bonds	Certificates of Participation	Mortgage Revenue Bonds
1998	\$ 6,920,000	\$ 25,015,000	\$ 4,310,000
1999	6,755,000	23,200,000	4,010,000
2000	6,575,000	21,290,000	2,435,000
2001	14,905,000	19,290,000	2,045,000
2002	14,690,000	17,180,000	-
2003	14,280,000	15,070,000	-
2004	14,195,000	13,425,000	-
2005	13,635,000	6,790,000	-
2006	13,055,000	6,080,000	-
2007	12,360,000	5,335,000	-

Source: Debt Information – City of Fresno, Finance Department

Notes: In FY 2005, the City current refunded the 1994 Certificates of Participation (Arena Financing Project) by issuing the 2005 Lease Revenue Bonds (No Neighborhood Left Behind Project) resulting in a reduction in the Redevelopment Agency's COP Debt.

Not all project areas have debt limits.

Population data not available for redevelopment project areas.

Personal income breakdown not available for redevelopment project areas.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEBT CAPACITY
RATIOS OF BOND DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Tax Allocation Bonds</u>	<u>Percent of Actual Taxable Value of Property</u>
1998	\$ 6,920,000	2.370%
1999	6,755,000	2.329%
2000	6,575,000	2.369%
2001	14,905,000	5.044%
2002	14,690,000	4.737%
2003	14,280,000	4.359%
2004	14,195,000	4.163%
2005	13,635,000	3.770%
2006	13,055,000	3.298%
2007	12,360,000	2.644%

Source: Debt Information – City of Fresno, Finance Department

Notes: Population data not available for redevelopment project areas.

Not all project areas have debt limits.

Tax Allocation Bonds are secured solely from tax increment revenues of the Mariposa, Fruit/Church and Southwest Fresno Redevelopment Project Areas. Therefore, Actual Taxable Value of Property comprised of property values for Mariposa, Fruit/Church and Southwest Fresno Project Areas only.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEMOGRAPHIC AND ECONOMIC INFORMATION
TEN LARGEST ASSESSEES
CENTRAL BUSINESS DISTRICT**

Rank	Assessee	2006-2007 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	ASP San Diego LLC	\$ 57,018,000	49.65%	ASP San Diego LLC	\$ 30,317,527	31.77%
2	Fresno Baseball Club LLC	13,300,000	11.58%	AB Parking Facilities LLC	10,935,183	11.46%
3	AB Parking Facilities LLC	11,717,066	10.20%	Skywing LLC	5,710,790	5.98%
4	Skywing LLC	5,802,590	5.05%	Fresno Park Tower LLC	2,837,678	2.97%
5	Fresno Park Tower LLC	4,319,130	3.76%	Lloyds Bank California	2,103,782	2.20%
6	Lee Dae S & Sook K Trustees	3,101,584	2.70%	Fresno Ball Park Lofts LLC	1,683,000	1.76%
7	Lloyds Bank California	2,253,535	1.96%	A Partners LLC	1,615,515	1.69%
8	Fresno Ball Park Lofts LLC	1,716,660	1.49%	Longs Drugs Stores California Inc	1,410,373	1.48%
9	A Partners LLC	1,657,724	1.44%	Lee Dae S & Sook K Trustees	1,491,121	1.56%
10	Longs Drugs	1,371,775	1.19%	Ronald Patterson	1,077,204	1.13%
		<u>102,258,064</u>	<u>89.05%</u>		<u>59,182,173</u>	<u>62.01%</u>
	All Other Taxpayers	<u>12,572,228</u>	<u>10.95%</u>	All Other Taxpayers	<u>36,260,865</u>	<u>37.99%</u>
	Total	<u>\$114,830,292</u>	<u>100.00%</u>	Total	<u>\$ 95,443,038</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2006-2007 based on Project Area taxable value of \$114,830,292
2004-2005 based on Project Area taxable value of \$95,443,038

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEMOGRAPHIC AND ECONOMIC INFORMATION
TEN LARGEST ASSESSEES
CHINATOWN**

Rank	Assessee	2006-2007 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	California Dairies Inc	\$24,693,006	49.30%	California Dairies Inc	\$24,251,409	53.93%
2	Smart & Final Inc	1,320,600	2.64%	Yorkshire Dried Fruit & Nuts Inc	1,300,000	2.89%
3	G L I Realty Company	1,261,281	2.52%	G L I Realty Company	1,124,689	2.50%
4	Yorkshire Dried Fruit & Nuts Inc	1,140,000	2.28%	Union Pacific Railroad Company	1,071,260	2.38%
5	Union Pacific Railroad Company	993,052	1.98%	Smart & Final Inc	880,981	1.96%
6	Gadah Shouman	850,949	1.70%	Gadah Shouman	706,710	1.57%
7	Cherta Farms Inc	721,910	1.44%	Cherta Farms Inc	703,100	1.56%
8	California First Bank	620,131	1.24%	California First Bank	443,800	0.99%
9	Kalashian Packing Co Inc	595,200	1.19%	Otani Properties	460,000	1.02%
10	DFP Properties	482,212	0.96%	Cheong Kei Wong & A Lam Tu	390,000	0.87%
		<u>32,678,341</u>	<u>65.24%</u>		<u>31,331,949</u>	<u>69.67%</u>
	All Other Taxpayers	<u>17,407,906</u>	<u>34.76%</u>	All Other Taxpayers	<u>13,640,047</u>	<u>30.33%</u>
	Total	<u><u>\$50,086,247</u></u>	<u><u>100.00%</u></u>	Total	<u><u>\$44,971,996</u></u>	<u><u>100.00%</u></u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2006-2007 based on Project Area taxable value of \$50,086,247
2004-2005 based on Project Area taxable value of \$44,971,996

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEMOGRAPHIC AND ECONOMIC INFORMATION
TEN LARGEST ASSESSEES
CONVENTION CENTER**

Rank	Assessee	2006-2007 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	GL Bruno Associates Inc	\$ 40,256,090	38.11%	M L Street Properties	\$48,867,784	52.81%
2	Uniwell Fresno Hotel, LLC	20,637,022	19.54%	United Security Bank	1,570,922	1.70%
3	ML Street Properties	11,064,133	10.47%	Valley Lavosh Baking Company Inc	1,261,979	1.36%
4	Ellis Commercial Property LP	2,502,275	2.37%	Ellis Commercial Property LP	1,213,015	1.31%
5	United Security Bank	2,062,340	1.95%	Cooper & Hoppe	1,161,122	1.25%
6	Spalding G Wathen	1,805,673	1.71%	Spalding G Wathen	1,087,747	1.18%
7	Valley Lavosh Baking Company Inc	1,752,125	1.66%	Specfic Properties LLC	765,000	0.83%
8	Cooper & Hoppe	1,245,018	1.18%	Ronald Sawl	713,071	0.77%
9	Hugh & Amy Wilson Trustees	1,127,207	1.07%			
10	John & Nora Monaco	1,040,000	0.98%			
		<u>83,491,883</u>	<u>79.04%</u>		<u>56,640,640</u>	<u>61.22%</u>
	All Other Taxpayers	<u>22,141,411</u>	<u>20.96%</u>	All Other Taxpayers	<u>35,886,542</u>	<u>38.78%</u>
	Total	<u>\$105,633,294</u>	<u>100.00%</u>	Total	<u>\$92,527,182</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.

2006-2007 based on Project Area taxable value of \$105,633,294

2004-2005 based on Project Area taxable value of \$92,527,182

2004-2005 has less than top ten taxpayers shown as information received from Fresno County Assessor was incomplete

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEMOGRAPHIC AND ECONOMIC INFORMATION
TEN LARGEST ASSESSEES
FULTON**

Rank	Assessee	2006-2007 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	NGP Fresno LLC	\$ 6,120,000	6.45%	ASP San Diego LLC	\$ 4,519,480	6.00%
2	Uptown Investments LP	5,810,300	6.12%	1665 M Street LLC	3,516,400	4.67%
3	1665 M Street LLC	3,723,220	3.92%	Valley Burglar & Fire Alarm Company	3,489,122	4.63%
4	Crocker Building Partners	3,168,228	3.34%	Encino Grande LLC	2,670,119	3.54%
5	Encino Grande LLC	2,777,990	2.93%	Union Pacific Railroad	2,632,272	3.49%
6	Toews Properties LLC	2,682,000	2.82%	Crocker Building Partners	2,190,000	2.91%
7	First States Investors 5000A LLC	2,459,961	2.59%	John S Foggy	1,961,650	2.60%
8	Fresno County Employees Credit Union	2,082,747	2.19%	Fresno County Employees Credit Union	1,818,568	2.41%
9	Ramirez Commercial Properties LLC	1,868,633	1.97%	ATC Building Company	1,653,959	2.20%
10	Wells Fargo Home	1,842,176	1.94%	Bank of America	1,567,462	2.08%
		<u>32,535,255</u>	<u>34.27%</u>		<u>26,019,032</u>	<u>34.53%</u>
	All Other Taxpayers	<u>62,414,776</u>	<u>65.73%</u>	All Other Taxpayers	<u>49,323,529</u>	<u>65.47%</u>
	Total	<u>\$94,950,031</u>	<u>100.00%</u>	Total	<u>\$75,342,561</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2006-2007 based on Project Area taxable value of \$94,950,031
2004-2005 based on Project Area taxable value of \$75,342,561

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEMOGRAPHIC AND ECONOMIC INFORMATION
TEN LARGEST ASSESSEES
JEFFERSON**

Rank	Assessee	2006-2007 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Steve & Carol Rontell	\$ 5,123,002	5.45%	Nottoli CMC	\$ 1,400,000	1.88%
2	William Garnica MD	4,415,400	4.70%	Craig Greenwood	944,508	1.27%
3	David & Linda Hovannisian	2,807,772	2.99%	BNSF Railway Company	927,323	1.24%
4	Nottoli CMC	1,925,927	2.05%	Jerry & Gail Saylor	669,808	0.90%
5	95th Avenue LLC	977,676	1.04%	Sequoia Community Health Foundation	577,000	0.77%
6	Jesus Montesino & Georgina Delgado	950,000	1.01%	Downtown Square Apartments LLC	513,600	0.69%
7	BNSF Railway Company	924,194	0.98%	Edward & Charmay Allred	500,000	0.67%
8	JCH Family Limited Partnership	856,262	0.91%	Steve & Carol Rontell	491,055	0.66%
9	Samy & Gamilah Hauter	842,849	0.90%	Anis Medical Supply Inc	423,824	0.57%
10	Lawrence & Carol Mueller	803,700	0.85%			
		<u>19,626,782</u>	<u>20.88%</u>		<u>6,447,118</u>	<u>8.65%</u>
	All Other Taxpayers	<u>74,386,724</u>	<u>79.12%</u>	All Other Taxpayers	<u>68,081,518</u>	<u>91.35%</u>
	Total	<u>\$94,013,506</u>	<u>100.00%</u>	Total	<u>\$74,528,636</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2006-2007 based on Project Area taxable value of \$94,013,506
2004-2005 based on Project Area taxable value of \$74,528,636
2004-2005 has less than top ten taxpayers shown as information received from Fresno County Assessor was incomplete.
2004-2005 top ten taxpayers was adjusted from originally reported. As a non-profit organization, St. John Victory Fellowship Church does not pay County property taxes.

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEMOGRAPHIC AND ECONOMIC INFORMATION
TEN LARGEST ASSESSEES
MARIPOSA**

Rank	Assessee	2006-2007 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Civic Center Square Inc	\$ 13,686,752	10.76%	Civic Center Square Inc	\$10,836,204	12.16%
2	Tutelian Holdings LLC	10,656,640	8.38%	LQM Operating Partners LP	3,417,404	3.83%
3	Beverly Enterprises	5,871,400	4.62%	Office Depot Inc	2,895,409	3.25%
4	LQM Operating Partners LP	4,158,350	3.27%	Tutelian Holdings I LLC	2,840,000	3.19%
5	BNSF Railway Company	3,117,708	2.45%	Cornerstone Main Company	2,325,040	2.61%
6	Office Depot Inc	2,948,660	2.32%	BNSF Railway Company	1,945,812	2.18%
7	HealthComp Inc	2,517,844	1.98%	Roger and Brenda Bowman Trustees	1,535,370	1.72%
8	Roger and Brenda Bowman Trustees	1,865,672	1.47%	Golden Bear Inc	1,428,682	1.60%
9	SSBI Villa Borgata LP	1,547,697	1.22%	Michael & Charlene Knott	1,409,554	1.58%
10	Golden Bear Inc	1,457,255	1.15%	Hideki & Fusako Shimada Trustees	1,337,768	1.50%
		<u>47,827,978</u>	<u>37.59%</u>		<u>29,971,243</u>	<u>33.62%</u>
	All Other Taxpayers	<u>79,392,200</u>	<u>62.41%</u>	All Other Taxpayers	<u>59,169,978</u>	<u>66.38%</u>
	Total	<u>\$127,220,178</u>	<u>100.00%</u>	Total	<u>\$89,141,221</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2006-2007 based on Project Area taxable value of \$127,220,178
2004-2005 based on Project Area taxable value of \$89,141,221

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEMOGRAPHIC AND ECONOMIC INFORMATION
TEN LARGEST ASSESSEES
SOUTH VAN NESS**

Rank	Assessee	2006-2007 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Zacky Farms	\$ 32,182,543	19.81%	Zacky Farms	\$ 18,844,282	12.37%
2	Foundry Park Investors LP	10,489,303	6.46%	Dermody Properties	8,836,292	5.80%
3	Dermody Properties	9,013,017	5.55%	Foundry Park Investors LP	7,216,279	4.74%
4	Rich Products Corporation	8,065,548	4.97%	United States Cold Storage of Central Calif	5,692,660	3.74%
5	Rainbow Bakeries	5,130,824	3.16%	Rainbo Bakeries of San Joaquin Valley Inc	4,302,606	2.83%
6	Jack Frost Ice Svc Inc	4,230,321	2.60%	Fresno Storage Partners LLC	3,455,826	2.27%
7	Fresno Storage Partners LLC	3,525,520	2.17%	A Gusmer Inc	2,232,400	1.47%
8	R M Wade & Co	3,284,592	2.02%	R M Wade & Co	2,108,816	1.38%
9	Dale & Carol Cross	2,648,366	1.63%	Teton Properties LLC	1,852,320	1.22%
10	Diel Brothers	2,375,587	1.46%	Franklin Diel Trustee	1,526,700	1.00%
		<u>80,945,621</u>	<u>49.84%</u>		<u>56,068,181</u>	<u>36.82%</u>
	All Other Taxpayers	<u>81,480,713</u>	<u>50.16%</u>	All Other Taxpayers	<u>96,219,500</u>	<u>63.18%</u>
	Total	<u><u>\$162,426,334</u></u>	<u><u>100.00%</u></u>	Total	<u><u>\$152,287,681</u></u>	<u><u>100.00%</u></u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2006-2007 based on Project Area taxable value of \$162,426,334
2004-2005 based on Project Area taxable value of \$152,287,681

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEMOGRAPHIC AND ECONOMIC INFORMATION
TEN LARGEST ASSESSEES
WEST FRESNO ONE**

Rank	Assessee	2006-2007 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Carl Simonian LLP	\$ 3,870,583	18.06%	Noel Montoya	\$ 2,602,606	12.10%
2	Noel Montoya	3,141,057	14.66%	Warhouse Venture I	1,116,938	5.19%
3	Emilio Sandoval	1,993,357	9.30%	WW Grainger Inc	1,084,302	5.04%
4	Warehouse Venture I	1,451,075	6.77%	Lamoures Incorporated	840,822	3.91%
5	Multi-forms Inc	1,422,421	6.64%	FDIG LLC	686,447	3.19%
6	FDIG LLC	1,199,257	5.60%	Carl Simonian LLP	662,681	3.08%
7	WW Grainger Inc	1,117,319	5.21%	Bank of America Nat'l Trust & Sav Assn	644,720	3.00%
8	BSK Group	977,233	4.56%	Geolease Inc	472,369	2.20%
9	Lamoures Incorporated	883,949	4.12%	Gerald & Carol O'Brien Trs	387,604	1.80%
10	Jack & Beth Emerian	844,990	3.94%	Orbit Floral Corporation	385,604	1.79%
	FDIG LLC	16,901,241	78.86%		8,884,093	41.29%
	All Other Taxpayers	4,530,675	21.14%	All Other Taxpayers	12,630,221	58.71%
	Total	<u>\$21,431,916</u>	<u>100.00%</u>	Total	<u>\$21,514,314</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2006-2007 based on Project Area taxable value of \$21,431,916
2004-2005 based on Project Area taxable value of \$21,514,314

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEMOGRAPHIC AND ECONOMIC INFORMATION
TEN LARGEST ASSESSEES
WEST FRESNO TWO**

Rank	Assessee	2006-2007 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	McClatchy Newspapers	\$32,804,967	39.03%	McClatchy Newspapers	\$33,196,758	38.32%
2	Borssa Aardex Fresno LLC	11,270,000	13.41%	Borssa Aardex Fresno LLC	11,000,000	12.70%
3	DBSI State Offices LLC	9,273,340	11.03%	DBSI State Offices LLC	9,027,000	10.42%
4	Fresno Post Office Company	6,225,000	7.41%	Fresno Post Office Co	5,900,000	6.81%
5	KFSN Television LLC	5,260,602	6.26%	Capital Cities Communications Inc	4,588,432	5.30%
6	Charlie's Enterprises Inc	5,143,731	6.12%	Charlies Enterprises	3,656,700	4.22%
7	Susan Sandelman Trustee	4,287,805	5.10%	Passco GST LLC	3,376,890	3.90%
8	Fresno Property Investments LLC	3,732,000	4.44%	Susan Sandelman Trustee	1,758,045	2.03%
9	Calvin Inc	1,780,693	2.12%	Calvin Inc	1,600,000	1.85%
10	Mathias Matoian Trustee	1,355,457	1.61%			
		<u>81,133,595</u>	<u>96.53%</u>		<u>74,103,825</u>	<u>85.55%</u>
	All Other Taxpayers	<u>2,917,152</u>	<u>3.47%</u>	All Other Taxpayers	<u>12,519,640</u>	<u>14.45%</u>
	Total	<u><u>\$84,050,747</u></u>	<u><u>100.00%</u></u>	Total	<u><u>\$86,623,465</u></u>	<u><u>100.00%</u></u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.

2006-2007 based on Project Area taxable value of \$84,050,747

2004-2005 based on Project Area taxable value of \$86,623,465

2004-2005 has less than top ten taxpayers shown as information received from Fresno County Assessor was incomplete

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEMOGRAPHIC AND ECONOMIC INFORMATION
TEN LARGEST ASSESSEES
FRUIT/CHURCH**

Rank	Assessee	2006-2007 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Zorro Leasing LLC	\$26,476,227	63.95%	Zorro Leasing LLC	\$26,778,468	71.28%
2	Busseto Foods Inc	9,281,913	22.42%	Busseto Foods Inc	6,363,451	16.94%
3	Darling-Delaware Company Inc	4,314,426	10.42%	Darling-Delaware Company Inc	3,241,008	8.63%
4	Erickson William Van Trustee	945,581	2.28%	Housing Assistance Corporation	210,000	0.56%
5	Lambo Yip & Zhong Li Hui	241,139	0.58%	Erickson William Van Trustee	200,092	0.53%
6	Mercury Overseas	134,000	0.32%	Yip Lambo & Hui Zhong Li	174,192	0.46%
7	Patricia Jordan Weatherington	9,363	0.02%	Mercury Overseas Inc	134,000	0.36%
		<u>41,402,649</u>	<u>100.00%</u>		<u>37,101,211</u>	<u>98.76%</u>
	All Other Taxpayers	<u>-</u>	<u>0.00%</u>	All Other Taxpayers	<u>466,571</u>	<u>1.24%</u>
	Total	<u>\$41,402,649</u>	<u>100.00%</u>	Total	<u>\$37,567,782</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
 2006-2007 based on Project Area taxable value of \$41,402,649
 2004-2005 based on Project Area taxable value of \$37,567,782
 2004-2005 information received from Fresno County Assessor was incomplete. Unsecured taxable values were not allocated to property reflected in "All Other Taxpayers."
 The project area has fewer than ten taxpayers.

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEMOGRAPHIC AND ECONOMIC INFORMATION
TEN LARGEST ASSESSEES
SOUTHWEST FRESNO**

Rank	Assessee	2006-2007 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Foster Poultry Farms	\$ 30,588,655	10.23%	Foster Poultry Farms	\$ 39,584,852	16.84%
2	Angelica Healthcare Services Group Inc	10,302,458	3.45%	Kearney Palms LLC	4,952,920	2.11%
3	Kearney Palms LLC	6,761,584	2.26%	Bigby Associates	4,469,185	1.90%
4	Bigby Associates	5,048,268	1.69%	Angelica Healthcare Services Group Inc	3,009,955	1.28%
5	David & Linda Hovannisian	2,681,495	0.90%	Westgate Housing Associates LP	2,530,113	1.08%
6	Mono Hilltop Manor Associates	2,666,946	0.89%	Mono Hilltop Manor Associates	2,268,000	0.97%
7	Westgate Housing Associates LP	2,583,114	0.86%	Coast to Coast Petroleum	1,825,640	0.78%
8	Harrison Bryant Kearney Blvd Plaza	2,394,768	0.80%	EBDMZR II LLC	1,695,459	0.72%
9	Rite Aid Corporation	2,376,037	0.79%	Lonzell and La Vera Williams	1,307,021	0.56%
10	JCH Family Limited Partnership	2,328,962	0.78%	Devinder Shoker, et al	1,198,500	0.51%
		<u>67,732,287</u>	<u>22.66%</u>		<u>62,841,645</u>	<u>26.74%</u>
	All Other Taxpayers	<u>231,159,608</u>	<u>77.34%</u>	All Other Taxpayers	<u>172,161,177</u>	<u>73.26%</u>
	Total	<u>\$298,891,895</u>	<u>100.00%</u>	Total	<u>\$235,002,822</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2006-2007 based on Project Area taxable value of \$298,891,895
2004-2005 based on Project Area taxable value of \$235,002,822

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEMOGRAPHIC AND ECONOMIC INFORMATION
TEN LARGEST ASSESSEES
AIRPORT AREA REVITALIZATION**

Rank	Assessee	2006-2007 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Gap Inc	\$240,118,995	73.47%	Gap Inc	\$155,227,329	49.83%
2	Fresno Palm Lakes LTD	13,830,714	4.23%	Fresno Palm Lakes LTD	13,558,478	4.35%
3	Sunnyvale/Fresno Lake Ridge Invest LLC	7,734,880	2.37%	Sunnyvale/Fresno Lake Ridge Invest LLC	7,584,403	2.43%
4	Fresno Supreme Inc	7,650,700	2.34%	Fresno Supreme Inc	7,504,600	2.41%
5	Winclo LP	7,440,645	2.28%	Winclo LP	4,194,140	1.35%
6	Fresno Air LTD	5,813,182	1.78%	Glad Entertainment Inc	3,088,433	0.99%
7	Nantucket Park III LLC	5,056,512	1.55%	Nantucket Park III LLC	2,388,099	0.77%
8	Clinton Airport	4,947,072	1.51%	Nationwide Theatres Corp	2,286,174	0.73%
9	Ki B Park	4,888,300	1.50%	C-Black LLP	2,232,373	0.72%
10	BMC West	4,294,862	1.31%	Little Clovis LLC	1,726,165	0.55%
		<u>301,775,862</u>	<u>92.34%</u>		<u>199,790,194</u>	<u>64.13%</u>
	All Other Taxpayers	<u>25,031,101</u>	<u>7.66%</u>	All Other Taxpayers	<u>111,731,261</u>	<u>35.87%</u>
	Total	<u>\$326,806,963</u>	<u>100.00%</u>	Total	<u>\$311,521,455</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2006-2007 based on Project Area taxable value of \$326,806,963
2004-2005 based on Project Area taxable value of \$311,521,455

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEMOGRAPHIC AND ECONOMIC INFORMATION
TEN LARGEST ASSESSEES
CENTRAL CITY**

Rank	Assessee	2006-2007 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	US Mall Holdings LLC	\$ 33,131,715	9.51%	US Mall Holdings LLC	\$ 28,145,812	9.01%
2	Regal Cinemas Inc L/F	13,784,700	3.96%	Sears Roebuck & Co	12,979,871	4.15%
3	Sears Roebuck & Co	13,112,540	3.76%	Regal Cinemas Inc L/F	10,995,000	3.52%
4	YHB Fresno LLC	8,776,062	2.52%	Fifth Street Funding Inc	6,100,979	1.95%
5	Fifth Street Funding Inc	7,691,498	2.21%	Byer Properties LP	6,010,700	1.92%
6	Manchester Beauty College Inc	6,816,500	1.96%	The Fresno LLC	5,412,120	1.73%
7	Albertsons Inc	5,739,000	1.65%	GSD Packaging LLC	4,741,364	1.52%
8	Madanat Investments LLC	5,181,090	1.49%	Midtown Plaza Shopping Center Inc	3,107,528	0.99%
9	K W P H Enterprises	3,987,069	1.14%	K W P H Enterprises	2,862,563	0.92%
10	Midtown Plaza Shopping Center Inc	3,898,459	1.12%	Sunnyvale Nursery	2,850,000	0.91%
		<u>102,118,633</u>	<u>29.31%</u>		<u>83,205,937</u>	<u>26.62%</u>
	All Other Taxpayers	<u>246,246,846</u>	<u>70.69%</u>	All Other Taxpayers	<u>229,328,517</u>	<u>73.38%</u>
	Total	<u>\$348,365,479</u>	<u>100.00%</u>	Total	<u>\$312,534,454</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2006-2007 based on Project Area taxable value of \$348,365,479
2004-2005 based on Project Area taxable value of \$312,534,454

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEMOGRAPHIC AND ECONOMIC INFORMATION
TEN LARGEST ASSESSEES
FREEWAY 99/GOLDEN STATE BOULEVARD**

Rank	Assessee	2006-2007 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Save Mart Supermarkets	\$ 9,530,637	1.71%	Save Mart Supermarkets	\$ 7,672,460	1.82%
2	Won Shil Park	9,139,348	1.64%	WA Lakeview II LLC	6,781,800	1.60%
3	Vie-Del Company	7,895,541	1.41%	Vie-Del Company	5,299,599	1.25%
4	WA Lakeview I & II LLC	6,892,866	1.24%	Hydro Conduit Corporation	4,947,012	1.17%
5	Jack & Gloria Papazian	6,817,334	1.22%	Won Shil Park	4,074,640	0.96%
6	BT-OH LLC	6,553,125	1.17%	Carmel Crest LLC	3,539,868	0.84%
7	David & Linda Hovannisian	6,491,529	1.16%	Ashmar LP	3,313,168	0.78%
8	George & Karen Daoudian	5,356,226	0.96%	BT-OH LLC	3,250,000	0.77%
9	Spanish International Communications Corp	4,787,676	0.86%	George Garcia	2,804,640	0.66%
10	Builder's Concrete Inc	4,591,000	0.82%	Sheikh & Jaibul Kaiuum	2,596,581	0.61%
		<u>68,055,282</u>	<u>12.19%</u>		<u>44,279,768</u>	<u>10.48%</u>
	All Other Taxpayers	<u>490,042,893</u>	<u>87.81%</u>	All Other Taxpayers	<u>378,367,734</u>	<u>89.52%</u>
	Total	<u>\$558,098,175</u>	<u>100.00%</u>	Total	<u>\$422,647,502</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2006-2007 based on Project Area taxable value of \$558,098,175
2004-2005 based on Project Area taxable value of \$422,647,502

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEMOGRAPHIC AND ECONOMIC INFORMATION
TEN LARGEST ASSESSEES
FRESNO AIR TERMINAL**

Rank	Assessee	2006-2007 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Skywest Airlines Inc	\$ 22,316,108	75.47%	Skywest Airlines Inc	\$ 1,875,165	2.18%
2	Chevron Products Company	3,224,400	10.90%	Beal Properties Inc	1,124,694	1.31%
3	Beal Properties Inc	2,406,600	8.14%	Rogers Helicopter Inc	925,000	1.08%
4	Rogers Helicopter Inc	1,140,000	3.86%	ABX Air Inc Airborne Express	307,000	0.36%
5	ABX Air Inc Airborne Express	251,000	0.85%	CCA Silband Golf Corp	105,000	0.12%
6	CCA Silband Golf Corp	127,600	0.43%	Mercury Air Center	4,000	0.00%
7	Arinc Inc	100,000	0.34%			
8	Mercury Air Center	4,000	0.01%			
		<u>29,569,708</u>	<u>100.00%</u>		<u>4,340,859</u>	<u>5.06%</u>
	All Other Taxpayers	<u>-</u>	<u>0.00%</u>	All Other Taxpayers	<u>81,517,068</u>	<u>94.94%</u>
	Total	<u>\$ 29,569,708</u>	<u>100.00%</u>	Total	<u>\$ 85,857,927</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on taxable value of unsecured property and possessory interest only. All secured property in the project area is owned by the City of Fresno.
2006-2007 based on Project Area taxable value of \$29,569,708
2004-2005 based on Project Area taxable value of \$85,857,927
2004-2005 information received from Fresno County Assessor was incomplete. Unsecured taxable values were not allocated to property reflected in "All Other Taxpayers"
The project area has fewer than ten taxpayers

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEMOGRAPHIC AND ECONOMIC INFORMATION
TEN LARGEST ASSESSEES
ROEDING BUSINESS PARK**

Rank	Assessee	2006-2007 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Belmont Palm Properties LTD	\$ 19,826,834	15.08%	Certified Ad	\$ 10,767,265	10.07%
2	Certified Ad Services	11,700,819	8.90%	California Compress Company	7,089,698	6.63%
3	Daoudian Investments LLC	7,897,475	6.01%	Frank Solomon Jr.	3,000,000	2.81%
4	Calaveras Materials Inc	6,766,867	5.15%	MVP Hydratech, Inc.	2,189,890	2.05%
5	Ida Jane Robinson	6,533,500	4.97%	Integrated Grain & Milling Inc.	2,118,376	1.98%
6	Welch's Overall Cleaning Co Inc	5,059,990	3.85%	Belmont Palm Properties	1,532,811	1.43%
7	Helen Chavez Hansen Trustee	4,263,981	3.24%	MB Technology	1,496,153	1.40%
8	Baloian Packing Co Inc	3,273,960	2.49%	Shehadey & Shehadey	1,433,353	1.34%
9	Frank Solomon Jr.	3,121,200	2.37%	Michael & Catherine Mygrant	1,366,323	1.28%
10	Steven & Betty Roseth	3,051,880	2.32%	Larry Shehady	1,257,240	1.18%
		<u>71,496,506</u>	<u>54.37%</u>		<u>32,251,109</u>	<u>30.17%</u>
	All Other Taxpayers	<u>59,998,996</u>	<u>45.63%</u>	All Other Taxpayers	<u>74,663,044</u>	<u>69.83%</u>
	Total	<u>\$131,495,502</u>	<u>100.00%</u>	Total	<u>\$106,914,153</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property
2006-2007 based on Project Area taxable value of \$131,495,502
2004-2005 based on Project Area taxable value of \$106,914,153

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEMOGRAPHIC AND ECONOMIC INFORMATION
TEN LARGEST ASSESSEES
SOUTH FRESNO INDUSTRIAL**

Rank	Assessee	2006-2007 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Fresno Investments LLC	\$ 19,487,467	8.36%	SDG Fresno	\$ 14,210,204	6.54%
2	Glaxo Smithkline	16,491,608	7.07%	Fresno Investments LLC	13,919,794	6.41%
3	Fresno 41 Venture LLC	10,920,764	4.68%	C&S Logistics of Fresno LLC	7,970,000	3.67%
4	Cedar Ave Recycling	9,679,027	4.15%	Suburban Propane LP	6,305,411	2.90%
5	Foster Poultry Farms	9,582,100	4.11%	Fresno Beverage Company Inc	5,178,673	2.38%
6	C&S Logistics of Fresno LLC	8,092,584	3.47%	Frank Caglia Trustee	4,821,890	2.22%
7	Wer-Stan Associates	7,970,665	3.42%	Fambro Warehouse Co	4,657,050	2.14%
8	DFA LLC	7,572,314	3.25%	DBSI Fresno Forms LLC	4,619,038	2.13%
9	James & Lee Briscoe	7,271,614	3.12%	Freshki Estate I LLC	3,405,180	1.57%
10	Cossette Investment Company Inc	6,714,714	2.88%	Sonny & Nagina Rani Ahuja Trustees	3,351,920	1.54%
		<u>103,782,857</u>	<u>44.52%</u>		<u>68,439,160</u>	<u>31.52%</u>
	All Other Taxpayers	<u>129,353,784</u>	<u>55.48%</u>	All Other Taxpayers	<u>148,709,044</u>	<u>68.48%</u>
	Total	<u>\$233,136,641</u>	<u>100.00%</u>	Total	<u>\$217,148,204</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property
2006-2007 based on Project Area taxable value of \$233,136,641
2004-2005 based on Project Area taxable value of \$217,148,204

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEMOGRAPHIC AND ECONOMIC INFORMATION
TEN LARGEST ASSESSEES
SOUTHEAST FRESNO**

Rank	Assessee	2006-2007 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Hub Acquisition Trust	\$ 63,684,151	14.11%	Capri Sun Inc	\$ 66,368,157	16.57%
2	Capri Sun Inc	61,332,777	13.59%	Hub Acquisition Trust	61,201,004	15.28%
3	Septipak Inc	26,872,460	5.95%	Lyons Magnus Inc	27,532,728	6.88%
4	Miller Milling Co Limited Partnership	26,545,946	5.88%	Miller Milling Co Limited Partnership	17,748,692	4.43%
5	Container Corporation of America	17,937,900	3.97%	New World Pasta Company	11,646,100	2.91%
6	HD Development of Maryland Inc	10,543,600	2.34%	HD Development of Maryland Inc	10,160,500	2.54%
7	JM Equiment Co Inc	10,476,700	2.32%	Container Corporation of America	9,162,618	2.29%
8	Robert & Janell Smitcamp	8,571,166	1.90%	Cornnuts Inc	7,989,373	2.00%
9	Prado 2255 South Maple LLC	7,620,200	1.69%	Prado 2255 South Maple LLC	7,478,700	1.87%
10	Cornnuts Inc	7,261,773	1.61%	Ralphs Grocery Company	6,912,777	1.73%
		<u>240,846,673</u>	<u>53.36%</u>		<u>226,200,649</u>	<u>56.49%</u>
	All Other Taxpayers	<u>210,491,023</u>	<u>46.64%</u>	All Other Taxpayers	<u>174,231,484</u>	<u>43.51%</u>
	Total	<u>\$451,337,696</u>	<u>100.00%</u>	Total	<u>\$400,432,133</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property
2006-2007 based on Project Area taxable value of \$451,337,696
2004-2005 based on Project Area taxable value of \$400,432,133

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
OPERATING INFORMATION
FULL TIME EQUIVALENT REDEVELOPMENT
GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Fiscal Year	Function			
	Management	Administrative	Financial	Redevelopment
1998	2	2	1	10
1999	2	3	1	10
2000	2	3	1	10
2001	2	3	1	10
2002	2	3	1	11
2003	2	3	1	11
2004	2	2	1	11
2005	2	2	1	11
2006	2	3	1	12
2007	2	3	1	12

Source: Redevelopment Agency of the City of Fresno Annual Budgets

Notes: Redevelopment Agency employees are comprised of both City employees assigned to the Agency and direct Agency employees. The Agency reimburses the City for salary costs of the City employees.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
OPERATING INFORMATION
PLAN TIME AND FINANCIAL
INFORMATION AND LIMITATIONS**

	Date Established	Most Recent Date			Size of Project Area (Acres)
		Plan Amended	Project Area		
			Amended	Merged	
<u>Merger Project No. 1</u>					
Central Business District	3/16/1961	8/6/1998	8/1/1963	8/6/1998	86
Chinatown Expanded (Rehab)	8/1/1965	8/6/1998		8/6/1998	
Chinatown Expanded	8/1/1965	8/6/1998	4/17/2006	8/6/1998	180
Convention Center	1/12/1982	8/6/1998	10/24/2005	8/6/1998	120
Fulton	8/6/1998	N/A	N/A	8/6/1998	280
Jefferson	12/18/1984	8/6/1998	N/A	8/6/1998	300
Mariposa	1/14/1969	8/6/1998	N/A	8/6/1998	200
South Van Ness Industrial	8/6/1998	N/A	N/A	8/6/1998	540
West Fresno I	10/1/1964	8/6/1998	N/A	8/6/1998	46
West Fresno II	12/19/1963	8/6/1998	N/A	8/6/1998	108
West Fresno III	1/14/1969	8/6/1998	N/A	8/6/1998	34
<u>Merger Project No. 2</u>					
Fruit/Church	12/9/1971	11/16/1998	N/A	11/16/1998	143
Southwest Fresno GNRA	1/14/1969	11/16/1998	11/16/1998	11/16/1998	1,757
Airport Area Revitalization	7/19/1999	N/A	N/A	N/A	1,119
Central City Commercial Revital	8/24/1999	N/A	N/A	N/A	809
Freeway 99-Golden State Blvd	7/5/2003	N/A	N/A	N/A	2,790
Fresno Air Terminal	7/18/1988	12/6/1994	N/A	N/A	102
Roeding Business Park	7/16/1996	12/18/2002	N/A	N/A	954
South Fresno Industrial Revitalization	7/12/1999	N/A	N/A	N/A	1,378
Southeast Fresno Revitalization	7/12/1999	N/A	N/A	N/A	3,088
Totals					14,034

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
OPERATING INFORMATION
PLAN TIME AND FINANCIAL
INFORMATION AND LIMITATIONS (Continued)**

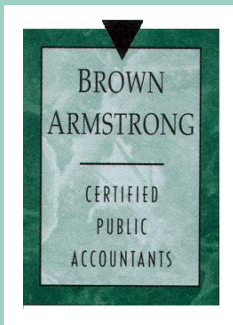
	Original Plan Duration	Current Plan Duration	Debt Establish Limit	Debt Repmt Limit	Eminent Domain Limit
<u>Merger Project No. 1</u>					
Central Business District	3/16/2001	1/1/2009	1/1/2009	1/1/2019	8/6/2010
Chinatown Expanded (Rehab)	1/1/2009	1/1/2009	1/1/2009	1/1/2019	8/6/2010
Chinatown Expanded	2/28/2026	2/28/2026	2/28/2016	2/28/2036	5/18/2018
Convention Center	2/12/2012	1/12/2022	1/1/2014	1/12/2032	11/24/2017
Fulton	7/6/2028	7/6/2028	7/6/2018	7/6/2043	8/6/2010
Jefferson	1/18/2015	12/18/2024	12/18/2014	12/18/2034	1/18/2009
Mariposa	2/14/1999	1/14/2009	1/14/2009	1/14/2019	8/6/2010
South Van Ness Industrial	7/6/2028	7/6/2028	7/6/2018	7/6/2043	8/6/2010
West Fresno I	11/1/1999	1/1/2009	1/1/2009	1/1/2019	8/6/2010
West Fresno II	1/19/1999	1/1/2009	1/1/2009	1/1/2019	8/6/2010
West Fresno III	2/14/1999	1/14/2009	1/14/2009	1/14/2019	8/6/2010
<u>Merger Project No. 2</u>					
Fruit/Church	11/7/2011	10/7/2011	10/7/2011	10/7/2021	11/16/2010
Southwest Fresno GNRA	2/14/1999	1/14/2009	1/14/2009	1/14/2019	11/16/2010
Airport Area Revitalization	7/19/2029	7/19/2029	7/19/2019	7/19/2044	8/20/2011
Central City Commercial Revital	8/24/2029	8/24/2029	8/24/2019	8/24/2044	9/24/2011
Freeway 99-Golden State Blvd	7/5/2033	7/5/2033	7/5/2023	7/5/2048	8/5/2015
Fresno Air Terminal	7/18/2028	7/18/2028	8/18/2008	8/18/2028	8/18/2000
Roeding Business Park	7/16/2036	7/16/2036	7/16/2016	7/16/2041	1/18/2015
South Fresno Industrial Revitalization	7/12/2029	7/12/2029	7/12/2019	7/12/2044	8/12/2011
Southeast Fresno Revitalization	7/12/2029	7/12/2029	7/12/2019	7/12/2044	8/12/2011

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
OPERATING INFORMATION
PLAN TIME AND FINANCIAL
INFORMATION AND LIMITATIONS (Continued)**

	Bond Indebted Limit	Tax Increment Limit	Tax Incr Received Thru 6/07	Pre-AB1290 Pass-Thru Payments
<u>Merger Project No. 1</u>				
Central Business District		\$16m	\$ 7,660,959	8/5/1986
Chinatown Expanded (Rehab)			619,565	none
Chinatown Expanded	\$12m	\$32m	3,842,959	8/5/1986
Convention Center	\$21m	\$51m	9,330,470	
Fulton	\$32m		1,587,925	
Jefferson	\$99m	\$235m	5,027,364	8/5/1986
Mariposa		\$50m	18,815,651	8/5/1986
South Van Ness Industrial	\$111m		983,516	
West Fresno I		\$9m	4,010,363	8/5/1986
West Fresno II		\$60m	22,870,790	
West Fresno III		\$8m	(2)	
<u>Merger Project No. 2</u>				
Fruit/Church		\$21m	5,618,341	8/5/1986
Southwest Fresno GNRA		\$113m	43,817,313	8/5/1986
Airport Area Revitalization	\$33m	\$40m	11,886,421	
Central City Commercial Revital	\$38m	\$54m	1,851,039	
Freeway 99-Golden State Blvd			3,505,746	
Fresno Air Terminal	\$85.25m	\$85.25m	7,014,688	
Roeding Business Park	\$93m		3,077,010	
South Fresno Industrial Revitalization	\$32m	\$20m	3,902,998	
Southeast Fresno Revitalization	\$48m	\$52m	8,408,763	
Totals			<u>\$ 163,831,879</u>	

OTHER REPORT

This page intentionally left blank.



BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK THORNBURGH & KEETER
Certified Public Accountants

Main Office
4200 Truxtun Ave., Suite 300
Bakersfield, California 93309
Tel 661.324.4971 Fax 661.324.4997
e-mail: info@bacpas.com

Shafter Office
560 Central Avenue
Shafter, California 93263
Tel 661.746.2145 Fax 661.746.1218

Andrew J. Paulden, CPA
Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Harvey J. McCown, CPA
Steven R. Starbuck, CPA
Aileen K. Keeter, CPA
Chris M. Thornburgh, CPA
Eric H. Xin, MBA, CPA
Richard L. Halle, CPA, MST

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS (INCLUDING THE PROVISIONS CONTAINED IN THE GUIDELINES FOR COMPLIANCE AUDITS OF REDEVELOPMENT AGENCIES) BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Lynn R. Krausse, CPA, MST
Rosalva Flores, CPA
Connie M. Perez, CPA
M. Sharon Adams, CPA, MST
Diana H. Branthoover, CPA
Thomas M. Young, CPA
Alicia Montgomery, CPA, MBA
Matthew R. Gilligan, CPA
Hanna J. Sheppard, CPA
Ryan J. Nielsen, CPA
Jian Ou-Yang, CPA
Ryan S. Johnson, CPA
Michael C. Olivares, CPA
Jialan Su, CPA
Ariadne S. Prunes, CPA
Samuel O. Newland, CPA
Richard A. Gammel, CPA
Brooke N. DeCuir, CPA

Members of the Board
Redevelopment Agency
City of Fresno, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Redevelopment Agency of the City of Fresno, California (Agency), a component unit of the City of Fresno, California, as of and for the year ended June 30, 2007, and have issued our report thereon dated December 22, 2007. Our report included an explanatory paragraph describing the implementation of a new accounting standard. 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. We considered the Agency's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

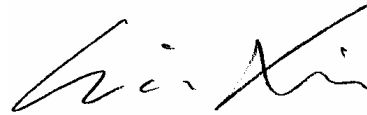
Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions include those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies* issued by the State Controller's Office, Division of Accounting and Reporting. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Agency's Board, management, and the State Controller's Office, Division of Accounting and Reporting and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK THORNBURGH & KEETER
ACCOUNTANCY CORPORATION



Bakersfield, California
December 22, 2007